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|--------------------------|---------------------------------|------------------------|-------------------------------|
| SERFF Tracking Number: | NCMC-127209693 | State: | California |
| Filing Company: | NORCAL Mutual Insurance Company | State Tracking Number: | 11-5669 |
| Company Tracking Number: | CA P&S FORM/RATE/RULE 1/1/2012 | | |
| TOI: | 11.2 Med Mal-Claims Made Only | Sub-TOI: | 11.2023 Physicians & Surgeons |
| Product Name: | NORCAL Physicians & Surgeons | | |
| Project Name/Number: | CA P&S FORM/RATE/RULE 1/1/2012/ | | |

Filing at a Glance

Company: NORCAL Mutual Insurance Company

Product Name: NORCAL Physicians & Surgeons SERFF Tr Num: NCMC-127209693 State: California

TOI: 11.2 Med Mal-Claims Made Only SERFF Status: Assigned State Tr Num: 11-5669
 Sub-TOI: 11.2023 Physicians & Surgeons Co Tr Num: CA P&S FORM/RATE/RULE 1/1/2012 State Status: Accepted

Filing Type: Form/Rate/Rule Reviewer(s): Geff Greenfield
 Author: Wendy Ho Disposition Date:
 Date Submitted: 06/30/2011 Disposition Status:
 Effective Date Requested (New): 01/01/2012 Effective Date (New):
 Effective Date Requested (Renewal): 01/01/2012 Effective Date (Renewal):

General Information

Project Name: CA P&S FORM/RATE/RULE 1/1/2012
 Project Number:
 Reference Organization:
 Reference Title:
 Filing Status Changed: 07/01/2011
 State Status Changed: 07/13/2011
 Created By: Wendy Ho
 Corresponding Filing Tracking Number:
 Filing Description:

Status of Filing in Domicile:
 Domicile Status Comments:
 Reference Number:
 Advisory Org. Circular:
 Deemer Date: 09/13/2011
 Submitted By: Wendy Ho

In accordance with the February 2011 request from the CDI for NORCAL Mutual Insurance Company (NORCAL), and several other medical liability insurers, to submit a rate filing, we are forwarding the enclosed rate, rule and form revision for NORCAL's Physicians & Surgeons Medical Professional Liability program.

The overall indicated rate change using the CDI's ratemaking application and template is +8.94%. NORCAL is proposing to implement an overall decrease of 5%.

The requested revisions include the following:

- 1) Base Rate
- 2) Territorial Relativities
- 3) Class Relativities

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- 4) Claims-Made Step Factors
- 5) Charge for Entity Coverage
- 6) Part-Time Credit criteria
- 7) Retirement eligibility
- 8) Minimum Premiums for Facilities
- 9) Risk Management Discount criteria
- 10) Schedule Rating eligibility
- 11) Other changes of an editorial nature only

In accordance with CDI requirements, this submission includes the following items:

- 1) Prior Approval Rate Application in both Excel and PDF formats
 - a) (Reflecting Request for Variances 1,2 and 3)
- 2) Prior Approval Rate Templates in both Excel and PDF formats
- 3) Actuarial Memorandum (including required Exhibits 1-20)
- 4) Filing Memorandum
- 5) Revised Rule and Rate Manuals pages (Marked and Clean Copy)
- 6) Revised Forms (Marked and Clean Copy)
- 7) Summary of Form Changes

Company and Contact

Filing Contact Information

Wendy Ho, Operations Business Analyst who@norcalmutual.com
560 Davis Street 800-652-1051 [Phone] 2701 [Ext]
Suite 200 415-835-0898 [FAX]
San Francisco, CA 94111

Filing Company Information

NORCAL Mutual Insurance Company CoCode: 33200 State of Domicile: California
560 Davis Street Group Code: 1282 Company Type: Commercial
Suite 200 Group Name: Med Grp Holdings & Medical Malpractice
San Francisco, CA 94111 Aff State ID Number:
(800) 652-1051 ext. 2701[Phone] FEIN Number: 94-2301054

Filing Fees

SERFF Tracking Number: NCMC-127209693 State: California
Filing Company: NORCAL Mutual Insurance Company State Tracking Number: 11-5669
Company Tracking Number: CA P&S FORM/RATE/RULE 1/1/2012
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Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

| COMPANY | AMOUNT | DATE PROCESSED | TRANSACTION # |
|---------------------------------|--------|----------------|---------------|
| NORCAL Mutual Insurance Company | \$0.00 | | |

State Specific

Variance Requested? (Yes/No): Yes

SERFF Tracking Number: NCMC-127209693 State: California
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Form Schedule

| Schedule Item Status | Form Name | Form # | Edition Date | Form Type Action | Action Specific Data | Readability | Attachment |
|----------------------|---|-----------|--------------|--|---|-------------|---|
| | Roster of Insured Person(s) | IE-004 | 1/1/2012 | Endorsement/Amendment/Conditions Replaced | Replaced Form #:28.200 IE-004 Previous Filing #: 09-6891 | | IE 004 Insured Persons_CA_1-1-12_Filing Version.pdf |
| | Waiver of Extended Reporting Period Endorsement Premium | IE-095 | 10/1/2005 | Endorsement/Amendment/Conditions Withdrawn | Replaced Form #:31.600 N/A Previous Filing #: 06-3921 | | IE 095 Waiver of ERP Premium - DISCONTINUED UE 1-1-12.pdf |
| | Policy Change Endorsement | IE-096 | 1/1/2012 | Endorsement/Amendment/Conditions Replaced | Replaced Form #:16.000 IE-096 Previous Filing #: 07-6063 | | IE 096 - Policy Change Endorsement_CA_1-1-12_Filing Version.pdf |
| | Roster of Insured Person(s) | GRP-004 | 1/1/2012 | Endorsement/Amendment/Conditions Replaced | Replaced Form #:31.000 GRP-004 Previous Filing #: 09-6891 | | GRP 004 Insured Persons_CA_1-1-12_Filing Version.pdf |
| | Health Care General Liability Endorsement | GRP-091GL | 1/1/2012 | Endorsement/Amendment/Conditions Replaced | Replaced Form #:36.700 GRP-091GL Previous Filing #: 09-6891 | | GRP 091GL General Liability Insurance_CA_1-1-12_Filing |

SERFF Tracking Number: NCMC-127209693 State: California
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 Company Tracking Number: CA P&S FORM/RATE/RULE 1/1/2012
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 Product Name: NORCAL Physicians & Surgeons
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| | | | | | |
|---|------------------|----------------------------------|-----------|---|---|
| Waiver of Extended Reporting Period Endorsement Premium | GRP-095 1/1/2006 | Endorsement/Amendment/Conditions | Withdrawn | Replaced Form #:28.900 N/A Previous Filing #: 06-3920 | Version.pdf GRP 095 Waiver of ERP Premium - DISCONTIN UE 1-1- 12.pdf |
| Policy Change Endorsement | GRP-096 1/1/2012 | Endorsement/Amendment/Conditions | Replaced | Replaced Form #:17.400 GRP-096 Previous Filing #: 06-7262 | GRP 096 Policy Change Endorsemen t_CA_1-1- 12_Filing Version.pdf |

It is hereby understood and agreed that:

1. The Who Is Insured sections of Coverage A and, if applicable, Coverage B are amended to add the person(s) shown on the roster(s) below; and

2. Coverage C is amended to endorse the person(s) shown on the roster(s) below:

but only while acting within the course and scope of their duties for the Named Insured.

The Retroactive Date(s) for such coverage is shown on the roster(s) below.

The person(s) shown on the roster(s) below has separate limits of liability for Coverage A and separate limits of reimbursement for Coverage C, as shown on the roster(s) below. The Named Insured's limits of liability for Coverage B, Limited Professional Office Premises Liability Insurance, if applicable, are shared with the person(s) shown on the roster(s) below.

It is further understood and agreed that the limits of liability shown on the roster(s) below replace the limits of liability shown on the declarations page for Coverage A, and the limits of reimbursement shown on the roster(s) below replace the limits of reimbursement shown on the declarations page for Coverage C. The limits of liability and limits of reimbursement shown on the roster(s) below shall be the exclusive limits applicable to each person(s) shown on the roster(s) below.

Add the following person(s):

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|------|-----------|---------------|-------------------------|--------------------------------|------------------------------------|
| | | | | | |

Current Roster of Active person(s):

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|------|-----------|---------------|-------------------------|--------------------------------|------------------------------------|
| | | | | | |

It is hereby understood and agreed that the person(s) shown on the roster below are deleted from coverage. The person(s) shown on the roster below may be offered an Extended Reporting Period Endorsement as per PART VII, EXTENDED REPORTING PERIOD OPTION, of the policy. If an Extended Reporting Period Endorsement is not issued to the person(s), there will be no coverage for that person(s) for Claims, Administrative Proceedings or Employment-Related Civil Actions that are first reported to Us on or after the termination date(s) shown below or on or after the expiration or termination date of this policy, whichever is sooner.

~~It is hereby understood and agreed that the person(s) shown on the roster below are deleted from coverage:~~

Deleted Person(s) Roster:

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Termination Date | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|------|-----------|---------------|-------------------------|------------------|--------------------------------|------------------------------------|
| | | | | | | |

EXTENDED REPORTING PERIOD OPTION

~~A PERSON(S) SHOWN ON THE DELETED PERSON(S) ROSTER MAY BE OFFERED AN EXTENDED REPORTING PERIOD ENDORSEMENT AS SET FORTH BELOW.~~

~~IF AN EXTENDED REPORTING PERIOD ENDORSEMENT IS NOT ISSUED TO A PERSON SHOWN ON THE DELETED PERSON(S) ROSTER, THERE WILL BE NO COVERAGE FOR THAT PERSON FOR CLAIMS, ADMINISTRATIVE PROCEEDINGS OR EMPLOYMENT RELATED CIVIL ACTIONS THAT ARE FIRST REPORTED TO US ON OR AFTER THE EXPIRATION OR TERMINATION DATE OF THIS POLICY OR APPLICABLE COVERAGE.~~

A. MUTUAL RIGHTS

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~~A person shown on the deleted person(s) roster may have the right to purchase an Extended Reporting Period Endorsement (frequently known as “tail coverage”) if this policy or applicable coverage is canceled or non-renewed. This endorsement provides an extended period of time for reporting Claims, Administrative Proceedings or Employment Related Civil Actions as follows:~~

- ~~1. Medical Incidents or Occurrences that take place on or after the Retroactive Date as shown on the Declarations Page or applicable endorsement and before the expiration or termination of that person’s coverage; and~~
- ~~2. Results in a Claim against that person that is first reported to Us under the Extended Reporting Period Endorsement; or~~
- ~~3. Acts that take place on or after the applicable Retroactive Date and before the expiration or termination of that person’s coverage that result in an Administrative Proceeding or Employment Related Civil Action instituted against that person and first reported to Us under the Extended Reporting Period Endorsement.~~

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~~To purchase an Extended Reporting Period Endorsement the person shown on the deleted person(s) roster must be in compliance with all terms and conditions of the policy. All outstanding earned premiums must be paid. Any additional premium for the Extended Reporting Period Endorsement will be computed in accordance with Our rules, rates, and rating plans in effect at the time of the expiration or termination of coverage and must be paid to Us. This additional premium is fully earned and non-refundable. If We do not receive full payment of all billed~~

premiums on or before the due date of the premium notice, We will not issue an Extended Reporting Period Endorsement, and We will cancel any previously issued reporting endorsements.

Additionally:

1. ~~We will not issue an Extended Reporting Period Endorsement to a person shown on the deleted person(s) roster whose coverage has been cancelled or non-renewed for fraud, misrepresentation, concealment or breach of warranty. Nor will We issue an Extended Reporting Period Endorsement to a person shown on the deleted person(s) roster if this policy is cancelled for non-payment or rescinded.~~ Formatted: Bullets and Numbering
2. ~~Once in effect, the Extended Reporting Period Endorsement may not be canceled unless the person shown on the deleted person(s) roster to whom the Extended Reporting Period Endorsement was issued has committed a material breach of the terms or conditions of this policy or any endorsements attached to it.~~ Formatted: Bullets and Numbering
3. ~~The Extended Reporting Period Endorsement does not extend the Policy Period or change the scope of coverage provided under this policy form and any attached endorsements.~~ Formatted: Bullets and Numbering
4. ~~The Extended Reporting Period Endorsement is subject to all of the provisions of the policy in existence at the time the active coverage ceases for the person shown on the deleted person(s) roster.~~ Formatted: Bullets and Numbering
5. ~~The Extended Reporting Period Endorsement provides one set of limits of liability that are applicable only to those Claims first reported during the Extended Reporting Period. Those limits of liability will be eroded by payment of judgments and settlements. Our duty to defend ends when the limits of liability are exhausted by payment of judgments and settlements.~~ Formatted: Bullets and Numbering

B. SPECIAL PROVISIONS FOR PHYSICIANS SHOWN ON THE DELETED PERSON(S) ROSTER Formatted: Bullets and Numbering

1. **Waiver of Extended Reporting Endorsement Premium in the Event of Disability** Formatted: Bullets and Numbering
 - a. ~~If a physician shown on the deleted person(s) roster becomes totally and permanently disabled during the Policy Period as a result of Bodily Injury and is therefore completely unable to continue practicing as a physician or surgeon, We will provide an Extended Reporting Period Endorsement without cost. This waiver of premium is contingent upon receipt of evidence satisfactory to Us, which may include a physical examination by physicians of Our choice, that the physician shown on the deleted person(s) roster is totally and permanently disabled. However, We must receive a written request from the physician shown on the deleted person(s) roster or his/her personal representative for this benefit within thirty (30) days after the cessation of his/her practice.~~ Formatted: Bullets and Numbering
 - b. ~~We will require proof satisfactory to Us that disability continues on each anniversary of the issuance of the Extended Reporting Period Endorsement. If at any time in the future the physician shown on the deleted person(s) roster resumes practicing as a physician to any extent, any Extended Reporting Period Endorsement issued pursuant to this provision will terminate on the date practice is resumed. The physician shown on the deleted person(s) roster will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings, or Employment Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued above.~~ Formatted: Bullets and Numbering

~~2. Waiver of Extended Reporting Period Endorsement Premium in the Event of Death~~

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~~— In the event of death during the Policy Period of a physician shown on the deleted person(s) roster an Extended Reporting Period Endorsement will be issued to that physician's estate without any premium charge. This Extended Reporting Period Endorsement will become effective on the date of that physician's death. However, We must receive a written request along with proof of death within sixty (60) days after that physician's death.~~

~~3. Phase-out Provision—Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Age 55.~~

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~~a. At age 55 a physician shown on the deleted person(s) roster is eligible for a full waiver of his/her Extended Reporting Period Endorsement premium if he/she was insured with Us on September 30, 2005, remains insured with Us continuously until he/she retires and:~~

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- ~~i. Was age 50 or older on September 30, 2005;~~
- ~~ii. Has been insured with Us for the twelve (12) months, and had continuous coverage for the sixty (60) months, prior to reaching age 55;~~
- ~~iii. Retires completely from the practice of medicine;~~
- ~~iv. Was eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added to this policy with separate limits; and~~
- ~~v. Requests this benefit on or before December 31, 2010.~~

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~~b. We must receive a written request for this benefit at least thirty (30) days in advance of that physician's retirement date. We will periodically require proof satisfactory to Us that the physician remains retired from the practice of medicine. If at any time in the future the physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the physician resumes practice. However, the physician shown on the deleted person(s) roster will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings or Employment Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this paragraph.~~

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~~4. Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Age 55.~~

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~~a. If during the Policy Period, a physician shown on the deleted person(s) roster chooses to retire completely from the practice of medicine, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium. To be eligible a physician shown on the deleted person(s) roster must, as of the requested cancellation date:~~

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- ~~i. Have been continuously insured with Us for sixty (60) months immediately prior to claiming this benefit;~~
- ~~ii. Be at least 55 years of age; and~~
- ~~iii. Retire completely from the practice of medicine.~~

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~~b. We must receive a written request for this benefit at least thirty (30) days in advance of that physician's retirement date. We will periodically require proof satisfactory to Us that the physician remains retired from the practice of medicine. If at any time in the future the physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the physician resumes practice. However, the physician shown on the deleted person(s) roster will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is~~

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~~is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings or Employment Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this paragraph.~~

~~**5. Waiver of Extended Reporting Period Endorsement Premium at Age 65.**~~

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~~If a physician shown on the deleted person(s) roster was insured with Us on September 30, 2005, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium at age 65 if he/she was insured with Us for the sixty (60) months immediately prior to reaching age 65. The physician shown on the deleted person(s) roster must also have been eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added to this policy with separate limits.~~

~~We must receive this request at least thirty (30) days in advance of the date he/she chooses to terminate coverage with Us.~~

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:
Named Insured:
Policy Number:
Policy Period:
Endorsement Number:
Endorsement Effective Date:
Additional/Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that:

1. The Who Is Insured sections of Coverage A and, if applicable, Coverage B are amended to add the person(s) shown on the roster(s) below; and
2. Coverage C is amended to endorse the person(s) shown on the roster(s) below:

but only while acting within the course and scope of their duties for the Named Insured.

The Retroactive Date(s) for such coverage is shown on the roster(s) below.

The person(s) shown on the roster(s) below has separate limits of liability for Coverage A and separate limits of reimbursement for Coverage C, as shown on the roster(s) below. The Named Insured's limits of liability for Coverage B, Limited Professional Office Premises Liability Insurance, if applicable, are shared with the person(s) shown on the roster(s) below.

It is further understood and agreed that the limits of liability shown on the roster(s) below replace the limits of liability shown on the declarations page for Coverage A, and the limits of reimbursement shown on the roster(s) below replace the limits of reimbursement shown on the declarations page for Coverage C. The limits of liability and limits of reimbursement shown on the roster(s) below shall be the exclusive limits applicable to each person(s) shown on the roster(s) below.

Add the following person(s):

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|-------------|------------------|----------------------|--------------------------------|---|---|
| | | | | | |

Current Roster of Active person(s):

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|-------------|------------------|----------------------|--------------------------------|---|---|
| | | | | | |

It is hereby understood and agreed that the person(s) shown on the roster below are deleted from coverage. The person(s) shown on the roster below may be offered an Extended Reporting Period Endorsement as per **PART VII, EXTENDED REPORTING PERIOD OPTION**, of the policy. If an Extended Reporting Period Endorsement is not issued to the person(s), there will be no coverage for that person(s) for Claims, Administrative Proceedings or Employment-Related Civil Actions that are first reported to Us on or after the termination date(s) shown below or on or after the expiration or termination date of this policy, whichever is sooner.

Deleted Person(s) Roster:

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Termination Date | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|-------------|------------------|----------------------|--------------------------------|-------------------------|---------------------------------------|---|
| | | | | | | |

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:
Named Insured:
 Policy Number:
Policy Period:
 Endorsement Number:
 Endorsement Effective Date:
 Additional/Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that PART VII, EXTENDED REPORTING PERIOD OPTION is amended as follows:

Item B3. is deleted in its entirety and replaced with the following:

3. Phase-out Provision – Waiver of Extended Reporting Period Endorsement Premium Upon Retirement at Age 55.

- a. At age 55 You may be eligible for a full waiver of Your Extended Reporting Period Endorsement if You were insured with Us on September 30, 2005, remain insured with Us continuously until You retire and You:
 - i. Were age 50 or older on September 30, 2005;
 - ii. Were insured with Us for the 12 months, and had continuous coverage for the 60 months, prior to reaching age 55;
 - iii. Retire completely from the practice of medicine;
 - iv. Were eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to this policy; and
 - v. Request this benefit on or before December 31, 2010.
- b. We must receive a written request for this benefit at least 30 days in advance of Your retirement date. We will periodically require proof satisfactory to Us that You remain retired from the practice of medicine. If at any time in the future You resume practicing as physician to any extent, You will lose Your right to this waiver as of the date you resumed practice. However, You will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If You fail to purchase this Extended Period Endorsement following Your resumption of practice, You will have no coverage for any Claims, Administrative Proceedings, or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued above.

Item B4. is deleted in its entirety and replaced with the following:

4. Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Age 55.

- a. If during the Policy Period, You choose to retire completely from the practice of medicine, You may be eligible for a full waiver of Your Extended Reporting Period Endorsement premium. To be eligible You must, as of Your requested cancellation date:
 - i. Have been continuously insured with Us for 60 months immediately prior to requesting this benefit; and
 - ii. Be at least 55 years of age; and
 - iii. Retire completely from the practice of medicine.
- b. We must receive a written request for this benefit at least 30 days in advance of Your retirement date. We will periodically require proof satisfactory to Us that You remain retired from the practice of medicine. If at any time in the future You resume practicing as physician to any extent, You will lose Your right to this waiver as of the date you resumed practice. However, You will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If You fail to purchase this Extended Period Endorsement following Your resumption of practice, You will have no coverage for any Claims, Administrative Proceedings, or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued above.

Item B5. is deleted in its entirety and replaced with the following:

5. Waiver of Extended Reporting Period Endorsement Premium at Age 65.

If You were insured with Us on September 30, 2005, You may be eligible for a full waiver of Your Extended Reporting Period Endorsement premium at age 65 if You were insured with Us for the 60 months immediately prior to reaching age 65. You must also have been eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to this policy.

We must receive this request at least 30 days in advance of the date You choose to terminate Your coverage with Us.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:

Named Insured:

Policy Number:

Policy Period:

Endorsement Number:

Endorsement Effective Date:

Additional/Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that this ~~P~~policy is amended as follows:

PART II COVERAGES, COVERAGE A – Professional Liability Insurance, C. EXCLUSIONS 1c, 1d and 1f. are deleted in ~~their~~ entirety and replaced with the following:

c. Any liability arising from a Medical Incident that took place while the license to practice medicine or the certification of the individual responsible for providing Professional Health Care Services or Professional Committee Activities is not in effect. However, this exclusion does not apply to the Named Insured's liability for Celaims arising from the acts and omissions of any other Insured.

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d. Any liability arising from a Medical Incident involving the prescription, dispensing or furnishing of controlled substances that happened while the license or registration to prescribe, dispense or furnish such controlled substances issued to the individual responsible for providing Professional Health Care Services is not in effect. However, this exclusion does not apply to the Named Insured's liability for Celaims arising from the acts and omissions of any other Insured.

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f. Any liability arising from a Medical Incident involving the fraudulent creation, alteration or modification of the medical record of any person. However, under Coverage A, Professional Liability Insurance:

1. We will defend any Claim otherwise covered by the policy and involving the fraudulent creation, alteration or modification of the medical record of any person. However, the Insured who allegedly created, altered or modified the medical record will reimburse Us for those Defense eCosts if liability for the fraudulent creation, alteration or modification is admitted or determined by judgment or any other way.

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2. We will pay Damages for a Claim otherwise covered by the policy on behalf of any Insured, other than the Insured who fraudulently created, altered or modified the medical record of any person, unless that other Insured:

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a. Knew or should have known about the fraudulent creation, alteration or modification of the medical record but failed to prevent or stop it; or

b. Knew or should have known that the Insured who committed the fraudulent creation, alteration or modification of the medical record had a prior history of or propensity for such actions.

PART VII, EXTENDED REPORTING PERIOD OPTION, is deleted in its entirety and replaced with the following:

PART VII EXTENDED REPORTING PERIOD OPTION

IF AN EXTENDED REPORTING PERIOD ENDORSEMENT IS NOT ISSUED OR PURCHASED, THERE WILL BE NO COVERAGE FOR CLAIMS, ADMINISTRATIVE PROCEEDINGS, OR EMPLOYMENT-RELATED CIVIL ACTIONS THAT ARE FIRST REPORTED TO US ON OR AFTER THE EXPIRATION OR TERMINATION DATE OF THIS POLICY OR THE APPLICABLE COVERAGE.

This Extended Reporting Period Endorsement must be requested by written notice to Us within thirty (30) days from the expiration or termination date of this policy or applicable coverage.

A. MUTUAL RIGHTS

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An Insured to whom separate limits of liability have been afforded may have the right to purchase an Extended Reporting Period Endorsement (frequently known as “tail coverage”) if this policy or applicable coverage is canceled or non-renewed. This endorsement provides an extended period of time for reporting Claims, Administrative Proceedings or Employment Related Civil Actions as follows:

1. Medical Incidents or Occurrences that take place on or after the Retroactive Date as shown on the Declarations Page or applicable endorsement and before the expiration or termination of an Insured’s coverage; and
2. Results in a Claim against an Insured that is first reported to Us under the Extended Reporting Period Endorsement; or
3. Acts that take place on or after the applicable Retroactive Date and before the expiration or termination of an Insured’s coverage that result in an Administrative Proceeding or Employment-Related Civil Action instituted against that Insured and first reported to Us under the Extended Reporting Period Endorsement.

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To purchase an Extended Reporting Period Endorsement the Insured to whom separate limits of liability have been afforded must be in compliance with all terms and conditions of the policy. We will not issue an Extended Reporting Period Endorsement to an Insured whose coverage has been cancelled or non-renewed for fraud, misrepresentation, concealment or breach of warranty. Nor will We issue an Extended Reporting Period Endorsement to an Insured if this policy is cancelled for non-payment or rescinded.

All outstanding earned premiums must be paid. Any additional premium for the Extended Reporting Period Endorsement will be computed in accordance with Our rules, rates and rating plans in effect at the time of the expiration or termination of coverage and must be paid to Us. This additional premium is fully earned and non-refundable. If We do not receive full payment of all billed premiums on or before the due date of the premium notice, We will not issue an Extended Reporting Period Endorsement and We will cancel any previously issued Extended Reporting Period Endorsement.

Additionally:

1. Once in effect, the Extended Reporting Period Endorsement may not be canceled unless the Insured to whom this Extended Reporting Period Endorsement was issued has committed a material breach of the terms or conditions of this policy or any endorsement attached to it. ← Formatted: Bullets and Numbering

2. The Extended Reporting Period Endorsement does not extend the Policy Period or change the scope of coverage provided under this policy and any attached endorsement. Except as otherwise provided by this endorsement, any Claim, Administrative Proceeding or Employment-Related Civil Action reported to Us must be covered by this policy. ← Formatted: Bullets and Numbering

3. The Extended Reporting Period Endorsement is subject to all of the provisions of the policy in existence at the time an Insured's active coverage ceases. ← Formatted: Bullets and Numbering

4. The Extended Reporting Period Endorsement provides one set of limits of liability that are applicable only to those Claims first reported during the Extended Reporting Period. Those limits of liability will be eroded by payment of judgments and settlements. Our duty to defend ends when the limits of liability are exhausted by payment of judgments and settlements. ← Formatted: Bullets and Numbering

B. SPECIAL PROVISIONS FOR INSURED PHYSICIANS TO WHOM SEPARATE LIMITS HAVE BEEN AFFORDED ← Formatted: Bullets and Numbering

1. Waiver of Extended Reporting Endorsement Premium in the Event of Disability. ← Formatted: Bullets and Numbering
 - a. If an insured physician to whom separate limits have been afforded becomes totally and permanently disabled during the Policy Period as a result of Bodily Injury and is therefore completely unable to continue practicing as a physician or surgeon, We will provide an Extended Reporting Period Endorsement without cost. This waiver of premium is contingent upon receipt of evidence satisfactory to Us, which may include a physical examination by physicians of Our choice, that such physician is totally and permanently disabled. However, We must receive a written request from the physician or his/her personal representative for this benefit within 30 days after the cessation of his/her practice. ← Formatted: Bullets and Numbering

 - b. We will require proof satisfactory to Us that disability continues on each anniversary of the issuance of the Extended Reporting Period Endorsement. If at any time in the future the physician resumes practicing as a physician to any extent, any Extended Reporting Period Endorsement issued pursuant to this provision will terminate on the date practice is resumed. The physician will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice there will be no coverage for Claims, Administrative Proceedings or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued above. ← Formatted: Bullets and Numbering

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2. Waiver of Extended Reporting Period Endorsement Premium in the Event of Death.

In the event of the death during the Policy Period of an insured physician to whom separate limits have been afforded an Extended Reporting Period Endorsement will be issued to that physician's estate without any premium charge. This Extended Reporting Period Endorsement will become effective on the date of that physician's death. However, We must receive a written request along with proof of death within sixty (60) days after that physician's death.

3. Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Any Age.

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a. If during the Policy Period an insured physician to whom separate limits have been afforded chooses to retire completely and permanently from the practice of medicine, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium. To be eligible the physician must, as of the requested cancellation date:

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i. Have been continuously insured with Us with separate limits for the 60 months immediately prior to claiming this benefit; and

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ii. Retire completely and permanently from the practice of medicine.

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b. We must receive a written request for this benefit at least 30 days in advance of the physician's retirement date. We will periodically require proof satisfactory to Us that the physician remains retired from the practice of medicine. If at any time in the future the physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the physician resumes practice. However, the physician will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this section.

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4. Waiver of Extended Reporting Period Endorsement Premium at Age 65.

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If an insured physician to whom separate limits have been afforded was insured with Us on September 30, 2005, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium at age 65 if he/she was insured with Us with separate limits for the 60 months immediately prior to reaching age 65. The insured physician to whom separate limits have been afforded must also have been eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added as an insured physician with separate limits to this policy.

We must receive this request at least 30 days in advance of the date he/she chooses to terminate coverage with Us.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:

Named Insured:

Policy Number:

Policy Period:

Endorsement Number:

Endorsement Effective Date:

Additional/Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that this policy is amended as follows:

PART II COVERAGES, COVERAGE A – Professional Liability Insurance, C. EXCLUSIONS 1c, 1d and 1f. are deleted in their entirety and replaced with the following:

- c. Any liability arising from a Medical Incident that took place while the license to practice medicine or the certification of the individual responsible for providing Professional Health Care Services or Professional Committee Activities is not in effect. However, this exclusion does not apply to the Named Insured's liability for Claims arising from the acts and omissions of any other Insured.
- d. Any liability arising from a Medical Incident involving the prescription, dispensing or furnishing of controlled substances that happened while the license or registration to prescribe, dispense or furnish such controlled substances issued to the individual responsible for providing Professional Health Care Services is not in effect. However, this exclusion does not apply to the Named Insured's liability for Claims arising from the acts and omissions of any other Insured.
- f. Any liability arising from a Medical Incident involving the fraudulent creation, alteration or modification of the medical record of any person. However, under Coverage A, Professional Liability Insurance:
 1. We will defend any Claim otherwise covered by the policy and involving the fraudulent creation, alteration or modification of the medical record of any person. However, the Insured who allegedly created, altered or modified the medical record will reimburse Us for those Defense Costs if liability for the fraudulent creation, alteration or modification is admitted or determined by judgment or any other way.
 2. We will pay Damages for a Claim otherwise covered by the policy on behalf of any Insured, other than the Insured who fraudulently created, altered or modified the medical record of any person, unless that other Insured:
 - a. Knew or should have known about the fraudulent creation, alteration or modification of the medical record but failed to prevent or stop it; or
 - b. Knew or should have known that the Insured who committed the fraudulent creation, alteration or modification of the medical record had a prior history of or propensity for such actions.

PART VII, EXTENDED REPORTING PERIOD OPTION, is deleted in its entirety and replaced with the following:

PART VII EXTENDED REPORTING PERIOD OPTION

IF AN EXTENDED REPORTING PERIOD ENDORSEMENT IS NOT ISSUED OR PURCHASED, THERE WILL BE NO COVERAGE FOR CLAIMS, ADMINISTRATIVE PROCEEDINGS, OR EMPLOYMENT-RELATED CIVIL ACTIONS THAT ARE FIRST REPORTED TO US ON OR AFTER THE EXPIRATION OR TERMINATION DATE OF THIS POLICY OR THE APPLICABLE COVERAGE.

This Extended Reporting Period Endorsement must be requested by written notice to Us within thirty (30) days from the expiration or termination date of this policy or applicable coverage.

A. MUTUAL RIGHTS

An Insured to whom separate limits of liability have been afforded may have the right to purchase an Extended Reporting Period Endorsement (frequently known as “tail coverage”) if this policy or applicable coverage is canceled or non-renewed. This endorsement provides an extended period of time for reporting Claims, Administrative Proceedings or Employment Related Civil Actions as follows:

1. Medical Incidents or Occurrences that take place on or after the Retroactive Date as shown on the Declarations Page or applicable endorsement and before the expiration or termination of an Insured’s coverage; and
2. Results in a Claim against an Insured that is first reported to Us under the Extended Reporting Period Endorsement; or
3. Acts that take place on or after the applicable Retroactive Date and before the expiration or termination of an Insured’s coverage that result in an Administrative Proceeding or Employment-Related Civil Action instituted against that Insured and first reported to Us under the Extended Reporting Period Endorsement.

To purchase an Extended Reporting Period Endorsement the Insured to whom separate limits of liability have been afforded must be in compliance with all terms and conditions of the policy. We will not issue an Extended Reporting Period Endorsement to an Insured whose coverage has been cancelled or non-renewed for fraud, misrepresentation, concealment or breach of warranty. Nor will We issue an Extended Reporting Period Endorsement to an Insured if this policy is cancelled for non-payment or rescinded.

All outstanding earned premiums must be paid. Any additional premium for the Extended Reporting Period Endorsement will be computed in accordance with Our rules, rates and rating plans in effect at the time of the expiration or termination of coverage and must be paid to Us. This additional premium is fully earned and non-refundable. If We do not receive full payment of all billed premiums on or before the due date of the premium notice, We will not issue an Extended Reporting Period Endorsement and We will cancel any previously issued Extended Reporting Period Endorsement.

Additionally:

1. Once in effect, the Extended Reporting Period Endorsement may not be canceled unless the Insured to whom this Extended Reporting Period Endorsement was issued has committed a material breach of the terms or conditions of this policy or any endorsement attached to it.
2. The Extended Reporting Period Endorsement does not extend the Policy Period or change the scope of coverage provided under this policy and any attached endorsement. Except as otherwise provided by this endorsement, any Claim, Administrative Proceeding or Employment-Related Civil Action reported to Us must be covered by this policy.
3. The Extended Reporting Period Endorsement is subject to all of the provisions of the policy in existence at the time an Insured's active coverage ceases.
4. The Extended Reporting Period Endorsement provides one set of limits of liability that are applicable only to those Claims first reported during the Extended Reporting Period. Those limits of liability will be eroded by payment of judgments and settlements. Our duty to defend ends when the limits of liability are exhausted by payment of judgments and settlements.

B. SPECIAL PROVISIONS FOR INSURED PHYSICIANS TO WHOM SEPARATE LIMITS HAVE BEEN AFFORDED

1. Waiver of Extended Reporting Endorsement Premium in the Event of Disability.

- a. If an insured physician to whom separate limits have been afforded becomes totally and permanently disabled during the Policy Period as a result of Bodily Injury and is therefore completely unable to continue practicing as a physician or surgeon, We will provide an Extended Reporting Period Endorsement without cost. This waiver of premium is contingent upon receipt of evidence satisfactory to Us, which may include a physical examination by physicians of Our choice, that such physician is totally and permanently disabled. However, We must receive a written request from the physician or his/her personal representative for this benefit within 30 days after the cessation of his/her practice.
- b. We will require proof satisfactory to Us that disability continues on each anniversary of the issuance of the Extended Reporting Period Endorsement. If at any time in the future the physician resumes practicing as a physician to any extent, any Extended Reporting Period Endorsement issued pursuant to this provision will terminate on the date practice is resumed. The physician will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice there will be no coverage for Claims, Administrative Proceedings or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued above.

2. Waiver of Extended Reporting Period Endorsement Premium in the Event of Death.

In the event of the death during the Policy Period of an insured physician to whom separate limits have been afforded an Extended Reporting Period Endorsement will be issued to that physician's estate without any premium charge. This Extended Reporting Period Endorsement will become effective on the date of that physician's death. However, We must receive a written request along with proof of death within sixty (60) days after that physician's death.

3. Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Any Age.

- a. If during the Policy Period an insured physician to whom separate limits have been afforded chooses to retire completely and permanently from the practice of medicine, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium. To be eligible the physician must, as of the requested cancellation date:
 - i. Have been continuously insured with Us with separate limits for the 60 months immediately prior to claiming this benefit; and
 - ii. Retire completely and permanently from the practice of medicine.
- b. We must receive a written request for this benefit at least 30 days in advance of the physician's retirement date. We will periodically require proof satisfactory to Us that the physician remains retired from the practice of medicine. If at any time in the future the physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the physician resumes practice. However, the physician will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this section.

4. Waiver of Extended Reporting Period Endorsement Premium at Age 65.

If an insured physician to whom separate limits have been afforded was insured with Us on September 30, 2005, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium at age 65 if he/she was insured with Us with separate limits for the 60 months immediately prior to reaching age 65. The insured physician to whom separate limits have been afforded must also have been eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added as an insured physician with separate limits to this policy.

We must receive this request at least 30 days in advance of the date he/she chooses to terminate coverage with Us.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:

Named Insured:

Policy Number:

Policy Period:

Endorsement Number:

Endorsement Effective Date:

Additional/Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that:

1. The Who Is Insured sections of Coverage A and, if applicable, Coverage B are amended to add the person(s) shown on the roster(s) below; and
2. Coverage C is amended to endorse the person(s) shown on the roster(s) below:

but only while acting within the course and scope of their duties for the Named Insured.

The Retroactive Date(s) for such coverage is shown on the roster(s) below.

The person(s) shown on the roster(s) below has separate limits of liability for Coverage A and separate limits of reimbursement for Coverage C, as shown on the roster(s) below. The Named Insured's limits of liability for Coverage B, ~~Limited Professional Office Premises Liability Insurance~~, if applicable, are shared with the person(s) shown on the roster(s) below.

It is further understood and agreed that the limits of liability shown on the roster(s) below replace the limits of liability shown on the declarations page for Coverage A, and the limits of reimbursement shown on the roster(s) below replace the limits of reimbursement shown on the declarations page for Coverage C. The limits of liability and limits of reimbursement shown on the roster(s) below shall be the exclusive limits applicable to each person(s) shown on the roster(s) below.

Add the following person(s):

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|------|-----------|---------------|-------------------------|--------------------------------|------------------------------------|
| | | | | | |

Current Roster of Active person(s):

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|------|-----------|---------------|-------------------------|--------------------------------|------------------------------------|
| | | | | | |

It is hereby understood and agreed that the person(s) shown on the roster below are deleted from coverage. The person(s) shown on the roster below may be offered an Extended Reporting Period Endorsement as per PART VII, EXTENDED REPORTING PERIOD OPTION, of the policy. If an Extended Reporting Period Endorsement is not issued to the person(s), there will be no coverage for that person(s) under the claims made and reported sections of the policy for Claims, Administrative Proceedings or Employment-Related Civil Actions that are first reported to Us on or after the termination date(s) shown below or on or after the expiration or termination date of this policy, whichever is sooner. ~~Person(s) shown on the roster below other than Health Care Extenders may be offered an Extended Reporting Period Endorsement as per PART VII, EXTENDED REPORTING PERIOD OPTION, of the policy. If an Extended Reporting Period Endorsement is not issued to the person(s), there will be no coverage under the claims made and reported sections of the policy for that person for Claims, Administrative Proceedings or Employment Related Civil Actions that are first reported to Us on or after the expiration or termination date of this policy or applicable coverage.~~

Deleted Person(s) Roster:

| Name | Specialty | Provider Type | Retroactive Date | Termination Date | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|------|-----------|---------------|------------------|------------------|--------------------------------|------------------------------------|
| | | | | | | |

~~EXTENDED REPORTING PERIOD OPTION FOR HEALTH CARE EXTENDERS~~

~~A HEALTH CARE EXTENDER(S) SHOWN ON THE DELETED PERSON(S) ROSTER MAY BE OFFERED AN EXTENDED REPORTING PERIOD ENDORSEMENT AS SET FORTH BELOW.~~

~~IF AN EXTENDED REPORTING PERIOD ENDORSEMENT IS NOT ISSUED TO A HEALTH CARE EXTENDER SHOWN ON THE DELETED PERSON(S) ROSTER, THERE WILL BE NO COVERAGE UNDER THE CLAIMS MADE AND REPORTED SECTIONS OF THE POLICY FOR THAT HEALTH CARE EXTENDER FOR CLAIMS, ADMINISTRATIVE PROCEEDINGS OR EMPLOYMENT RELATED CIVIL ACTIONS THAT ARE FIRST REPORTED TO US ON OR AFTER THE EXPIRATION OR TERMINATION DATE OF THIS POLICY OR APPLICABLE COVERAGE.~~

~~This Extended Reporting Period Endorsement must be requested by written notice to Us within thirty (30) days from the expiration or termination date of this policy or applicable coverage.~~

~~A. MUTUAL RIGHTS~~

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~~A Health Care Extender shown on the deleted person(s) roster may have the right to purchase an Extended Reporting Period Endorsement (frequently known as "tail coverage") if this policy or applicable coverage is canceled or non-renewed. This endorsement provides an extended period of time for reporting Claims, Administrative Proceedings or Employment Related Civil Actions as follows:~~

- ~~1. Medical Incidents or Occurrences that take place on or after the Retroactive Date as shown on the Declarations Page or applicable endorsement and before the expiration or termination of that Health Care Extender's coverage; and~~
- ~~2. Results in a Claim against that Health Care Extender that is first reported to Us under the Extended Reporting Period Endorsement; or~~
- ~~3. Acts that take place on or after the applicable Retroactive Date and before the expiration or termination of that Health Care Extender's coverage that result in an Administrative Proceeding or Employment Related~~

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~~Civil Action instituted against that Health Care Extender and first reported to Us under the Extended Reporting Period Endorsement.~~

~~To purchase an Extended Reporting Period Endorsement the Health Care Extender shown on the deleted person(s) roster must be in compliance with all terms and conditions of the policy. We will not issue an Extended Reporting Period Endorsement to a Health Care Extender shown on the deleted person(s) roster whose coverage has been cancelled or non-renewed for fraud, misrepresentation, concealment or breach of warranty. Nor will We issue an Extended Reporting Period Endorsement to a Health Care Extender shown on the deleted person(s) roster if this policy is cancelled for non-payment or rescinded.~~

~~All outstanding earned premiums must be paid. Any additional premium for the Extended Reporting Period Endorsement will be computed in accordance with Our rules, rates and rating plans in effect at the time of the expiration or termination of coverage and must be paid to Us. This additional premium is fully earned and non-refundable. If We do not receive full payment of all billed premiums on or before the due date of the premium notice, We will not issue an Extended Reporting Period Endorsement and We will cancel any previously issued Extended Reporting Period Endorsement.~~

~~Additionally:~~

- ~~1. Once in effect, the Extended Reporting Period Endorsement may not be canceled unless the Health Care Extender shown on the deleted person(s) roster to whom the Extended Reporting Period Endorsement was issued has committed a material breach of the terms or conditions of this policy or any endorsement attached to it.~~
- ~~2. The Extended Reporting Period Endorsement does not extend the Policy Period or change the scope of coverage provided under this policy and any attached endorsement. Except as otherwise provided by this endorsement, any Claims, Administrative Proceedings or Employment Related Civil Action reported to Us must be covered by the policy.~~
- ~~3. The Extended Reporting Period Endorsement is subject to all of the provisions of the policy in existence at the time the active coverage ceases for the Health Care Extender shown on the deleted person(s) roster.~~
- ~~4. The Extended Reporting Period Endorsement provides one set of limits of liability that are applicable only to those Claims first reported during the Extended Reporting Period. Those limits of liability will be eroded by payment of judgments and settlements. Our duty to defend ends when the limits of liability are exhausted by payment of judgments and settlements.~~

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ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:

Named Insured:

Policy Number:

Policy Period:

Endorsement Number:

Endorsement Effective Date:

Additional/Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that:

1. The Who Is Insured sections of Coverage A and, if applicable, Coverage B are amended to add the person(s) shown on the roster(s) below; and
2. Coverage C is amended to endorse the person(s) shown on the roster(s) below:

but only while acting within the course and scope of their duties for the Named Insured.

The Retroactive Date(s) for such coverage is shown on the roster(s) below.

The person(s) shown on the roster(s) below has separate limits of liability for Coverage A and separate limits of reimbursement for Coverage C, as shown on the roster(s) below. The Named Insured's limits of liability for Coverage B, if applicable, are shared with the person(s) shown on the roster(s) below.

It is further understood and agreed that the limits of liability shown on the roster(s) below replace the limits of liability shown on the declarations page for Coverage A, and the limits of reimbursement shown on the roster(s) below replace the limits of reimbursement shown on the declarations page for Coverage C. The limits of liability and limits of reimbursement shown on the roster(s) below shall be the exclusive limits applicable to each person(s) shown on the roster(s) below.

Add the following person(s):

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|-------------|------------------|----------------------|--------------------------------|---|---|
| | | | | | |

Current Roster of Active person(s):

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|-------------|------------------|----------------------|--------------------------------|---|---|
| | | | | | |

It is hereby understood and agreed that the person(s) shown on the roster below are deleted from coverage. The person(s) shown on the roster below may be offered an Extended Reporting Period Endorsement as per **PART VII, EXTENDED REPORTING PERIOD OPTION**, of the policy. If an Extended Reporting Period Endorsement is not issued to the person(s), there will be no coverage for that person(s) under the claims made and reported sections of the policy for Claims, Administrative Proceedings or Employment-Related Civil Actions that are first reported to Us on or after the termination date(s) shown below or on or after the expiration or termination date of this policy, whichever is sooner.

Deleted Person(s) Roster:

| Name | Specialty | Provider Type | <u>Retroactive Date</u> | Termination Date | Coverage A Limits of Liability | Coverage C Limits of Reimbursement |
|------|-----------|---------------|-------------------------|------------------|--------------------------------|------------------------------------|
| | | | | | | |

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:
Named Insured:
 Policy Number:
Policy Period:
 Endorsement Number:
 Endorsement Effective Date:
 Additional/Return Premium:



James Sunseri
 President



Katherine H. Crocker
 Secretary

It is hereby understood and agreed that this Policy is amended as follows:

~~TABLE OF CONTENTS~~, is deleted in its entirety and replaced with:

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PART II, COVERAGE B, Limited Professional Office Premises Liability Insurance - Claims Made is deleted in its entirety and replaced with the following:

COVERAGE B – Health Care General Liability Insurance – Occurrence

THIS COVERAGE IS PROVIDED ON AN OCCURRENCE BASIS.

I. BODILY INJURY, PROPERTY DAMAGE AND FIRE DAMAGE LIABILITY

A. INSURING AGREEMENTS

1. **Indemnity.** We will pay on behalf of an Insured all sums, up to the Limits of Liability as stated on the Declarations Page or applicable endorsement, that an Insured becomes legally obligated to pay as Damages because of a Claim for Bodily Injury, Property Damage or Fire Damage caused by an Occurrence if the:
 - a. Bodily Injury, Property Damage or Fire Damage is caused by an Occurrence that takes place in the Coverage Territory; and
 - b. Bodily Injury, Property Damage or Fire Damage takes place during the Policy Period.
2. **Defense.** We shall have the right and duty to defend an Insured against any Claim seeking Damages for Bodily Injury, Property Damage or Fire Damage caused by an Occurrence if the:
 - a. Bodily Injury, Property Damage or Fire Damage is caused by an Occurrence that takes place in the Coverage Territory; and
 - b. Bodily Injury, Property Damage or Fire Damage takes place during the Policy Period.

We have the exclusive right, using counsel of Our choice, to investigate, negotiate and defend any Claim. Our duty to defend ends, however, when the Limits of Liability stated on the Declarations Page or applicable endorsement have been exhausted by the payment of judgments and/or settlements.

Defense Costs are payable in addition to the Limits of Liability stated on the Declarations Page or applicable endorsement for Health Care General Liability Insurance.

We may investigate any Claim as We deem appropriate. We shall not be liable for the cost of legal services and other costs or fees incurred by any attorney selected by an Insured without Our written consent. We shall not be liable for the cost of any legal services and other costs or fees incurred before Our written receipt of notice of Claim.

This insurance does not apply and We have no duty to defend any Insured against any Claim seeking Damages for Bodily Injury, Property Damage or Fire Damage that Manifests prior to the effective date of this Policy even if the Damages continue into this Policy Period.

B. EXCLUSIONS

No Defense or Payment of Damages. In addition to the Common Exclusions in PART V of this Policy, We will neither defend nor pay Damages because of Claims that result from any of the following:

1. Any liability arising from a Medical Incident.
2. Any fees or costs associated with an Administrative Proceeding or an Employment-Related Civil Action.
3. Any liability arising from Bodily Injury, Property Damage or Fire Damage expected or intended from the standpoint of an Insured. However, this exclusion does not apply to Bodily Injury resulting from the use of reasonable force to protect persons or property.
4. Any liability arising from Bodily Injury, Property Damage or Fire Damage for which any Insured may be held liable by reason of:
 - a. Causing or contributing to the intoxication of any person;
 - b. The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
 - c. Violation of any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.
5. Any liability arising from Bodily Injury, Property Damage or Fire Damage arising from the ownership, maintenance, use or entrustment to others of any aircraft, Auto or watercraft owned or operated by or rented or loaned to any Insured. Use includes operation and Loading or Unloading.

This exclusion applies even if the Claims against any Insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Insured, if the Occurrence which caused the Bodily Injury, Property Damage or Fire Damage involved the ownership, maintenance, use or entrustment to others of any aircraft, Auto or watercraft that is owned or operated by or rented or loaned to any Insured.

This exclusion does not apply to:

- a. Parking an Auto on premises an Insured owns or rents, provided the Auto is not owned by or rented or loaned to an Insured;
- b. Maintenance or use of any Mobile Equipment, except Bodily Injury, Property Damage or Fire Damage arising from:
 - i. The transportation of Mobile Equipment by an Auto owned or operated by or rented or loaned to any Insured; or
 - ii. The use of Mobile Equipment in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.

6. Any liability arising from Property Damage or Fire Damage to:
- Property an Insured owns, rents or occupies;
 - Premises an Insured sells, gives away or abandons, if the Property Damage or Fire Damage arises out of any part of those premises;
 - Property loaned to an Insured;
 - Personal property in an Insured's care, custody or control;
 - That particular part of real property on which an Insured, or any contractors or subcontractors working directly or indirectly on behalf of an Insured, are performing operations, if the Property Damage or Fire Damage arises out of those operations; or
 - That particular part of any property that must be restored, repaired or replaced because an Insured's Work was incorrectly performed on it.

Paragraph (a) of this exclusion does not apply to Fire Damage.

Paragraph (b) of this exclusion does not apply if the premises are an Insured's Work and were never occupied, rented or held for rental by an Insured.

Paragraphs (c), (d), (e) and (f) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (f) of this exclusion does not apply to Property Damage or Fire Damage included in the Products-Completed Operations Hazard.

7. Property Damage or Fire Damage to an Insured's Product arising from it or any part of it.
8. Property Damage or Fire Damage to an Insured's Work arising from it or any part of it and included in the Products-Completed Operations Hazard.

This exclusion does not apply if the damaged Work or the Work from which the Damage arises was performed on behalf of an Insured by a subcontractor.

9. Any liability arising from Property Damage or Fire Damage to Impaired Property from:
- A defect, deficiency, inadequacy or dangerous condition in an Insured's Product or an Insured's Work; or
 - A delay or failure by an Insured or anyone acting on behalf of an Insured to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising from sudden and accidental physical injury to an Insured's Product or an Insured's Work after it has been put to its intended use.

10. Any liability arising from Damages claimed for any loss, cost or expense incurred by an Insured or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:
- An Insured's Product;
 - An Insured's Work; or

c. Impaired Property:

if such Product, Work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

11. Any liability arising from Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

12. Any liability arising from Bodily Injury, Property Damage or Fire Damage arising out of any act or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA) including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment or addition to such law; or
- c. Any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

II. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY

A. INSURING AGREEMENTS

1. **Indemnity.** We will pay those sums, up to the Limits of Liability as stated on the Declarations Page or applicable endorsement that an Insured becomes legally obligated to pay as Damages because of a Claim for Personal Injury or Advertising Injury if that:

- a. Personal Injury is caused by an offense directly resulting from an Insured's business, excluding advertising, publishing, broadcasting or telecasting done by or for an Insured; or
- b. Advertising Injury is caused by an offense committed in the course of advertising an Insured's goods, products or services:

but only if the offense was committed in the Coverage Territory and during the Policy Period.

2. **Defense.** We shall have the right and duty to defend an Insured against any Claim seeking Damages for Personal Injury or Advertising Injury if that:

- a. Personal Injury is caused by an offense directly resulting from an Insured's business, excluding advertising, publishing, broadcasting or telecasting done by or for an Insured; or
- b. Advertising Injury is caused by an offense committed in the course of advertising an Insured's goods, products or services:

but only if the offense was committed in the Coverage Territory and during the Policy Period.

We have the exclusive right, using counsel of Our choice, to investigate, negotiate and defend any Claim. Our duty to defend ends, however, when the Limits of Liability stated on the Declarations Page or applicable endorsement have been exhausted by the payment of judgments and/or settlements.

Defense Costs are payable in addition to the Limits of Liability stated on the Declarations Page or applicable endorsement for Health Care General Liability Insurance.

We may investigate any Claim as We deem appropriate. We shall not be liable for the cost of legal services and other costs or fees incurred by any attorney selected by an Insured without Our written consent. We shall not be liable for the cost of any legal services and other costs or fees incurred before Our receipt of the written notice of Claim.

B. EXCLUSIONS

No Defense or Payment of Damages. In addition to the Common Exclusions in PART V of this Policy, We will neither defend nor pay Damages because of Claims that result from any of the following:

1. Any liability for Personal Injury or Advertising Injury arising from:
 - a. A Medical Incident;
 - b. Any fees or costs associated with an Administrative Proceeding or Employment-Related Civil Action;
 - c. Oral or written publication of material, if done by or at the direction of an Insured with knowledge of its falsity;
 - d. Oral or written publication of material of which the first injurious publication or utterance of the same or similar material by or on behalf of an Insured was made before the beginning of the Policy Period;
 - e. The willful violation of a penal statute or ordinance committed by or with the consent of an Insured;
 - f. Liability an Insured has assumed in a contract or agreement. This exclusion does not apply to liability for Damages that an Insured would have in the absence of the contract or agreement; or
 - g. An electronic chatroom or bulletin board an Insured hosts, owns, or over which an Insured exercises control.
2. Any liability for Advertising Injury arising from:
 - a. Breach of contract;
 - b. The failure of goods, products or services to conform with advertised quality or performance;
 - c. The wrong description of the price of goods, products or services; or
 - d. An offense committed by an Insured whose business is advertising, broadcasting, publishing or telecasting.

III. MEDICAL PAYMENTS

A. INSURING AGREEMENT

1. We will pay Medical Expenses as described below for Bodily Injury caused by an Occurrence:
 - a. On premises an Insured owns or rents and that are approved by Us in writing; or
 - b. Resulting from an Insured's operations;provided that:
 - i. The Occurrence takes place during the Policy Period;
 - ii. The expenses are incurred and reported to Us within one year of the date of the Occurrence; and
 - iii. The injured person submits to examination, at Our expense, by physicians of Our choice as often as We reasonably require.
2. We will make these payments even if an Insured is not legally required to do so. These payments will not exceed the applicable sub-limit of insurance shown on the Declarations Page or applicable endorsement.

B. EXCLUSIONS

We will not pay Medical Expenses for Bodily Injury:

1. To any Insured.
2. To a person hired to work for or on behalf of any Insured or a tenant of any Insured.
3. To a person injured on that part of premises an Insured owns or rents and that the person normally occupies.
4. To a person, whether or not an Employee of any Insured, if benefits for the Bodily Injury are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
5. To a person injured while taking part in athletics.
6. Included within the Products-Completed Operations Hazard.
7. Excluded under Coverage B, Section I, Bodily Injury, Property Damage and Fire Damage Liability, in this Health Care General Liability Insurance.

IV. WHO IS INSURED

In addition to those persons or organizations included within the definition of Insured, each of the following is an Insured to the extent set forth below, subject to Common Condition Q., “Other Insurance:”

1. Employees, Authorized Volunteer Workers and students while acting within the course and scope of their duties for the Named Insured. However, Employees, Authorized Volunteer Workers or students are not Insureds for:
 - a. Bodily Injury or Personal Injury to an Insured or an Employee, Authorized Volunteer Worker or student while acting within the course and scope of their duties for an Insured;
 - b. Property Damage or Fire Damage to property owned or occupied by or rented or loaned to any Employee, Authorized Volunteer Worker or student or any of an Insured’s partners or members (if an Insured is a partnership or joint venture).
2. Any member of a duly authorized board or any committee of the Named Insured.
3. Any person communicating information to the Named Insured or its medical or professional staff for the purpose of aiding in the evaluation of Professional Health Care Services or the qualifications, professional competence, fitness or character of an applicant for membership or privileges on such medical or professional staff, but only while acting within the course and scope of their duties for the Named Insured.
4. Any administrator or department head while acting within the course and scope of their administrative duties for the Named Insured.
5. With respect to Mobile Equipment registered to the Named Insured under any motor vehicle registration law, any person is an Insured while driving such equipment along a public highway with permission of the Named Insured and while engaged in business on behalf of the Named Insured. Any other person or organization responsible for the conduct of such person is also an Insured, but only with respect to liability arising from the operation of the equipment, and only if no Other Insurance of any kind is available to that person or organization for this liability. However, no person or organization is an Insured with respect to:
 - a. Bodily Injury to an Employee, Authorized Volunteer Worker or student of the person driving the equipment;
or
 - b. Property Damage or Fire Damage to property owned by, rented to, in the charge of or occupied by the Named Insured or the employer of any person who is an Insured under this provision.

PART III – ADDITIONAL BENEFITS is amended as follows:

Paragraph D is deleted in its entirety and replaced with the following:

- D. **PATIENTS’ PROPERTY.** We will pay up to \$2,500 per patient subject to a maximum of \$25,000 per Policy Period, for loss or damage to patients’ property while in the care of an Insured.

Paragraph E is deleted in its entirety.

PART IV - COMMON CONDITIONS is amended as follows:

Condition B, "Application of Limits Liability," is deleted in its entirety and replaced with the following:

B. Application of Limits of Liability.

1. Application of Limits of Liability – General. Subject to Common Condition O, "Multiple Claims Arising from the Same Circumstances:"
 - a. The Each Claim Limit shown on the Declarations Page or applicable endorsement is the most We will pay for all Damages arising from a Medical Incident, Occurrence, Personal Injury or Advertising Injury regardless of the number of:
 - i. Insureds under the policy;
 - ii. Persons or organizations sustaining Damages;
 - iii. Claims; or
 - iv. Coverage parts attached hereto.
 - b. Subject to the above provision, Our total liability for all Claims because of all injury to which this Policy applies shall not exceed the Limits of Liability shown on the Declarations Page or applicable endorsement as the Aggregate Limit per Policy Period.
 - c. It is further agreed that in no event shall We be liable for any additional payments, including Defense Costs, under this Policy once the applicable Limits of Liability shown on the Declarations Page or applicable endorsement have been exhausted by payments of judgments or settlements.

2. Application of Limits of Liability – Each Policy Period.

The applicable Limits of Liability applies separately to each consecutive annual Policy Period or to any Policy Period of less than twelve months. If We extend the Policy Period after issuance for an additional period of less than twelve months, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Liability.

3. Application of Limits of Liability – Claim Covered Under Two or More Insuring Agreements of This Policy.

If a Claim is covered under more than one Insuring Agreement provided by this Policy only one Limit of Liability shall apply. The Limit of Liability applying to that Claim shall not exceed the highest applicable limit available under any one Insuring Agreement that applies.

4. Application of Limits of Liability – An Insured Covered Under More Than One Policy Issued by Us.

If this Policy and any other policy issued by Us apply to the same Insured, only one such policy shall apply. The Limits of Liability available to that Insured shall not exceed the highest applicable Limits of Liability available under any one policy that applies. However, this paragraph does not apply to any policy issued specifically to apply as excess insurance above this Policy.

5. Application of Limits of Liability – New Limits.

If the Named Insured changes the Limits of Liability provided by this Policy, the new Limits of Liability do not apply to any Claim an Insured knew or should have known about or was reported to Us prior to the effective date of the Limits of Liability change.

Condition O, “Multiple Claims Arising From The Same Circumstances,” is deleted in its entirety and replaced with the following:

O. Multiple Claims Arising From The Same Circumstances.

1. All Claims that arise from:
 - a. The same Medical Incident, Occurrence, Personal Injury or Advertising Injury; or
 - b. A series of similar or related Medical Incidents, Occurrences, Personal Injury or Advertising Injury:
will be deemed to be a single Claim:
 - a. On the date the first of such Claims is reported to Us if coverage is on a claims made basis; or
 - b. When the Occurrence, Personal Injury or Advertising Injury first took place if coverage is on an occurrence basis.
2. The only policy that shall apply to the Claim is the policy in force:
 - a. On the date the first of such Claims is reported to Us if coverage is on a claims made basis; or
 - b. When the Occurrence, Personal Injury or Advertising Injury first took place if coverage is on an occurrence basis.

Condition Y, “When A Claim is Made,” is deleted in its entirety and replaced with the following:

Y. When A Claim is Made.

1. We will consider a Claim to be made at the earlier of the following:
 - a. On the date an Insured first gives Our Claims Department written notice of a Claim made against an Insured;
or
 - b. On the date Our Claims Department receives written notice of a Medical Incident, Occurrence or offense that is likely to result in a Claim being made against an Insured.
2. The written notice must include the following information:
 - a. How, when and where the Medical Incident, Occurrence or offense took place;
 - b. The names, addresses and ages of any injured persons and witnesses; and,
 - c. The nature and location of any injury or damage arising from the Medical Incident, Occurrence or offense.

An event reported by an Insured to Us as part of Our risk management or loss control services shall not be considered a report of a Claim.

PART V - COMMON EXCLUSIONS is amended as follows:

Exclusion G is deleted in its entirety and replaced with the following:

G. Any liability for a Claim whose circumstances were known, or should have been known, by any Insured or any insurer before the effective date of this Policy or applicable coverage, or, in the case of a newly acquired entity, before the acquisition date of that entity.

Exclusion K is deleted in its entirety.

PART VI – DEFINITIONS is amended as follows:

Definition F., “Claim,” is deleted in its entirety and replaced with the following:

F. **Claim** means:

1. Actual Claim:

Written notice or demand for Damages that an Insured has received regarding a Medical Incident, Occurrence, Personal Injury, or Advertising Injury; or

2. Potential Claim:

Any Medical Incident, Occurrence or offense that may result in an actual Claim.

An event reported as part of Our risk management or loss control services shall not be considered a report of a Claim.

Definition W., “Occurrence,” is deleted in its entirety and replaced with the following:

W. **Occurrence** means an accident, including continuous or repeated exposure to substantially the same conditions, resulting in Bodily Injury, Property Damage or Fire Damage, neither expected nor intended from the standpoint of an Insured. Occurrence includes any intentional act by or at the direction of an Insured that results in Bodily Injury if such injury arises solely from the use of reasonable force for the purpose of protecting persons or property. The date of the Occurrence is the date of the first circumstance resulting in Bodily Injury, Property Damage or Fire Damage, regardless of when the Bodily Injury, Property Damage or Fire Damage Manifests itself or is discovered.

The following new definitions are added:

AH. **Products-Completed Operations Hazard** means:

1. All Bodily Injury, Property Damage and Fire Damage occurring away from premises an Insured owns or rents and arising from an Insured's Product or an Insured's Work except:
 - a. Products that are still in an Insured's physical possession; or
 - b. Work that has not yet been completed or abandoned.
2. An Insured's Work will be deemed completed at the earliest of the following times:
 - a. When all of the Work called for in an Insured's contract has been completed.
 - b. When all of the Work to be done at the site has been completed if an Insured's contract calls for Work at more than one site.
 - c. When the part of the Work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
3. This hazard does not include Bodily Injury, Property Damage or Fire Damage arising from:
 - a. The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the Loading or Unloading of it; or
 - b. The existence of tools, uninstalled equipment or abandoned or unused materials.

AI. **Impaired Property** means tangible property, other than an Insured's Product or an Insured's Work, that cannot be used or is less useful because:

1. It incorporates an Insured's Product or an Insured's Work that is known or thought to be defective, deficient, inadequate or dangerous; or
2. An Insured has failed to fulfill the terms of a contract or agreement.

AJ. **Manifests** means:

1. For Bodily Injury when such injury, sickness or disease is first diagnosed by a medical professional; and
2. For Property Damage or Fire Damage when such damage is first discovered by any Insured or by the person or organization whose property suffered such damage, whichever comes first.

AK. **Product** means:

1. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - a. An Insured;
 - b. Others trading under an Insured's name; or
 - c. A person or organization whose business or assets an Insured has acquired if the Occurrence takes place after the date of acquisition.
2. Containers (other than vehicles), material, parts or equipment furnished in connection with such goods or products.
3. Insured's Product includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of:
 - a. An Insured's Product; and
 - b. The providing of or the failure to provide warnings or instructions.
4. An Insured's Product does not include vending machines or other property rented to or located for the use of others but not sold.

AL. **Work** means:

1. Work or operation performed by an Insured or on behalf of an Insured.
2. Materials, parts or equipment furnished in connection with such Work or operations.
3. Insured's Work includes:
 - a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of an Insured's Work; and
 - b. The providing of or failure to provide warnings or instructions.

AM. **Fire Damage** means Property Damage because of fire to premises an Insured rents or leases from others. Water damage and smoke damage from a fire are also included. The damage from the fire must be caused by an Insured.

AN. **Advertising Injury** means injury arising from one or more of the following offenses:

1. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
2. Oral or written publication of material that violates a person's right of privacy;
3. Misappropriation of advertising ideas or style of doing business; or
4. Infringement of copyright, title, service mark, trade name or slogan.

~~PART VII – EXTENDED REPORTING PERIOD OPTION is deleted in its entirety and replaced with the following:~~

~~**PART VII – EXTENDED REPORTING PERIOD OPTION**~~

~~IF AN EXTENDED REPORTING PERIOD ENDORSEMENT IS NOT ISSUED OR PURCHASED, THERE WILL BE NO COVERAGE FOR CLAIMS ARISING FROM MEDICAL INCIDENTS, OR FOR ADMINISTRATIVE PROCEEDINGS OR EMPLOYMENT RELATED CIVIL ACTIONS, THAT ARE FIRST REPORTED TO US ON OR AFTER THE EXPIRATION OR TERMINATION DATE OF THIS POLICY OR THE APPLICABLE COVERAGE.~~

~~This Extended Reporting Period Endorsement must be requested by written notice to Us within thirty (30) days from the expiration or termination date of this policy or applicable coverage.~~

~~**A. MUTUAL RIGHTS**~~

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~~The Named Insured and an insured physician to whom separate limits of liability have been afforded may have the right to purchase an Extended Reporting Period Endorsement (frequently known as “tail coverage”) if this Policy or applicable coverage is canceled or non-renewed. This endorsement provides an extended period of time for reporting Claims arising from Medical Incidents and for reporting Administrative Proceedings or Employment Related Civil Actions as follows:~~

- ~~1. Medical Incidents that take place on or after the Retroactive Date as shown on the Declarations Page or applicable endorsement and before the expiration or termination of an Insured’s coverage; and~~
- ~~2. Results in a Claim against an Insured that is first reported to Us under the Extended Reporting Period Endorsement; or~~
- ~~3. Acts that take place on or after the applicable Retroactive Date and before the expiration or termination of an Insured’s coverage that result in an Administrative Proceeding or Employment Related Civil Action instituted against that Insured and first reported to Us under the Extended Reporting Period Endorsement.~~

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~~To purchase an Extended Reporting Period Endorsement the Named Insured and/or the insured physician to whom separate limits of liability have been afforded must be in compliance with all terms and conditions of the Policy. We will not issue an Extended Reporting Period Endorsement to an Insured whose coverage has been cancelled or non-renewed for fraud, misrepresentation, concealment or breach of warranty. Nor will We issue an Extended Reporting Period Endorsement to an Insured if this Policy is cancelled for non-payment or rescinded.~~

~~All outstanding earned premiums must be paid. Any additional premium for the Extended Reporting Period Endorsement will be computed in accordance with Our rules, rates and rating plans in effect at the time of the expiration or termination of coverage and must be paid to Us. This additional premium is fully earned and non-refundable. If We do not receive full payment of all billed premiums on or before the due date of the premium notice, We will not issue an Extended Reporting Period Endorsement and We will cancel any previously issued Extended Reporting Period Endorsement.~~

~~Additionally:~~

- ~~1. Once in effect, the Extended Reporting Period Endorsement may not be canceled unless the Insured to whom this Extended Reporting Period Endorsement was issued has committed a material breach of the terms or conditions of this Policy or any endorsement attached to it.~~
- ~~2. The Extended Reporting Period Endorsement does not extend the Policy Period or change the scope of coverage provided under this Policy and any attached endorsement. Except as otherwise provided by this endorsement,~~

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any Claims arising from Medical Incidents, or any Administrative Proceedings or Employment Related Civil Action reported to Us must be covered by this Policy.

3. The Extended Reporting Period Endorsement is subject to all of the provisions of the policy in existence at the time the active coverage ceases for the Named Insured or an insured physician to whom separate limits have been afforded.

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4. The Extended Reporting Period Endorsement provides one set of Limits of Liability that are applicable only to those Claims first reported during the Extended Reporting Period. Those Limits of Liability will be eroded by payment of judgments and settlements. Our duty to defend ends when the Limits of Liability are exhausted by payment of judgments and settlements.

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B. SPECIAL PROVISIONS FOR INSURED PHYSICIANS TO WHOM SEPARATE LIMITS HAVE BEEN AFFORDED

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1. Waiver of Extended Reporting Endorsement Premium in the Event of Disability.

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a. If an insured physician to whom separate limits of liability have been afforded becomes totally and permanently disabled during the Policy Period as a result of Bodily Injury and is therefore completely unable to continue practicing as a physician or surgeon, We will provide an Extended Reporting Period Endorsement without cost. This waiver of premium is contingent upon receipt of evidence satisfactory to Us, which may include a physical examination by physicians of Our choice, that the insured physician to whom separate limits of liability have been afforded is totally and permanently disabled. However, We must receive a written request from the insured physician to whom separate limits of liability have been afforded or his/her personal representative for this benefit within 30 days after the cessation of his/her practice.

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b. We will require proof satisfactory to Us that disability continues on each anniversary of the issuance of the Extended Reporting Period Endorsement. If at any time in the future the insured physician to whom separate limits of liability have been afforded resumes practicing as a physician to any extent, any Extended Reporting Period Endorsement issued pursuant to this provision will terminate on the date practice is resumed. The insured physician to whom separate limits of liability have been afforded will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice there will be no coverage for Claims arising from Medical Incidents, or for Administrative Proceedings or Employment Related Civil Actions, reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this paragraph.

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2. Waiver of Extended Reporting Period Endorsement Premium in the Event of Death.

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In the event of the death during the Policy Period of an insured physician to whom separate limits of liability have been afforded an Extended Reporting Period Endorsement will be issued to that physician's estate without any premium charge.

This Extended Reporting Period Endorsement will become effective on the date of that physician's death. However, We must receive a written request along with proof of death within sixty (60) days after that physician's death.

3. Phase-out Provision—Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Age 55.

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a. At age 55 an insured physician to whom separate limits of liability have been afforded is eligible for a full waiver of his/her Extended Reporting Period Endorsement premium if he/she was insured with Us on September 30, 2005, remains insured with Us continuously until he/she retires and:

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- i. Was age 50 or older on September 30, 2005;
- ii. Has been insured with Us for the 12 months, and had continuous coverage for the sixty (60) months, prior to reaching age 55;
- iii. Retires completely from the practice of medicine;
- iv. Were eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added to this Policy with separate limits; and
- v. Requests this benefit on or before December 31, 2010.

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b. We must receive a written request for this benefit at least thirty (30) days in advance of that physician's retirement date. We will periodically require proof satisfactory to Us that the physician remains retired from the practice of medicine. If at any time in the future the physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the physician resumes practice. However, the insured physician to whom separate limits of liability have been afforded will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings or Employment Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this paragraph.

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4. Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Age 55.

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a. If during the Policy Period, an insured physician to whom separate limits of liability have been afforded chooses to retire completely from the practice of medicine, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium. To be eligible the insured physician to whom separate limits of liability have been afforded must, as of the requested cancellation date:

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- i. Have been continuously insured with Us for sixty (60) months immediately prior to claiming this benefit;
- ii. Be at least 55 years of age; and
- iii. Retire completely from the practice of medicine.

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b. We must receive a written request for this benefit at least thirty (30) days in advance of that physician's retirement date. We will periodically require proof satisfactory to Us that the physician remains retired from the practice of medicine. If at any time in the future the physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the physician resumes practice. However, the insured physician to whom separate limits of liability have been afforded will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings or Employment Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this paragraph.

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~~5. Waiver of Extended Reporting Period Endorsement Premium at Age 65.~~

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~~If the insured physician to whom separate limits of liability have been afforded was insured with Us on September 30, 2005, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium at age 65 if he/she was insured with Us for the sixty (60) months immediately prior to reaching age 65. The insured physician to whom separate limits of liability have been afforded must also have been eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added to this Policy with separate limits.~~

~~We must receive this request at least thirty (30) days in advance of the date he/she chooses to terminate coverage with Us.~~

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:

Named Insured:

Policy Number:

Policy Period:

Endorsement Number:

Endorsement Effective Date:

Additional Premium:

Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that this Policy is amended as follows:

PART II, COVERAGE B, Limited Professional Office Premises Liability Insurance - Claims Made is deleted in its entirety and replaced with the following:

COVERAGE B – Health Care General Liability Insurance – Occurrence

THIS COVERAGE IS PROVIDED ON AN OCCURRENCE BASIS.

I. BODILY INJURY, PROPERTY DAMAGE AND FIRE DAMAGE LIABILITY

A. INSURING AGREEMENTS

1. **Indemnity.** We will pay on behalf of an Insured all sums, up to the Limits of Liability as stated on the Declarations Page or applicable endorsement, that an Insured becomes legally obligated to pay as Damages because of a Claim for Bodily Injury, Property Damage or Fire Damage caused by an Occurrence if the:
 - a. Bodily Injury, Property Damage or Fire Damage is caused by an Occurrence that takes place in the Coverage Territory; and
 - b. Bodily Injury, Property Damage or Fire Damage takes place during the Policy Period.
2. **Defense.** We shall have the right and duty to defend an Insured against any Claim seeking Damages for Bodily Injury, Property Damage or Fire Damage caused by an Occurrence if the:
 - a. Bodily Injury, Property Damage or Fire Damage is caused by an Occurrence that takes place in the Coverage Territory; and
 - b. Bodily Injury, Property Damage or Fire Damage takes place during the Policy Period.

We have the exclusive right, using counsel of Our choice, to investigate, negotiate and defend any Claim. Our duty to defend ends, however, when the Limits of Liability stated on the Declarations Page or applicable endorsements have been exhausted by the payment of judgments and/or settlements.

Defense Costs are payable in addition to the Limits of Liability stated on the Declarations Page or applicable endorsement for Health Care General Liability Insurance.

We may investigate any Claim as We deem appropriate. We shall not be liable for the cost of legal services and other costs or fees incurred by any attorney selected by an Insured without Our written consent. We shall not be liable for the cost of any legal services and other costs or fees incurred before Our written receipt of notice of Claim.

This insurance does not apply and We have no duty to defend any Insured against any Claim seeking Damages for Bodily Injury, Property Damage or Fire Damage that Manifests prior to the effective date of this Policy even if the Damages continue into this Policy Period.

B. EXCLUSIONS

No Defense or Payment of Damages. In addition to the Common Exclusions in PART V of this Policy, We will neither defend nor pay Damages because of Claims that result from any of the following:

1. Any liability arising from a Medical Incident.
2. Any fees or costs associated with an Administrative Proceeding or an Employment-Related Civil Action.
3. Any liability arising from Bodily Injury, Property Damage or Fire Damage expected or intended from the standpoint of an Insured. However, this exclusion does not apply to Bodily Injury resulting from the use of reasonable force to protect persons or property.
4. Any liability arising from Bodily Injury, Property Damage or Fire Damage for which any Insured may be held liable by reason of:
 - a. Causing or contributing to the intoxication of any person;
 - b. The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
 - c. Violation of any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.
5. Any liability arising from Bodily Injury, Property Damage or Fire Damage arising from the ownership, maintenance, use or entrustment to others of any aircraft, Auto or watercraft owned or operated by or rented or loaned to any Insured. Use includes operation and Loading or Unloading.

This exclusion applies even if the Claims against any Insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Insured, if the Occurrence which caused the Bodily Injury, Property Damage or Fire Damage involved the ownership, maintenance, use or entrustment to others of any aircraft, Auto or watercraft that is owned or operated by or rented or loaned to any Insured.

This exclusion does not apply to:

- a. Parking an Auto on premises an Insured owns or rents, provided the Auto is not owned by or rented or loaned to an Insured;
- b. Maintenance or use of any Mobile Equipment, except Bodily Injury, Property Damage or Fire Damage arising from:
 - i. The transportation of Mobile Equipment by an Auto owned or operated by or rented or loaned to any Insured; or
 - ii. The use of Mobile Equipment in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.

6. Any liability arising from Property Damage or Fire Damage to:
 - a. Property an Insured owns, rents or occupies;
 - b. Premises an Insured sells, gives away or abandons, if the Property Damage or Fire Damage arises out of any part of those premises;
 - c. Property loaned to an Insured;
 - d. Personal property in an Insured's care, custody or control;
 - e. That particular part of real property on which an Insured, or any contractors or subcontractors working directly or indirectly on behalf of an Insured, are performing operations, if the Property Damage or Fire Damage arises out of those operations; or
 - f. That particular part of any property that must be restored, repaired or replaced because an Insured's Work was incorrectly performed on it.

Paragraph (a) of this exclusion does not apply to Fire Damage.

Paragraph (b) of this exclusion does not apply if the premises are an Insured's Work and were never occupied, rented or held for rental by an Insured.

Paragraphs (c), (d), (e) and (f) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (f) of this exclusion does not apply to Property Damage or Fire Damage included in the Products-Completed Operations Hazard.

7. Property Damage or Fire Damage to an Insured's Product arising from it or any part of it.
8. Property Damage or Fire Damage to an Insured's Work arising from it or any part of it and included in the Products-Completed Operations Hazard.

This exclusion does not apply if the damaged Work or the Work from which the Damage arises was performed on behalf of an Insured by a subcontractor.

9. Any liability arising from Property Damage or Fire Damage to Impaired Property from:
 - a. A defect, deficiency, inadequacy or dangerous condition in an Insured's Product or an Insured's Work; or
 - b. A delay or failure by an Insured or anyone acting on behalf of an Insured to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising from sudden and accidental physical injury to an Insured's Product or an Insured's Work after it has been put to its intended use.

10. Any liability arising from Damages claimed for any loss, cost or expense incurred by an Insured or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:
 - a. An Insured's Product;
 - b. An Insured's Work; or

c. Impaired Property:

if such Product, Work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

11. Any liability arising from Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

12. Any liability arising from Bodily Injury, Property Damage or Fire Damage arising out of any act or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA) including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment or addition to such law; or
- c. Any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

II. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY

A. INSURING AGREEMENTS

1. **Indemnity.** We will pay those sums, up to the Limits of Liability as stated on the Declarations Page or applicable endorsement that an Insured becomes legally obligated to pay as Damages because of a Claim for Personal Injury or Advertising Injury if that:

- a. Personal Injury is caused by an offense directly resulting from an Insured's business, excluding advertising, publishing, broadcasting or telecasting done by or for an Insured; or
- b. Advertising Injury is caused by an offense committed in the course of advertising an Insured's goods, products or services:

but only if the offense was committed in the Coverage Territory and during the Policy Period.

2. **Defense.** We shall have the right and duty to defend an Insured against any Claim seeking Damages for Personal Injury or Advertising Injury if that:

- a. Personal Injury is caused by an offense directly resulting from an Insured's business, excluding advertising, publishing, broadcasting or telecasting done by or for an Insured; or
- b. Advertising Injury is caused by an offense committed in the course of advertising an Insured's goods, products or services:

but only if the offense was committed in the Coverage Territory and during the Policy Period.

We have the exclusive right, using counsel of Our choice, to investigate, negotiate and defend any Claim. Our duty to defend ends, however, when the Limits of Liability stated on the Declarations Page or applicable endorsement have been exhausted by the payment of judgments and/or settlements.

Defense Costs are payable in addition to the Limits of Liability stated on the Declarations Page or applicable endorsement for Health Care General Liability Insurance.

We may investigate any Claim as We deem appropriate. We shall not be liable for the cost of legal services and other costs or fees incurred by any attorney selected by an Insured without Our written consent. We shall not be liable for the cost of any legal services and other costs or fees incurred before Our receipt of the written notice of Claim.

B. EXCLUSIONS

No Defense or Payment of Damages. In addition to the Common Exclusions in PART V of this Policy, We will neither defend nor pay Damages because of Claims that result from any of the following:

1. Any liability for Personal Injury or Advertising Injury arising from:
 - a. A Medical Incident;
 - b. Any fees or costs associated with an Administrative Proceeding or Employment-Related Civil Action;
 - c. Oral or written publication of material, if done by or at the direction of an Insured with knowledge of its falsity;
 - d. Oral or written publication of material of which the first injurious publication or utterance of the same or similar material by or on behalf of an Insured was made before the beginning of the Policy Period;
 - e. The willful violation of a penal statute or ordinance committed by or with the consent of an Insured;
 - f. Liability an Insured has assumed in a contract or agreement. This exclusion does not apply to liability for Damages that an Insured would have in the absence of the contract or agreement; or
 - g. An electronic chatroom or bulletin board an Insured hosts, owns, or over which an Insured exercises control.
2. Any liability for Advertising Injury arising from:
 - a. Breach of contract;
 - b. The failure of goods, products or services to conform with advertised quality or performance;
 - c. The wrong description of the price of goods, products or services; or
 - d. An offense committed by an Insured whose business is advertising, broadcasting, publishing or telecasting.

III. MEDICAL PAYMENTS

A. INSURING AGREEMENT

1. We will pay Medical Expenses as described below for Bodily Injury caused by an Occurrence:
 - a. On premises an Insured owns or rents and that are approved by Us in writing; or
 - b. Resulting from an Insured's operations;provided that:
 - i. The Occurrence takes place during the Policy Period;
 - ii. The expenses are incurred and reported to Us within one year of the date of the Occurrence; and
 - iii. The injured person submits to examination, at Our expense, by physicians of Our choice as often as We reasonably require.
2. We will make these payments even if an Insured is not legally required to do so. These payments will not exceed the applicable sub-limit of insurance shown on the Declarations Page or applicable endorsement.

B. EXCLUSIONS

We will not pay Medical Expenses for Bodily Injury:

1. To any Insured.
2. To a person hired to work for or on behalf of any Insured or a tenant of any Insured.
3. To a person injured on that part of premises an Insured owns or rents and that the person normally occupies.
4. To a person, whether or not an Employee of any Insured, if benefits for the Bodily Injury are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
5. To a person injured while taking part in athletics.
6. Included within the Products-Completed Operations Hazard.
7. Excluded under Coverage B, Section I, Bodily Injury, Property Damage and Fire Damage Liability, in this Health Care General Liability Insurance.

IV. WHO IS INSURED

In addition to those persons or organizations included within the definition of Insured, each of the following is an Insured to the extent set forth below, subject to Common Condition Q., "Other Insurance:"

1. Employees, Authorized Volunteer Workers and students while acting within the course and scope of their duties for the Named Insured. However, Employees, Authorized Volunteer Workers or students are not Insureds for:
 - a. Bodily Injury or Personal Injury to an Insured or an Employee, Authorized Volunteer Worker or student while acting within the course and scope of their duties for an Insured;
 - b. Property Damage or Fire Damage to property owned or occupied by or rented or loaned to any Employee, Authorized Volunteer Worker or student or any of an Insured's partners or members (if an Insured is a partnership or joint venture).
2. Any member of a duly authorized board or any committee of the Named Insured.
3. Any person communicating information to the Named Insured or its medical or professional staff for the purpose of aiding in the evaluation of Professional Health Care Services or the qualifications, professional competence, fitness or character of an applicant for membership or privileges on such medical or professional staff, but only while acting within the course and scope of their duties for the Named Insured.
4. Any administrator or department head while acting within the course and scope of their administrative duties for the Named Insured.
5. With respect to Mobile Equipment registered to the Named Insured under any motor vehicle registration law, any person is an Insured while driving such equipment along a public highway with permission of the Named Insured and while engaged in business on behalf of the Named Insured. Any other person or organization responsible for the conduct of such person is also an Insured, but only with respect to liability arising from the operation of the equipment, and only if no Other Insurance of any kind is available to that person or organization for this liability. However, no person or organization is an Insured with respect to:
 - a. Bodily Injury to an Employee, Authorized Volunteer Worker or student of the person driving the equipment;
or
 - b. Property Damage or Fire Damage to property owned by, rented to, in the charge of or occupied by the Named Insured or the employer of any person who is an Insured under this provision.

PART III – ADDITIONAL BENEFITS is amended as follows:

Paragraph D is deleted in its entirety and replaced with the following:

- D. **PATIENTS' PROPERTY.** We will pay up to \$2,500 per patient subject to a maximum of \$25,000 per Policy Period, for loss or damage to patients' property while in the care of an Insured.

Paragraph E is deleted in its entirety.

PART IV - COMMON CONDITIONS is amended as follows:

Condition B, "Application of Limits Liability," is deleted in its entirety and replaced with the following:

B. Application of Limits of Liability.

1. Application of Limits of Liability – General. Subject to Common Condition O, "Multiple Claims Arising from the Same Circumstances:"

a. The Each Claim Limit shown on the Declarations Page or applicable endorsement is the most We will pay for all Damages arising from a Medical Incident, Occurrence, Personal Injury or Advertising Injury regardless of the number of:

i. Insureds under the policy;

ii. Persons or organizations sustaining Damages;

iii. Claims; or

iv. Coverage parts attached hereto.

b. Subject to the above provision, Our total liability for all Claims because of all injury to which this Policy applies shall not exceed the Limits of Liability shown on the Declarations Page or applicable endorsement as the Aggregate Limit per Policy Period.

c. It is further agreed that in no event shall We be liable for any additional payments, including Defense Costs, under this Policy once the applicable Limits of Liability shown on the Declarations Page or applicable endorsement have been exhausted by payments of judgments or settlements.

2. Application of Limits of Liability – Each Policy Period.

The applicable Limits of Liability applies separately to each consecutive annual Policy Period or to any Policy Period of less than twelve months. If We extend the Policy Period after issuance for an additional period of less than twelve months, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Liability.

3. Application of Limits of Liability – Claim Covered Under Two or More Insuring Agreements of This Policy.

If a Claim is covered under more than one Insuring Agreement provided by this Policy only one Limit of Liability shall apply. The Limit of Liability applying to that Claim shall not exceed the highest applicable limit available under any one Insuring Agreement that applies.

4. Application of Limits of Liability – An Insured Covered Under More Than One Policy Issued by Us.

If this Policy and any other policy issued by Us apply to the same Insured, only one such policy shall apply. The Limits of Liability available to that Insured shall not exceed the highest applicable Limits of Liability available under any one policy that applies. However, this paragraph does not apply to any policy issued specifically to apply as excess insurance above this Policy.

5. Application of Limits of Liability – New Limits.

If the Named Insured changes the Limits of Liability provided by this Policy, the new Limits of Liability do not apply to any Claim an Insured knew or should have known about or was reported to Us prior to the effective date of the Limits of Liability change.

Condition O, “Multiple Claims Arising From The Same Circumstances,” is deleted in its entirety and replaced with the following:

O. Multiple Claims Arising From The Same Circumstances.

1. All Claims that arise from:
 - a. The same Medical Incident, Occurrence, Personal Injury or Advertising Injury; or
 - b. A series of similar or related Medical Incidents, Occurrences, Personal Injury or Advertising Injury:
will be deemed to be a single Claim:
 - a. On the date the first of such Claims is reported to Us if coverage is on a claims made basis; or
 - b. When the Occurrence, Personal Injury or Advertising Injury first took place if coverage is on an occurrence basis.
2. The only policy that shall apply to the Claim is the policy in force:
 - a. On the date the first of such Claims is reported to Us if coverage is on a claims made basis; or
 - b. When the Occurrence, Personal Injury or Advertising Injury first took place if coverage is on an occurrence basis.

Condition Y, “When A Claim is Made,” is deleted in its entirety and replaced with the following:

Y. When A Claim is Made.

1. We will consider a Claim to be made at the earlier of the following:
 - a. On the date an Insured first gives Our Claims Department written notice of a Claim made against an Insured;
or
 - b. On the date Our Claims Department receives written notice of a Medical Incident, Occurrence or offense that is likely to result in a Claim being made against an Insured.
2. The written notice must include the following information:
 - a. How, when and where the Medical Incident, Occurrence or offense took place;
 - b. The names, addresses and ages of any injured persons and witnesses; and,
 - c. The nature and location of any injury or damage arising from the Medical Incident, Occurrence or offense.

An event reported by an Insured to Us as part of Our risk management or loss control services shall not be considered a report of a Claim.

PART V - COMMON EXCLUSIONS is amended as follows:

Exclusion G is deleted in its entirety and replaced with the following:

- G. Any liability for a Claim whose circumstances were known, or should have been known, by any Insured or any insurer before the effective date of this Policy or applicable coverage, or, in the case of a newly acquired entity, before the acquisition date of that entity.

Exclusion K is deleted in its entirety.

PART VI – DEFINITIONS is amended as follows:

Definition F., “Claim,” is deleted in its entirety and replaced with the following:

F. **Claim** means:

1. Actual Claim:

Written notice or demand for Damages that an Insured has received regarding a Medical Incident, Occurrence, Personal Injury, or Advertising Injury; or

2. Potential Claim:

Any Medical Incident, Occurrence or offense that may result in an actual Claim.

An event reported as part of Our risk management or loss control services shall not be considered a report of a Claim.

Definition W., “Occurrence,” is deleted in its entirety and replaced with the following:

- W. **Occurrence** means an accident, including continuous or repeated exposure to substantially the same conditions, resulting in Bodily Injury, Property Damage or Fire Damage, neither expected nor intended from the standpoint of an Insured. Occurrence includes any intentional act by or at the direction of an Insured that results in Bodily Injury if such injury arises solely from the use of reasonable force for the purpose of protecting persons or property. The date of the Occurrence is the date of the first circumstance resulting in Bodily Injury, Property Damage or Fire Damage, regardless of when the Bodily Injury, Property Damage or Fire Damage Manifests itself or is discovered.

The following new definitions are added:

AH. **Products-Completed Operations Hazard** means:

1. All Bodily Injury, Property Damage and Fire Damage occurring away from premises an Insured owns or rents and arising from an Insured's Product or an Insured's Work except:
 - a. Products that are still in an Insured's physical possession; or
 - b. Work that has not yet been completed or abandoned.
2. An Insured's Work will be deemed completed at the earliest of the following times:
 - a. When all of the Work called for in an Insured's contract has been completed.
 - b. When all of the Work to be done at the site has been completed if an Insured's contract calls for Work at more than one site.
 - c. When the part of the Work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

3. This hazard does not include Bodily Injury, Property Damage or Fire Damage arising from:
 - a. The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the Loading or Unloading of it; or
 - b. The existence of tools, uninstalled equipment or abandoned or unused materials.

AI. **Impaired Property** means tangible property, other than an Insured's Product or an Insured's Work, that cannot be used or is less useful because:

1. It incorporates an Insured's Product or an Insured's Work that is known or thought to be defective, deficient, inadequate or dangerous; or
2. An Insured has failed to fulfill the terms of a contract or agreement.

AJ. **Manifests** means:

1. For Bodily Injury when such injury, sickness or disease is first diagnosed by a medical professional; and
2. For Property Damage or Fire Damage when such damage is first discovered by any Insured or by the person or organization whose property suffered such damage, whichever comes first.

AK. **Product** means:

1. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - a. An Insured;
 - b. Others trading under an Insured's name; or
 - c. A person or organization whose business or assets an Insured has acquired if the Occurrence takes place after the date of acquisition.
2. Containers (other than vehicles), material, parts or equipment furnished in connection with such goods or products.
3. Insured's Product includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of:
 - a. An Insured's Product; and
 - b. The providing of or the failure to provide warnings or instructions.
4. An Insured's Product does not include vending machines or other property rented to or located for the use of others but not sold.

AL. **Work** means:

1. Work or operation performed by an Insured or on behalf of an Insured.
2. Materials, parts or equipment furnished in connection with such Work or operations.
3. Insured's Work includes:
 - a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of an Insured's Work; and
 - b. The providing of or failure to provide warnings or instructions.

AM. **Fire Damage** means Property Damage because of fire to premises an Insured rents or leases from others. Water damage and smoke damage from a fire are also included. The damage from the fire must be caused by an Insured.

AN. **Advertising Injury** means injury arising from one or more of the following offenses:

1. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
2. Oral or written publication of material that violates a person's right of privacy;
3. Misappropriation of advertising ideas or style of doing business; or
4. Infringement of copyright, title, service mark, trade name or slogan.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:

Named Insured:

Policy Number:

Policy Period:

Endorsement Number:

Endorsement Effective Date:

Additional Premium:

Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that this Policy is amended as follows:

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PART II, COVERAGE B, Limited Professional Office Premises Liability Insurance - Claims Made is deleted in its entirety and replaced with the following:

COVERAGE B – Health Care General Liability Insurance – Occurrence

THIS COVERAGE IS PROVIDED ON AN OCCURRENCE BASIS.

I. BODILY INJURY, PROPERTY DAMAGE AND FIRE DAMAGE LIABILITY

A. INSURING AGREEMENTS

1. **Indemnity.** We will pay on behalf of an Insured all sums, up to the Limits of Liability as stated on the Declarations Page or applicable endorsement, that an Insured becomes legally obligated to pay as Damages because of a Claim for Bodily Injury, Property Damage or Fire Damage caused by an Occurrence if the:
 - a. Bodily Injury, Property Damage or Fire Damage is caused by an Occurrence that takes place in the Coverage Territory; and
 - b. Bodily Injury, Property Damage or Fire Damage takes place during the Policy Period.
2. **Defense.** We shall have the right and duty to defend an Insured against any Claim seeking Damages for Bodily Injury, Property Damage or Fire Damage caused by an Occurrence if the:
 - a. Bodily Injury, Property Damage or Fire Damage is caused by an Occurrence that takes place in the Coverage Territory; and
 - b. Bodily Injury, Property Damage or Fire Damage takes place during the Policy Period.

We have the exclusive right, using counsel of Our choice, to investigate, negotiate and defend any Claim. Our duty to defend ends, however, when the Limits of Liability stated on the Declarations Page or applicable endorsement have been exhausted by the payment of judgments and/or settlements.

Defense Costs are payable in addition to the Limits of Liability stated on the Declarations Page or applicable endorsement for Health Care General Liability Insurance.

We may investigate any Claim as We deem appropriate. We shall not be liable for the cost of legal services and other costs or fees incurred by any attorney selected by an Insured without Our written consent. We shall not be liable for the cost of any legal services and other costs or fees incurred before Our written receipt of notice of Claim.

This insurance does not apply and We have no duty to defend any Insured against any Claim seeking Damages for Bodily Injury, Property Damage or Fire Damage that Manifests prior to the effective date of this Policy even if the Damages continue into this Policy Period.

B. EXCLUSIONS

No Defense or Payment of Damages. In addition to the Common Exclusions in PART V of this Policy, We will neither defend nor pay Damages because of Claims that result from any of the following:

1. Any liability arising from a Medical Incident.
2. Any fees or costs associated with an Administrative Proceeding or an Employment-Related Civil Action.
3. Any liability arising from Bodily Injury, Property Damage or Fire Damage expected or intended from the standpoint of an Insured. However, this exclusion does not apply to Bodily Injury resulting from the use of reasonable force to protect persons or property.
4. Any liability arising from Bodily Injury, Property Damage or Fire Damage for which any Insured may be held liable by reason of:
 - a. Causing or contributing to the intoxication of any person;
 - b. The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
 - c. Violation of any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.
5. Any liability arising from Bodily Injury, Property Damage or Fire Damage arising from the ownership, maintenance, use or entrustment to others of any aircraft, Auto or watercraft owned or operated by or rented or loaned to any Insured. Use includes operation and Loading or Unloading.

This exclusion applies even if the Claims against any Insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Insured, if the Occurrence which caused the Bodily Injury, Property Damage or Fire Damage involved the ownership, maintenance, use or entrustment to others of any aircraft, Auto or watercraft that is owned or operated by or rented or loaned to any Insured.

This exclusion does not apply to:

- a. Parking an Auto on premises an Insured owns or rents, provided the Auto is not owned by or rented or loaned to an Insured;
- b. Maintenance or use of any Mobile Equipment, except Bodily Injury, Property Damage or Fire Damage arising from:
 - i. The transportation of Mobile Equipment by an Auto owned or operated by or rented or loaned to any Insured; or
 - ii. The use of Mobile Equipment in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.

6. Any liability arising from Property Damage or Fire Damage to:
- Property an Insured owns, rents or occupies;
 - Premises an Insured sells, gives away or abandons, if the Property Damage or Fire Damage arises out of any part of those premises;
 - Property loaned to an Insured;
 - Personal property in an Insured's care, custody or control;
 - That particular part of real property on which an Insured, or any contractors or subcontractors working directly or indirectly on behalf of an Insured, are performing operations, if the Property Damage or Fire Damage arises out of those operations; or
 - That particular part of any property that must be restored, repaired or replaced because an Insured's Work was incorrectly performed on it.

Paragraph (a) of this exclusion does not apply to Fire Damage.

Paragraph (b) of this exclusion does not apply if the premises are an Insured's Work and were never occupied, rented or held for rental by an Insured.

Paragraphs (c), (d), (e) and (f) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (f) of this exclusion does not apply to Property Damage or Fire Damage included in the Products-Completed Operations Hazard.

7. Property Damage or Fire Damage to an Insured's Product arising from it or any part of it.
8. Property Damage or Fire Damage to an Insured's Work arising from it or any part of it and included in the Products-Completed Operations Hazard.

This exclusion does not apply if the damaged Work or the Work from which the Damage arises was performed on behalf of an Insured by a subcontractor.

9. Any liability arising from Property Damage or Fire Damage to Impaired Property from:
- A defect, deficiency, inadequacy or dangerous condition in an Insured's Product or an Insured's Work; or
 - A delay or failure by an Insured or anyone acting on behalf of an Insured to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising from sudden and accidental physical injury to an Insured's Product or an Insured's Work after it has been put to its intended use.

10. Any liability arising from Damages claimed for any loss, cost or expense incurred by an Insured or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:
- An Insured's Product;
 - An Insured's Work; or

c. Impaired Property:

if such Product, Work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

11. Any liability arising from Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

12. Any liability arising from Bodily Injury, Property Damage or Fire Damage arising out of any act or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA) including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment or addition to such law; or
- c. Any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

II. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY

A. INSURING AGREEMENTS

1. **Indemnity.** We will pay those sums, up to the Limits of Liability as stated on the Declarations Page or applicable endorsement that an Insured becomes legally obligated to pay as Damages because of a Claim for Personal Injury or Advertising Injury if that:

- a. Personal Injury is caused by an offense directly resulting from an Insured's business, excluding advertising, publishing, broadcasting or telecasting done by or for an Insured; or
- b. Advertising Injury is caused by an offense committed in the course of advertising an Insured's goods, products or services:

but only if the offense was committed in the Coverage Territory and during the Policy Period.

2. **Defense.** We shall have the right and duty to defend an Insured against any Claim seeking Damages for Personal Injury or Advertising Injury if that:

- a. Personal Injury is caused by an offense directly resulting from an Insured's business, excluding advertising, publishing, broadcasting or telecasting done by or for an Insured; or
- b. Advertising Injury is caused by an offense committed in the course of advertising an Insured's goods, products or services:

but only if the offense was committed in the Coverage Territory and during the Policy Period.

We have the exclusive right, using counsel of Our choice, to investigate, negotiate and defend any Claim. Our duty to defend ends, however, when the Limits of Liability stated on the Declarations Page or applicable endorsement have been exhausted by the payment of judgments and/or settlements.

Defense Costs are payable in addition to the Limits of Liability stated on the Declarations Page or applicable endorsement for Health Care General Liability Insurance.

We may investigate any Claim as We deem appropriate. We shall not be liable for the cost of legal services and other costs or fees incurred by any attorney selected by an Insured without Our written consent. We shall not be liable for the cost of any legal services and other costs or fees incurred before Our receipt of the written notice of Claim.

B. EXCLUSIONS

No Defense or Payment of Damages. In addition to the Common Exclusions in PART V of this Policy, We will neither defend nor pay Damages because of Claims that result from any of the following:

1. Any liability for Personal Injury or Advertising Injury arising from:
 - a. A Medical Incident;
 - b. Any fees or costs associated with an Administrative Proceeding or Employment-Related Civil Action;
 - c. Oral or written publication of material, if done by or at the direction of an Insured with knowledge of its falsity;
 - d. Oral or written publication of material of which the first injurious publication or utterance of the same or similar material by or on behalf of an Insured was made before the beginning of the Policy Period;
 - e. The willful violation of a penal statute or ordinance committed by or with the consent of an Insured;
 - f. Liability an Insured has assumed in a contract or agreement. This exclusion does not apply to liability for Damages that an Insured would have in the absence of the contract or agreement; or
 - g. An electronic chatroom or bulletin board an Insured hosts, owns, or over which an Insured exercises control.
2. Any liability for Advertising Injury arising from:
 - a. Breach of contract;
 - b. The failure of goods, products or services to conform with advertised quality or performance;
 - c. The wrong description of the price of goods, products or services; or
 - d. An offense committed by an Insured whose business is advertising, broadcasting, publishing or telecasting.

III. MEDICAL PAYMENTS

A. INSURING AGREEMENT

1. We will pay Medical Expenses as described below for Bodily Injury caused by an Occurrence:
 - a. On premises an Insured owns or rents and that are approved by Us in writing; or
 - b. Resulting from an Insured's operations;provided that:
 - i. The Occurrence takes place during the Policy Period;
 - ii. The expenses are incurred and reported to Us within one year of the date of the Occurrence; and
 - iii. The injured person submits to examination, at Our expense, by physicians of Our choice as often as We reasonably require.
2. We will make these payments even if an Insured is not legally required to do so. These payments will not exceed the applicable sub-limit of insurance shown on the Declarations Page or applicable endorsement.

B. EXCLUSIONS

We will not pay Medical Expenses for Bodily Injury:

1. To any Insured.
2. To a person hired to work for or on behalf of any Insured or a tenant of any Insured.
3. To a person injured on that part of premises an Insured owns or rents and that the person normally occupies.
4. To a person, whether or not an Employee of any Insured, if benefits for the Bodily Injury are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
5. To a person injured while taking part in athletics.
6. Included within the Products-Completed Operations Hazard.
7. Excluded under Coverage B, Section I, Bodily Injury, Property Damage and Fire Damage Liability, in this Health Care General Liability Insurance.

IV. WHO IS INSURED

In addition to those persons or organizations included within the definition of Insured, each of the following is an Insured to the extent set forth below, subject to Common Condition Q., "Other Insurance:"

1. Employees, Authorized Volunteer Workers and students while acting within the course and scope of their duties for the Named Insured. However, Employees, Authorized Volunteer Workers or students are not Insureds for:
 - a. Bodily Injury or Personal Injury to an Insured or an Employee, Authorized Volunteer Worker or student while acting within the course and scope of their duties for an Insured;
 - b. Property Damage or Fire Damage to property owned or occupied by or rented or loaned to any Employee, Authorized Volunteer Worker or student or any of an Insured's partners or members (if an Insured is a partnership or joint venture).
2. Any member of a duly authorized board or any committee of the Named Insured.
3. Any person communicating information to the Named Insured or its medical or professional staff for the purpose of aiding in the evaluation of Professional Health Care Services or the qualifications, professional competence, fitness or character of an applicant for membership or privileges on such medical or professional staff, but only while acting within the course and scope of their duties for the Named Insured.
4. Any administrator or department head while acting within the course and scope of their administrative duties for the Named Insured.
5. With respect to Mobile Equipment registered to the Named Insured under any motor vehicle registration law, any person is an Insured while driving such equipment along a public highway with permission of the Named Insured and while engaged in business on behalf of the Named Insured. Any other person or organization responsible for the conduct of such person is also an Insured, but only with respect to liability arising from the operation of the equipment, and only if no Other Insurance of any kind is available to that person or organization for this liability. However, no person or organization is an Insured with respect to:
 - a. Bodily Injury to an Employee, Authorized Volunteer Worker or student of the person driving the equipment;
or
 - b. Property Damage or Fire Damage to property owned by, rented to, in the charge of or occupied by the Named Insured or the employer of any person who is an Insured under this provision.

PART III – ADDITIONAL BENEFITS is amended as follows:

Paragraph D is deleted in its entirety and replaced with the following:

- D. **PATIENTS' PROPERTY.** We will pay up to \$2,500 per patient subject to a maximum of \$25,000 per Policy Period, for loss or damage to patients' property while in the care of an Insured.

Paragraph E is deleted in its entirety.

PART IV - COMMON CONDITIONS is amended as follows:

Condition B, "Application of Limits Liability," is deleted in its entirety and replaced with the following:

B. Application of Limits of Liability.

1. Application of Limits of Liability – General. Subject to Common Condition O, "Multiple Claims Arising from the Same Circumstances:"
 - a. The Each Claim Limit shown on the Declarations Page or applicable endorsement is the most We will pay for all Damages arising from a Medical Incident, Occurrence, Personal Injury or Advertising Injury regardless of the number of:
 - i. Insureds under the policy;
 - ii. Persons or organizations sustaining Damages;
 - iii. Claims; or
 - iv. Coverage parts attached hereto.
 - b. Subject to the above provision, Our total liability for all Claims because of all injury to which this Policy applies shall not exceed the Limits of Liability shown on the Declarations Page or applicable endorsement as the Aggregate Limit per Policy Period.
 - c. It is further agreed that in no event shall We be liable for any additional payments, including Defense Costs, under this Policy once the applicable Limits of Liability shown on the Declarations Page or applicable endorsement have been exhausted by payments of judgments or settlements.

2. Application of Limits of Liability – Each Policy Period.

The applicable Limits of Liability applies separately to each consecutive annual Policy Period or to any Policy Period of less than twelve months. If We extend the Policy Period after issuance for an additional period of less than twelve months, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Liability.

3. Application of Limits of Liability – Claim Covered Under Two or More Insuring Agreements of This Policy.

If a Claim is covered under more than one Insuring Agreement provided by this Policy only one Limit of Liability shall apply. The Limit of Liability applying to that Claim shall not exceed the highest applicable limit available under any one Insuring Agreement that applies.

4. Application of Limits of Liability – An Insured Covered Under More Than One Policy Issued by Us.

If this Policy and any other policy issued by Us apply to the same Insured, only one such policy shall apply. The Limits of Liability available to that Insured shall not exceed the highest applicable Limits of Liability available under any one policy that applies. However, this paragraph does not apply to any policy issued specifically to apply as excess insurance above this Policy.

5. Application of Limits of Liability – New Limits.

If the Named Insured changes the Limits of Liability provided by this Policy, the new Limits of Liability do not apply to any Claim an Insured knew or should have known about or was reported to Us prior to the effective date of the Limits of Liability change.

Condition O, “Multiple Claims Arising From The Same Circumstances,” is deleted in its entirety and replaced with the following:

O. Multiple Claims Arising From The Same Circumstances.

1. All Claims that arise from:
 - a. The same Medical Incident, Occurrence, Personal Injury or Advertising Injury; or
 - b. A series of similar or related Medical Incidents, Occurrences, Personal Injury or Advertising Injury:
will be deemed to be a single Claim:
 - a. On the date the first of such Claims is reported to Us if coverage is on a claims made basis; or
 - b. When the Occurrence, Personal Injury or Advertising Injury first took place if coverage is on an occurrence basis.
2. The only policy that shall apply to the Claim is the policy in force:
 - a. On the date the first of such Claims is reported to Us if coverage is on a claims made basis; or
 - b. When the Occurrence, Personal Injury or Advertising Injury first took place if coverage is on an occurrence basis.

Condition Y, “When A Claim is Made,” is deleted in its entirety and replaced with the following:

Y. When A Claim is Made.

1. We will consider a Claim to be made at the earlier of the following:
 - a. On the date an Insured first gives Our Claims Department written notice of a Claim made against an Insured;
or
 - b. On the date Our Claims Department receives written notice of a Medical Incident, Occurrence or offense that is likely to result in a Claim being made against an Insured.
2. The written notice must include the following information:
 - a. How, when and where the Medical Incident, Occurrence or offense took place;
 - b. The names, addresses and ages of any injured persons and witnesses; and,
 - c. The nature and location of any injury or damage arising from the Medical Incident, Occurrence or offense.

An event reported by an Insured to Us as part of Our risk management or loss control services shall not be considered a report of a Claim.

PART V - COMMON EXCLUSIONS is amended as follows:

Exclusion G is deleted in its entirety and replaced with the following:

G. Any liability for a Claim whose circumstances were known, or should have been known, by any Insured or any insurer before the effective date of this Policy or applicable coverage, or, in the case of a newly acquired entity, before the acquisition date of that entity.

Exclusion K is deleted in its entirety.

PART VI – DEFINITIONS is amended as follows:

Definition F., “Claim,” is deleted in its entirety and replaced with the following:

F. **Claim** means:

1. Actual Claim:

Written notice or demand for Damages that an Insured has received regarding a Medical Incident, Occurrence, Personal Injury, or Advertising Injury; or

2. Potential Claim:

Any Medical Incident, Occurrence or offense that may result in an actual Claim.

An event reported as part of Our risk management or loss control services shall not be considered a report of a Claim.

Definition W., “Occurrence,” is deleted in its entirety and replaced with the following:

W. **Occurrence** means an accident, including continuous or repeated exposure to substantially the same conditions, resulting in Bodily Injury, Property Damage or Fire Damage, neither expected nor intended from the standpoint of an Insured. Occurrence includes any intentional act by or at the direction of an Insured that results in Bodily Injury if such injury arises solely from the use of reasonable force for the purpose of protecting persons or property. The date of the Occurrence is the date of the first circumstance resulting in Bodily Injury, Property Damage or Fire Damage, regardless of when the Bodily Injury, Property Damage or Fire Damage Manifests itself or is discovered.

The following new definitions are added:

AH. **Products-Completed Operations Hazard** means:

1. All Bodily Injury, Property Damage and Fire Damage occurring away from premises an Insured owns or rents and arising from an Insured's Product or an Insured's Work except:
 - a. Products that are still in an Insured's physical possession; or
 - b. Work that has not yet been completed or abandoned.
2. An Insured's Work will be deemed completed at the earliest of the following times:
 - a. When all of the Work called for in an Insured's contract has been completed.
 - b. When all of the Work to be done at the site has been completed if an Insured's contract calls for Work at more than one site.
 - c. When the part of the Work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
3. This hazard does not include Bodily Injury, Property Damage or Fire Damage arising from:
 - a. The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the Loading or Unloading of it; or
 - b. The existence of tools, uninstalled equipment or abandoned or unused materials.

AI. **Impaired Property** means tangible property, other than an Insured's Product or an Insured's Work, that cannot be used or is less useful because:

1. It incorporates an Insured's Product or an Insured's Work that is known or thought to be defective, deficient, inadequate or dangerous; or
2. An Insured has failed to fulfill the terms of a contract or agreement.

AJ. **Manifests** means:

1. For Bodily Injury when such injury, sickness or disease is first diagnosed by a medical professional; and
2. For Property Damage or Fire Damage when such damage is first discovered by any Insured or by the person or organization whose property suffered such damage, whichever comes first.

AK. **Product** means:

1. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - a. An Insured;
 - b. Others trading under an Insured's name; or
 - c. A person or organization whose business or assets an Insured has acquired if the Occurrence takes place after the date of acquisition.
2. Containers (other than vehicles), material, parts or equipment furnished in connection with such goods or products.
3. Insured's Product includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of:
 - a. An Insured's Product; and
 - b. The providing of or the failure to provide warnings or instructions.
4. An Insured's Product does not include vending machines or other property rented to or located for the use of others but not sold.

AL. **Work** means:

1. Work or operation performed by an Insured or on behalf of an Insured.
2. Materials, parts or equipment furnished in connection with such Work or operations.
3. Insured's Work includes:
 - a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of an Insured's Work; and
 - b. The providing of or failure to provide warnings or instructions.

AM. **Fire Damage** means Property Damage because of fire to premises an Insured rents or leases from others. Water damage and smoke damage from a fire are also included. The damage from the fire must be caused by an Insured.

AN. **Advertising Injury** means injury arising from one or more of the following offenses:

1. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
2. Oral or written publication of material that violates a person's right of privacy;
3. Misappropriation of advertising ideas or style of doing business; or
4. Infringement of copyright, title, service mark, trade name or slogan.

~~PART VII – EXTENDED REPORTING PERIOD OPTION is deleted in its entirety and replaced with the following:~~

~~**PART VII – EXTENDED REPORTING PERIOD OPTION**~~

~~IF AN EXTENDED REPORTING PERIOD ENDORSEMENT IS NOT ISSUED OR PURCHASED, THERE WILL BE NO COVERAGE FOR CLAIMS ARISING FROM MEDICAL INCIDENTS, OR FOR ADMINISTRATIVE PROCEEDINGS OR EMPLOYMENT RELATED CIVIL ACTIONS, THAT ARE FIRST REPORTED TO US ON OR AFTER THE EXPIRATION OR TERMINATION DATE OF THIS POLICY OR THE APPLICABLE COVERAGE.~~

~~This Extended Reporting Period Endorsement must be requested by written notice to Us within thirty (30) days from the expiration or termination date of this policy or applicable coverage.~~

~~**A. MUTUAL RIGHTS**~~

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~~The Named Insured and an insured physician to whom separate limits of liability have been afforded may have the right to purchase an Extended Reporting Period Endorsement (frequently known as “tail coverage”) if this Policy or applicable coverage is canceled or non-renewed. This endorsement provides an extended period of time for reporting Claims arising from Medical Incidents and for reporting Administrative Proceedings or Employment Related Civil Actions as follows:~~

- ~~1. Medical Incidents that take place on or after the Retroactive Date as shown on the Declarations Page or applicable endorsement and before the expiration or termination of an Insured’s coverage; and~~
- ~~2. Results in a Claim against an Insured that is first reported to Us under the Extended Reporting Period Endorsement; or~~
- ~~3. Acts that take place on or after the applicable Retroactive Date and before the expiration or termination of an Insured’s coverage that result in an Administrative Proceeding or Employment Related Civil Action instituted against that Insured and first reported to Us under the Extended Reporting Period Endorsement.~~

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~~To purchase an Extended Reporting Period Endorsement the Named Insured and/or the insured physician to whom separate limits of liability have been afforded must be in compliance with all terms and conditions of the Policy. We will not issue an Extended Reporting Period Endorsement to an Insured whose coverage has been cancelled or non-renewed for fraud, misrepresentation, concealment or breach of warranty. Nor will We issue an Extended Reporting Period Endorsement to an Insured if this Policy is cancelled for non-payment or rescinded.~~

~~All outstanding earned premiums must be paid. Any additional premium for the Extended Reporting Period Endorsement will be computed in accordance with Our rules, rates and rating plans in effect at the time of the expiration or termination of coverage and must be paid to Us. This additional premium is fully earned and non-refundable. If We do not receive full payment of all billed premiums on or before the due date of the premium notice, We will not issue an Extended Reporting Period Endorsement and We will cancel any previously issued Extended Reporting Period Endorsement.~~

~~Additionally:~~

- ~~1. Once in effect, the Extended Reporting Period Endorsement may not be canceled unless the Insured to whom this Extended Reporting Period Endorsement was issued has committed a material breach of the terms or conditions of this Policy or any endorsement attached to it.~~
- ~~2. The Extended Reporting Period Endorsement does not extend the Policy Period or change the scope of coverage provided under this Policy and any attached endorsement. Except as otherwise provided by this endorsement,~~

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any Claims arising from Medical Incidents, or any Administrative Proceedings or Employment Related Civil Action reported to Us must be covered by this Policy.

3. The Extended Reporting Period Endorsement is subject to all of the provisions of the policy in existence at the time the active coverage ceases for the Named Insured or an insured physician to whom separate limits have been afforded.

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4. The Extended Reporting Period Endorsement provides one set of Limits of Liability that are applicable only to those Claims first reported during the Extended Reporting Period. Those Limits of Liability will be eroded by payment of judgments and settlements. Our duty to defend ends when the Limits of Liability are exhausted by payment of judgments and settlements.

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B. SPECIAL PROVISIONS FOR INSURED PHYSICIANS TO WHOM SEPARATE LIMITS HAVE BEEN AFFORDED

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1. Waiver of Extended Reporting Endorsement Premium in the Event of Disability.

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a. If an insured physician to whom separate limits of liability have been afforded becomes totally and permanently disabled during the Policy Period as a result of Bodily Injury and is therefore completely unable to continue practicing as a physician or surgeon, We will provide an Extended Reporting Period Endorsement without cost. This waiver of premium is contingent upon receipt of evidence satisfactory to Us, which may include a physical examination by physicians of Our choice, that the insured physician to whom separate limits of liability have been afforded is totally and permanently disabled. However, We must receive a written request from the insured physician to whom separate limits of liability have been afforded or his/her personal representative for this benefit within 30 days after the cessation of his/her practice.

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b. We will require proof satisfactory to Us that disability continues on each anniversary of the issuance of the Extended Reporting Period Endorsement. If at any time in the future the insured physician to whom separate limits of liability have been afforded resumes practicing as a physician to any extent, any Extended Reporting Period Endorsement issued pursuant to this provision will terminate on the date practice is resumed. The insured physician to whom separate limits of liability have been afforded will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice there will be no coverage for Claims arising from Medical Incidents, or for Administrative Proceedings or Employment Related Civil Actions, reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this paragraph.

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2. Waiver of Extended Reporting Period Endorsement Premium in the Event of Death.

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In the event of the death during the Policy Period of an insured physician to whom separate limits of liability have been afforded an Extended Reporting Period Endorsement will be issued to that physician's estate without any premium charge.

This Extended Reporting Period Endorsement will become effective on the date of that physician's death. However, We must receive a written request along with proof of death within sixty (60) days after that physician's death.

3. Phase-out Provision—Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Age 55.

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a. At age 55 an insured physician to whom separate limits of liability have been afforded is eligible for a full waiver of his/her Extended Reporting Period Endorsement premium if he/she was insured with Us on September 30, 2005, remains insured with Us continuously until he/she retires and:

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- i. Was age 50 or older on September 30, 2005;
- ii. Has been insured with Us for the 12 months, and had continuous coverage for the sixty (60) months, prior to reaching age 55;
- iii. Retires completely from the practice of medicine;
- iv. Were eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added to this Policy with separate limits; and
- v. Requests this benefit on or before December 31, 2010.

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b. We must receive a written request for this benefit at least thirty (30) days in advance of that physician's retirement date. We will periodically require proof satisfactory to Us that the physician remains retired from the practice of medicine. If at any time in the future the physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the physician resumes practice. However, the insured physician to whom separate limits of liability have been afforded will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings or Employment Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this paragraph.

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4. Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Age 55.

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a. If during the Policy Period, an insured physician to whom separate limits of liability have been afforded chooses to retire completely from the practice of medicine, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium. To be eligible the insured physician to whom separate limits of liability have been afforded must, as of the requested cancellation date:

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- i. Have been continuously insured with Us for sixty (60) months immediately prior to claiming this benefit;
- ii. Be at least 55 years of age; and
- iii. Retire completely from the practice of medicine.

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b. We must receive a written request for this benefit at least thirty (30) days in advance of that physician's retirement date. We will periodically require proof satisfactory to Us that the physician remains retired from the practice of medicine. If at any time in the future the physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the physician resumes practice. However, the insured physician to whom separate limits of liability have been afforded will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings or Employment Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this paragraph.

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~~5. Waiver of Extended Reporting Period Endorsement Premium at Age 65.~~

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~~If the insured physician to whom separate limits of liability have been afforded was insured with Us on September 30, 2005, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium at age 65 if he/she was insured with Us for the sixty (60) months immediately prior to reaching age 65. The insured physician to whom separate limits of liability have been afforded must also have been eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added to this Policy with separate limits.~~

~~We must receive this request at least thirty (30) days in advance of the date he/she chooses to terminate coverage with Us.~~

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:

Named Insured:

Policy Number:

Policy Period:

Endorsement Number:

Endorsement Effective Date:

Additional Premium:

Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that PART VII, EXTENDED REPORTING PERIOD OPTION is amended as follows:

Item B3. is deleted in its entirety and replaced with the following:

3. Phase-out Provision - Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Age 55.

At age 55 an Insured Physician is eligible for a full waiver of his/her Extended Reporting Period Endorsement premium if he/she was insured with Us on September 30, 2005, remains insured with Us continuously until he/she retires and:

- a. Was age 50 or older on September 30, 2005;
- b. Has been insured with Us for the 12 months, and had continuous coverage for the 60 months, prior to reaching age 55;
- c. Retires completely from the practice of medicine;
- d. Were eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added as an Insured Physician to this Policy; and
- e. Requests this benefit on or before December 31, 2010.

We must receive a written request for this benefit at least 30 days in advance of the Insured Physician's retirement date. We will periodically require proof satisfactory to Us that the Insured Physician remains retired from the practice of medicine. If at any time in the future the Insured Physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the Insured Physician resumes practice. However, the Insured Physician will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this paragraph

Item B4. is added :

4. Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Age 55.

- a. If during the Policy Period, an Insured Physician chooses to retire completely from the practice of medicine, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium. To be eligible an Insured Physician must, as of the requested cancellation date:
 - i. Have been continuously insured with Us for 60 months immediately prior to claiming this benefit;
 - ii. Be at least 55 years of age; and
 - iii. Retire completely from the practice of medicine.
- b. We must receive a written request for this benefit at least 30 days in advance of the Insured Physician's retirement date. We will periodically require proof satisfactory to Us that the Insured Physician remains retired from the practice of medicine. If at any time in the future the Insured Physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the Insured Physician resumes practice. However, the Insured Physician will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage for Claims, Administrative Proceedings or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this paragraph.

Item B5. is added:

5. Waiver of Extended Reporting Period Endorsement Premium at Age 65.

If the Insured Physician was insured with Us on September 30, 2005, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium at age 65 if he/she was insured with Us for the 60 months immediately prior to reaching age 65. The Insured Physician must also have been eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added as an Insured Physician to this Policy.

We must receive this request at least 30 days in advance of the date he/she chooses to terminate coverage with Us.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:

Named Insured:

Policy Number:

Policy Period:

Endorsement Number:

Endorsement Effective Date:

Additional/Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that this ~~P~~policy is amended as follows:

PART II COVERAGES, COVERAGE A – Professional Liability Insurance, C. EXCLUSIONS 1c, 1d and 1f. are deleted in ~~their~~ entirety and replaced with the following:

- c. Any liability arising from a Medical Incident that took place while the license to practice medicine or the certification of the individual responsible for providing Professional Health Care Services or Professional Committee Activities is not in effect. This exclusion does not apply to the Named Insured.
- d. Any liability arising from a Medical Incident involving the prescription, dispensing or furnishing of controlled substances that happened while the license or registration to prescribe, dispense or furnish such controlled substances issued to the individual responsible for providing Professional Health Care Services is not in effect. This exclusion does not apply to the Named Insured.
- f. Any liability arising from a Medical Incident involving the fraudulent creation, alteration or modification of the medical record of any person. However, under Coverage A, Professional Liability Insurance:
 - 1. We will defend any Claim otherwise covered by the policy and involving the fraudulent creation, alteration or modification of the medical record of any person. However, the Insured who allegedly committed the fraudulent creation, alteration or modification of the medical record will reimburse Us for those ~~e~~Defense eCosts if liability for the fraudulent creation, alteration or modification is admitted or determined by judgment or any other way. Formatted: Underline
 - 2. We will pay Damages for a Claim otherwise covered by the policy on behalf of any Insured, other than the Insured who was responsible for the fraudulent creation, alteration or modification of the medical record of any person, unless that other Insured:
 - a. Knew or should have known about the fraudulent creation, alteration or modification of the medical record but failed to prevent or stop it; or
 - b. Knew or should have known that the Insured who committed the fraudulent creation, alteration or modification of the medical record had a prior history of or propensity for such actions.

PART IV - COMMON CONDITIONS

COMMON CONDITION X. Voting Rights is deleted in its entirety and replaced with the following:

- X. **Voting Rights.** As an insured member of a mutual insurance company, the Named Insured shall have the right to one vote at any general or special meeting of members of NORCAL held during the Policy Period in accordance with the bylaws of NORCAL.

PART VII, EXTENDED REPORTING PERIOD OPTION, is deleted in its entirety and replaced with the following:

PART VII EXTENDED REPORTING PERIOD OPTION

IF AN EXTENDED REPORTING PERIOD ENDORSEMENT IS NOT ISSUED OR PURCHASED, THERE WILL BE NO COVERAGE UNDER THE CLAIMS MADE AND REPORTED SECTIONS OF THE POLICY FOR CLAIMS, ADMINISTRATIVE PROCEEDINGS, OR EMPLOYMENT-RELATED CIVIL ACTIONS THAT ARE FIRST REPORTED TO US ON OR AFTER THE EXPIRATION OR TERMINATION DATE OF THIS POLICY OR THE APPLICABLE COVERAGE.

This Extended Reporting Period Endorsement must be requested by written notice to Us within thirty (30) days from the expiration or termination date of this policy or applicable coverage.

A. MUTUAL RIGHTS

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An Insured to whom separate limits of liability have been afforded may have the right to purchase an Extended Reporting Period Endorsement (frequently known as “tail coverage”) if this policy or applicable coverage is canceled or non-renewed. This endorsement provides an extended period of time for reporting Claims, Administrative Proceedings or Employment Related Civil Actions under the claims made and reported sections of the policy as follows:

1. Medical Incidents or Occurrences that take place on or after the Retroactive Date as shown on the Declarations Page or applicable endorsement and before the expiration or termination of an Insured’s coverage; and
2. Results in a Claim against an Insured that is first reported to Us under the Extended Reporting Period Endorsement; or
3. Acts that take place on or after the applicable Retroactive Date and before the expiration or termination of an Insured’s coverage that result in an Administrative Proceeding or Employment-Related Civil Action instituted against that Insured and first reported to Us under the Extended Reporting Period Endorsement.

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To purchase an Extended Reporting Period Endorsement the Insured to whom separate limits of liability have been afforded must be in compliance with all terms and conditions of the policy. We will not issue an Extended Reporting Period Endorsement to an Insured whose coverage has been cancelled or non-renewed for fraud, misrepresentation, concealment or breach of warranty. Nor will We issue an Extended Reporting Period Endorsement to an Insured if this policy is cancelled for non-payment or rescinded.

All outstanding earned premiums must be paid. Any additional premium for the Extended Reporting Period Endorsement will be computed in accordance with Our rules, rates and rating plans in effect at the time of the expiration or termination of coverage and must be paid to Us. This additional premium is fully earned and non-refundable. If We do not receive full payment of all billed premiums on or before the due date of the premium notice, We will not issue an Extended Reporting Period Endorsement and We will cancel any previously issued Extended Reporting Period Endorsement.

Additionally:

1. Once in effect, the Extended Reporting Period Endorsement may not be canceled unless the Insured to whom this Extended Reporting Period Endorsement was issued has committed a material breach of the terms or conditions of this policy or any endorsement attached to it. ← --- Formatted: Bullets and Numbering

2. The Extended Reporting Period Endorsement does not extend the Policy Period or change the scope of coverage provided under this policy and any attached endorsement. Except as otherwise provided by this endorsement, any Claim, Administrative Proceeding or Employment-Related Civil Action reported to Us must be covered by this policy. ← --- Formatted: Bullets and Numbering

3. The Extended Reporting Period Endorsement is subject to all of the provisions of the policy in existence at the time an Insured's active coverage ceases. ← --- Formatted: Bullets and Numbering

4. The Extended Reporting Period Endorsement provides one set of limits of liability that are applicable only to those Claims first reported during the Extended Reporting Period. Those limits of liability will be eroded by payment of judgments and settlements. Our duty to defend ends when the limits of liability are exhausted by payment of judgments and settlements. ← --- Formatted: Bullets and Numbering

B. SPECIAL PROVISIONS FOR INSURED PHYSICIANS TO WHOM SEPARATE LIMITS HAVE BEEN AFFORDED ← --- Formatted: Bullets and Numbering

1. **Waiver of Extended Reporting Endorsement Premium in the Event of Disability.** ← --- Formatted: Bullets and Numbering
 - a. If an insured physician to whom separate limits have been afforded becomes totally and permanently disabled during the Policy Period as a result of Bodily Injury and is therefore completely unable to continue practicing as a physician or surgeon, We will provide an Extended Reporting Period Endorsement without cost. This waiver of premium is contingent upon receipt of evidence satisfactory to Us, which may include a physical examination by physicians of Our choice, that such physician is totally and permanently disabled. However, We must receive a written request from the physician or his/her personal representative for this benefit within 30 days after the cessation of his/her practice. ← --- Formatted: Bullets and Numbering

 - b. We will require proof satisfactory to Us that disability continues on each anniversary of the issuance of the Extended Reporting Period Endorsement. If at any time in the future the physician resumes practicing as a physician to any extent, any Extended Reporting Period Endorsement issued pursuant to this provision will terminate on the date practice is resumed. The physician will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice there will be no coverage under the claims made and reported sections of the policy for Claims, Administrative Proceedings or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued above. ← --- Formatted: Bullets and Numbering

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2. Waiver of Extended Reporting Period Endorsement Premium in the Event of Death.

In the event of the death during the Policy Period of an insured physician to whom separate limits have been afforded an Extended Reporting Period Endorsement will be issued to that physician's estate without any premium charge. This Extended Reporting Period Endorsement will become effective on the date of that physician's death. However, We must receive a written request along with proof of death within sixty (60) days after that physician's death.

3. Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Any Age.

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a. If during the Policy Period an insured physician to whom separate limits have been afforded chooses to retire completely and permanently from the practice of medicine, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium. To be eligible the physician must, as of the requested cancellation date:

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i. Have been continuously insured with Us with separate limits for the 60 months immediately prior to claiming this benefit; and

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ii. Retire completely and permanently from the practice of medicine.

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b. We must receive a written request for this benefit at least 30 days in advance of the physician's retirement date. We will periodically require proof satisfactory to Us that the physician remains retired from the practice of medicine. If at any time in the future the physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the physician resumes practice. However, the physician will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage under the claims made and reported sections of the policy for Claims, Administrative Proceedings or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this section.

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4. Waiver of Extended Reporting Period Endorsement Premium at Age 65.

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If an insured physician to whom separate limits have been afforded was insured with Us on September 30, 2005, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium at age 65 if he/she was insured with Us with separate limits for the 60 months immediately prior to reaching age 65. The insured physician to whom separate limits have been afforded must also have been eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added as an insured physician with separate limits to this policy.

We must receive this request at least 30 days in advance of the date he/she chooses to terminate coverage with Us.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:

Named Insured:

Policy Number:

Policy Period:

Endorsement Number:

Endorsement Effective Date:

Additional/Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

It is hereby understood and agreed that this policy is amended as follows:

PART II COVERAGES, COVERAGE A – Professional Liability Insurance, C. EXCLUSIONS 1c, 1d and 1f. are deleted in their entirety and replaced with the following:

- c. Any liability arising from a Medical Incident that took place while the license to practice medicine or the certification of the individual responsible for providing Professional Health Care Services or Professional Committee Activities is not in effect. This exclusion does not apply to the Named Insured.
- d. Any liability arising from a Medical Incident involving the prescription, dispensing or furnishing of controlled substances that happened while the license or registration to prescribe, dispense or furnish such controlled substances issued to the individual responsible for providing Professional Health Care Services is not in effect. This exclusion does not apply to the Named Insured.
- f. Any liability arising from a Medical Incident involving the fraudulent creation, alteration or modification of the medical record of any person. However, under Coverage A, Professional Liability Insurance:
 1. We will defend any Claim otherwise covered by the policy and involving the fraudulent creation, alteration or modification of the medical record of any person. However, the Insured who allegedly committed the fraudulent creation, alteration or modification of the medical record will reimburse Us for those Defense Costs if liability for the fraudulent creation, alteration or modification is admitted or determined by judgment or any other way.
 2. We will pay Damages for a Claim otherwise covered by the policy on behalf of any Insured, other than the Insured who was responsible for the fraudulent creation, alteration or modification of the medical record of any person, unless that other Insured:
 - a. Knew or should have known about the fraudulent creation, alteration or modification of the medical record but failed to prevent or stop it; or
 - b. Knew or should have known that the Insured who committed the fraudulent creation, alteration or modification of the medical record had a prior history of or propensity for such actions.

PART IV - COMMON CONDITIONS

COMMON CONDITION X., Voting Rights is deleted in its entirety and replaced with the following:

- X. **Voting Rights.** As an insured member of a mutual insurance company, the Named Insured shall have the right to one vote at any general or special meeting of members of NORCAL held during the Policy Period in accordance with the bylaws of NORCAL.

PART VII, EXTENDED REPORTING PERIOD OPTION, is deleted in its entirety and replaced with the following:

PART VII EXTENDED REPORTING PERIOD OPTION

IF AN EXTENDED REPORTING PERIOD ENDORSEMENT IS NOT ISSUED OR PURCHASED, THERE WILL BE NO COVERAGE UNDER THE CLAIMS MADE AND REPORTED SECTIONS OF THE POLICY FOR CLAIMS, ADMINISTRATIVE PROCEEDINGS, OR EMPLOYMENT-RELATED CIVIL ACTIONS THAT ARE FIRST REPORTED TO US ON OR AFTER THE EXPIRATION OR TERMINATION DATE OF THIS POLICY OR THE APPLICABLE COVERAGE.

This Extended Reporting Period Endorsement must be requested by written notice to Us within thirty (30) days from the expiration or termination date of this policy or applicable coverage.

A. MUTUAL RIGHTS

An Insured to whom separate limits of liability have been afforded may have the right to purchase an Extended Reporting Period Endorsement (frequently known as “tail coverage”) if this policy or applicable coverage is canceled or non-renewed. This endorsement provides an extended period of time for reporting Claims, Administrative Proceedings or Employment Related Civil Actions under the claims made and reported sections of the policy as follows:

1. Medical Incidents or Occurrences that take place on or after the Retroactive Date as shown on the Declarations Page or applicable endorsement and before the expiration or termination of an Insured’s coverage; and
2. Results in a Claim against an Insured that is first reported to Us under the Extended Reporting Period Endorsement; or
3. Acts that take place on or after the applicable Retroactive Date and before the expiration or termination of an Insured’s coverage that result in an Administrative Proceeding or Employment-Related Civil Action instituted against that Insured and first reported to Us under the Extended Reporting Period Endorsement.

To purchase an Extended Reporting Period Endorsement the Insured to whom separate limits of liability have been afforded must be in compliance with all terms and conditions of the policy. We will not issue an Extended Reporting Period Endorsement to an Insured whose coverage has been cancelled or non-renewed for fraud, misrepresentation, concealment or breach of warranty. Nor will We issue an Extended Reporting Period Endorsement to an Insured if this policy is cancelled for non-payment or rescinded.

All outstanding earned premiums must be paid. Any additional premium for the Extended Reporting Period Endorsement will be computed in accordance with Our rules, rates and rating plans in effect at the time of the expiration or termination of coverage and must be paid to Us. This additional premium is fully earned and non-refundable. If We do not receive full payment of all billed premiums on or before the due date of the premium notice, We will not issue an Extended Reporting Period Endorsement and We will cancel any previously issued Extended Reporting Period Endorsement.

Additionally:

1. Once in effect, the Extended Reporting Period Endorsement may not be canceled unless the Insured to whom this Extended Reporting Period Endorsement was issued has committed a material breach of the terms or conditions of this policy or any endorsement attached to it.
2. The Extended Reporting Period Endorsement does not extend the Policy Period or change the scope of coverage provided under this policy and any attached endorsement. Except as otherwise provided by this endorsement, any Claim, Administrative Proceeding or Employment-Related Civil Action reported to Us must be covered by this policy.
3. The Extended Reporting Period Endorsement is subject to all of the provisions of the policy in existence at the time an Insured's active coverage ceases.
4. The Extended Reporting Period Endorsement provides one set of limits of liability that are applicable only to those Claims first reported during the Extended Reporting Period. Those limits of liability will be eroded by payment of judgments and settlements. Our duty to defend ends when the limits of liability are exhausted by payment of judgments and settlements.

B. SPECIAL PROVISIONS FOR INSURED PHYSICIANS TO WHOM SEPARATE LIMITS HAVE BEEN AFFORDED

1. Waiver of Extended Reporting Endorsement Premium in the Event of Disability.

- a. If an insured physician to whom separate limits have been afforded becomes totally and permanently disabled during the Policy Period as a result of Bodily Injury and is therefore completely unable to continue practicing as a physician or surgeon, We will provide an Extended Reporting Period Endorsement without cost. This waiver of premium is contingent upon receipt of evidence satisfactory to Us, which may include a physical examination by physicians of Our choice, that such physician is totally and permanently disabled. However, We must receive a written request from the physician or his/her personal representative for this benefit within 30 days after the cessation of his/her practice.
- b. We will require proof satisfactory to Us that disability continues on each anniversary of the issuance of the Extended Reporting Period Endorsement. If at any time in the future the physician resumes practicing as a physician to any extent, any Extended Reporting Period Endorsement issued pursuant to this provision will terminate on the date practice is resumed. The physician will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice there will be no coverage under the claims made and reported sections of the policy for Claims, Administrative Proceedings or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued above.

2. Waiver of Extended Reporting Period Endorsement Premium in the Event of Death.

In the event of the death during the Policy Period of an insured physician to whom separate limits have been afforded an Extended Reporting Period Endorsement will be issued to that physician's estate without any premium charge. This Extended Reporting Period Endorsement will become effective on the date of that physician's death. However, We must receive a written request along with proof of death within sixty (60) days after that physician's death.

3. Waiver of Extended Reporting Period Endorsement Premium upon Retirement at Any Age.

- a. If during the Policy Period an insured physician to whom separate limits have been afforded chooses to retire completely and permanently from the practice of medicine, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium. To be eligible the physician must, as of the requested cancellation date:
 - i. Have been continuously insured with Us with separate limits for the 60 months immediately prior to claiming this benefit; and
 - ii. Retire completely and permanently from the practice of medicine.
- b. We must receive a written request for this benefit at least 30 days in advance of the physician's retirement date. We will periodically require proof satisfactory to Us that the physician remains retired from the practice of medicine. If at any time in the future the physician resumes practicing as a physician to any extent, this premium waiver will be lost as of the date the physician resumes practice. However, the physician will have the right to purchase an Extended Reporting Period Endorsement upon payment of the full premium. If no Extended Reporting Period Endorsement is purchased following the resumption of practice, there will be no coverage under the claims made and reported sections of the policy for Claims, Administrative Proceedings or Employment-Related Civil Actions reported to Us after the termination of the Extended Reporting Period Endorsement issued pursuant to this section.

4. Waiver of Extended Reporting Period Endorsement Premium at Age 65.

If an insured physician to whom separate limits have been afforded was insured with Us on September 30, 2005, he/she is eligible for a full waiver of the Extended Reporting Period Endorsement premium at age 65 if he/she was insured with Us with separate limits for the 60 months immediately prior to reaching age 65. The insured physician to whom separate limits have been afforded must also have been eligible to qualify for an individual Extended Reporting Period Endorsement under a NORCAL policy immediately prior to when he/she was added as an insured physician with separate limits to this policy.

We must receive this request at least 30 days in advance of the date he/she chooses to terminate coverage with Us.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

This endorsement when signed by NORCAL's President and Secretary at San Francisco, California shall take effect on the endorsement effective date shown below.

Issue Date:

Named Insured:

Policy Number:

Policy Period:

Endorsement Number:

Endorsement Effective Date:

Additional/Return Premium:



James Sunseri
President



Katherine H. Crocker
Secretary

SERFF Tracking Number: NCMC-127209693
 Filing Company: NORCAL Mutual Insurance Company
 Company Tracking Number: CA P&S FORM/RATE/RULE 1/1/2012
 TOI: 11.2 Med Mal-Claims Made Only
 Product Name: NORCAL Physicians & Surgeons
 Project Name/Number: CA P&S FORM/RATE/RULE 1/1/2012/

State: California
 State Tracking Number: 11-5669
 Sub-TOI: 11.2023 Physicians & Surgeons

Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Decrease
Overall Percentage of Last Rate Revision: 1.600%
Effective Date of Last Rate Revision: 10/01/2004
Filing Method of Last Filing: Prior Approval

Company Rate Information

| Company Name: | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | # of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where required): | Minimum % Change (where required): |
|------------------------------------|-----------------------------------|---------------------------|---|---|---|--|--|
| NORCAL Mutual Insurance Company | 8.940% | -5.000% | \$-6,830,900 | 9,534 | \$136,618,010 | % | % |

SERFF Tracking Number: NCMC-127209693 State: California
 Filing Company: NORCAL Mutual Insurance Company State Tracking Number: 11-5669
 Company Tracking Number: CA P&S FORM/RATE/RULE 1/1/2012
 TOI: 11.2 Med Mal-Claims Made Only Sub-TOI: 11.2023 Physicians & Surgeons
 Product Name: NORCAL Physicians & Surgeons
 Project Name/Number: CA P&S FORM/RATE/RULE 1/1/2012/

Rate/Rule Schedule

| Schedule Item Status: | Exhibit Name: | Rule # or Page #: | Rate Action | Previous State Filing Number: | Filing Attachments |
|-----------------------|----------------|-----------------------------------|-------------|-------------------------------|---|
| | CA P&S Rules | Items H, M2, M3, M7, III (1e & f) | Replacement | 11-191 | CA_P&S_Rules_1-1-12_Filing Version.pdf |
| | CA Group Rules | Items H, M2, M3, M5, III (2e) | Replacement | 11-191 | CA_Group_Policy_Rules_1-1-12_Filing Version.pdf |

H. Health Care Extenders

Health care extender coverage may be added to a policy by endorsement as appropriate to a particular situation. Coverage is limited to professional services rendered on behalf of an insured for a specified time period. Coverage is available on a separate or shared limits basis for all health care extenders except optometrists and preceptees. Optometrists are eligible only for separate limits. Preceptees are eligible only for shared limits. A flat charge premium will be charged for the addition of any of the following health care extenders:

- Certified Registered Nurse Anesthetist
- ~~Nurse~~-Midwife
- Nurse Practitioner
- Optometrist
- Perfusionist
- Physician Assistant
- Physician Assistant Incl. Obstetrics
- Podiatrist (Limited Surgery)
- Podiatrist (Major Surgery)
- Preceptee
- [Radiology Assistant](#)

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A part-time discount is available to health care extenders who practice less than full time on behalf of the Named Insured. The discount is based on the number of hours the health care extender works per month divided by the full time equivalent of 180 hours per month, subject to a minimum discount of 25% and a maximum discount of 75%. However, the maximum part-time discount available for a ~~Nurse~~-Midwife or a Physician Assistant Incl. Obstetrics is 50%.

I. Endorsed Part-Time Physicians

Coverage for Endorsed Part-Time Physicians is available for physicians who extend the practice of the Named Insured, either on a temporary or regular basis. The Endorsed Part-Time Physician will share in the insured health care professional's or Medical Partnership or Medical Corporation's limits of liability.

The premium is calculated as follows:

1. Determine mature rate of physician's medical specialty, limits, and territory; multiplied by
2. Full Time Equivalent basis (the hours worked each month is divided by 180 per month to determine the full time equivalent for rating purposes) – Subject to a minimum discount of 25% and a maximum discount of 75%; multiplied by
3. A 25% shared limit discount will be applied for Endorsed Part-Time Physicians sharing policy limits with the Named Insured.
4. Applicable discount and surcharge factors.

M. *Discount Programs*

1. New Doctor Discount

A new doctor discount is available to physicians who establish a new private practice upon completion of their formal internship or residency, or military service. A physician is also eligible to receive the discount upon completion of formal training for a different (new) medical specialty. The discount applies to the first 36 months starting from the first date of the new practice.

The following discounts are applied to the actual number of new doctor exposure days in the current policy period:

- 75% - First 12 months
- 50% - 12 months to 24 months
- 25% - 24 months to 36 months

A physician is not eligible for both the new doctor discount and the part-time practice discount simultaneously.

2. Part-time Practice Discount

A 50% discount is available to part-time physicians who practice an average of 20 hours per week or less. ~~meet all of the following criteria:~~

- ~~a. practice an average of 24 hours per week or less; and~~
- ~~b. have 40 or fewer hospital admissions per year.~~

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FP/GP including OB and OB/GYN physicians are not eligible for the part-time practice discount.

A physician is not eligible for both the part-time practice discount and the new doctor discount simultaneously.

Physicians who are in the surcharge program do not qualify for a part-time discount.

3. Risk Management Discount Program

The risk management discount is available to solo physicians and physicians in a 2-4 member physician group. A physician who has his/her own limits qualifies for a 5% or 7% discount by annually completing a NORCAL-approved loss prevention/risk management course or activity as follows:

| <u>Activity</u> | <u>Credit</u> |
|---|---------------|
| ▪ <u>A course or activity providing at least 2 annual CME credits:</u> | <u>5%</u> |
| ▪ <u>A course or activity providing at least 3 annual CME credits completed by a physician who is an active member of a NORCAL endorsing medical society:</u> | <u>7%</u> |

Each physician must earn the discount individually. A physician in the surcharge program is not eligible for this discount.

~~A 5% discount is available to solo physicians and physicians in a 2-4 member physician group. To qualify, a physician must perform annually an approved activity specifically designed to augment his or her knowledge of medical-legal risk management techniques.~~

~~Physicians who are in the surcharge program do not qualify for the risk management discount.~~

4. Group Size Discount

Physicians who are members of groups are eligible for a group size discount. This discount is based solely on the size of the group. The group size discount eligibility is evaluated annually at policy renewal. Changes made to the group size during the policy period will not be reflected until the next policy renewal.

| <u>Group Size</u> | <u>Percentage of Discount</u> |
|-------------------|-------------------------------|
| 5-9 | 7.5% |
| 10-19 | 15% |
| 20-34 | 20% |
| 35 or more | 25% |

Group size is determined by the number of physician members who have separate limits of liability.

5. Voluntary Deductible Discount

Voluntary deductibles are available in both aggregated and non-aggregated forms. The deductible credit is dependent on the total limits, deductible size, and aggregate deductible limit.

6. Pre-Retirement Premium Waiver Credit

A physician, who has changed or modified his or her practice resulting in a lower medical specialty classification, has been insured by NORCAL for 60 full consecutive months and is at least 55 years of age is eligible for a premium reduction. The pre-retirement premium waiver credit results in a waiver of the residual portion of the premium which was rated at the higher medical specialty classification.

7. Schedule Rating Plan

Schedule rating is a plan that allows NORCAL to modify a rate to reflect certain risk characteristics that are not reflected in manual rating. ~~This plan shall be applicable for all groups of 5 or more physicians.~~

The ~~schedule rating permits the application of a~~ range of debits and credits is based upon risk characteristics as follows:

| SCHEDULE RATING PLAN | |
|---|---------------------------------|
| <i>Risk Characteristics</i> | <i>Credits/Debits Available</i> |
| Adequacy of staffing selection and supervision, and experience of staff personnel | +/- 40% |
| Quality Assurance Procedures Credentialing and Re-Credentialing Peer Review Procedures Participation in Risk Management Programs | +/- 40% |
| Loss History | +/- 40% |
| Practice Profile | +/- 40% |
| Total Available Credits/Debits | +/- 40% |

N. *Surcharge Program*

Any insured whose practice is found to be an increased risk may receive a surcharge of 10% or more. This program is designed for certain physicians who present an increased risk or who would otherwise be declined, non-renewed or canceled.

Physicians in this program are not eligible for the risk management and/or part-time practice discount.

III. EXTENDED REPORTING PERIOD COVERAGE

Extended Reporting Period Endorsement Coverage extends the time to report a claim, administrative proceeding, or employment-related civil action. It may be available in the event of cancellation or non-renewal of a policy or the coverage of an insured physician or health care extender with separate limits, when the Named Insured or NORCAL cancels or non-renews the policy or coverage. If this endorsement is not issued, there will be no coverage for any claims resulting from medical incidents or occurrences, or administrative proceedings or employment-related civil actions, that are first reported to NORCAL on or after the termination date of the policy or coverage.

An insured will not have the right to purchase nor is NORCAL required to offer an Extended Reporting Period Endorsement if the policy or coverage is rescinded, or is canceled or non-renewed for non-payment of premium or deductible, fraud, misrepresentation, concealment, or breach of warranty.

The premium for an Extended Reporting Period Endorsement represents the residual premium (cumulative difference) between the full occurrence charges for all subject years and the premium actually collected as of the date of cancellation.

The Extended Reporting Period Endorsement will be issued upon payment of the premiums and extends coverage through perpetuity.

1. Physicians & Surgeons with Separate Limits

- a. Extended Reporting Period Endorsement premiums must be paid promptly when due. Premiums may be paid 100% at termination or in 3 annual installments of 50%, 25% and 25%, with the first installment due at termination. If the installments are not paid, the Extended Reporting Period Endorsement will be cancelled. This additional premium is fully earned and non-refundable.
- b. The limits of liability will be reinstated one time at the effective date of the Extended Reporting Period Endorsement. The reinstated limits of liability will be equal to those afforded at the termination date of the policy.
- c. If the physician should die within the policy period, an Extended Reporting Period Endorsement will be issued without charge to be effective through perpetuity. If the physician should die during the reporting endorsement period, any remaining premium due will be waived.

- d. A full waiver of Extended Reporting Period Endorsement premium will be issued for permanent disability subject to NORCAL's rules and regulations.
- e. A full waiver of Extended Reporting Period Endorsement premium will be issued for retirement subject to NORCAL's rules and regulations. To qualify for a waiver due to retirement, physicians & surgeons must meet all of the following criteria:

~~i. are at least 55 years of age; and~~

~~ii. have been continuously insured with NORCAL with separate limits for at least 60 months; and~~

~~iii. retire completely and permanently from the practice of medicine.~~

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~~f. Physicians may be eligible for a full waiver of Extended Reporting Period Endorsement premium at age 55 if they were insured with NORCAL on September 30, 2005, remain insured with NORCAL continuously until retirement and meet all of the following criteria:~~

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~~i. are age 50 or older on September 30, 2005; and~~

~~ii. are at least 55 years of age at time of retirement; and~~

~~iii. have been continuously insured for 60 consecutive months prior to reaching age 55, including the last 12 months with NORCAL; and~~

~~iv. retire completely from the practice of medicine; and~~

~~v. request this benefit on or before December 31, 2010.~~

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~~g. f. Physicians may be eligible for a full waiver of Extended Reporting Period Endorsement premium if they were insured with NORCAL on September 30, 2005 and meet all of the following criteria:~~

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~~i. are at least 65 years of age; and~~

~~ii. have been continuously insured with NORCAL with separate limits for 60 consecutive months prior to reaching age 65.~~

2. Entities with Separate Limits

- a. Extended Reporting Period Endorsement premiums must be paid promptly when due. Premiums must be paid 100% at termination.
- b. The entity is provided its own set of limits that are reinstated one time at the termination date of the policy. The reinstated limits of liability will be equal to those afforded under the current policy.
- c. The premium for the entity's Extended Reporting Period Endorsement is the percentage of the Extended Reporting Endorsement premium charged for the health care professionals who are part of the group. The

percentage applied and the applicable minimum premium requirements are based on the physicians & surgeons rating plans in effect at the time of the policy inception.

3. Health Care Extenders with Separate Limits

- a. Extended Reporting Period Endorsement premiums must be paid promptly when due. Premiums must be paid 100% at termination.
- b. The health care extender is provided his/her own set of limits of liability and reimbursement equal to those afforded under the current policy at the termination of his/her coverage. The limits of liability and reimbursement apply to claims, administrative proceedings, and employment-related civil actions reported to NORCAL on or after the termination of their coverage.

H. *Health Care Extenders*

Health care extender coverage may be added to a policy by endorsement as appropriate to a particular situation. Coverage is limited to professional services rendered on behalf of an insured for a specified time period.

Coverage is available on a separate or shared limits basis for all health care extenders except optometrists and preceptees. Optometrists are eligible only for separate limits. Preceptees are eligible only for shared limits. A flat charge premium will be charged for the addition of any of the following health care extenders:

- Certified Registered Nurse Anesthetist
- Midwife
- Nurse Practitioner
- Optometrist
- Perfusionist
- Physician Assistant
- Physician Assistant Incl. Obstetrics
- Podiatrist (Limited Surgery)
- Podiatrist (Major Surgery)
- Preceptee
- Radiology Assistant

A part-time discount is available to health care extenders who practice less than full time on behalf of the Named Insured. The discount is based on the number of hours the health care extender works per month divided by the full time equivalent of 180 hours per month, subject to a minimum discount of 25% and a maximum discount of 75%. However, the maximum part-time discount available for a Midwife or a Physician Assistant Incl. Obstetrics is 50%.

I. *Endorsed Part-Time Physicians*

Coverage for Endorsed Part-Time Physicians is available for physicians who extend the practice of the Named Insured, either on a temporary or regular basis. The Endorsed Part-Time Physician will share in the insured health care professional's or Medical Partnership or Medical Corporation's limits of liability.

The premium is calculated as follows:

1. Determine mature rate of physician's medical specialty, limits, and territory; multiplied by
2. Full Time Equivalent basis (the hours worked each month is divided by 180 per month to determine the full time equivalent for rating purposes) – Subject to a minimum discount of 25% and a maximum discount of 75%; multiplied by
3. A 25% shared limit discount will be applied for Endorsed Part-Time Physicians sharing policy limits with the Named Insured.
4. Applicable discount and surcharge factors.

M. *Discount Programs*

1. New Doctor Discount

A new doctor discount is available to physicians who establish a new private practice upon completion of their formal internship or residency, or military service. A physician is also eligible to receive the discount upon completion of formal training for a different (new) medical specialty. The discount applies to the first 36 months starting from the first date of the new practice.

The following discounts are applied to the actual number of new doctor exposure days in the current policy period:

- 75% - First 12 months
- 50% - 12 months to 24 months
- 25% - 24 months to 36 months

A physician is not eligible for both the new doctor discount and the part-time practice discount simultaneously.

2. Part-time Practice Discount

A 50% discount is available to part-time physicians who practice an average of 20 hours per week or less.

FP/GP including OB and OB/GYN physicians are not eligible for the part-time practice discount.

A physician is not eligible for both the part-time practice discount and the new doctor discount simultaneously.

Physicians who are in the surcharge program do not qualify for a part-time discount.

3. Risk Management Discount Program

The risk management discount is available to solo physicians and physicians in a 2-4 member physician group. A physician who has his/her own limits qualifies for a 5% or 7% discount by annually completing a NORCAL-approved loss prevention/risk management course or activity as follows:

| <u>Activity</u> | <u>Credit</u> |
|--|---------------|
| ▪ A course or activity providing at least 2 annual CME credits: | 5% |
| ▪ A course or activity providing at least 3 annual CME credits completed by a physician who is an active member of a NORCAL endorsing medical society: | 7% |

Each physician must earn the discount individually. A physician in the surcharge program is not eligible for this discount.

4. Group Size Discount

Physicians who are members of groups are eligible for a group size discount. This discount is based solely on the size of the group. The group size discount eligibility is evaluated annually at policy renewal. Changes made to the group size during the policy period will not be reflected until the next policy renewal.

| <u>Group Size</u> | <u>Percentage of Discount</u> |
|-------------------|-------------------------------|
| 5-9 | 7.5% |
| 10-19 | 15% |
| 20-34 | 20% |
| 35 or more | 25% |

Group size is determined by the number of physician members who have separate limits of liability.

5. Voluntary Deductible Discount

Voluntary deductibles are available in both aggregated and non-aggregated forms. The deductible credit is dependent on the total limits, deductible size, and aggregate deductible limit.

6. Pre-Retirement Premium Waiver Credit

A physician, who has changed or modified his or her practice resulting in a lower medical specialty classification, has been insured by NORCAL for 60 full consecutive months and is at least 55 years of age is eligible for a premium reduction. The pre-retirement premium waiver credit results in a waiver of the residual portion of the premium which was rated at the higher medical specialty classification.

7. Schedule Rating Plan

Schedule rating is a plan that allows NORCAL to modify a rate to reflect certain risk characteristics that are not reflected in manual rating.

The range of debits and credits is based upon risk characteristics as follows:

| SCHEDULE RATING PLAN | |
|---|---------------------------------|
| <i>Risk Characteristics</i> | <i>Credits/Debits Available</i> |
| Adequacy of staffing selection and supervision, and experience of staff personnel | +/- 40% |
| Quality Assurance Procedures Credentialing and Re-Credentialing Peer Review Procedures Participation in Risk Management Programs | +/- 40% |
| Loss History | +/- 40% |
| Practice Profile | +/- 40% |
| Total Available Credits/Debits | +/- 40% |

N. *Surcharge Program*

Any insured whose practice is found to be an increased risk may receive a surcharge of 10% or more. This program is designed for certain physicians who present an increased risk or who would otherwise be declined, non-renewed or canceled.

Physicians in this program are not eligible for the risk management and/or part-time practice discount.

III. EXTENDED REPORTING PERIOD COVERAGE

Extended Reporting Period Endorsement Coverage extends the time to report a claim, administrative proceeding, or employment-related civil action. It may be available in the event of cancellation or non-renewal of a policy or the coverage of an insured physician or health care extender with separate limits, when the Named Insured or NORCAL cancels or non-renews the policy or coverage. If this endorsement is not issued, there will be no coverage for any claims resulting from medical incidents or occurrences, or administrative proceedings or employment-related civil actions, that are first reported to NORCAL on or after the termination date of the policy or coverage.

An insured will not have the right to purchase nor is NORCAL required to offer an Extended Reporting Period Endorsement if the policy or coverage is rescinded, or is canceled or non-renewed for non-payment of premium or deductible, fraud, misrepresentation, concealment, or breach of warranty.

The premium for an Extended Reporting Period Endorsement represents the residual premium (cumulative difference) between the full occurrence charges for all subject years and the premium actually collected as of the date of cancellation.

The Extended Reporting Period Endorsement will be issued upon payment of the premiums and extends coverage through perpetuity.

1. Physicians & Surgeons with Separate Limits

- a. Extended Reporting Period Endorsement premiums must be paid promptly when due. Premiums may be paid 100% at termination or in 3 annual installments of 50%, 25% and 25%, with the first installment due at termination. If the installments are not paid, the Extended Reporting Period Endorsement will be cancelled. This additional premium is fully earned and non-refundable.
- b. The limits of liability will be reinstated one time at the effective date of the Extended Reporting Period Endorsement. The reinstated limits of liability will be equal to those afforded at the termination date of the policy.
- c. If the physician should die within the policy period, an Extended Reporting Period Endorsement will be issued without charge to be effective through perpetuity. If the physician should die during the reporting endorsement period, any remaining premium due will be waived.

- d. A full waiver of Extended Reporting Period Endorsement premium will be issued for permanent disability subject to NORCAL's rules and regulations.
- e. A full waiver of Extended Reporting Period Endorsement premium will be issued for retirement subject to NORCAL's rules and regulations. To qualify for a waiver due to retirement, physicians & surgeons must meet all of the following criteria:
 - i. have been continuously insured with NORCAL with separate limits for at least 60 months; and
 - ii. retire completely and permanently from the practice of medicine.
- f. Physicians may be eligible for a full waiver of Extended Reporting Period Endorsement premium if they were insured with NORCAL on September 30, 2005 and meet all of the following criteria:
 - i. are at least 65 years of age; and
 - ii. have been continuously insured with NORCAL with separate limits for 60 consecutive months prior to reaching age 65.

2. Entities with Separate Limits

- a. Extended Reporting Period Endorsement premiums must be paid promptly when due. Premiums must be paid 100% at termination.
- b. The entity is provided its own set of limits that are reinstated one time at the termination date of the policy. The reinstated limits of liability will be equal to those afforded under the current policy.
- c. The premium for the entity's Extended Reporting Period Endorsement is the percentage of the Extended Reporting Endorsement premium charged for the health care professionals who are part of the group. The percentage applied and the applicable minimum premium requirements are based on the physicians & surgeons rating plans in effect at the time of the policy inception.

3. Health Care Extenders with Separate Limits

- a. Extended Reporting Period Endorsement premiums must be paid promptly when due. Premiums must be paid 100% at termination.
- b. The health care extender is provided his/her own set of limits of liability and reimbursement equal to those afforded under the current policy at the termination of his/her coverage. The limits of liability and reimbursement apply to claims, administrative proceedings, and

employment-related civil actions reported to NORCAL on or after the termination of their coverage.

G. *Locum Tenens*

Coverage for a health care professional substituting for an insured health care professional will be limited to professional health care services rendered on behalf of the insured for the specified time period only. The locum tenens will share in the insured health care professional's limits of liability. There is no premium charge for this coverage.

H. *Health Care Extenders*

Health care extender coverage may be added to a policy by endorsement as appropriate to a particular situation. Coverage is limited to professional services rendered on behalf of the Named Insured for a specified time period. Coverage is available on a separate or shared limits basis for all health care extenders except optometrists and preceptees. Optometrists are eligible only for separate limits. Preceptees are eligible only for shared limits. A flat charge premium will be charged for the addition of any of the following health care extenders:

- Certified Registered Nurse Anesthetist
- ~~Nurse~~-Midwife
- Nurse Practitioner
- Optometrist
- Perfusionist
- Physician Assistant
- Physician Assistant Incl. Obstetrics
- Podiatrist (Limited Surgery)
- Podiatrist (Major Surgery)
- Preceptee
- [Radiology Assistant](#)

A part-time discount is available to health care extenders who practice less than full time on behalf of the Named Insured. The discount is based on the number of hours the health care extender works per month divided by the full time equivalent of 180 hours per month, subject to a minimum discount of 25% and a maximum discount of 75%. However, the maximum part-time discount available for a ~~Nurse~~-Midwife or a Physician Assistant Incl. Obstetrics is 50%.

I. *Endorsed Part-Time Physicians*

Coverage for Endorsed Part-Time Physicians is available for physicians who extend the practice of the Named Insured, either on a temporary or limited basis. The Endorsed Part-Time Physician will share in the Medical Group's limits of liability.

The premium is calculated as follows:

1. Determine mature rate of physician's medical specialty, limits, and territory; multiplied by

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2. Part-time Practice Discount

A 50% discount is available to physicians who meet all of the following criteria:

- a. practice an average of ~~24~~20 hours per week or less; and
- ~~b. have 40 or fewer hospital admissions per year, and~~
- ~~c. b. ___~~ have their own set of limits.

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Family/General Practice/OB and OB/GYN physicians are not eligible for the part-time practice discount.

A physician is not eligible for both the part-time practice discount and the new doctor discount simultaneously.

Physicians who are in the surcharge program do not qualify for a part-time discount.

3. Risk Management Discount Program

The risk management discount is available to each physician with separate limits who practices in a 2-4 physician-member group. A physician qualifies for a 5% or 7% discount by annually completing a NORCAL-approved loss prevention/risk management course or activity as follows"

| <u>Activity</u> | <u>Credit</u> |
|---|---------------|
| <ul style="list-style-type: none"> ▪ <u>A course or activity providing at least 2 annual CME credits;</u> | <u>5%</u> |
| <ul style="list-style-type: none"> ▪ <u>A course or activity providing at least 3 annual CME credits completed by a physician who is an active member of a NORCAL endorsement medical society;</u> | <u>7%</u> |

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Each physician must earn the discount individually. A physician in the surcharge program is not eligible for this discount.

~~A 5% discount is available to physicians in a 2-4 member physician group. To qualify, a physician who has his/her own set of limits must perform annually an approved activity specifically designed to augment his or her knowledge of medical-legal risk management techniques. Each physician must earn the discount on their own.~~

~~Physicians who are in the surcharge program do not qualify for the risk management discount.~~

5. Schedule Rating Plan

Schedule rating is a plan that allows NORCAL to modify a premium to reflect certain risk characteristics that are not reflected in manual rating.
~~This plan shall be applicable for groups of 5 or more physicians.~~

The range of debits and credits is based upon risk characteristics as follows:

| SCHEDULE RATING PLAN | |
|---|---------------------------------|
| <i>Risk Characteristics</i> | <i>Credits/Debits Available</i> |
| Adequacy of staffing selection and supervision, and experience of staff personnel | +/- 40% |
| Quality Assurance Procedures Credentialing and Re-Credentialing Peer Review Procedures Participation in Risk Management Programs | +/- 40% |
| Premises & Equipment – Type, Condition and Care | +/- 40% |
| Loss History | +/- 40% |
| Practice Profile | +/- 40% |
| Total Available Credits/Debits | +/- 40% |

6. Voluntary Deductible Discount

Voluntary deductibles are available in both aggregated and non-aggregated forms. The deductible credit is dependent on the total limits, deductible size, and aggregate deductible limit.

7. Pre-Retirement Premium Waiver Credit

A physician who has changed or modified his or her practice resulting in a lower medical specialty classification is eligible for a premium reduction. To qualify, the physician has to have been insured by NORCAL for 60 full consecutive months and be at least 55 years of age. The pre-retirement premium waiver credit results in a waiver of the residual portion of the premium which was rated at the higher medical specialty classification.

M. Surcharge Program

Any insured whose practice is found to be an increased risk may receive a surcharge of 10% or more. This program is designed for certain physicians who present an increased risk or who would otherwise be declined, non-renewed or canceled.

Physicians in this program are not eligible for the risk management and/or part-time practice discount.

III. EXTENDED REPORTING PERIOD COVERAGE

Extended Reporting Period Endorsement Coverage extends the time to report a claim, administrative proceeding or employment-related civil action. It may be available in the event of cancellation or non-renewal of a policy or the coverage of an insured physician or health care extender with separate limits, when the Named Insured or NORCAL cancels or non-renews the policy or coverage. If this endorsement is not issued, there will be no coverage for any claims resulting from medical incidents or occurrences, or administrative proceedings or employment-related civil actions, that are first reported to NORCAL on or after the termination date of the policy or coverage.

We will not issue an Extended Reporting Period Endorsement to the Named Insured or an insured physician or health care extender whose coverage has been cancelled or non-renewed for fraud, misrepresentation, concealment, or breach of warranty. Nor will we issue an Extended Reporting Period Endorsement to an Insured if a policy is cancelled for non-payment or is rescinded.

The premium for an Extended Reporting Period Endorsement is calculated by multiplying the claims-made run off factors by the mature premium that would have been collected for each historical year based on the physicians & surgeons rating plan in effect at the inception of the expiring claims-made policy and summing the result.

The Extended Reporting Period Endorsement will be issued upon payment of the premiums and extends coverage through perpetuity. This additional premium is fully earned and non-refundable.

1. Entities

An entity may be eligible to purchase an Extended Reporting Period Endorsement upon termination of the policy.

- a. Extended Reporting Period Endorsement premiums must be paid promptly when due. Premiums must be paid 100% at termination.
- b. The entity may purchase an Extended Reporting Period Endorsement for its own exposures at policy termination provided that all eligible physicians who are members of the group at the termination of the policy have purchased or are issued an Extended Reporting Period Endorsement by NORCAL.
- c. The entity is provided its own set of limits at the termination date of the policy. The limits of liability and reimbursement are equal to those

afforded under the current policy and apply to claims, administrative proceedings, and employment-related civil actions reported to NORCAL on or after the termination date of the policy.

- d. The premium for the entity's Extended Reporting Period Endorsement is a percentage of the Extended Reporting Period Endorsement premium charged for the health care professionals who are part of the group at the termination of the policy. The percentage applied and the applicable minimum premium requirements are based on the physicians & surgeons rating plans in effect at the time of the policy inception

2. Physicians & Surgeons with Separate Limits

A physician may be eligible to purchase an Extended Reporting Period Endorsement when he/she terminates his/her coverage under the Group Policy.

- a. Extended Reporting Period Coverage premiums must be paid promptly when due. Premiums must be paid 100% at termination or in 3 annual installments of 50%, 25% and 25%, with the first installment due at termination. If the installments are not paid, the Extended Reporting Period Endorsement will be cancelled. This additional premium is fully earned and non-refundable.
- b. The physician is provided his/her own set of limits of liability and reimbursement equal to those afforded under the current policy at the termination of his/her coverage. The limits of liability and reimbursement apply to claims, administrative proceedings, and employment-related civil actions reported to NORCAL on or after the termination of their coverage.
- c. If the physician should die within the policy period, an Extended Reporting Period Endorsement will be issued without charge to be effective through perpetuity.
- d. A waiver of Extended Reporting Period Endorsement premium will be issued for a physician's permanent disability subject to NORCAL's rules and regulations.
- e. A waiver of Extended Reporting Period Endorsement premium will be issued for retirement subject to NORCAL's rules and regulations. To qualify for a waiver due to retirement, physicians must meet all of the following criteria:

~~i. are at least 55 years of age; and~~

~~ii. have been continuously insured with NORCAL with separate limits for at least 60 months immediately prior to claiming this benefit; and~~

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iii. retire completely and permanently from the practice of medicine.

3. Health Care Extenders with Separate Limits

- a. Extended Reporting Period Endorsement premiums must be paid promptly when due. Premiums must be paid 100% at termination.
- b. The health care extender is provided his/her own set of limits of liability and reimbursement equal to those afforded under the current policy at the termination of his/her coverage. The limits of liability and reimbursement apply to claims, administrative proceedings, and employment-related civil actions reported to NORCAL on or after the termination of their coverage.

G. *Locum Tenens*

Coverage for a health care professional substituting for an insured health care professional will be limited to professional health care services rendered on behalf of the insured for the specified time period only. The locum tenens will share in the insured health care professional's limits of liability. There is no premium charge for this coverage.

H. *Health Care Extenders*

Health care extender coverage may be added to a policy by endorsement as appropriate to a particular situation. Coverage is limited to professional services rendered on behalf of the Named Insured for a specified time period. Coverage is available on a separate or shared limits basis for all health care extenders except optometrists and preceptees. Optometrists are eligible only for separate limits. Preceptees are eligible only for shared limits. A flat charge premium will be charged for the addition of any of the following health care extenders:

- Certified Registered Nurse Anesthetist
- Midwife
- Nurse Practitioner
- Optometrist
- Perfusionist
- Physician Assistant
- Physician Assistant Incl. Obstetrics
- Podiatrist (Limited Surgery)
- Podiatrist (Major Surgery)
- Preceptee
- Radiology Assistant

A part-time discount is available to health care extenders who practice less than full time on behalf of the Named Insured. The discount is based on the number of hours the health care extender works per month divided by the full time equivalent of 180 hours per month, subject to a minimum discount of 25% and a maximum discount of 75%. However, the maximum part-time discount available for a Midwife or a Physician Assistant Incl. Obstetrics is 50%.

I. *Endorsed Part-Time Physicians*

Coverage for Endorsed Part-Time Physicians is available for physicians who extend the practice of the Named Insured, either on a temporary or limited basis. The Endorsed Part-Time Physician will share in the Medical Group's limits of liability.

The premium is calculated as follows:

1. Determine mature rate of physician's medical specialty, limits, and territory; multiplied by
2. Full Time Equivalent basis (the hours worked each month is divided by 180 per month to determine the full time equivalent for rating purposes) –

2. Part-time Practice Discount

A 50% discount is available to physicians who meet all of the following criteria:

- a. practice an average of 20 hours per week or less; and
- b. have their own set of limits.

Family/General Practice/OB and OB/GYN physicians are not eligible for the part-time practice discount.

A physician is not eligible for both the part-time practice discount and the new doctor discount simultaneously.

Physicians who are in the surcharge program do not qualify for a part-time discount.

3. Risk Management Discount Program

The risk management discount is available to each physician with separate limits who practices in a 2-4 physician-member group. A physician qualifies for a 5% or 7% discount by annually completing a NORCAL-approved loss prevention/risk management course or activity as follows"

| <u>Activity</u> | <u>Credit</u> |
|--|---------------|
| ▪ A course or activity providing at least 2 annual CME credits: | 5% |
| ▪ A course or activity providing at least 3 annual CME credits completed by a physician who is an active member of a NORCAL endorsement medical society; | 7% |

Each physician must earn the discount individually. A physician in the surcharge program is not eligible for this discount.

4. Group Size Discount

Groups are eligible for a group size discount. The group size discount eligibility is evaluated annually at policy renewal. Changes made to the group's size during the policy period will not be reflected until the next policy renewal.

| <u>Group Size</u> | <u>Percentage of Discount</u> |
|-------------------|-------------------------------|
| 5-9 | 7.5% |
| 10-19 | 15% |
| 20-34 | 20% |
| 35 or more | 25% |

Group size is determined by the number of physician members who have separate limits of liability.

5. Schedule Rating Plan

Schedule rating is a plan that allows NORCAL to modify a premium to reflect certain risk characteristics that are not reflected in manual rating.

The range of debits and credits is based upon risk characteristics as follows:

| SCHEDULE RATING PLAN | |
|---|---------------------------------|
| <i>Risk Characteristics</i> | <i>Credits/Debits Available</i> |
| Adequacy of staffing selection and supervision, and experience of staff personnel | +/- 40% |
| Quality Assurance Procedures Credentialing and Re-Credentialing Peer Review Procedures Participation in Risk Management Programs | +/- 40% |
| Premises & Equipment – Type, Condition and Care | +/- 40% |
| Loss History | +/- 40% |
| Practice Profile | +/- 40% |
| Total Available Credits/Debits | +/- 40% |

6. Voluntary Deductible Discount

Voluntary deductibles are available in both aggregated and non-aggregated forms. The deductible credit is dependent on the total limits, deductible size, and aggregate deductible limit.

7. Pre-Retirement Premium Waiver Credit

A physician who has changed or modified his or her practice resulting in a lower medical specialty classification is eligible for a premium reduction. To qualify, the physician has to have been insured by NORCAL for 60 full consecutive months and be at least 55 years of age. The pre-retirement premium waiver credit results in a waiver of the residual portion of the premium which was rated at the higher medical specialty classification.

III. EXTENDED REPORTING PERIOD COVERAGE

Extended Reporting Period Endorsement Coverage extends the time to report a claim, administrative proceeding or employment-related civil action. It may be available in the event of cancellation or non-renewal of a policy or the coverage of an insured physician or health care extender with separate limits, when the Named Insured or NORCAL cancels or non-renews the policy or coverage. If this endorsement is not issued, there will be no coverage for any claims resulting from medical incidents or occurrences, or administrative proceedings or employment-related civil actions, that are first reported to NORCAL on or after the termination date of the policy or coverage.

We will not issue an Extended Reporting Period Endorsement to the Named Insured or an insured physician or health care extender whose coverage has been cancelled or non-renewed for fraud, misrepresentation, concealment, or breach of warranty. Nor will we issue an Extended Reporting Period Endorsement to an Insured if a policy is cancelled for non-payment or is rescinded.

The premium for an Extended Reporting Period Endorsement is calculated by multiplying the claims-made run off factors by the mature premium that would have been collected for each historical year based on the physicians & surgeons rating plan in effect at the inception of the expiring claims-made policy and summing the result.

The Extended Reporting Period Endorsement will be issued upon payment of the premiums and extends coverage through perpetuity. This additional premium is fully earned and non-refundable.

1. Entities

An entity may be eligible to purchase an Extended Reporting Period Endorsement upon termination of the policy.

- a. Extended Reporting Period Endorsement premiums must be paid promptly when due. Premiums must be paid 100% at termination.
- b. The entity may purchase an Extended Reporting Period Endorsement for its own exposures at policy termination provided that all eligible physicians who are members of the group at the termination of the policy have purchased or are issued an Extended Reporting Period Endorsement by NORCAL.
- c. The entity is provided its own set of limits at the termination date of the policy. The limits of liability and reimbursement are equal to those

afforded under the current policy and apply to claims, administrative proceedings, and employment-related civil actions reported to NORCAL on or after the termination date of the policy.

- d. The premium for the entity's Extended Reporting Period Endorsement is a percentage of the Extended Reporting Period Endorsement premium charged for the health care professionals who are part of the group at the termination of the policy. The percentage applied and the applicable minimum premium requirements are based on the physicians & surgeons rating plans in effect at the time of the policy inception

2. Physicians & Surgeons with Separate Limits

A physician may be eligible to purchase an Extended Reporting Period Endorsement when he/she terminates his/her coverage under the Group Policy.

- a. Extended Reporting Period Coverage premiums must be paid promptly when due. Premiums must be paid 100% at termination or in 3 annual installments of 50%, 25% and 25%, with the first installment due at termination. If the installments are not paid, the Extended Reporting Period Endorsement will be cancelled. This additional premium is fully earned and non-refundable.
- b. The physician is provided his/her own set of limits of liability and reimbursement equal to those afforded under the current policy at the termination of his/her coverage. The limits of liability and reimbursement apply to claims, administrative proceedings, and employment-related civil actions reported to NORCAL on or after the termination of their coverage.
- c. If the physician should die within the policy period, an Extended Reporting Period Endorsement will be issued without charge to be effective through perpetuity.
- d. A waiver of Extended Reporting Period Endorsement premium will be issued for a physician's permanent disability subject to NORCAL's rules and regulations.
- e. A waiver of Extended Reporting Period Endorsement premium will be issued for retirement subject to NORCAL's rules and regulations. To qualify for a waiver due to retirement, physicians must meet all of the following criteria:
 - i. have been continuously insured with NORCAL with separate limits for at least 60 months immediately prior to claiming this benefit; and
 - ii. retire completely and permanently from the practice of medicine.

3. Health Care Extenders with Separate Limits

- a. Extended Reporting Period Endorsement premiums must be paid promptly when due. Premiums must be paid 100% at termination.

- b. The health care extender is provided his/her own set of limits of liability and reimbursement equal to those afforded under the current policy at the termination of his/her coverage. The limits of liability and reimbursement apply to claims, administrative proceedings, and employment-related civil actions reported to NORCAL on or after the termination of their coverage.

| | | | |
|--------------------------|---------------------------------|------------------------|-------------------------------|
| SERFF Tracking Number: | NCMC-127209693 | State: | California |
| Filing Company: | NORCAL Mutual Insurance Company | State Tracking Number: | 11-5669 |
| Company Tracking Number: | CA P&S FORM/RATE/RULE 1/1/2012 | | |
| TOI: | 11.2 Med Mal-Claims Made Only | Sub-TOI: | 11.2023 Physicians & Surgeons |
| Product Name: | NORCAL Physicians & Surgeons | | |
| Project Name/Number: | CA P&S FORM/RATE/RULE 1/1/2012/ | | |

Supporting Document Schedules

| | | |
|--|---------------------|---------------|
| | Item Status: | Status |
| | | Date: |

Satisfied - Item: Prior Approval Rate Application

Comments:

The following items are attached:

- Prior Approval Rate Application and Rate Variance Scenarios in PDF format
- Prior Approval Rate Application in Excel format
- Actuarial Memo and Exhibits
- Rate Manual (Marked and Clean Copy)

Attachments:

PriorApprovalRateApplication040411-4 and Rate Variance Scenarios_Filing Version.pdf
 PriorApprovalRateApplication040411-4.xls
 Actuarial Memo and Exhibits_Filing Version.pdf
 CA Rate Manual 1-1-12_Filing Version.pdf

| | | |
|--|---------------------|---------------|
| | Item Status: | Status |
| | | Date: |

Satisfied - Item: Filing Memorandum and Summary of Form Changes

Comments:

The following items are attached:

- Filing Memorandum
- Summary of Form Changes

Attachments:

Filing Memorandum_Filing Version.pdf
 Summary of Form Changes_Filing Version.pdf

PRIOR APPROVAL RATE APPLICATION

Completed by: NORCAL Date: 6/30/2011

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

Does this filing include a variance request? Yes 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:
11-191

Company Name NORCAL Mutual Insurance Company

NAIC Company Code 33200

Group Name Medical Group Holdings & Affiliates

NAIC Group Code 1262

Organized under the Laws of the State of California

| DEPARTMENT USE ONLY | |
|-------------------------------|--|
| Filing No.: | _____ |
| SERFF No.: | _____ |
| Date Filed: | _____ |
| Compliance Date: | _____ |
| Date Public Notified: | _____ |
| Deemer Date: | _____ |
| Intake Analyst: | _____ |
| Bureau & Senior: | _____ |
| Group Filing: | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| X-Reference No.: | _____ |
| <input type="checkbox"/> Rate | <input type="checkbox"/> New Program <input type="checkbox"/> Rule |
| <input type="checkbox"/> Form | <input type="checkbox"/> Variance _____ % Change |

Line Type COMMERCIAL

Line of Insurance: MEDICAL MALPRACTICE

Subline Physicians & Surgeons

Program Physicians & Surgeons

Home Office 560 Davis Street, San Francisco CA 94111

Name and Title of Contact Person Wendy Ho, Operations Business Analyst/Regulatory Compliance

Toll Free Phone No.: (800) 652-1051, ext 2101

Fax No.: (415) 835-9818

Email Address who@norcalmutual.com

Mailing Address 560 Davis Street, San Francisco CA 94111

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

Wendy Ho
Authorized Signature

June 30, 2011
Date of Filing

415-735-2101
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? No Yes
If yes, please complete (Super Group) Exhibit 19.

List each insurance company in alphabetical order.

Company Name NORCAL Mutual Insurance Company CDI Filing No. _____
(Department use only)
NAIC Company Code 33200

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

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

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

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

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

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

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

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

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

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 checked="" type="checkbox"/> Variance | |
| <input checked="" 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 checked="" 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 checked="" 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 (including exhibit 20) |
| <input checked="" 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: \$ 7,375.30

Proposed Overall Rate Change -5.00%

| | <u>COVERAGE*</u> | <u>INDICATED CHANGE (%)</u> | <u>PROPOSED CHANGE (%)</u> | <u>ADJUSTED EARNED PREMIUM*</u> | <u>PROJECTED EARNED PREMIUM</u> |
|-----|-----------------------|-----------------------------|----------------------------|---------------------------------|---------------------------------|
| 1. | Physicians MPL | 8.94% | -5.00% | 136,618,010 | 129,787,110 |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| 10. | | | | | |
| | TOTAL: | | | | |

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 | NORCAL | | | |
| Date Completed | 6/30/2011 | | | |
| Company/Group | NORCAL Mutual Insurance Company | | | |
| Line Description | MEDICAL MALPRACTICE (claims-made) ▼ | | | |
| Coverage | | | | |
| | %Captive | %Direct | %Independent | (Must add up to 100%) |
| Marketing System: | 0.00% | 59.00% | 41.00% | |
| Prior Effective Date (current rates) | 10/1/2004 | | | |
| Proposed Effective Date (new rates) | 1/1/2012 | | | |
| CDI File Number (Department use only) | 0 | | | |
| Does the data provided below reflect a Request for Variance? | Yes ▼ | Variance #: 1,2,3 | | |
| Data below is: | Report Year Data (Claims Made policies only) ▼ | | | |
| | 2nd Prior Year | 1st Prior Year | Most Recent Year | Projected*/ New Program** |
| | 2008 | 2009 | 2010 | |
| 1 California Direct Written Premium | 147,895,486 | 140,497,443 | 138,880,182 | |
| 2 California Direct Earned Premium | 148,259,193 | 140,605,000 | 136,618,010 | |
| 3 Premium Adjustment Factor (Developed in Exhibit 4) | 1.000 | 1.000 | 1.000 | |
| 4 Premium Trend Factor * (Developed in Exhibit 5) | 0.944 | 0.971 | 1.000 | -1.46% |
| 5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6) | - | - | - | |
| 6 Earned Exposure Units | 18,132 | 17,375 | 17,704 | |
| 7 Historic Losses (Projected for New Programs) | 38,255,384 | 46,747,642 | 33,334,313 | |
| 8 Historic Defense and Cost Containment Expense (DCCE) | 39,171,710 | 36,544,529 | 27,188,615 | |
| 9 Loss Development Factor (Developed in Exhibit 7) | 1.037 | 1.151 | 1.980 | |
| 10 DCCE Development Factor (Developed in Exhibit 7) | 1.037 | 1.151 | 1.980 | |
| 11 Loss Trend Factor* (Developed in Exhibit 8) | 1.193 | 1.147 | 1.103 | 4.00% |
| 12 DCCE Trend Factor* (Developed in Exhibit 8) | 1.193 | 1.147 | 1.103 | 4.00% |
| 13 Catastrophe Adjustment Factor (Developed in Exh 9) | 1.000 | 1.000 | 1.000 | |
| 14 Credibility Factor for Losses & DCCE (Developed in Exhibit 10) | | | | 100.00% |
| 15 Excluded Expense Factor (From Page 13) | | | | 1.29% |
| 16 Ancillary Income (Developed in Exhibit 11) | | | | |
| 17 Projected Federal Income Tax Rate on Investment Income (From Page 14) | | | | 28.83% |
| 18 Projected Yield (From Page 14) | | | | 5.13% |
| Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions) | | | | |
| 19 Direct Commissions | | | | |
| 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) | | | | Yes ▼ |
| Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to CDI approval) | | | | 4.18% |
| * For all trend factors, the Projected Column should reflect the annual trend expressed as a percentage. | | | | |
| ** For New Programs, please see Rate Filing Instructions, Page 4. | | | | |

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

| Program | Most Recent CDI File # | 2nd Prior Year <u>2008</u> | 1st Prior Year <u>2009</u> | Most Recent Year <u>2010</u> |
|----------------------|---------------------------|-------------------------------------|-------------------------------------|---------------------------------------|
| 1. Physicians | | \$ 148,259,193 | \$ 140,605,000 | \$ 136,618,010 |
| 2. Hospital | | \$ 9,625,689 | \$ 8,732,898 | \$ 6,934,854 |
| 3. Purchasing Groups | | \$ 6,638,321 | \$ 6,931,977 | \$ 6,908,983 |
| 4. | | \$ - | \$ - | \$ - |
| 5. | | \$ - | \$ - | \$ - |
| 6. | | \$ - | \$ - | \$ - |
| 7. | | \$ - | \$ - | \$ - |
| 8. | | \$ - | \$ - | \$ - |
| 9. | | \$ - | \$ - | \$ - |
| 10. | | \$ - | \$ - | \$ - |
| | TOTAL | \$ 164,523,203 | \$ 156,269,875 | \$ 150,461,847 |
| | Statutory Page 14 | \$ 164,523,202 | \$ 156,269,874 | \$ 150,461,847 |
| | Difference | \$ 1 | \$ 1 | \$ - |

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*

| <u>Calendar Year</u> | Year | <u>2010</u> |
|---|------|-------------------|
| DATA | | |
| 1. Number of claims outstanding at beginning of year | | <u>2632</u> |
| 2. Number of claims during the year | | <u>2457</u> |
| 3. Number of claims closed during the year | | <u>2295</u> |
| 4. Number of claims outstanding at year's end ((1) + (2) - (3)) | | <u>2794</u> |
| 5. Unearned Premiums | | <u>48,572,883</u> |
| 6. Dollar amount of claims paid | | <u>92,736,119</u> |
| 7. Net loss reserves for outstanding claims excluding claims incurred but not reported | | 125,723,867 |
| 8. Net loss reserves for claims incurred but not reported | | 113,714,141 |
| 9. Losses incurred as a percentage of premiums earned - including IBNR | | <u>59.70%</u> |
| 10. Net investment gain or loss and other income or gain or loss allocated to the line. | | <u>19,887,026</u> |
| 11. Net income before federal and foreign income taxes (line 10 plus line 15) | | <u>25,933,159</u> |
| 12. Total number of policies in force on the last day of the reporting period | | <u>9534</u> |
| 13. Total number of policies cancelled | | <u>465</u> |
| 14. Total number of policies non-renewed | | <u>8</u> |
| 15. Net underwriting gain or loss (=CY earned premiums minus CY incurred loss minus CY incurred expense) | | <u>6,046,133</u> |
| 16. Separate allocations of expenses for: | | |
| a) commissions and brokerage expense, | | <u>6,847,602</u> |
| b) other acquisition costs, | | <u>-</u> |
| c) general office expenses, | | <u>22,070,942</u> |
| d) taxes, licenses and fees, | | <u>3,192,181</u> |
| e) loss adjustment expense (DCCE & AOE), and | | <u>16,904,338</u> |
| f) other expenses | | <u>-</u> |

Note: DCCE is included with loss and 16(e) includes AOE only

*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 -1.71%
(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 1.78%
(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 1.48%
(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 1.54%
(Change At Max Per Template)
4. Relief from operation of the efficiency standard for a line of insurance in which the insurer has never written over \$1 million in earned premium annually and the insurer is making a substantial investment in order to enter the market.
Maximum Permitted Rate Change % With Only This Variance _____
(Change At Max Per Template)
5. The minimum permitted earned premium should be lower on the basis of the insurer's certification that the rate will not cause the insurer's financial condition to present an undue risk to its solvency.
6. The insurer's financial condition is such that its maximum permitted earned premium should be increased in order to protect solvency.
Maximum Permitted Rate Change % With Only This Variance _____
(Change At Max Per Template)
7. The loss development formula in CCR 2644.6 does not produce an actuarially sound result because:
A. There is not enough data to be credible
B. There is not enough years of data to fully calculate the development to ultimate;
C. There are changes in the insurer's reserving or claims closing practices that significantly affect the data; or,
D. There are changes in coverage or other policy terms that significantly affect the data; or,
E. There are changes in the law that significantly affect the data.
F. There is a significant increase or decrease in the amount of business written or significant changes in the mix of business.
Maximum Permitted Rate Change % With Only This Variance _____
(Change At Max Per Template)

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

Maximum Permitted Rate Change % With Only This Variance _____
(Change At Max Per Template)

9. The maximum permitted earned premium would be confiscatory if applied.

Maximum Permitted Rate Change % With Only This Variance _____
(Change At Max Per Template)

Overall Maximum Permitted Rate Change % _____
8.94%

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 | <u>35.88%</u> |

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 | SOURCE FORM NO * | CATEGORY | Restricts Coverage [Yes/ No] | Broadens Coverage [Yes/ No] | Rate Impact [Yes / No] | % Change | Flat Rate |
|---------|----------|--|------|--------|------------------|----------|------------------------------|-----------------------------|------------------------|----------|-----------|
| 1) New: | IE-004 | Roster of Insured Person(s) | 2 | 3 | 3 | 4 | No | No | No | 0.00% | N/A |
| Old: | | | | | | | | | | | |
| 2) New: | IE-096 | Policy Change Endorsement | 2 | 3 | 3 | 4 | No | Yes | No | 0.00% | N/A |
| Old: | | | | | | | | | | | |
| 3) New: | | | | | | | | | | | |
| Old: | IE-095 | Waiver of Extended Reporting Period Endorsement Premium | 2 | 3 | 3 | 6 | No | Yes | No | 0.00% | N/A |
| 4) New: | GRP-004 | Roster of Insured Physician (s) Separate Limits of Liability and Reimbursement | 2 | 3 | 3 | 4 | No | No | No | 0.00% | N/A |
| Old: | | | | | | | | | | | |
| 5) New: | GRP-096 | Policy Change Endorsement | 2 | 3 | 3 | 3 | No | Yes | No | 0.00% | N/A |
| Old: | | | | | | | | | | | |
| 5) New: | | | | | | | | | | | |
| Old: | GRP-095 | Waiver of Extended Reporting Period Endorsement Premium | 2 | 3 | 3 | 6 | No | Yes | No | 0.00% | N/A |
| 5) New: | GRP091GL | Health Care General Liability Endorsement | 2 | 3 | 3 | 4 | No | Yes | No | 0.00% | N/A |
| 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:

EXCLUDED EXPENSE FACTOR

(Insurer Group Data)

Company Organization:

| | (Enter Year) | 2nd Prior Year 2008 | 1st Prior Year 2009 | Most Recent Year 2010 |
|---|--------------|------------------------|------------------------|-----------------------------|
| Countrywide direct earned premium: | | 253141099 | 251606783 | 242194000 |
| Countrywide direct earned premium for lines of business subject to Proposition 103: | | 253141099 | 251606783 | 242194000 |

2644.10 (b): Executive Compensation

| | 2nd Prior Year 2008 | | 1st Prior Year 2009 | | Most Recent Year 2010 | |
|------------------|------------------------|---------|------------------------|---------|--------------------------|---------|
| | Cash & Salary | Bonus | Cash & Salary | Bonus | Cash & Salary | Bonus |
| 1st Highest Paid | 941,575 | 588,000 | 944,219 | 602,864 | 975,474 | 748,000 |
| 2nd Highest Paid | 383,572 | 170,464 | 432,873 | 196,729 | 426,178 | 190,446 |
| 3rd Highest Paid | 360,796 | 167,071 | 407,628 | 139,573 | 414,859 | 184,106 |
| 4th Highest Paid | 330,678 | 127,134 | 319,278 | 102,515 | 325,423 | 137,848 |
| 5th Highest Paid | 214,172 | 82,848 | 222,991 | 62,742 | 237,334 | 84,507 |

| | 2nd Prior Year 2008 | | 1st Prior Year 2009 | | Most Recent Year 2010 | |
|------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| | Max Permissible Exc Comp | Excessive Compensation | Max Permissible Exc Comp | Excessive Compensation | Max Permissible Exc Comp | Excessive Compensation |
| 1st Highest Paid | 293,752 | 1,235,823 | 293,028 | 1,254,055 | 288,527 | 1,434,947 |
| 2nd Highest Paid | 192,748 | 361,288 | 192,339 | 437,263 | 189,797 | 426,827 |
| 3rd Highest Paid | 151,810 | 376,057 | 151,458 | 395,743 | 149,268 | 449,697 |
| 4th Highest Paid | 137,918 | 319,894 | 137,618 | 284,175 | 135,752 | 327,519 |
| 5th Highest Paid | 125,941 | 171,079 | 125,679 | 160,054 | 124,051 | 197,790 |

| | | | |
|--|-----------|-----------|-----------|
| Total Excessive Executive Comp: | 2,464,142 | 2,531,290 | 2,836,781 |
|--|-----------|-----------|-----------|

Excluded Expense Factor

| Countrywide Data | 2nd Prior Year 2008 | 1st Prior Year 2009 | Most Recent Year 2010 |
|--|------------------------|------------------------|-----------------------------|
| 2644.10 (a): Political contribution and lobbying | 688,090 | 544,109 | 564,590 |
| 2644.10 (b): Excessive Executive Compensation | 2,464,142 | 2,531,290 | 2,836,781 |
| 2644.10 (c): Bad faith judgments and associated DCCE | | | |
| 2644.10 (d): All costs for unsuccessful defense of discrimination claims | | | |
| 2644.10 (e): Fines and penalties | | | |
| 2644.10 (f): Institution advertising expenses | | | |
| 2644.10 (g): Excessive payments to affiliates | | | |
| Total excluded expenses | 3,152,232 | 3,075,399 | 3,401,371 |
| Excluded expense factor | 1.25% | 1.22% | 1.40% |
| 3-year average excluded expense factor | 1.29% | | |

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 | 21,699,436 | 18,933,676 | 40,884,497 | 4,845,562 | 5,697,000 |
| 2.7 All other governments | 0 | 0 | 431,389 | 0 | 0 |
| 3.7 States, territories and possessions | 0 | 19,523,538 | 15,260,962 | 1,458,869 | 0 |
| 4.7 Political subdivisions | 1,940,000 | 14,274,027 | 27,065,394 | 9,857,988 | 0 |
| 5.7 Special revenue and assessment obligations | 70,957,332 | 155,887,358 | 107,244,262 | 13,430,441 | 6,067,651 |
| 6.7 Public utilities unaffiliated | 79,229,380 | 142,748,852 | 171,217,858 | 27,223,452 | 33,229,730 |
| 7.7 Industrial and miscellaneous | 0 | 0 | 0 | 0 | 0 |
| 8.7 Credit tenant loans | 0 | 0 | 0 | 0 | 0 |
| 9.7 Parent, subsidiaries and affiliates | 0 | 0 | 0 | 0 | 0 |
| | One year or less | Over 1 year through 10 years | | Over 10 years | |
| (1) US government bonds Sum of line 1.7 and 2.7 | 21,699,436 | | 60,249,562 | | 10,542,562 |
| (2) Other taxable bonds Sum of line 6.7, 7.7, 8.7, 9.7 and half of 5.7 | 114,708,046 | | 445,532,520 | | 70,202,228 |
| (3) Tax exempt bonds Sum of line 3.7, 4.7, and half of 5.7 | 37,418,666 | | 207,689,731 | | 21,065,903 |

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 | 21,699,436 | 0.07% | 14,466 | 35.00% | 5,063 |
| (B) Intermediate | 60,249,562 | 3.35% | 2,016,352 | 35.00% | 705,723 |
| (C) Long | 10,542,562 | 4.19% | 441,382 | 35.00% | 154,484 |
| (2) Other taxable bonds | | | | | |
| (A) Short | 114,708,046 | 0.21% | 240,887 | 35.00% | 84,310 |
| (B) Intermediate | 445,532,520 | 4.43% | 19,733,472 | 35.00% | 6,906,715 |
| (C) Long | 70,202,228 | 5.29% | 3,715,823 | 35.00% | 1,300,538 |
| (3) Tax exempt bonds | | | | | |
| (A) Short | 37,418,666 | 0.14% | 51,076 | 5.25% | 2,682 |
| (B) Intermediate | 207,689,731 | 3.39% | 7,031,098 | 5.25% | 369,133 |
| (C) Long | 21,065,903 | 5.14% | 1,082,841 | 5.25% | 56,849 |
| (4) Common Stock | 292,437,808 | | | | |
| (A) Dividends | | 1.65% | 4,825,224 | 14.18% | 683,975 |
| (B) Capital gains | | 8.44% | 24,675,252 | 34.10% | 8,414,261 |
| (5) Preferred stock dividends | 6,283,924 | 5.72% | 359,440 | 14.18% | 50,951 |
| (6) Mortgage loans | 0 | 5.29% | 0 | 35.00% | 0 |
| (7) Real estate | 0 | 4.09% | 0 | 35.00% | 0 |
| (8) Cash** | 14,061,644 | 0.07% | 9,374 | 35.00% | 3,281 |
| (9) Other*** | 57,878,864 | | | | |
| (A) Dividends | | 1.65% | 955,001 | 14.18% | 135,371 |
| (B) Capital gains | | 8.44% | 4,883,690 | 34.10% | 1,665,338 |
| (10) Total | | | | | |
| Sum of line (1) thru (9) | 1,359,770,894 | | 70,035,381 | | 20,538,675 |

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

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

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

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

PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

| | Invested Assets [1] | Currently Available Yield [2] | Return On Invested Assets [3]=[1]*[2] | Federal Income Tax Rate [4] | Federal Income Taxes [5]=[3]*[4] |
|---|---------------------------|--|---|--------------------------------------|--|
| (10) Total line (10) exhibit 13, page 2 | <u>1,359,770,894</u> | | <u>70,035,381</u> | | <u>20,538,675</u> |
| (11) Investment expense Annual Statement (AS) page 11, line 25 | | | <u>5,645,020</u> | 35.00% | <u>1,975,757</u> |
| (12) Total after investment expense line (10) - line (11) | <u>1,359,770,894</u> | | <u>64,390,361</u> | | <u>18,562,918</u> |
| (13) Federal income tax rate line (12) column [5] / column [3] | | | | 28.83% | |
| (14) Projected yield on invested assets line (12) column [3] / column [1] | | <u>4.74%</u> | | | |
| | Most Recent Year | | | | |
| (15) Loss reserves AS page 3, line 1 | <u>356,436,916</u> | | | | |
| (16) Loss adjustment expense reserves AS page 3, line 3 | <u>258,918,024</u> | | | | |
| (17) Unearned premium reserves AS page 3, line 9 | <u>82,042,502</u> | | | | |
| (18) Surplus as regards to policyholders AS page 3, line 35 | <u>557,445,198</u> | | | | |
| (19) Total reserves and surplus Sum of line (15) to (18) | <u>1,254,842,640</u> | | | | |
| (20) Projected yield adjusted to reserve and surplus base line (14) * line (12) / line (19) | | | | 5.13% | |

| VARIANCE: 1,2,3 | | RATE TEMPLATE | | | <i>Edition Date:</i> | 4/4/2011 |
|---|-----------------------------------|----------------------------|---------------|-----------------------------|-----------------------|----------|
| | | <i>(No input by filer)</i> | | | | |
| CDI FILE NUMBER: | 0 | | | | | |
| COMPANY/GROUP: | NORCAL Mutual Insurance Company | | | | | |
| LINE OF INSURANCE: | MEDICAL MALPRACTICE (claims-made) | | | | | |
| COVERAGE: | 0 | | | | | |
| PRIOR EFF DATE: | 10/1/2004 | | | <i>Completed by: NORCAL</i> | | |
| PROPOSED EFF DATE: | 1/1/2012 | | | <i>Date: 6/30/2011</i> | | |
| DATA PROVIDED BY FILER | | | | | | |
| | Year: | 2008 | 2009 | 2010 | PROJECTED/ SUMMARY | |
| | | PRIOR2 | PRIOR1 | RECENT | | |
| WRT PREM | | 147,895,486 | 140,497,443 | 138,880,182 | 427,273,111 | |
| ERN PREM | | 148,259,193 | 140,605,000 | 136,618,010 | 425,482,203 | |
| PREM ADJ | | 1.000 | 1.000 | 1.000 | | |
| PREM TREND | | 0.944 | 0.971 | 1.000 | -0.015 | |
| MISCELLANEOUS FEES (& other flat charges) | | 0 | 0 | 0 | 0 | |
| EARNED EXP | | 18,132 | 17,375 | 17,704 | 53,211 | |
| LOSSES | | 38,255,384 | 46,747,642 | 33,334,313 | 118,337,339 | |
| DCCE | | 39,171,710 | 36,544,529 | 27,188,615 | 102,904,854 | |
| LOSS DEV | | 1.037 | 1.151 | 1.980 | | |
| DCCE DEV | | 1.037 | 1.151 | 1.980 | | |
| LOSS TREND | | 1.193 | 1.147 | 1.103 | 0.040 | |
| DCCE TREND | | 1.193 | 1.147 | 1.103 | 0.040 | |
| CAT ADJ | | 1.000 | 1.000 | 1.000 | | |
| CREDIBILITY | | | | | 100.00% | |
| EXPENSE EXCLUSION FACTOR | | | | | 1.29% | |
| ANC INC | | 0 | 0 | 0 | 0 | |
| FIT INV | | | | | 28.83% | |
| YIELD | | | | | 5.13% | |
| CDI PARAMETERS: | | | | | | |
| FIT UW | | | | | 35.00% | |
| EFF STANDARD | | | | | 31.46% | |
| LEVERAGE | | | | | 0.50 | |
| PREMIUM TAX RATE | | | | | 2.35% | |
| SURPLUS RATIO | | | | | 1.99 | |
| UEP RES RATIO | | | | | 0.42 | |
| LOSS RES RATIO | | | | | 4.21 | |
| RISK FREE RATE OF RETURN | | | | | 2.09% <i>May 2011</i> | |
| MAXIMUM RATE OF RETURN | | | | | 8.09% | |
| MINIMUM RATE OF RETURN | | | | | -6.00% | |
| CDI CALCULATIONS: | | | | | | |
| ADJ PREM | | 139,956,678 | 136,527,455 | 136,618,010 | 413,102,143 | |
| ADJUSTED LOSSES | | 47,327,304 | 61,716,097 | 72,800,140 | 181,843,540 | |
| ADJUSTED DCCE | | 48,460,928 | 48,245,978 | 59,378,304 | 156,085,210 | |
| ADJUSTED LOSS+DCCE RATIO | | 68.44% | 80.54% | 96.75% | 81.80% | |
| TRENDED CURRENT RATE LEVEL PREMIUM | | 7718.77 | 7857.70 | 7716.79 | 7763.47 | |
| LOSS+DCCE PER EXP | | 5282.83 | 6328.75 | 7466.02 | 6350.73 | |
| COMP LOSS+DCCE PER EXP | | 7191.28 | 7320.72 | 7189.44 | 7232.94 | |
| CRED LOSS PER EXP | | 5282.83 | 6328.75 | 7466.02 | 6350.73 | |
| ANC INC PER EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| FIXED INV INC FACTOR | | | | | 23.65% | |
| VAR INV INC FACTOR | | | | | 13.53% | |
| ANNUAL NET TREND | | | | | 5.54% | |
| COMP TREND | | | | | 24.08% | |
| MAX PROFIT | | | | | 24.74% | |
| MIN PROFIT | | | | | -18.36% | |
| UW PROFIT | | | | | -6.55% | |
| MAX DENOM | | | | | 0.573 | |
| MIN DENOM | | | | | 1.004 | |
| MAX PREMIUM | | | | | \$8,457.85 | |
| MIN PREMIUM | | | | | \$4,827.95 | |
| CHANGE AT MIN | | | | | -37.81% | |
| CHANGE AT MAX | | | | | 8.94% | |
| Alternate Calculation with Reinsurance | | | | | | |
| COMMISSION RATE | | | | | 0.00% | |
| RE PREM | | - | - | - | 0 | |
| RE RECOV | | - | - | - | 0 | |
| RE PREM PER EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| RE RECOV PER EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| COMP LOSS RE | | 7191.28 | 7320.72 | 7189.44 | 7232.94 | |
| 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: 28.57% 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 file/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: NORCAL Mutual Insurance Company
LINE OF INSURANCE: MEDICAL MALPRACTICE (claims-made)
LINE CODE: 11.2
COVERAGE: 0

ADVISORY ORGANIZATION FILING INFORMATION

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

1.1 CDI Filing Number

1.2 Loss Cost Percent Change Approved for the Line or Coverage

1.3 AOE or LAE Load Approved for the Line or Coverage

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

COMPANY LCM INFORMATION

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

2.1 Current Expense Based LCM

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

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

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

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

| | | |
|---|---------|-------------|
| 3 Insurer's Current <u>Final</u> 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 | 6350.731055 |
| 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, Part III -Total US PC Industry - (\$000 omitted).

Revised: 2/17/2009

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

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

| RATEMAKING DATA | | | | |
|---|--|----------------|------------------|---------------------------|
| <i>(Click + to expand for more than 3 years; - to contract)</i> | | | | |
| Completed by | NORCAL | | | |
| Date Completed | 6/30/2011 | | | |
| Company/Group | NORCAL Mutual Insurance Company | | | |
| Line Description | MEDICAL MALPRACTICE (claims-made) ▼ | | | |
| Coverage | | | | |
| | %Captive | %Direct | %Independent | (Must add up to 100%) |
| Marketing System: | 0.00% | 59.00% | 41.00% | |
| Prior Effective Date (current rates) | 10/1/2004 | | | |
| Proposed Effective Date (new rates) | 1/1/2012 | | | |
| CDI File Number (Department use only) | 0 | | | |
| Does the data provided below reflect a Request for Variance? | Yes ▼ | Variance #: | | |
| Data below is: | Report Year Data (Claims Made policies only) ▼ | | | |
| | 2nd Prior Year | 1st Prior Year | Most Recent Year | Projected*/ New Program** |
| | 2008 | 2009 | 2010 | |
| 1 California Direct Written Premium | 147,895,486 | 140,497,443 | 138,880,182 | |
| 2 California Direct Earned Premium | 148,259,193 | 140,605,000 | 136,618,010 | |
| 3 Premium Adjustment Factor (Developed in Exhibit 4) | 1.000 | 1.000 | 1.000 | |
| 4 Premium Trend Factor * (Developed in Exhibit 5) | 0.944 | 0.971 | 1.000 | -1.46% |
| 5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6) | - | - | - | |
| 6 Earned Exposure Units | 18,132 | 17,375 | 17,704 | |
| 7 Historic Losses (Projected for New Programs) | 38,255,384 | 46,747,642 | 33,334,313 | |
| 8 Historic Defense and Cost Containment Expense (DCCE) | 39,171,710 | 36,544,529 | 27,188,615 | |
| 9 Loss Development Factor (Developed in Exhibit 7) | 1.037 | 1.151 | 1.980 | |
| 10 DCCE Development Factor (Developed in Exhibit 7) | 1.037 | 1.151 | 1.980 | |
| 11 Loss Trend Factor* (Developed in Exhibit 8) | 1.193 | 1.147 | 1.103 | 4.00% |
| 12 DCCE Trend Factor* (Developed in Exhibit 8) | 1.193 | 1.147 | 1.103 | 4.00% |
| 13 Catastrophe Adjustment Factor (Developed in Exh 9) | 1.000 | 1.000 | 1.000 | |
| 14 Credibility Factor for Losses & DCCE (Developed in Exhibit 10) | | | | 100.00% |
| 15 Excluded Expense Factor (From Page 13) | | | | 1.29% |
| 16 Ancillary Income (Developed in Exhibit 11) | | | | |
| 17 Projected Federal Income Tax Rate on Investment Income (From Page 14) | | | | 28.83% |
| 18 Projected Yield (From Page 14) | | | | 5.13% |
| <i>Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions)</i> | | | | |
| 19 Direct Commissions | | | | |
| 20 Reinsurance Premium (Developed in Exhibit 12) | | | | |
| 21 Reinsurance Recoverables (Developed in Exhibit 12) | | | | |
| Variance Change to Leverage on the basis that the insurer either writes at least 90% of its direct earned premium in one line or writes at least 90% of its direct earned premium in California. (Must be accompanied by Variance Request, subject to CDI approval) | | | | No ▼ |
| Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to CDI approval) | | | | 0.00% |
| * 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. | | | | |

| VARIANCE: | RATE TEMPLATE | | | <i>Edition Date:</i> | <i>4/4/2011</i> |
|---|-----------------------------------|---------------|---------------|-----------------------|------------------|
| | <i>(No input by filer)</i> | | | | |
| CDI FILE NUMBER: | 0 | | | | |
| COMPANY/GROUP: | NORCAL Mutual Insurance Company | | | | |
| LINE OF INSURANCE: | MEDICAL MALPRACTICE (claims-made) | | | | |
| COVERAGE: | 0 | | | | |
| PRIOR EFF DATE: | 10/1/2004 | | | <i>Completed by:</i> | <i>NORCAL</i> |
| PROPOSED EFF DATE: | 1/1/2012 | | | <i>Date:</i> | <i>6/30/2011</i> |
| DATA PROVIDED BY FILER | | | | | |
| Year: | 2008 | 2009 | 2010 | | |
| | PRIOR2 | PRIOR1 | RECENT | PROJECTED/ SUMMARY | |
| WRT PREM | 147,895,486 | 140,497,443 | 138,880,182 | 427,273,111 | |
| ERN PREM | 148,259,193 | 140,605,000 | 136,618,010 | 425,482,203 | |
| PREM ADJ | 1.000 | 1.000 | 1.000 | | |
| PREM TREND | 0.944 | 0.971 | 1.000 | -0.015 | |
| MISCELLANEOUS FEES (& other flat charges) | 0 | 0 | 0 | 0 | |
| EARNED EXP | 18,132 | 17,375 | 17,704 | 53,211 | |
| LOSSES | 38,255,384 | 46,747,642 | 33,334,313 | 118,337,339 | |
| DCCE | 39,171,710 | 36,544,529 | 27,188,615 | 102,904,854 | |
| LOSS DEV | 1.037 | 1.151 | 1.980 | | |
| DCCE DEV | 1.037 | 1.151 | 1.980 | | |
| LOSS TREND | 1.193 | 1.147 | 1.103 | 0.040 | |
| DCCE TREND | 1.193 | 1.147 | 1.103 | 0.040 | |
| CAT ADJ | 1.000 | 1.000 | 1.000 | | |
| CREDIBILITY | | | | 100.00% | |
| EXPENSE EXCLUSION FACTOR | | | | 1.29% | |
| ANC INC | 0 | 0 | 0 | 0 | |
| FIT_INV | | | | 28.83% | |
| YIELD | | | | 5.13% | |
| CDI PARAMETERS: | | | | | |
| FIT_UW | | | | 35.00% | |
| EFF_STANDARD | | | | 27.28% | |
| LEVERAGE | | | | 0.59 | |
| PREMIUM_TAX_RATE | | | | 2.35% | |
| SURPLUS_RATIO | | | | 1.69 | |
| UEP_RES_RATIO | | | | 0.42 | |
| LOSS_RES_RATIO | | | | 4.21 | |
| RISK_FREE_RATE_OF_RETURN | | | | 2.09% | <i>May 2011</i> |
| MAXIMUM_RATE_OF_RETURN | | | | 8.09% | |
| MINIMUM_RATE_OF_RETURN | | | | -6.00% | |
| CDI CALCULATIONS: | | | | | |
| ADJ_PREM | 139,956,678 | 136,527,455 | 136,618,010 | 413,102,143 | |
| ADJUSTED_LOSSES | 47,327,304 | 61,716,097 | 72,800,140 | 181,843,540 | |
| ADJUSTED_DCCE | 48,460,928 | 48,245,978 | 59,378,304 | 156,085,210 | |
| ADJUSTED LOSS+DCCE RATIO | 68.44% | 80.54% | 96.75% | 81.80% | |
| TRENDED_CURRENT_RATE_LEVEL_PREMIUM | 7718.77 | 7857.70 | 7716.79 | 7763.47 | |
| LOSS+DCCE_PER_EXP | 5282.83 | 6328.75 | 7466.02 | 6350.73 | |
| COMP_LOSS+DCCE_PER_EXP | 7971.01 | 8114.48 | 7968.96 | 8017.18 | |
| CRED_LOSS_PER_EXP | 5282.83 | 6328.75 | 7466.02 | 6350.73 | |
| ANC_INC_PER_EXP | 0.00 | 0.00 | 0.00 | 0.00 | |
| FIXED_INV_INC_FACTOR | | | | 23.65% | |
| VAR_INV_INC_FACTOR | | | | 11.86% | |
| ANNUAL_NET_TREND | | | | 5.54% | |
| COMP_TREND | | | | 24.08% | |
| MAX_PROFIT | | | | 21.03% | |
| MIN_PROFIT | | | | -15.60% | |
| UW_PROFIT | | | | -10.51% | |
| MAX_DENOM | | | | 0.635 | |
| MIN_DENOM | | | | 1.002 | |
| MAX_PREMIUM | | | | \$7,630.50 | |
| MIN_PREMIUM | | | | \$4,839.97 | |
| CHANGE_AT_MIN | | | | -37.66% | |
| CHANGE AT MAX | | | | -1.71% | |
| Alternate Calculation with Reinsurance | | | | | |
| COMMISSION_RATE | | | | 0.00% | |
| RE_PREM | - | - | - | 0 | |
| RE_RECOV | - | - | - | 0 | |
| RE_PREM_PER_EXP | 0.00 | 0.00 | 0.00 | 0.00 | |
| RE_RECOV_PER_EXP | 0.00 | 0.00 | 0.00 | 0.00 | |
| COMP_LOSS_RE | 7971.01 | 8114.48 | 7968.96 | 8017.18 | |
| RMAX_PREMIUM | | | | NA | |
| RCHANGE_AT_MAX | | | | NA | |

| RATEMAKING DATA | | | | |
|---|--|----------------|------------------|---------------------------|
| <i>(Click + to expand for more than 3 years; - to contract)</i> | | | | |
| Completed by | NORCAL | | | |
| Date Completed | 6/30/2011 | | | |
| Company/Group | NORCAL Mutual Insurance Company | | | |
| Line Description | MEDICAL MALPRACTICE (claims-made) ▼ | | | |
| Coverage | | | | |
| | %Captive | %Direct | %Independent | (Must add up to 100%) |
| Marketing System: | 0.00% | 59.00% | 41.00% | |
| Prior Effective Date (current rates) | 10/1/2004 | | | |
| Proposed Effective Date (new rates) | 1/1/2012 | | | |
| CDI File Number (Department use only) | 0 | | | |
| Does the data provided below reflect a Request for Variance? | Yes ▼ | Variance #: | 1 | |
| Data below is: | Report Year Data (Claims Made policies only) ▼ | | | |
| | 2nd Prior Year | 1st Prior Year | Most Recent Year | Projected*/ New Program** |
| | 2008 | 2009 | 2010 | |
| 1 California Direct Written Premium | 147,895,486 | 140,497,443 | 138,880,182 | |
| 2 California Direct Earned Premium | 148,259,193 | 140,605,000 | 136,618,010 | |
| 3 Premium Adjustment Factor (Developed in Exhibit 4) | 1.000 | 1.000 | 1.000 | |
| 4 Premium Trend Factor * (Developed in Exhibit 5) | 0.944 | 0.971 | 1.000 | -1.46% |
| 5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6) | - | - | - | |
| 6 Earned Exposure Units | 18,132 | 17,375 | 17,704 | |
| 7 Historic Losses (Projected for New Programs) | 38,255,384 | 46,747,642 | 33,334,313 | |
| 8 Historic Defense and Cost Containment Expense (DCCE) | 39,171,710 | 36,544,529 | 27,188,615 | |
| 9 Loss Development Factor (Developed in Exhibit 7) | 1.037 | 1.151 | 1.980 | |
| 10 DCCE Development Factor (Developed in Exhibit 7) | 1.037 | 1.151 | 1.980 | |
| 11 Loss Trend Factor* (Developed in Exhibit 8) | 1.193 | 1.147 | 1.103 | 4.00% |
| 12 DCCE Trend Factor* (Developed in Exhibit 8) | 1.193 | 1.147 | 1.103 | 4.00% |
| 13 Catastrophe Adjustment Factor (Developed in Exh 9) | 1.000 | 1.000 | 1.000 | |
| 14 Credibility Factor for Losses & DCCE (Developed in Exhibit 10) | | | | 100.00% |
| 15 Excluded Expense Factor (From Page 13) | | | | 1.29% |
| 16 Ancillary Income (Developed in Exhibit 11) | | | | |
| 17 Projected Federal Income Tax Rate on Investment Income (From Page 14) | | | | 28.83% |
| 18 Projected Yield (From Page 14) | | | | 5.13% |
| <i>Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions)</i> | | | | |
| 19 Direct Commissions | | | | |
| 20 Reinsurance Premium (Developed in Exhibit 12) | | | | |
| 21 Reinsurance Recoverables (Developed in Exhibit 12) | | | | |
| Variance Change to Leverage on the basis that the insurer either writes at least 90% of its direct earned premium in one line or writes at least 90% of its direct earned premium in California. (Must be accompanied by Variance Request, subject to CDI approval) | | | | No ▼ |
| Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to CDI approval) | | | | 2.18% |
| * 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. | | | | |

| VARIANCE: 1 | | RATE TEMPLATE | | | <i>Edition Date:</i> | <i>4/4/2011</i> |
|---|-----------------------------------|----------------------|---------------|---------------|-----------------------|------------------|
| <i>(No input by filer)</i> | | | | | | |
| CDI FILE NUMBER: | 0 | | | | | |
| COMPANY/GROUP: | NORCAL Mutual Insurance Company | | | | | |
| LINE OF INSURANCE: | MEDICAL MALPRACTICE (claims-made) | | | | | |
| COVERAGE: | 0 | | | | | |
| PRIOR EFF DATE: | 10/1/2004 | | | | <i>Completed by:</i> | <i>NORCAL</i> |
| PROPOSED EFF DATE: | 1/1/2012 | | | | <i>Date:</i> | <i>6/30/2011</i> |
| DATA PROVIDED BY FILER | | | | | | |
| | Year: | 2008 | 2009 | 2010 | | |
| | | PRIOR2 | PRIOR1 | RECENT | PROJECTED/ SUMMARY | |
| WRT PREM | | 147,895,486 | 140,497,443 | 138,880,182 | 427,273,111 | |
| ERN PREM | | 148,259,193 | 140,605,000 | 136,618,010 | 425,482,203 | |
| PREM ADJ | | 1.000 | 1.000 | 1.000 | | |
| PREM TREND | | 0.944 | 0.971 | 1.000 | -0.015 | |
| MISCELLANEOUS FEES (& other flat charges) | | 0 | 0 | 0 | 0 | |
| EARNED EXP | | 18,132 | 17,375 | 17,704 | 53,211 | |
| LOSSES | | 38,255,384 | 46,747,642 | 33,334,313 | 118,337,339 | |
| DCCE | | 39,171,710 | 36,544,529 | 27,188,615 | 102,904,854 | |
| LOSS DEV | | 1.037 | 1.151 | 1.980 | | |
| DCCE DEV | | 1.037 | 1.151 | 1.980 | | |
| LOSS TREND | | 1.193 | 1.147 | 1.103 | 0.040 | |
| DCCE TREND | | 1.193 | 1.147 | 1.103 | 0.040 | |
| CAT ADJ | | 1.000 | 1.000 | 1.000 | | |
| CREDIBILITY | | | | | 100.00% | |
| EXPENSE EXCLUSION FACTOR | | | | | 1.29% | |
| ANC INC | | 0 | 0 | 0 | 0 | |
| FIT_INV | | | | | 28.83% | |
| YIELD | | | | | 5.13% | |
| CDI PARAMETERS: | | | | | | |
| FIT_UW | | | | | 35.00% | |
| EFF_STANDARD | | | | | 29.46% | |
| LEVERAGE | | | | | 0.59 | |
| PREMIUM_TAX_RATE | | | | | 2.35% | |
| SURPLUS_RATIO | | | | | 1.69 | |
| UEP_RES_RATIO | | | | | 0.42 | |
| LOSS_RES_RATIO | | | | | 4.21 | |
| RISK_FREE_RATE_OF_RETURN | | | | | 2.09% | <i>May 2011</i> |
| MAXIMUM_RATE_OF_RETURN | | | | | 8.09% | |
| MINIMUM_RATE_OF_RETURN | | | | | -6.00% | |
| CDI CALCULATIONS: | | | | | | |
| ADJ_PREM | | 139,956,678 | 136,527,455 | 136,618,010 | 413,102,143 | |
| ADJUSTED_LOSSES | | 47,327,304 | 61,716,097 | 72,800,140 | 181,843,540 | |
| ADJUSTED_DCCE | | 48,460,928 | 48,245,978 | 59,378,304 | 156,085,210 | |
| ADJUSTED_LOSS+DCCE_RATIO | | 68.44% | 80.54% | 96.75% | 81.80% | |
| TRENDED_CURRENT_RATE_LEVEL_PREMIUM | | 7718.77 | 7857.70 | 7716.79 | 7763.47 | |
| LOSS+DCCE_PER_EXP | | 5282.83 | 6328.75 | 7466.02 | 6350.73 | |
| COMP_LOSS+DCCE_PER_EXP | | 7697.54 | 7836.08 | 7695.56 | 7742.12 | |
| CRED_LOSS_PER_EXP | | 5282.83 | 6328.75 | 7466.02 | 6350.73 | |
| ANC_INC_PER_EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| FIXED_INV_INC_FACTOR | | | | | 23.65% | |
| VAR_INV_INC_FACTOR | | | | | 11.86% | |
| ANNUAL_NET_TREND | | | | | 5.54% | |
| COMP_TREND | | | | | 24.08% | |
| MAX_PROFIT | | | | | 21.03% | |
| MIN_PROFIT | | | | | -15.60% | |
| UW_PROFIT | | | | | -9.84% | |
| MAX_DENOM | | | | | 0.614 | |
| MIN_DENOM | | | | | 0.980 | |
| MAX_PREMIUM | | | | | \$7,901.60 | |
| MIN_PREMIUM | | | | | \$4,947.64 | |
| CHANGE_AT_MIN | | | | | -36.27% | |
| CHANGE_AT_MAX | | | | | 1.78% | |
| Alternate Calculation with Reinsurance | | | | | | |
| COMMISSION_RATE | | | | | 0.00% | |
| RE_PREM | | - | - | - | 0 | |
| RE_RECOV | | - | - | - | 0 | |
| RE_PREM_PER_EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| RE_RECOV_PER_EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| COMP_LOSS_RE | | 7697.54 | 7836.08 | 7695.56 | 7742.12 | |
| RMAX_PREMIUM | | | | | NA | |
| RCHANGE_AT_MAX | | | | | NA | |

| RATEMAKING DATA | | | | |
|---|--|----------------|------------------|---------------------------|
| <i>(Click + to expand for more than 3 years; - to contract)</i> | | | | |
| Completed by | NORCAL | | | |
| Date Completed | 6/30/2011 | | | |
| Company/Group | NORCAL Mutual Insurance Company | | | |
| Line Description | MEDICAL MALPRACTICE (claims-made) ▼ | | | |
| Coverage | | | | |
| | %Captive | %Direct | %Independent | (Must add up to 100%) |
| Marketing System: | 0.00% | 59.00% | 41.00% | |
| Prior Effective Date (current rates) | 10/1/2004 | | | |
| Proposed Effective Date (new rates) | 1/1/2012 | | | |
| CDI File Number (Department use only) | 0 | | | |
| Does the data provided below reflect a Request for Variance? | Yes ▼ | Variance #: | 2 | |
| Data below is: | Report Year Data (Claims Made policies only) ▼ | | | |
| | 2nd Prior Year | 1st Prior Year | Most Recent Year | Projected*/ New Program** |
| | 2008 | 2009 | 2010 | |
| 1 California Direct Written Premium | 147,895,486 | 140,497,443 | 138,880,182 | |
| 2 California Direct Earned Premium | 148,259,193 | 140,605,000 | 136,618,010 | |
| 3 Premium Adjustment Factor (Developed in Exhibit 4) | 1.000 | 1.000 | 1.000 | |
| 4 Premium Trend Factor * (Developed in Exhibit 5) | 0.944 | 0.971 | 1.000 | -1.46% |
| 5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6) | - | - | - | |
| 6 Earned Exposure Units | 18,132 | 17,375 | 17,704 | |
| 7 Historic Losses (Projected for New Programs) | 38,255,384 | 46,747,642 | 33,334,313 | |
| 8 Historic Defense and Cost Containment Expense (DCCE) | 39,171,710 | 36,544,529 | 27,188,615 | |
| 9 Loss Development Factor (Developed in Exhibit 7) | 1.037 | 1.151 | 1.980 | |
| 10 DCCE Development Factor (Developed in Exhibit 7) | 1.037 | 1.151 | 1.980 | |
| 11 Loss Trend Factor* (Developed in Exhibit 8) | 1.193 | 1.147 | 1.103 | 4.00% |
| 12 DCCE Trend Factor* (Developed in Exhibit 8) | 1.193 | 1.147 | 1.103 | 4.00% |
| 13 Catastrophe Adjustment Factor (Developed in Exh 9) | 1.000 | 1.000 | 1.000 | |
| 14 Credibility Factor for Losses & DCCE (Developed in Exhibit 10) | | | | 100.00% |
| 15 Excluded Expense Factor (From Page 13) | | | | 1.29% |
| 16 Ancillary Income (Developed in Exhibit 11) | | | | |
| 17 Projected Federal Income Tax Rate on Investment Income (From Page 14) | | | | 28.83% |
| 18 Projected Yield (From Page 14) | | | | 5.13% |
| <i>Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions)</i> | | | | |
| 19 Direct Commissions | | | | |
| 20 Reinsurance Premium (Developed in Exhibit 12) | | | | |
| 21 Reinsurance Recoverables (Developed in Exhibit 12) | | | | |
| Variance Change to Leverage on the basis that the insurer either writes at least 90% of its direct earned premium in one line or writes at least 90% of its direct earned premium in California. (Must be accompanied by Variance Request, subject to CDI approval) | | | | No ▼ |
| Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to CDI approval) | | | | 2.00% |
| * 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. | | | | |

| VARIANCE: 2 | | RATE TEMPLATE | | | <i>Edition Date:</i> | <i>4/4/2011</i> |
|---|-----------------------------------|----------------------|---------------|---------------|-----------------------|------------------|
| <i>(No input by filer)</i> | | | | | | |
| CDI FILE NUMBER: | 0 | | | | | |
| COMPANY/GROUP: | NORCAL Mutual Insurance Company | | | | | |
| LINE OF INSURANCE: | MEDICAL MALPRACTICE (claims-made) | | | | | |
| COVERAGE: | 0 | | | | | |
| PRIOR EFF DATE: | 10/1/2004 | | | | <i>Completed by:</i> | <i>NORCAL</i> |
| PROPOSED EFF DATE: | 1/1/2012 | | | | <i>Date:</i> | <i>6/30/2011</i> |
| DATA PROVIDED BY FILER | | | | | | |
| | Year: | 2008 | 2009 | 2010 | | |
| | | PRIOR2 | PRIOR1 | RECENT | PROJECTED/ SUMMARY | |
| WRT PREM | | 147,895,486 | 140,497,443 | 138,880,182 | 427,273,111 | |
| ERN PREM | | 148,259,193 | 140,605,000 | 136,618,010 | 425,482,203 | |
| PREM ADJ | | 1.000 | 1.000 | 1.000 | | |
| PREM TREND | | 0.944 | 0.971 | 1.000 | -0.015 | |
| MISCELLANEOUS FEES (& other flat charges) | | 0 | 0 | 0 | 0 | |
| EARNED EXP | | 18,132 | 17,375 | 17,704 | 53,211 | |
| LOSSES | | 38,255,384 | 46,747,642 | 33,334,313 | 118,337,339 | |
| DCCE | | 39,171,710 | 36,544,529 | 27,188,615 | 102,904,854 | |
| LOSS DEV | | 1.037 | 1.151 | 1.980 | | |
| DCCE DEV | | 1.037 | 1.151 | 1.980 | | |
| LOSS TREND | | 1.193 | 1.147 | 1.103 | 0.040 | |
| DCCE TREND | | 1.193 | 1.147 | 1.103 | 0.040 | |
| CAT ADJ | | 1.000 | 1.000 | 1.000 | | |
| CREDIBILITY | | | | | 100.00% | |
| EXPENSE EXCLUSION FACTOR | | | | | 1.29% | |
| ANC INC | | 0 | 0 | 0 | 0 | |
| FIT_INV | | | | | 28.83% | |
| YIELD | | | | | 5.13% | |
| CDI PARAMETERS: | | | | | | |
| FIT_UW | | | | | 35.00% | |
| EFF_STANDARD | | | | | 29.28% | |
| LEVERAGE | | | | | 0.59 | |
| PREMIUM_TAX_RATE | | | | | 2.35% | |
| SURPLUS_RATIO | | | | | 1.69 | |
| UEP_RES_RATIO | | | | | 0.42 | |
| LOSS_RES_RATIO | | | | | 4.21 | |
| RISK_FREE_RATE_OF_RETURN | | | | | 2.09% | <i>May 2011</i> |
| MAXIMUM_RATE_OF_RETURN | | | | | 8.09% | |
| MINIMUM_RATE_OF_RETURN | | | | | -6.00% | |
| CDI CALCULATIONS: | | | | | | |
| ADJ_PREM | | 139,956,678 | 136,527,455 | 136,618,010 | 413,102,143 | |
| ADJUSTED_LOSSES | | 47,327,304 | 61,716,097 | 72,800,140 | 181,843,540 | |
| ADJUSTED_DCCE | | 48,460,928 | 48,245,978 | 59,378,304 | 156,085,210 | |
| ADJUSTED_LOSS+DCCE_RATIO | | 68.44% | 80.54% | 96.75% | 81.80% | |
| TRENDED_CURRENT_RATE_LEVEL_PREMIUM | | 7718.77 | 7857.70 | 7716.79 | 7763.47 | |
| LOSS+DCCE_PER_EXP | | 5282.83 | 6328.75 | 7466.02 | 6350.73 | |
| COMP_LOSS+DCCE_PER_EXP | | 7720.12 | 7859.07 | 7718.14 | 7764.83 | |
| CRED_LOSS_PER_EXP | | 5282.83 | 6328.75 | 7466.02 | 6350.73 | |
| ANC_INC_PER_EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| FIXED_INV_INC_FACTOR | | | | | 23.65% | |
| VAR_INV_INC_FACTOR | | | | | 11.86% | |
| ANNUAL_NET_TREND | | | | | 5.54% | |
| COMP_TREND | | | | | 24.08% | |
| MAX_PROFIT | | | | | 21.03% | |
| MIN_PROFIT | | | | | -15.60% | |
| UW_PROFIT | | | | | -9.89% | |
| MAX_DENOM | | | | | 0.615 | |
| MIN_DENOM | | | | | 0.982 | |
| MAX_PREMIUM | | | | | \$7,878.48 | |
| MIN_PREMIUM | | | | | \$4,938.57 | |
| CHANGE_AT_MIN | | | | | -36.39% | |
| CHANGE_AT_MAX | | | | | 1.48% | |
| Alternate Calculation with Reinsurance | | | | | | |
| COMMISSION_RATE | | | | | 0.00% | |
| RE_PREM | | - | - | - | 0 | |
| RE_RECOV | | - | - | - | 0 | |
| RE_PREM_PER_EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| RE_RECOV_PER_EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| COMP_LOSS_RE | | 7720.12 | 7859.07 | 7718.14 | 7764.83 | |
| RMAX_PREMIUM | | | | | NA | |
| RCHANGE_AT_MAX | | | | | NA | |

| RATEMAKING DATA | | | | |
|---|--|--|-----------------------|---|
| <i>(Click + to expand for more than 3 years; - to contract)</i> | | | | |
| Completed by | | NORCAL | | |
| Date Completed | | 6/30/2011 | | |
| Company/Group | | NORCAL Mutual Insurance Company | | |
| Line Description | | MEDICAL MALPRACTICE (claims-made) ▼ | | |
| Coverage | | | | |
| | | %Captive | %Direct | %Independent (Must add up to 100%) |
| Marketing System: | | 0.00% | 59.00% | 41.00% |
| Prior Effective Date (current rates) | | 10/1/2004 | | |
| Proposed Effective Date (new rates) | | 1/1/2012 | | |
| CDI File Number (Department use only) | | 0 | | |
| Does the data provided below reflect a Request for Variance? | | Yes ▼ | Variance #: | 3 |
| Data below is: | | Report Year Data (Claims Made policies only) ▼ | | |
| | | 2nd Prior Year | 1st Prior Year | Most Recent Year |
| | | 2008 | 2009 | 2010 |
| 1 | California Direct Written Premium | 147,895,486 | 140,497,443 | 138,880,182 |
| 2 | California Direct Earned Premium | 148,259,193 | 140,605,000 | 136,618,010 |
| 3 | Premium Adjustment Factor (Developed in Exhibit 4) | 1.000 | 1.000 | 1.000 |
| 4 | Premium Trend Factor * (Developed in Exhibit 5) | 0.944 | 0.971 | 1.000 |
| 5 | Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6) | - | - | - |
| 6 | Earned Exposure Units | 18,132 | 17,375 | 17,704 |
| 7 | Historic Losses (Projected for New Programs) | 38,255,384 | 46,747,642 | 33,334,313 |
| 8 | Historic Defense and Cost Containment Expense (DCCE) | 39,171,710 | 36,544,529 | 27,188,615 |
| 9 | Loss Development Factor (Developed in Exhibit 7) | 1.037 | 1.151 | 1.980 |
| 10 | DCCE Development Factor (Developed in Exhibit 7) | 1.037 | 1.151 | 1.980 |
| 11 | Loss Trend Factor* (Developed in Exhibit 8) | 1.193 | 1.147 | 1.103 |
| 12 | DCCE Trend Factor* (Developed in Exhibit 8) | 1.193 | 1.147 | 1.103 |
| 13 | Catastrophe Adjustment Factor (Developed in Exh 9) | 1.000 | 1.000 | 1.000 |
| 14 | Credibility Factor for Losses & DCCE (Developed in Exhibit 10) | | | 100.00% |
| 15 | Excluded Expense Factor (From Page 13) | | | 1.29% |
| 16 | Ancillary Income (Developed in Exhibit 11) | | | |
| 17 | Projected Federal Income Tax Rate on Investment Income (From Page 14) | | | 28.83% |
| 18 | Projected Yield (From Page 14) | | | 5.13% |
| <i>Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions)</i> | | | | |
| 19 | Direct Commissions | | | |
| 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) | | | | Yes ▼ |
| Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to CDI approval) | | | | 0.00% |
| * | 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. | | | |

| VARIANCE: 3 | | RATE TEMPLATE | | | <i>Edition Date:</i> | <i>4/4/2011</i> |
|---|-----------------------------------|----------------------|---------------|----------------------|-----------------------|-----------------|
| <i>(No input by filer)</i> | | | | | | |
| CDI FILE NUMBER: | 0 | | | | | |
| COMPANY/GROUP: | NORCAL Mutual Insurance Company | | | | | |
| LINE OF INSURANCE: | MEDICAL MALPRACTICE (claims-made) | | | | | |
| COVERAGE: | 0 | | | | | |
| PRIOR EFF DATE: | 10/1/2004 | | | <i>Completed by:</i> | <i>NORCAL</i> | |
| PROPOSED EFF DATE: | 1/1/2012 | | | <i>Date:</i> | <i>6/30/2011</i> | |
| DATA PROVIDED BY FILER | | | | | | |
| | Year: | 2008 | 2009 | 2010 | | |
| | | PRIOR2 | PRIOR1 | RECENT | PROJECTED/ SUMMARY | |
| WRT PREM | | 147,895,486 | 140,497,443 | 138,880,182 | 427,273,111 | |
| ERN PREM | | 148,259,193 | 140,605,000 | 136,618,010 | 425,482,203 | |
| PREM ADJ | | 1.000 | 1.000 | 1.000 | | |
| PREM TREND | | 0.944 | 0.971 | 1.000 | -0.015 | |
| MISCELLANEOUS FEES (& other flat charges) | | 0 | 0 | 0 | 0 | |
| EARNED EXP | | 18,132 | 17,375 | 17,704 | 53,211 | |
| LOSSES | | 38,255,384 | 46,747,642 | 33,334,313 | 118,337,339 | |
| DCCE | | 39,171,710 | 36,544,529 | 27,188,615 | 102,904,854 | |
| LOSS DEV | | 1.037 | 1.151 | 1.980 | | |
| DCCE DEV | | 1.037 | 1.151 | 1.980 | | |
| LOSS TREND | | 1.193 | 1.147 | 1.103 | 0.040 | |
| DCCE TREND | | 1.193 | 1.147 | 1.103 | 0.040 | |
| CAT ADJ | | 1.000 | 1.000 | 1.000 | | |
| CREDIBILITY | | | | | 100.00% | |
| EXPENSE EXCLUSION FACTOR | | | | | 1.29% | |
| ANC INC | | 0 | 0 | 0 | 0 | |
| FIT_INV | | | | | 28.83% | |
| YIELD | | | | | 5.13% | |
| CDI PARAMETERS: | | | | | | |
| FIT_UW | | | | | 35.00% | |
| EFF_STANDARD | | | | | 27.28% | |
| LEVERAGE | | | | | 0.50 | |
| PREMIUM_TAX_RATE | | | | | 2.35% | |
| SURPLUS_RATIO | | | | | 1.99 | |
| UEP_RES_RATIO | | | | | 0.42 | |
| LOSS_RES_RATIO | | | | | 4.21 | |
| RISK_FREE_RATE_OF_RETURN | | | | | 2.09% | <i>May 2011</i> |
| MAXIMUM_RATE_OF_RETURN | | | | | 8.09% | |
| MINIMUM_RATE_OF_RETURN | | | | | -6.00% | |
| CDI CALCULATIONS: | | | | | | |
| ADJ_PREM | | 139,956,678 | 136,527,455 | 136,618,010 | 413,102,143 | |
| ADJUSTED_LOSSES | | 47,327,304 | 61,716,097 | 72,800,140 | 181,843,540 | |
| ADJUSTED_DCCE | | 48,460,928 | 48,245,978 | 59,378,304 | 156,085,210 | |
| ADJUSTED_LOSS+DCCE_RATIO | | 68.44% | 80.54% | 96.75% | 81.80% | |
| TRENDED_CURRENT_RATE_LEVEL_PREMIUM | | 7718.77 | 7857.70 | 7716.79 | 7763.47 | |
| LOSS+DCCE_PER_EXP | | 5282.83 | 6328.75 | 7466.02 | 6350.73 | |
| COMP_LOSS+DCCE_PER_EXP | | 7715.65 | 7854.52 | 7713.67 | 7760.34 | |
| CRED_LOSS_PER_EXP | | 5282.83 | 6328.75 | 7466.02 | 6350.73 | |
| ANC_INC_PER_EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| FIXED_INV_INC_FACTOR | | | | | 23.65% | |
| VAR_INV_INC_FACTOR | | | | | 13.53% | |
| ANNUAL_NET_TREND | | | | | 5.54% | |
| COMP_TREND | | | | | 24.08% | |
| MAX_PROFIT | | | | | 24.74% | |
| MIN_PROFIT | | | | | -18.36% | |
| UW_PROFIT | | | | | -7.85% | |
| MAX_DENOM | | | | | 0.615 | |
| MIN_DENOM | | | | | 1.046 | |
| MAX_PREMIUM | | | | | \$7,883.05 | |
| MIN_PREMIUM | | | | | \$4,635.03 | |
| CHANGE_AT_MIN | | | | | -40.30% | |
| CHANGE_AT_MAX | | | | | 1.54% | |
| Alternate Calculation with Reinsurance | | | | | | |
| COMMISSION_RATE | | | | | 0.00% | |
| RE_PREM | | - | - | - | 0 | |
| RE_RECOV | | - | - | - | 0 | |
| RE_PREM_PER_EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| RE_RECOV_PER_EXP | | 0.00 | 0.00 | 0.00 | 0.00 | |
| COMP_LOSS_RE | | 7715.65 | 7854.52 | 7713.67 | 7760.34 | |
| RMAX_PREMIUM | | | | | NA | |
| RCHANGE_AT_MAX | | | | | NA | |

SERFF Tracking Number: NCMC-127209693 *State:* California
Filing Company: NORCAL Mutual Insurance Company *State Tracking Number:* 11-5669
Company Tracking Number: CA P&S FORM/RATE/RULE 1/1/2012
TOI: 11.2 Med Mal-Claims Made Only *Sub-TOI:* 11.2023 Physicians & Surgeons
Product Name: NORCAL Physicians & Surgeons
Project Name/Number: CA P&S FORM/RATE/RULE 1/1/2012/

Attachment "PriorApprovalRateApplication040411-4.xls" is not a PDF document and cannot be reproduced here.

**NORCAL MUTUAL INSURANCE COMPANY
ACTUARIAL MEMORANDUM**

The following provides additional comments and discussion regarding some of the attached exhibits required by the California Department of Insurance (CDI) Prior Approval Rate Regulations. Since this filing pertains to the medical professional line, for some exhibits, including Exhibits 5, 7, 8 and 9, the promulgated methods of the CDI are not required and the discussion below and the attached Exhibits document the methods used.

This memorandum addresses pertinent issues related to the support for the rate indication and the distribution of changes to achieve the requested overall rate change.

Exhibits 1-4, 6, 9, 11-12, 17-19

We have no material comments related to these exhibits not clearly addressed by the exhibits themselves.

Exhibit 5

Exhibit 5 shows the derivation of the premium trend factors used in the filing. Trend is applied through 2010, bringing the prior calendar years to the calendar year 2010 pricing levels. We have not assumed that this trend will persist into the future and have not applied it prospectively after 2010 and thus no premium trend is applied for 2010. For NORCAL, premium trend is meant to recognize changes in the company's book of business over time. For example, if the proportion of larger groups increases, the average discount level will increase resulting in negative premium trend. Such changes are known for the historical experience period but would not necessarily be expected to continue subsequently and so we have only adjusted the historical years to the most recent (2010) level rather than assume the trend will continue to 2012.

Exhibit 7

Exhibit 7 shows the calculation of the loss development factors. Page 1 shows the results of the various methods, the selected ultimate projections and the incurred development factors implied by those selections. Pages 2 and 3 show the incurred and paid loss and DCCE development triangles and the selected link ratios underlying Page 1. Based on a review of the historical patterns, we have generally relied on five-year weighted averages in selecting the link ratios and on the incurred indications which are more reliable for the experience period. The paid indications are highly leveraged for the most recent years and incurred data reflects more up-to-date information. We believe the selected ratios represent an appropriate balance of stability and responsiveness and mitigate the impact of any anomalous data points.

The implied loss development factors flow through to the Page 7 Ratemaking Data worksheet of the CDI Prior Approval Rate Application.

Page 4 shows the adjustment made to the incurred loss amounts to incorporate a load for death, disability and retirement (DD&R) coverage. Actual losses associated with DD&R coverage have been excluded from the ratemaking data and this DD&R load has been used in their place. The 5% DD&R load is applied to the incurred loss and DCCE amounts to arrive at adjusted incurred loss and DCCE amounts that flow through to the Page 7 Ratemaking Data worksheet of the CDI Prior Approval Rate Application.

Please note that the DD&R load is consistent with industry norms including the load used in The Doctors Company's most recently approved filing.

Exhibit 8

Exhibit 8 shows the derivation of the frequency and severity trend rates used in the filing. Page 1 fits exponential severity trends to 3, 5, 7 and 9 years of historical data. Based on these exponential fits, we selected a severity trend rate of 4.0% for use in the rate template. In reviewing the indicated trends, the three-year result appeared anomalous and we relied more on the longer term trends which are reasonably stable. The selected 4% is within the indicated range. Severity trend factors for the various report years are calculated at the bottom of the exhibit by trending from the middle of the report year to a 1/1/2012 filing effective date. Page 2 shows frequency statistics. Frequency has been relatively stable over the time period under review, both increasing and decreasing from year-to-year mostly in small increments. Though the more recent indications show an upward trend, we have assumed that this positive frequency trend is primarily driven by the inherent volatility and have selected a 0.0% frequency trend. Considering the positive frequency trend would result in a higher indicated rate change.

Exhibit 10

The CDI Prior Approval Rate Regulations do not state a full credibility threshold for the medical professional liability line of business and we are not proposing a specific threshold at this time. Per CDI regulations, the completed prior approval rate application that we have submitted uses a three-year experience period.

For a longer tail line of business such as MPL, we believe that using fewer than three years of historical experience is inappropriate and even three years may not provide the most actuarially sound approach for determining the reasonableness of a rate change. Since a substantial portion of outstanding claims for long tail lines remains open at early evaluations for MPL, the experience is subject to substantial uncertainty and future development can differ materially from projected levels. We believe it is reasonable and appropriate to consider experience from additional prior years that can provide stability and credibility to the overall indication.

For the purposes of this filing we have treated the three year experience period as fully credible; per the CDI Prior Approval Regulations for calculating the complement of credibility, the indicated rate change would be higher at any lower credibility level.

Since we are requesting a rate change well below the maximum permissible, we feel the attached documentation provides sufficient support to allow the CDI to review and approve this filing.

Exhibit 13

NORCAL is requesting relief from the efficiency standard under Variance 1(B) and Variance 2(A). In addition, NORCAL is requesting Variance 3, an adjustment to the leverage ratio based on the concentration of direct earned premium in the medical professional liability line of business.

Exhibit 14

As has been highlighted to the CDI previously, there are several components underlying the promulgated rate indication methodology that generate distortions and may cause the maximum permissible rate indication to be inadequate or excessive. Two of these factors, the Loss Reserves Ratio (LRR) and the Unearned Premium Reserve Ratio (UEPR) are overstated for MPL resulting in indications that are materially understated.

Page 1 documents an alternate approach to calculating the LRR that eliminates distortions and volatility resulting from reliance on calendar year financial statement figures as a proxy for actual loss payout patterns. Additionally, the suggested approach creates internal consistency between the loss projections and the investment income offset expected to be generated by the policy. All else equal this change would increase the indicated rate change by 16.65%, from 8.94% to 25.59%.

Page 2 documents an alternate approach to calculating the UEPR that eliminates distortions resulting from reliance on calendar year financial statement data that do not fully reflecting the premium issues being addressed as well as the arbitrary cutoff date of December 31 which is not inherently meaningful for the CDI's purpose. The unearned premium underlying the current CDI promulgation inherently assumes all premiums are collected at the beginning of the policy term, though premium installment plans are highly utilized by policyholders. NORCAL's policyholders nearly all pay in quarterly installments. The current calculation requires that any fees charged for lost investment income on installment plans (installment charges) be included as premium, but doesn't allow an offset for the actual underlying costs of allowing the policyholder to pay in installments.

Page 2 calculates an UEPR directly based on the premium collection pattern but may still be overstated as it still does not consider additional issues such as agent's balances held for some period before remittal to the company or overdue premium installments. All else equal this change would increase the indicated rate change by 3.25%, from 8.94% to 12.19%.

In combination applying the alternate LRR and UEPR factors within the CDI's rating template, all else equal, would increase the indicated rate change by 20.39%, from 8.94% to 29.33%.

This is further support for the reasonableness of our proposed rate change, which is less than the maximum permissible even prior to addressing these material discrepancies.

Exhibit 15

This exhibit displays how the -5.0% proposed overall rate change is to be distributed. Further discussion of each item is included in Exhibit 16 and/or Exhibit 20.

Exhibit 16

We are implementing a base territory/class mature claims manual rate reduction of -5.0%. Additionally, we are making various changes including changes to territory and class relativities that in combination with the base rate reduction result in a -5.0% overall premium impact.

We are revising our territory relativities based on the indications and competitor comparisons shown on Page 1. Territory B (Los Angeles and Orange Counties) and Territory L (San Diego and Ventura Counties) show both large indicated changes and substantial discrepancy from primary competitors. TDC/SCPIE has had a significant presence in these territories and we believe it is appropriate to give some consideration to their experience. We have selected factors between our current factors and the TDC factors for these two territories. The estimated overall premium impact is -3.3%.

Page 2.1 shows the indicated relativity change by class grouping using two different combinations of historical years to balance the need for stability, credibility and responsiveness when addressing such small data sets. In the interest of mitigating policyholder dislocation, we have capped the selected relativity changes as shown. Specifically, we have capped the proposed changes so that the net impact from the combination of class relativity and base rate changes would be less than or equal to 0%. The proposed relativities are then rebalanced to the base class 2A. The estimated overall premium impact from these changes is +1.8% all else equal.

Page 2.2 displays changes to the class plan that have no associated premium impact. We are introducing several new specialties and renaming several existing specialties. These changes are being made in order to simplify and clarify the class plan, refine data availability, and to support the changing needs of policyholders.

We are updating the claims-made step factors to reflect recent claim reporting patterns and to be more consistent with the market place. Page 3 compares the current, indicated and proposed NORCAL factors with the current factors for other major carriers in California. We believe the proposed factors are reasonable and will enhance the clarity of

the pricing calculations for policyholders. The estimated overall premium impact is +1.6%.

We are increasing the charge for entity coverage from 11% to 12%. The estimated overall premium impact is +0.5%. We believe this is a reasonable step toward the indications shown on Page 4.

Exhibit 20

Rule changes and the expected impacts are described in Exhibit 20.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Filing History and Rate Level History

| Date Filed (1) | Effective Date (2) | Rate Change (3) | California File No. (4) |
|----------------------|--------------------------|-----------------------|-------------------------------|
| 7/1/2003 | 1/1/2004 | 2.91% | 03-5028 |
| 3/26/2004 | 10/1/2004 | 1.60% | 04-2368 |

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Policy Term Distribution

NORCAL policies are written with one-year terms

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Premium Adjustment Factor

Since no rate change has been made effective since 2004, premium adjustment factors for the most recent years are 1.000.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Premium Trend Factors

| Year (1) | Earned Premium (2) | Base Class Expos (3) | Average Premium (4) =(2)/(3) | Premium Trend Factor (5) |
|-------------|--------------------------|-------------------------------|---------------------------------------|-----------------------------------|
| 2008 | 148,259,193 | 18,132 | 8,177 | 0.944 |
| 2009 | 140,605,000 | 17,375 | 8,092 | 0.971 |
| 2010 | 136,618,010 | 17,704 | 7,717 | 1.000 |

Two-Year Average Annual Change: -2.9%

Notes:

- (5) Factor used to adjust premium to the 2010 level based on the two-year average annual change

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Miscellaneous Fees and Other Charges

Data relating to any such fees is included in Direct Earned Premium.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

**Selection of Ultimate Loss and DCCE
Losses Evaluated as of 12/31/10**

Dollars in 000s

| Report Year | Incurred Loss and DCCE to Date | Paid Loss and DCCE to Date | Ultimate Loss and DCCE | | | Implied Age-to-Ult Factor Selected |
|-------------|--------------------------------|----------------------------|-----------------------------|-------------------------|--------------------------|------------------------------------|
| | | | Incurred Development Method | Paid Development Method | Selected Ultimate | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) [(6)/(2)] |
| 2002 | 110,947 | 110,904 | 110,947 | 111,015 | 110,947 | 1.000 |
| 2003 | 99,275 | 98,973 | 99,275 | 99,369 | 99,275 | 1.000 |
| 2004 | 100,064 | 99,262 | 100,064 | 100,155 | 100,064 | 1.000 |
| 2005 | 100,482 | 97,754 | 100,482 | 100,589 | 100,482 | 1.000 |
| 2006 | 91,545 | 87,896 | 92,460 | 94,049 | 92,460 | 1.010 |
| 2007 | 93,473 | 80,971 | 95,343 | 95,303 | 95,343 | 1.020 |
| 2008 | 73,740 | 56,174 | 76,468 | 79,992 | 76,468 | 1.037 |
| 2009 | 79,326 | 41,045 | 91,304 | 102,859 | 91,304 | 1.151 |
| 2010 | 57,641 | 7,790 | 114,129 | 108,053 | 114,129 | 1.980 |

Notes:

- (4) Based on the incurred loss and DCCE to date in (2) and the age-to-age factors in Exhibit 7, Sheet 2
- (5) Based on the paid loss and DCCE to date in (3) and the age-to-age factors in Exhibit 7, Sheet 3

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

**Incurred Loss and DCCE Development Method
Losses Evaluated as of 12/31/10
Dollars in 000s**

| Report Year | Months Developed | | | | | | | | | |
|----------------------------|------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 12 | 24 | 36 | 48 | 60 | 72 | 84 | 96 | 108 | 120 |
| 2002 | 45,000 | 94,652 | 110,908 | 112,724 | 110,909 | 110,677 | 110,982 | 110,958 | 110,947 | |
| 2003 | 40,344 | 89,014 | 97,945 | 98,493 | 99,485 | 99,412 | 99,454 | 99,275 | | |
| 2004 | 43,326 | 79,463 | 93,495 | 95,268 | 98,529 | 100,441 | 100,064 | | | |
| 2005 | 45,040 | 81,469 | 90,110 | 94,411 | 97,485 | 100,482 | | | | |
| 2006 | 40,683 | 80,827 | 91,347 | 93,142 | 91,545 | | | | | |
| 2007 | 48,179 | 82,304 | 94,280 | 93,473 | | | | | | |
| 2008 | 47,895 | 74,279 | 73,740 | | | | | | | |
| 2009 | 49,561 | 79,326 | | | | | | | | |
| 2010 | 57,641 | | | | | | | | | |
| Age-to-Age Factors | | | | | | | | | | |
| | 12-24 | 24-36 | 36-48 | 48-60 | 60-72 | 72-84 | 84-96 | 96-108 | 108-120 | |
| 2002 | 2.103 | 1.172 | 1.016 | 0.984 | 0.998 | 1.003 | 1.000 | 1.000 | | |
| 2003 | 2.206 | 1.100 | 1.006 | 1.010 | 0.999 | 1.000 | 0.998 | | | |
| 2004 | 1.834 | 1.177 | 1.019 | 1.034 | 1.019 | 0.996 | | | | |
| 2005 | 1.809 | 1.106 | 1.048 | 1.033 | 1.031 | | | | | |
| 2006 | 1.987 | 1.130 | 1.020 | 0.983 | | | | | | |
| 2007 | 1.708 | 1.146 | 0.991 | | | | | | | |
| 2008 | 1.551 | 0.993 | | | | | | | | |
| 2009 | 1.601 | | | | | | | | | |
| Average Age-to-Age Factors | | | | | | | | | | |
| | 12-24 | 24-36 | 36-48 | 48-60 | 60-72 | 72-84 | 84-96 | 96-108 | 108-120 | 120-Ult |
| Simple Averages | | | | | | | | | | |
| 3-Year | 1.620 | 1.089 | 1.020 | 1.017 | 1.016 | 1.000 | | | | |
| 5-Year | 1.731 | 1.110 | 1.017 | 1.009 | | | | | | |
| 7-Year | 1.814 | 1.118 | | | | | | | | |
| Weighted Averages | | | | | | | | | | |
| 3-Year | 1.620 | 1.092 | 1.019 | 1.017 | 1.016 | 1.000 | | | | |
| 5-Year | 1.721 | 1.112 | 1.016 | 1.008 | | | | | | |
| 7-Year | 1.799 | 1.120 | | | | | | | | |
| SELECTED | 1.720 | 1.110 | 1.017 | 1.010 | 1.010 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| SELECTED AGE-TO-ULT | | | | | | | | | | |
| AGE-TO-ULT | 1.980 | 1.151 | 1.037 | 1.020 | 1.010 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

**Paid Loss and DCCE Development Method
Losses Evaluated as of 12/31/10
Dollars in 000s**

| Report Year | Months Developed | | 36 | 48 | 60 | 72 | 84 | 96 | 108 | 120 |
|-----------------------------------|------------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|
| | 12 | 24 | | | | | | | | |
| 2002 | 9,857 | 51,213 | 83,428 | 99,232 | 107,371 | 108,819 | 110,801 | 110,840 | 110,904 | |
| 2003 | 6,759 | 43,127 | 73,620 | 89,840 | 95,538 | 97,170 | 98,906 | 98,973 | | |
| 2004 | 6,353 | 35,110 | 66,130 | 81,355 | 93,229 | 97,203 | 99,262 | | | |
| 2005 | 6,075 | 35,665 | 64,596 | 80,176 | 89,321 | 97,754 | | | | |
| 2006 | 7,061 | 38,730 | 72,065 | 82,679 | 87,896 | | | | | |
| 2007 | 7,314 | 39,359 | 66,521 | 80,971 | | | | | | |
| 2008 | 7,357 | 36,086 | 56,174 | | | | | | | |
| 2009 | 6,679 | 41,045 | | | | | | | | |
| 2010 | 7,790 | | | | | | | | | |
| Age-to-Age Factors | | | | | | | | | | |
| | 12-24 | 24-36 | 36-48 | 48-60 | 60-72 | 72-84 | 84-96 | 96-108 | 108-120 | |
| 2002 | 5.195 | 1.629 | 1.189 | 1.082 | 1.013 | 1.018 | 1.000 | 1.001 | | |
| 2003 | 6.381 | 1.707 | 1.220 | 1.063 | 1.017 | 1.018 | 1.001 | | | |
| 2004 | 5.527 | 1.883 | 1.230 | 1.146 | 1.043 | 1.021 | | | | |
| 2005 | 5.870 | 1.811 | 1.241 | 1.114 | 1.094 | | | | | |
| 2006 | 5.485 | 1.861 | 1.147 | 1.063 | | | | | | |
| 2007 | 5.382 | 1.690 | 1.217 | | | | | | | |
| 2008 | 4.905 | 1.557 | | | | | | | | |
| 2009 | 6.145 | | | | | | | | | |
| Average Age-to-Age Factors | | | | | | | | | | |
| | 12-24 | 24-36 | 36-48 | 48-60 | 60-72 | 72-84 | 84-96 | 96-108 | 108-120 | 120-Ult |
| Simple Averages | | | | | | | | | | |
| 3-Year | 5.477 | 1.702 | 1.202 | 1.108 | 1.042 | 1.019 | | | | |
| 5-Year | 5.557 | 1.760 | 1.211 | 1.094 | | | | | | |
| 7-Year | 5.671 | 1.734 | | | | | | | | |
| Weighted Averages | | | | | | | | | | |
| 3-Year | 5.456 | 1.706 | 1.200 | 1.107 | 1.050 | 1.019 | | | | |
| 5-Year | 5.535 | 1.760 | 1.210 | 1.092 | | | | | | |
| 7-Year | 5.654 | 1.728 | | | | | | | | |
| SELECTED | 5.535 | 1.760 | 1.210 | 1.100 | 1.040 | 1.020 | 1.005 | 1.003 | 1.001 | 1.000 |
| SELECTED AGE-TO-ULT | | | | | | | | | | |
| AGE-TO-ULT | 13.871 | 2.506 | 1.424 | 1.177 | 1.070 | 1.029 | 1.009 | 1.004 | 1.001 | 1.000 |

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

**Incurred Loss and DCCE Adjusted for DD&R Load
Losses Evaluated as of 12/31/10
Dollars in 000s**

| Report Year (1) | Incurred | | | DD&R Factor (5) | Adjusted Incurred | | |
|-----------------------|-------------|-------------|-----------------------------------|-----------------------|-------------------|-------------|-----------------------------------|
| | Loss (2) | DCCE (3) | Loss and DCCE (4) [(2)+(3)] | | Loss (6) | DCCE (7) | Loss and DCCE (8) [(6)+(7)] |
| 2008 | 36,434 | 37,306 | 73,740 | 1.05 | 38,255 | 39,172 | 77,427 |
| 2009 | 44,522 | 34,804 | 79,326 | 1.05 | 46,748 | 36,545 | 83,292 |
| 2010 | 31,747 | 25,894 | 57,641 | 1.05 | 33,334 | 27,189 | 60,523 |

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Trend in Average Claim Severity

| Report Year (1) | Ultimate Incurred Indemnity & DCCE (000s) (2) | Ultimate Claim Counts (3) | Ultimate Average Claim Severity (4) [(2)/(3)x1,000] |
|-----------------------|--|------------------------------------|--|
| 2002 | 110,947 | 2,540 | 43,680 |
| 2003 | 99,275 | 2,472 | 40,160 |
| 2004 | 100,064 | 2,120 | 47,200 |
| 2005 | 100,482 | 1,911 | 52,581 |
| 2006 | 92,460 | 1,787 | 51,740 |
| 2007 | 95,343 | 1,728 | 55,175 |
| 2008 | 76,468 | 1,492 | 51,252 |
| 2009 | 91,304 | 1,663 | 54,903 |
| 2010 | 114,129 | 1,812 | 62,985 |

| | Trends | R-Sqrd |
|--------|--------|--------|
| 9-Year | 4.5% | 79.1% |
| 7-Year | 3.4% | 67.2% |
| 5-Year | 4.0% | 55.7% |
| 3-Year | 10.9% | 96.4% |

Selected: 4.0%

| <u>Report Year</u> | <u>Trend Factor*</u> |
|--------------------|----------------------|
| 2008 | 1.193 |
| 2009 | 1.147 |
| 2010 | 1.103 |

*Trended from the middle of the report year and assumes filing is applied to policies starting on effective date 1/1/2012.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Trend in Average Claim Frequency

| Report Year (1) | Ultimate Claim Counts (2) | Base Class Expos (3) | Ultimate Number of Claims per 100 Base Class Expos (4) [(2)/(3)x100] |
|-----------------------|------------------------------------|-------------------------------|--|
| 2002 | 2,540 | 20,070 | 12.7 |
| 2003 | 2,472 | 20,922 | 11.8 |
| 2004 | 2,120 | 19,868 | 10.7 |
| 2005 | 1,911 | 18,702 | 10.2 |
| 2006 | 1,787 | 18,252 | 9.8 |
| 2007 | 1,728 | 19,023 | 9.1 |
| 2008 | 1,492 | 18,132 | 8.2 |
| 2009 | 1,663 | 17,375 | 9.6 |
| 2010 | 1,812 | 17,704 | 10.2 |

| | Trends | R-Sqrd |
|--------|--------|--------|
| 9-Year | -3.5% | 55.2% |
| 7-Year | -1.5% | 14.3% |
| 5-Year | 1.4% | 7.1% |
| 3-Year | 11.5% | 95.3% |

Selected:

| <u>Report Year</u> | <u>Trend Factor*</u> |
|--------------------|----------------------|
| 2008 | 1.000 |
| 2009 | 1.000 |
| 2010 | 1.000 |

*Trended from the middle of the report year and assumes filing is applies to policies starting on effective date 1/1/2012.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Catastrophe Adjustment

No adjustments are made for catastrophic losses.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Credibility Adjustment

No adjustment is made for credibility

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Ancillary Income

Not applicable

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Reinsurance Premium and Recoverables

The cost of reinsurance is not included in rate development.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Request for Variance

Variance 1(B)

NORCAL Risk Management and Patient Safety programs are specifically designed to address professional liability risk. All loss prevention activity is geared toward reducing potential claim activity and improvement of patient outcomes. This is done through risk assessments performed by specialists and by providing specific education to policyholders. Programs and resources are developed by claim analysis and assessment review. Claims experience highlights the factors that give rise to loss and the risk management patient safety program is designed to address such factors. Our program is constantly evolving and expanding. Additionally, NORCAL actively follows up subsequent to site visits and after continuing medical education activities to verify that recommendations have been adequately understood and implemented. We strongly believe these changes in practice behavior lead to reduced professional liability exposure and NORCAL is one of extremely few, if any, professional liability insurance companies that verifies the practice patterns have been modified.

Validating the losses eliminated through risk management services is very difficult to do, but in a recent study, the efficacy of such patient safety and risk management programs has been documented and verified. In the recent New York Weill-Cornell Medical Center study that was published in February of 2011 in the American Journal of Obstetrics and Gynecology, it was concluded that instituting a comprehensive patient safety program decreased compensation payments and sentinel events resulting in immediate and significant savings. The study indicated that payments decreased 91% during the study period and sentinel events went from 5 to zero. The study was conducted over a 9 year period of time.

NORCAL maintains an accreditation with commendation from the Accreditation Council for Continuing Medical Education (CME) which further reinforces the high quality of our Risk Management and Patient Safety program. Accreditation with commendation is awarded to only the best programs in the country and to only 2% of all CME providers.

These loss prevention activities are for the line of business underlying this filing (MPL) and support our California policyholders. The Company's loss prevention costs for 2010 were \$3.7M. These costs reflect expenses related to employees, software, equipment, consultants, etc. used for loss prevention activities and do not include the routine and customary costs of marketing or employing underwriters or adjusters. NORCAL has a dedicated risk management staff off 16. Allocating based on premium, the loss prevention costs applicable to the California physician program represented 2.18% of direct earned premium in 2010.

Our actual expense ratio for Calendar Year 2010 was 35.88% compared to the 27.28% allowed by the efficiency standard. We are requesting the allowable expense level be increased by 2.18% to 29.46% based on Variance 1(B).

The maximum permitted rate change with only Variance 1B is +1.78%.
The maximum permitted rate change without any Variance is -1.71%.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Request for Variance

Variance 2(A)

We are not aware of any independent surveys or customer service reviewers for our line of business, such as J.D. Powers. However, for the last three years we retained an independent firm, TNS, to survey our customers, including a sample of broker representatives on issues related to customer satisfaction. TNS, a London-based global research firm conducted a survey for the third consecutive year in 2010 and is familiar with the services provided to, and important to our customers. TNS is highly regarded in the U.S. as they offer a full range of market research and business insight services to clients in all industry sectors. We had the opportunity to work closely with their financial services division which added valuable relevant insight about the industry and how our company compares. At our direction, TNS independently designed the questions, selected recipients and received, tabulated and analyzed the results.

Based on that independent review our satisfaction survey results are in the 90% range (out of 100%.) According to TNS, most financial institutions' customer satisfaction scores generally peak at 80% so in comparison our ratings are truly exceptional.

In the independent study the Broker respondents, who routinely work with multiple medical malpractice carriers and have direct knowledge of relative service quality, consistently rated NORCAL higher than other carriers with regard to Quality Customer Service, including Policy Management, Claims handling, Risk Management and Communication related activities. The questionnaire specifically asked their opinions of NORCAL compared to other medical professional liability carriers. The questionnaire did not ask for comparisons to individual competitors.

Additionally, our policyholder retention rates are consistently extremely high, providing additional support for our on-going customer satisfaction and high level of service. 94%, 95% and 95% of California policies chose to renew with NORCAL in 2008, 2009 and 2010, respectively.

Our actual expense ratio for Calendar Year 2010 was 35.88% compared to the 27.28% allowed by the efficiency standard. We are requesting relief of 2% to include additional expenses related to providing higher quality service in place of the standard. Combined with the request for Variance 1(B), we are requesting a total increase in the allowed expense ratio of 4.18% to 31.46%.

The maximum permitted rate change with only Variance 2 is +1.48%.
The maximum permitted rate change without any Variance is -1.71%.

Variance 3

A modification to the Leverage Ratio used in the ratemaking template is requested due to the fact that over 90% of 2010 direct earned premium is in one line of business, medical professional liability. Additionally, in 2010 NORCAL was nearly 90% concentrated in California (89% DEP) and active in only 4 states. Compared to other major medical malpractice carriers in the state which derived less than half of their premium from California and are active in up to the full 50 states (plus DC), we are far less diversified geographically and present a different investment risk.

The current Leverage Factor for the medical malpractice claims-made line of business is 0.5916. The adjustment for Variance 3 is 85%.

The adjusted value used in the rating template is: = 0.5029 (= 0.5916 x 0.85)

The maximum permitted rate change with Variance 3 is +1.54%.
The maximum permitted rate change without Variance 3 is -1.71%.

Summary of Impact of Requested Variances

| Variance Combination | Maximum Permitted Rate Change |
|----------------------|-------------------------------|
| 1,2&3 | +8.94% |
| 2&3 | +4.95% |
| 1&3 | +5.27% |
| 1&2 | +5.21% |
| 3 | +1.54% |
| 2 | +1.48% |
| 1 | +1.78% |
| None | -1.71% |

**NORCAL Mutual Insurance Company
California Physicians and Surgeons**

Derivation of Loss Reserves Ratio - Alternate Method

| Report Year (1) | Selected Ultimate Loss and DCCE (2) | Paid Loss and DCCE (3) | Implied % Unpaid (4) | Adjusted Ultimate Loss (5) | Expected Paid Loss (6) | Expected Loss and DCCE Reserve (7) |
|--------------------|--|---------------------------|-------------------------|-------------------------------|---------------------------|---------------------------------------|
| 2002 | 110,947 | 110,904 | 0.0% | 83,393 | 83,360 | 33 |
| 2003 | 99,275 | 98,973 | 0.3% | 86,729 | 86,465 | 264 |
| 2004 | 100,064 | 99,262 | 0.8% | 90,198 | 89,475 | 723 |
| 2005 | 100,482 | 97,754 | 2.7% | 93,806 | 91,259 | 2,547 |
| 2006 | 92,460 | 87,896 | 4.9% | 97,558 | 92,743 | 4,815 |
| 2007 | 95,343 | 80,971 | 15.1% | 101,460 | 86,166 | 15,294 |
| 2008 | 76,468 | 56,174 | 26.5% | 105,519 | 77,515 | 28,003 |
| 2009 | 91,304 | 41,045 | 55.0% | 109,739 | 49,333 | 60,407 |
| 2010 | 114,129 | 7,790 | 93.2% | 114,129 | 7,790 | 106,339 |
| Total | | | | | | 218,426 |
| (8) | Loss and DCCE Reserve at 12/31/10 | | | | | 218,426 |
| (9) | Selected Ultimate for Latest Year | | | | | 114,129 |
| (10) | Reserve to Incurred Ratio | | | | | 1.914 |
| (11) | Adjusting and Other Expense Unpaid | | | | | 42,448 |
| (12) | Case Losses Unpaid | | | | | 135,744 |
| (13) | Bulk and IBNR Losses Unpaid | | | | | 110,539 |
| (14) | Case DCCE Unpaid | | | | | 48,415 |
| (15) | Bulk and IBNR DCCE Unpaid | | | | | 74,444 |
| (16) | AOS Reserve Load | | | | | 11.5% |
| (17) | Loss Reserves Ratio | | | | | 2.134 |

Notes:

- (2),(3) From Exhibit 7, Page 1
(4) = [(2) - (3)] / (2)
(5) Value for latest in (2), de-trended using a trend of 4.0%
(6) = [1 - (4)] x (5)
(7) = (5) - (6)
(10) = (8) / (9)
(11)-(15) From 2010 Annual Statement, Schedule P - Part 1F - Section 2
(16) = (11) / [Sum of (12) through (15)]
(17) = (10) x [1 + (16)]

NORCAL Mutual Insurance Company
California Physicians and Surgeons

Unearned Premium Reserve Ratio - Alternate Method

| | | Quarterly | Other | |
|-----|--|-------------|-------------|---|
| (1) | # Months in Policy Period | 12.0 | 12.0 | (8) |
| (2) | Midpoint of Policy Period | 6.0 | 6.0 | Unearned Premium Reserve Ratio |
| (3) | Average Month of Premium Receipt | 4.5 | 4.7 | |
| (4) | Unearned Premium - Months Held | 1.5 | 1.3 | |
| (5) | Unearned Premium Ratio (Years Held) | 0.125 | 0.110 | 0.125 |
| (6) | Distribution of Premium | 97% | 3% | 100% |
| (7) | Proportion of Premium Collected by Month | Month Due | | |
| | | 100.0% | 100.0% | |
| | | 0 | 25.0% | 15.0% |
| | | 1 | 0.0% | 8.5% |
| | | 2 | 0.0% | 8.5% |
| | | 3 | 25.0% | 8.5% |
| | | 4 | 0.0% | 8.5% |
| | | 5 | 0.0% | 8.5% |
| | | 6 | 25.0% | 8.5% |
| | | 7 | 0.0% | 8.5% |
| | | 8 | 0.0% | 8.5% |
| | | 9 | 25.0% | 8.5% |
| | | 10 | 0.0% | 8.5% |
| | | 11 | 0.0% | 0.0% |

Notes:

- (2) = (1) x 0.5
- (3) Weighted Average of month due in (7) using given weights in (7)
- (4) = (2) - (3)
- (5) = (4) / 12
- (8) UEPR Ratio: Weighted Average of (5) using (6) as the weights.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Rate Distribution

| | Estimated Premium Impact |
|----------------------------------|--------------------------------|
| Base Rate Change | -5.0% |
| Territorial Changes | -3.3% |
| Specialty Changes | 1.8% |
| Step Factor Changes | 1.6% |
| Entity Factor Changes | 0.5% |
| Facility Minimum Premium Changes | 0.0% |
| Tail Waiver Rule | -0.2% |
| Risk Management Rule | -0.3% |
| | |
| Combined Impact | -5.0% |

Notes:

Details are included in Exhibits 16 and 20

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

**Rate Classification Relativities
Territory**

| Territory | Current NORCAL Relativity | Indicated Territory Relativity Using NORCAL Data | | | Proposed NORCAL Relativity | Proposed Change |
|-----------|---------------------------------|---|-------|-------|----------------------------------|--------------------|
| | | 01-09 | 05-09 | TDC | | |
| A | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 0.0% |
| B | 2.339 | 2.139 | 2.166 | 1.399 | 1.871 | -20.0% |
| K | 0.792 | 0.721 | 0.749 | 0.833 | 0.792 | 0.0% |
| L | 2.089 | 1.817 | 1.820 | 1.235 | 1.671 | -20.0% |
| M | 2.196 | 2.492 | 2.530 | 2.099 | 2.196 | 0.0% |
| N | 1.227 | 1.256 | 1.021 | 1.181 | 1.227 | 0.0% |
| Total | | | | | | -3.3% |

Territory Definitions

- A Remainder of State
- B Los Angeles and Orange Counties
- K Fresno, Madera, Monterey, San Mateo, Santa Clara and Santa Cruz Counties
- L San Diego and Ventura Counties
- M Riverside and San Bernardino Counties
- N Kern, Imperial, San Luis Obispo and Santa Barbara Counties

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

**Rate Classification Relativities
Medical Specialties**

| Current Class | Proposed Class | Indicated Changes | | Proposed Change | Proposed Relativity | Current Relativity Base Class | Proposed Relativity Base Class | Proposed Relativity Change | Combined Impact of Relativity and Base Rate Changes |
|---------------|----------------|-------------------|--------|-----------------|---------------------|-------------------------------|--------------------------------|----------------------------|---|
| | | 03-09 | 05-09 | | | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | 1 | -13.4% | -9.0% | -5.0% | 0.295 | 0.478 | 0.478 | 0.0% | -5.0% |
| 1A | 1A | -25.2% | -21.5% | -5.0% | 0.430 | 0.696 | 0.696 | 0.0% | -5.0% |
| 1A | 1B | 9.9% | 11.0% | 0.0% | 0.452 | 0.696 | 0.733 | 5.3% | 0.0% |
| 2 | 2 | 2.0% | 9.9% | 0.0% | 0.521 | 0.802 | 0.844 | 5.3% | 0.0% |
| 2A | 2A | -12.4% | -12.6% | -5.0% | 0.618 | 1.000 | 1.000 | 0.0% | -5.0% |
| 2A | 2B | 32.8% | 34.1% | 0.0% | 0.650 | 1.000 | 1.053 | 5.3% | 0.0% |
| 3 | 3 | -16.9% | -23.3% | -10.0% | 0.706 | 1.206 | 1.143 | -5.3% | -10.0% |
| 3 | 3C | 2.8% | 5.2% | 0.0% | 0.784 | 1.206 | 1.269 | 5.3% | 0.0% |
| 3A | 3A | -16.2% | -16.2% | -5.0% | 0.777 | 1.258 | 1.258 | 0.0% | -5.0% |
| 4 | 4 | 8.8% | 12.6% | 0.0% | 0.933 | 1.435 | 1.511 | 5.3% | 0.0% |
| 3B | 3B | -10.3% | -6.4% | -5.0% | 1.028 | 1.665 | 1.665 | 0.0% | -5.0% |
| 4A | 4A | -17.7% | -15.9% | -5.0% | 1.273 | 2.062 | 2.062 | 0.0% | -5.0% |
| 5 | 5 | -14.2% | -9.0% | -5.0% | 1.310 | 2.122 | 2.122 | 0.0% | -5.0% |
| 4B | 4B | 6.3% | 7.5% | 0.0% | 1.379 | 2.122 | 2.234 | 5.3% | 0.0% |
| 6 | 6 | -15.0% | -12.6% | -5.0% | 2.071 | 3.353 | 3.353 | 0.0% | -5.0% |
| 6 | 6A | 31.2% | 33.7% | 0.0% | 2.180 | 3.353 | 3.529 | 5.3% | 0.0% |
| 7 | 7 | 21.2% | 24.1% | 0.0% | 2.356 | 3.625 | 3.816 | 5.3% | 0.0% |
| 7A | 7A | 0.2% | -1.1% | -1.0% | 2.854 | 4.435 | 4.622 | 4.2% | -1.0% |
| 8 | 8 | 15.4% | 17.9% | 0.0% | 4.060 | 6.246 | 6.575 | 5.3% | 0.0% |
| Total | | | | | | | | 1.8% | -3.3% |

Notes:

(9) = (8) / (7) - 1

(10) = [1 + (9)] x (1 - 5%) - 1

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

**Rate Classification Relativities
Medical Specialties**

| Current NORCAL Code | Current NORCAL Class | Current Specialty Name | Proposed NORCAL Code | Proposed NORCAL Class | Proposed Specialty Name | Comments |
|---|----------------------------|------------------------|----------------------------|-----------------------------|---|---|
| <i>New Medical Specialties / Healthcare Extenders</i> | | | | | | |
| N/A | N/A | N/A | 9121 | 1B | Dermatopathology | Rate with Pathology |
| N/A | N/A | N/A | 9127 | 3 | General Medicine (No Surgery) | Rate with Family Medicine (No Surgery) |
| N/A | N/A | N/A | 9066 | 3 | Gynecology (Minor Surgery) | Rate with Family Medicine (Minor Surgery) |
| N/A | N/A | N/A | 9067 | 2 | Gynecology (No Surgery) | Rate with Surgical Specialist (No Surgery) |
| N/A | N/A | N/A | 9131 | 2A | Hyperbaric Medicine | Rate with Internal Medicine (Non-Invasive) |
| N/A | N/A | N/A | 9132 | 4 | Infectious Disease | Rate with Internal Medicine (Invasive) |
| N/A | N/A | N/A | 9138 | 4 | Nephrology (Invasive) | Rate with Internal Medicine (Invasive) |
| N/A | N/A | N/A | 9144 | 2A | Pediatrics (Developmental-Behavioral) | Rate with Pediatrics |
| N/A | N/A | N/A | 9164 | n/a | Radiology Assistant | Healthcare Extender - Rate with Physician Assistant |
| N/A | N/A | N/A | 9151 | 2A | Sleep Medicine | Rate with Internal Medicine (Non-Invasive) |
| N/A | N/A | N/A | 9152 | 3 | Surgical Specialist (Minor Surgery) | Rate with Family Medicine (Minor Surgery) |
| N/A | N/A | N/A | 9070 | 4A | Urogynecology and Reconstructive Pelvic Surgery | Rate with Gynecology (Major) |

Specialty Name/Code Changes

| | | | | | |
|------|----|---|------|----|---|
| 8902 | 1 | Allergy | 9108 | 1 | Allergy and Immunology |
| 8995 | 6 | Dermatology (Including Cosmetic Surgery) | 9120 | 6 | Dermatology (Major Surgery) |
| 9055 | 4B | Family Practice (Including Obstetrics/No C-sections) | 9112 | 4B | Family Medicine (Including Obstetrics/No C-sections) |
| 9045 | 6 | Family Practice (Including Obstetrics and C-sections) | 9113 | 6 | Family Medicine (Including Obstetrics and C-sections) |
| 8957 | 6 | Family Practice (Major Surgery) | 9111 | 6 | Family Medicine (Major Surgery) |
| 8956 | 3 | Family Practice (Minor Surgery) | 9110 | 3 | Family Medicine (Minor Surgery) |
| 8959 | 3 | Family Practice (No Surgery) | 9109 | 3 | Family Medicine (No Surgery) |
| 9056 | 4B | General Practice (Including Obstetrics/No C-sections) | 9112 | 4B | Family Medicine (Including Obstetrics/No C-sections) |
| 9046 | 6 | General Practice (Including Obstetrics and C-sections) | 9113 | 6 | Family Medicine (Including Obstetrics and C-sections) |
| 8917 | 6 | General Practice (Major Surgery) | 9111 | 6 | Family Medicine (Major Surgery) |
| 8916 | 3 | General Practice (Minor Surgery) | 9110 | 3 | Family Medicine (Minor Surgery) |
| 8958 | 3 | General Practice (No Surgery) | 9109 | 3 | Family Medicine (No Surgery) |
| 8980 | 3 | General Medicine (Including Office Practice and Consulting) | 9126 | 3 | General Medicine (Minor Surgery) |
| 8967 | 4A | Gynecology Only | 9128 | 4A | Gynecology (Major Surgery) |
| 8997 | 6 | Gynecology (Including Cosmetic Surgery) | 9129 | 6 | Gynecology (Major Surgery/Including Cosmetic) |
| 9019 | 7A | Perinatology | 9118 | 7A | Maternal-Fetal Medicine / Perinatology |
| 8988 | 2 | Medical Genetics (No Amniocentesis) | 9135 | 2 | Medical Genetics (Non-Invasive) |
| 9036 | 2A | Oncology | 9114 | 2A | Medical Oncology |
| 9017 | 2A | Nephrology | 9139 | 2A | Nephrology (Non-Invasive) |
| 9029 | 3A | Pain Management | 9141 | 3A | Pain Management (Interventional) |
| 9052 | 3A | Physical Medicine and Rehabilitation (Interventional Pain Management) | 9147 | 3A | Physical Medicine and Rehabilitation (Interventional) |
| 8938 | 1 | Physical Medicine and Rehabilitation | 9148 | 1 | Physical Medicine and Rehabilitation (Non-Interventional) |
| 8941 | 2 | Psychiatry (Including Convulsive Shock Treatment) | 9149 | 2 | Psychiatry (Including Electroconvulsive Therapy) |
| 8940 | 1A | Psychiatry (No Convulsive Shock Treatment) | 9150 | 1A | Psychiatry (No Electroconvulsive Therapy) |
| 9021 | 4 | Diagnostic/Interventional Radiology | 9115 | 4 | Radiology (Diagnostic / Interventional) |
| 9020 | 2A | General Diagnostic Radiology | 9117 | 2B | Radiology (General Diagnostic) |
| 8945 | 5 | Therapeutic Radiology | 9116 | 5 | Radiology (Radiation Oncology / Therapeutic) |
| 8979 | 2 | Surgical Specialist (Office Practice and Consulting) | 9153 | 2 | Surgical Specialist (No Surgery) |

Note: There are no expected premium impacts from the changes noted above.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

**Rate Classification Relativities
Claims Made Step Factors**

| Year of Claims-Made Coverage (1) | NORCAL Current Relativity (2) | NORCAL Indicated Relativity (3) | Competitor Relativities | | | NORCAL Proposed Relativity (7) |
|---|--|--|----------------------------------|--|------------------------------|---|
| | | | The Doctors Company (4) | Medical Ins. Exchange of CA (5) | Medical Protective (6) | |
| 1st | 34.2% | 32.7% | 35.0% | 34.1% | 32.0% | 35% |
| 2nd | 57.1% | 75.0% | 60.0% | 67.0% | 60.0% | 65% |
| 3rd | 71.0% | 87.1% | 80.0% | 85.2% | 81.0% | 80% |
| 4th | 81.7% | 92.2% | 92.0% | 92.0% | 90.0% | 90% |
| 5th | 91.4% | 94.8% | 100.0% | 100.0% | 100.0% | 100% |
| 6th + | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100% |
| | | | | | Total Impact | 1.6% |

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

**Rate Classification Relativities
Entity Charge**

| Report Year (1) | Incurred Loss & DCCE \$1M Limits on Entity Coverage (2) | Incurred Loss & DCCE \$1M Limits on Individual Physicians with Entity Policies (3) | Losses on Entity Policies as % of Losses on Underlying Physicians Coverage (4) = (2) / (3) |
|-----------------------|--|---|--|
| 2002 | 8,663 | 36,483 | 24% |
| 2003 | 5,603 | 30,472 | 18% |
| 2004 | 2,738 | 29,593 | 9% |
| 2005 | 7,487 | 26,480 | 28% |
| 2006 | 5,562 | 27,089 | 21% |
| 2007 | 5,237 | 25,800 | 20% |
| 2008 | 3,868 | 12,723 | 30% |
| 2009 | 2,645 | 18,503 | 14% |
| 2010 | 3,573 | 17,525 | 20% |
| 2002-2008 | 39,158 | 188,639 | 21% |
| 2003-2009 | 33,140 | 170,660 | 19% |
| 2004-2010 | 31,110 | 157,713 | 20% |
| | | Current Entity Charge: | 11% |
| | | Proposed Entity Charge: | 12% |
| | | Proposed Change: | 9.1% |
| | | Impact on Total Book: | 0.5% |

Notes:

(2),(3) Evaluated as of 12/31/10; Dollars in 000s

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

New Program

This is not a filing for a new program.

Exhibit 18

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Insurer Group Filing

This is not a Group filing.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Super Group - Corporate Structure Verification Exhibit

This is not a filing for the Private Passenger Auto line of insurance.

**NORCAL Mutual Insurance Company
California Physician and Surgeons**

Rule Revisions

Risk Management Credit

We are adding opportunities for policyholders to earn an additional premium credit of 2% through continuing education, etc. This credit was selected judgmentally. We project an overall -0.3% premium impact based on estimated utilization of this optional credit.

Retirement Waiver

We are eliminating the minimum age requirement for the DD&R tail waiver. Currently the minimum age is 55 years old. We estimate that this enhanced rule represents a 0.2% premium decrease overall.

Physician Part-Time Practice Discount

We are revising the criteria slightly, including eliminating the reference to hospital admissions which are frequently unavailable and revising the cutoff to 20 hours per week. The latter revision improves consistency internally and with industry standards. We expect no material overall premium impact from these revisions.

Schedule Rating

We are expanding policyholder eligibility. We expect no material overall premium impact.

Facility Minimum Premiums

We are revising our current minimum premiums for Healthcare Facilities to improve clarity, enhance administrative efficiency and be more consistent with the marketplace. Currently, NORCAL's minimum premiums for each facility type vary based on a variety of factors such as geographic territory and policy limit. This has proven to be confusing for policyholders and difficult to administrate.

Therefore, consistent with the market we are revising our approach to apply a single minimum premium by facility type that only varies with policy limit. Specifically, we are implementing \$1M limits minimum premiums of \$15,000 for Surgery Centers and Emergency Rooms, \$10,000 for Urgent Care Centers and Blood Banks and \$5,000 for all other facilities.

The overall premium impact is a negligible decrease.

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE ~~[APRIL 1, 2011]~~ JANUARY 1, 2012
RATE PAGES**

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**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE ~~[APRIL 1, 2011]~~ JANUARY 1, 2012
PROFESSIONAL LIABILITY RATING FACTORS**

| Year | Claims-Made Factors | Claims-Made Run-Off Factors |
|------------------------|---------------------------------|-----------------------------|
| Current | {0.3420} <u>0.35</u> | 0.9100 |
| 1st Prior | {0.2291} <u>0.30</u> | 0.6500 |
| 2nd Prior | {0.1389} <u>0.15</u> | 0.4100 |
| 3rd Prior | {0.1069} <u>0.10</u> | 0.1700 |
| 4th Prior | {0.0971} <u>0.10</u> | 0.1100 |
| {5th Prior} | {0.0860} | {0.0000} |

| Class | Class Factor |
|-----------|---------------------------------|
| 1 | 0.478 |
| 1A | 0.696 |
| <u>1B</u> | <u>0.733</u> |
| 2 | {0.802} <u>0.844</u> |
| 2A | 1.000 |
| <u>2B</u> | <u>1.053</u> |
| 3 | {1.206} <u>1.143</u> |
| 3A | 1.258 |
| 3B | 1.665 |
| <u>3C</u> | <u>1.269</u> |
| 4 | {1.435} <u>1.511</u> |
| 4A | 2.062 |
| 4B | {2.122} <u>2.234</u> |
| 5 | 2.122 |
| 6 | 3.353 |
| <u>6A</u> | <u>3.529</u> |
| 7 | {3.625} <u>3.816</u> |
| 7A | {4.435} <u>4.622</u> |
| 8 | {6.246} <u>6.575</u> |

| Limit | Increased Limits Factor |
|---|-------------------------|
| \$0.5M/\$1.5M | 0.8684 |
| \$1M/\$3M | 1.0000 |
| \$2M/\$4M | 1.2099 |
| \$2M/\$5M | 1.2497 |
| \$1M/\$5M* | 1.1500 |
| \$1M/\$10M* | 1.5000 |
| \$2M/\$10M* | 1.8327 |
| *Available only for Entity Coverage for Partnerships/Corporations and for Facility Policies | |

NOTE: NORCAL Mutual may, at its customer's request, facilitate the issuance of coverage at limits higher than \$2M/\$5M. NORCAL will secure the higher limits on behalf of its customer by obtaining facultative reinsurance, at rates set by the respective reinsurer. NORCAL will add customary acquisition costs, including brokerage commission (if any) and premium taxes, to this cost.

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE ~~[APRIL 1, 2011]~~ JANUARY 1, 2012
PROFESSIONAL LIABILITY TERRITORY RATES**

LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION

| TERRITORY | ANNUAL MATURE CLAIMS-MADE COST |
|-----------|---|
| A | [\$8,673] \$8,239 |
| B | [\$20,283] \$15,415 |
| K | [\$6,869] \$6,525 |
| L | [\$18,115] \$13,767 |
| M | [\$19,044] \$18,093 |
| N | [\$10,641] \$10,109 |

TERRITORY DEFINITIONS:

| | |
|---|--|
| A | REMAINDER OF CALIFORNIA COUNTIES NOT IN TERRITORIES B,K,L,M OR N: Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte El Dorado, Glenn, Humboldt, Inyo, Kings, Lake, Lassen, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo & Yuba Counties |
| B | Los Angeles & Orange Counties |
| K | Fresno, Madera, Monterey, San Mateo, Santa Clara & Santa Cruz Counties |
| L | San Diego & Ventura Counties |
| M | Riverside & San Bernardino Counties |
| N | Imperial, Kern, Santa Barbara & San Luis Obispo Counties |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE ~~[APRIL 1, 2011]~~ JANUARY 1, 2012
PROFESSIONAL LIABILITY RATING FACTORS**

MEDICAL SPECIALTY CODES/CLASSIFICATION

| NORCAL CODE | SPECIALTY | CLASS |
|------------------------|---|--------------------|
| 8901 | Administrative Medicine | 1 |
| {8902} 9108 | Allergy <u>and Immunology</u> | 1 |
| 8903 | Anesthesiology | 3A |
| 9041 | Anesthesiology (Interventional Pain Management) | 3A |
| 8946 | Cardiac Surgery | 7 |
| 9031 | Cardiology (Interventional) | 4 |
| 9033 | Cardiology (Invasive) | 4 |
| 9032 | Cardiology (Non-Invasive) | 2 |
| 8910 | Colon and Rectal Surgery | 6 |
| 9022 | Critical Care Medicine | 4 |
| {8995} 9120 | Dermatology (Including Cosmetic) <u>Major Surgery</u> | 6 |
| 9042 | Dermatology (Minor Surgery) | 2 |
| 9043 | Dermatology (No Surgery) | 2 |
| 9121 | <u>Dermatopathology</u> | 1B |
| {9021} 9115 | {Diagnostic/Interventional} <u>Radiology (Diagnostic/Interventional)</u> | 4 |
| 9044 | Emergency Medicine | 4A |
| 9013 | Endocrinology | 2A |
| {9055} 9112 | Family {Practice} <u>Medicine</u> (Including Obstetrics/No C-sections) | 4B |
| {9045} 9113 | Family {Practice} <u>Medicine</u> (Including Obstetrics and C-sections) | 6 |
| {8957} 9111 | Family {Practice} <u>Medicine</u> (Major Surgery) | 6 |
| {8956} 9110 | Family {Practice} <u>Medicine</u> (Minor Surgery) | 3 |
| {8959} 9109 | Family {Practice} <u>Medicine</u> (No Surgery) | 3 |
| 8915 | Gastroenterology | {3} 3C |
| {9020} 9117 | {General Diagnostic} <u>Radiology (General Diagnostic)</u> | {2A} 2B |
| {8980} 9126 | General Medicine (Including Office Practice and Consulting) <u>Minor Surgery</u> | 3 |
| 9127 | <u>General Medicine (No Surgery)</u> | 3 |
| {9056} | {General Practice (Including Obstetrics/No C sections)} | {4B} |
| {9046} | {General Practice (Including Obstetrics and C sections)} | {6} |
| {8917} | {General Practice (Major Surgery)} | {6} |
| {8916} | {General Practice (Minor Surgery)} | {3} |
| {8958} | {General Practice (No Surgery)} | {3} |
| 8918 | General Preventive Medicine | 2 |
| 8919 | General Surgery | {6} 6A |
| 8975 | General Surgery (Including Bariatrics) | 8 |
| {8997} 9129 | Gynecology (<u>Major Surgery / Including Cosmetic</u> {Surgery}) | 6 |
| {8967} 9128 | Gynecology {only} <u>(Major Surgery)</u> | 4A |
| 9066 | <u>Gynecology (Minor Surgery)</u> | 3 |
| 9067 | <u>Gynecology (No Surgery)</u> | 2 |
| 9027 | Hand Surgery | 6 |
| 8978 | Hematology | 2A |
| 9028 | Hospitalist | 2A |
| 9131 | <u>Hyperbaric Medicine</u> | 2A |
| 9132 | <u>Infectious Disease</u> | 4 |
| 9034 | Internal Medicine (Invasive) | 4 |
| 9035 | Internal Medicine (Non-Invasive) | 2A |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE ~~[APRIL 1, 2011]~~ JANUARY 1, 2012
PROFESSIONAL LIABILITY RATING FACTORS**

MEDICAL SPECIALTY CODES/CLASSIFICATION

| NORCAL CODE | SPECIALTY | CLASS |
|----------------------|--|------------------|
| 8988 9135 | Medical Genetics ([No Amniocentesis] <u>Non-Invasive</u>) | 2 |
| 8985 | Neonatology | 3B |
| 9138 | <u>Nephrology (Invasive)</u> | <u>4</u> |
| 9017 9139 | Nephrology (<u>Non-Invasive</u>) | 2A |
| 9047 | Neurology (Interventional) | 4 |
| 9048 | Neurology (Non-Interventional) | 4 |
| 8923 | Neurosurgery | 8 |
| 8981 | Nuclear Medicine | 2A |
| 9049 9038 | Neuromusculoskeletal Medicine/Osteopathic Manipulative Medicine Only | 2 |
| 8926 | Obstetrics and Gynecology | 7A |
| 8800 | Occupational Medicine | 2A |
| 9036 9114 | <u>Medical Oncology</u> | 2A |
| 9025 | Ophthalmology (Major Surgery) | 2A |
| 9024 | Ophthalmology (Minor Surgery) | 2 |
| 9023 | Ophthalmology (No Surgery) | 2 |
| 8996 | Oral and Maxillofacial Surgery | 6 |
| 9037 | Orthopedic Surgery (Including Spinal Surgery) | 7 |
| 9107 | Orthopedic Surgery (No Spinal Surgery) | 6 |
| 9050 | Otolaryngology (Including Cosmetic Surgery) | 6 |
| 9051 | Otolaryngology (No Cosmetic Surgery) | 4 |
| 9029 9141 | Pain Management (<u>Interventional</u>) | 3A |
| 8932 | Pathology | 1A 1B |
| 8933 | Pediatrics | 2A |
| 9144 | <u>Pediatrics (Developmental-Behavioral)</u> | <u>2A</u> |
| 9019 9118 | <u>Maternal-Fetal Medicine / Perinatology</u> | 7A |
| 8938 9148 | Physical Medicine and Rehabilitation (<u>Non-Interventional</u>) | 1 |
| 9052 9147 | Physical Medicine and Rehabilitation (<u>Interventional</u> [Pain Management]) | 3A |
| 8939 | Plastic Surgery | 6 |
| 8941 9149 | Psychiatry (Including <u>Electroconvulsive Therapy</u> [Convulsive Shock Treatment]) | 2 |
| 8940 9150 | Psychiatry (No <u>Electroconvulsive Therapy</u> [Convulsive Shock Treatment]) | 1A |
| 8943 | Pulmonary Disease | 4 |
| 9053 | Reproductive Endocrinology | 4A |
| 9054 | Rheumatology | 2A |
| 9151 | <u>Sleep Medicine</u> | <u>2A</u> |
| 8968 | Surgical Assistant | 2 |
| 9152 | <u>Surgical Specialist (Minor Surgery)</u> | <u>3</u> |
| 8979 9153 | Surgical Specialist ([Office Practice and Assisting] <u>No Surgery</u>) | 2 |
| 8945 9116 | [Therapeutic] <u>Radiology (Radiation Oncology / Therapeutic)</u> | 5 |
| 8986 | Thoracic Surgery | 7 |
| 9030 | Urgent Care | 3 |
| 9070 | <u>Urogynecology and Reconstructive Pelvic Surgery</u> | <u>4A</u> |
| 8947 | Urology | 4 |
| 9012 | Vascular Surgery | 6 |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE [~~APRIL 1, 2011~~] JANUARY 1, 2012
PARTNERSHIPS/CORPORATIONS**

The rate for the entity coverage is [~~11~~] 12% of the underlying professional liability premium or the stated rate below as a minimum premium.

| |
|-----------------|
| MINIMUM RATE |
| \$2,250 |

| |
|------------------------------------|
| MINIMUM REPORTING ENDT. RATE |
| \$4,000 |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE ~~[APRIL 1, 2011]~~ JANUARY 1, 2012
HEALTHCARE EXTENDER ANNUAL RATES**

**TERRITORY A
LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION**

| PROVIDER | FULL-TIME RATE | |
|--|-------------------------------------|---------------------------------------|
| | SHARED LIMITS | SEPARATE LIMITS |
| Certified Registered Nurse Anesthetist | [\$4,991] <u>\$4,741</u> | [\$6,655] <u>\$6,321</u> |
| [Nurse] Midwife | [\$8,886] <u>\$8,441</u> | [\$11,848] <u>\$11,254</u> |
| Nurse Practitioner | [\$1,518] <u>\$1,442</u> | [\$2,024] <u>\$1,923</u> |
| Optometrist | N/A | [\$353] <u>\$335</u> |
| Perfusionist | [\$1,518] <u>\$1,442</u> | [\$2,024] <u>\$1,923</u> |
| Physician Assistant | [\$1,518] <u>\$1,442</u> | [\$2,024] <u>\$1,923</u> |
| Physician Assistant (Including Obstetrics) | [\$8,886] <u>\$8,441</u> | [\$11,848] <u>\$11,254</u> |
| Podiatrist (Limited Surgery) | [\$4,051] <u>\$3,848</u> | [\$5,401] <u>\$5,131</u> |
| Podiatrist (Major Surgery) | [\$5,874] <u>\$5,580</u> | [\$7,832] <u>\$7,440</u> |
| Preceptee | [\$1,868] <u>\$1,775</u> | N/A |
| Radiology Assistant | <u>\$1,442</u> | <u>\$1,923</u> |

NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
FACILITY POLICY RATE SCHEDULE

TERRITORY A
LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION

| <u>Facility Type</u> | <u>Rate Per</u> | <u>Mature Claims-Made Rate</u> |
|--------------------------|---------------------|--|
| BLOOD BANK | 100 Blood Donations | 99.64 |
| DIALYSIS CENTER | 100 Procedures | 77.22 |
| EMERGENCY MEDICINE GROUP | Patient Visit | 5.40 |
| ENDOSCOPY CENTER | Procedure | 2.05 |
| IMAGING CENTER | 100 Test Results | 204.81 |
| LABORATORY | 100 Test Results | 11.82 |
| URGENT CARE CENTER | Patient Visit | 1.78 |

| <u>Subject to \$1M/\$3M Minimum Premium of:</u> | |
|---|----------|
| BLOOD BANK | \$10,000 |
| DIALYSIS CENTER | \$5,000 |
| EMERGENCY MEDICINE GROUP | \$15,000 |
| ENDOSCOPY CENTER | \$5,000 |
| IMAGING CENTER | \$5,000 |
| LABORATORY | \$5,000 |
| URGENT CARE CENTER | \$10,000 |

~~[NORCAL MUTUAL INSURANCE COMPANY]~~
~~[CALIFORNIA]~~
~~[EFFECTIVE APRIL 1, 2011]~~
~~[FACILITY POLICY RATE SCHEDULE]~~

~~[TERRITORY A]~~
~~[LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION]~~

[URGENT CARE CENTERS]

| [Year] | [Per Patient] [Visit Rate] | [Minimum] [Premium*] |
|--------|-------------------------------|-------------------------|
| [1] | [0.64] | [3,200] |
| [2] | [1.07] | [5,350] |
| [3] | [1.33] | [6,650] |
| [4] | [1.53] | [7,650] |
| [5] | [1.71] | [8,550] |
| [6] | [1.87] | [9,350] |

[EMERGENCY MEDICINE GROUPS]

| [Year] | [Per Patient] [Visit Rate] | [Minimum] [Premium*] |
|--------|-------------------------------|-------------------------|
| [1] | [1.94] | [9,700] |
| [2] | [3.24] | [16,200] |
| [3] | [4.03] | [20,150] |
| [4] | [4.64] | [23,200] |
| [5] | [5.19] | [25,950] |
| [6] | [5.68] | [28,400] |

[ENDOSCOPY CENTERS]

| [Year] | [Per] [Procedure] | [Minimum] [Premium**] |
|--------|----------------------|--------------------------|
| [1] | [0.74] | [3,577] |
| [2] | [1.23] | [5,974] |
| [3] | [1.53] | [7,426] |
| [4] | [1.76] | [8,545] |
| [5] | [1.97] | [9,560] |
| [6] | [2.16] | [10,460] |

[* Minimum premium based on 5,000 annual patient visits.]

[** Minimum premium is the Class 3 Individual Physician Rate.]

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE ~~[APRIL 1, 2011]~~ JANUARY 1, 2012
FACILITY POLICY RATE SCHEDULE**

**TERRITORY A
LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION**

AMBULATORY SURGERY CENTERS

| Year | Rate Per Surgical Procedure | {Minimum} {Premium*} | Reporting Endorsement Rate per Procedure |
|------|-----------------------------------|---|---|
| 1 | [7.58] <u>7.20</u> | [7,580] | [9.55] <u>9.07</u> |
| 2 | [12.13] <u>11.52</u> | [12,130] | [3.79] <u>3.60</u> |
| 3 | [15.16] <u>14.40</u> | [15,160] | 0.00 |

Subject to \$1M/\$3M Minimum Premium of \$15,000.

[NORCAL MUTUAL INSURANCE COMPANY]
[CALIFORNIA]
[EFFECTIVE APRIL 1, 2011]
[FACILITY POLICY RATE SCHEDULE]

[TERRITORY A]
[LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION]

[LABORATORIES]

| [Year] | {Rate per 100} {Test Results} | {Minimum} {Premium*} |
|--------|----------------------------------|-------------------------|
| [1] | {4.25} | {1,418} |
| [2] | {7.10} | {2,368} |
| [3] | {8.83} | {2,943} |
| [4] | {10.16} | {3,387} |
| [5] | {11.37} | {3,789} |
| [6] | {12.44} | {4,146} |

[DIALYSIS CENTERS]

| [Year] | {Rate per 100} {Procedures} | Minimum Premium* |
|--------|--------------------------------|---------------------|
| [1] | {27.80} | {1,418} |
| [2] | {46.42} | {2,368} |
| [3] | {57.71} | {2,943} |
| [4] | {66.40} | {3,387} |
| [5] | {74.29} | {3,789} |
| [6] | {81.28} | {4,146} |

[IMAGING CENTERS]

| [Year] | {Rate per 100} {Test Results} | {Minimum} {Premium*} |
|--------|----------------------------------|-------------------------|
| [1] | {73.73} | {1,418} |
| [2] | {123.12} | {2,368} |
| [3] | {153.07} | {2,943} |
| [4] | {176.12} | {3,387} |
| [5] | {197.05} | {3,789} |
| [6] | {215.59} | {4,146} |

[BLOOD BANKS]

| [Year] | {Rate per 100} {Blood} {Donations} | {Minimum} {Premium**} |
|--------|--|--------------------------|
| [1] | {35.87} | {2,966} |
| [2] | {59.90} | {4,953} |
| [3] | {74.47} | {6,158} |
| [4] | {85.68} | {7,085} |
| [5] | {95.86} | {7,927} |
| [6] | {104.88} | {8,673} |

[* Minimum premium is the Class 1 Individual Physician Rate.]

[** Minimum premium is the Class 2A Individual Physician Rate.]

NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
FACILITY POLICY RATE SCHEDULE

TERRITORY A
LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION

| <u>Community Clinics Class</u> | <u>Rating Category</u> | <u>Mature Claims-Made Rate</u> |
|--|------------------------------|--|
| <u>1</u> | <u>Per Doctor Hour</u> | <u>5.67</u> |
| | <u>Per Patient Visit</u> | <u>1.24</u> |
| | <u>Per Dental Procedure</u> | <u>2.85</u> |
| <u>2</u> | <u>Per Doctor Hour</u> | <u>10.70</u> |
| | <u>Per Patient Visit</u> | <u>1.24</u> |
| | <u>Per Dental Procedure</u> | <u>2.85</u> |
| <u>3</u> | <u>Per Doctor Hour</u> | <u>17.79</u> |
| | <u>Per Patient Visit</u> | <u>1.24</u> |
| | <u>Per Dental Procedure</u> | <u>2.85</u> |
| | <u>Per Special Procedure</u> | <u>14.87</u> |

Subject to \$1M/\$3M Minimum Premium of \$5,000.

~~[NORCAL MUTUAL INSURANCE COMPANY]
 [CALIFORNIA]
 [EFFECTIVE APRIL 1, 2011]
 [FACILITY POLICY RATE SCHEDULE]~~

~~[TERRITORY A]
 [LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION]~~

~~[COMMUNITY CLINICS CLASS 1]~~

| {Year} | {Per} {Doctor} {Hour} | {Per} {Patient} {Visit} | {Per} {Dental} {Procedure} |
|-------------------|--|--|---|
| {1} | {2.04} | {0.45} | {1.02} |
| {2} | {3.41} | {0.75} | {1.71} |
| {3} | {4.24} | {0.93} | {2.13} |
| {4} | {4.88} | {1.07} | {2.45} |
| {5} | {5.46} | {1.20} | {2.74} |
| {6} | {5.97} | {1.31} | {3.00} |

~~[COMMUNITY CLINICS CLASS 2]~~

| {Year} | Per Doctor Hour | Per Patient Visit | Per Dental Procedure |
|-------------------|------------------------------------|--------------------------------------|---|
| {1} | {3.85} | {0.45} | {1.02} |
| {2} | {6.43} | {0.75} | {1.71} |
| {3} | {8.00} | {0.93} | {2.13} |
| {4} | {9.20} | {1.07} | {2.45} |
| {5} | {10.29} | {1.20} | {2.74} |
| {6} | {11.26} | {1.31} | {3.00} |

~~[COMMUNITY CLINICS CLASS 3]~~

| {Year} | Per Doctor Hour | Per Patient Visit | Per Dental Procedure | Per Special Procedure |
|-------------------|------------------------------------|--------------------------------------|---|--|
| {1} | {6.41} | {0.45} | {1.02} | {5.35} |
| {2} | {10.70} | {0.75} | {1.71} | {8.94} |
| {3} | {13.30} | {0.93} | {2.13} | {11.11} |
| {4} | {15.30} | {1.07} | {2.45} | {12.78} |
| {5} | {17.12} | {1.20} | {2.74} | {14.30} |
| {6} | {18.73} | {1.31} | {3.00} | {15.65} |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
RATE PAGES**

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**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
PROFESSIONAL LIABILITY RATING FACTORS**

| Year | Claims-Made Factors | Claims-Made Run-Off Factors |
|-----------|---------------------|-----------------------------|
| Current | 0.35 | 0.9100 |
| 1st Prior | 0.30 | 0.6500 |
| 2nd Prior | 0.15 | 0.4100 |
| 3rd Prior | 0.10 | 0.1700 |
| 4th Prior | 0.10 | 0.1100 |

| Class | Class Factor |
|-------|--------------|
| 1 | 0.478 |
| 1A | 0.696 |
| 1B | 0.733 |
| 2 | 0.844 |
| 2A | 1.000 |
| 2B | 1.053 |
| 3 | 1.143 |
| 3A | 1.258 |
| 3B | 1.665 |
| 3C | 1.269 |
| 4 | 1.511 |
| 4A | 2.062 |
| 4B | 2.234 |
| 5 | 2.122 |
| 6 | 3.353 |
| 6A | 3.529 |
| 7 | 3.816 |
| 7A | 4.622 |
| 8 | 6.575 |

| Limit | Increased Limits Factor |
|---|-------------------------|
| \$.5M/1.5M | 0.8684 |
| \$1M/\$3M | 1.0000 |
| \$2M/\$4M | 1.2099 |
| \$2M/\$5M | 1.2497 |
| \$1M/\$5M* | 1.1500 |
| \$1M/\$10M* | 1.5000 |
| \$2M/\$10M* | 1.8327 |
| *Available only for Entity Coverage for Partnerships/Corporations and for Facility Policies | |

NOTE: NORCAL Mutual may, at its customer's request, facilitate the issuance of coverage at limits higher than \$2M/\$5M. NORCAL will secure the higher limits on behalf of its customer by obtaining facultative reinsurance, at rates set by the respective reinsurer. NORCAL will add customary acquisition costs, including brokerage commission (if any) and premium taxes, to this cost.

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
PROFESSIONAL LIABILITY TERRITORY RATES**

LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION

| TERRITORY | ANNUAL MATURE CLAIMS-MADE COST |
|-----------|---|
| A | \$8,239 |
| B | \$15,415 |
| K | \$6,525 |
| L | \$13,767 |
| M | \$18,093 |
| N | \$10,109 |

TERRITORY DEFINITIONS:

| | |
|---|---|
| A | REMAINDER OF CALIFORNIA COUNTIES NOT IN TERRITORIES B,K,L,M OR N: Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Inyo, Kings, Lake, Lassen, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo & Yuba Counties |
| B | Los Angeles & Orange Counties |
| K | Fresno, Madera, Monterey, San Mateo, Santa Clara & Santa Cruz Counties |
| L | San Diego & Ventura Counties |
| M | Riverside & San Bernardino Counties |
| N | Imperial, Kern, Santa Barbara & San Luis Obispo Counties |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
PROFESSIONAL LIABILITY RATING FACTORS**

MEDICAL SPECIALTY CODES/CLASSIFICATION

| NORCAL CODE | SPECIALTY | CLASS |
|------------------------|---|--------------|
| 8901 | Administrative Medicine | 1 |
| 9108 | Allergy and Immunology | 1 |
| 8903 | Anesthesiology | 3A |
| 9041 | Anesthesiology (Interventional Pain Management) | 3A |
| 8946 | Cardiac Surgery | 7 |
| 9031 | Cardiology (Interventional) | 4 |
| 9033 | Cardiology (Invasive) | 4 |
| 9032 | Cardiology (Non-Invasive) | 2 |
| 8910 | Colon and Rectal Surgery | 6 |
| 9022 | Critical Care Medicine | 4 |
| 9120 | Dermatology (Major Surgery) | 6 |
| 9042 | Dermatology (Minor Surgery) | 2 |
| 9043 | Dermatology (No Surgery) | 2 |
| 9121 | Dermatopathology | 1B |
| 9044 | Emergency Medicine | 4A |
| 9013 | Endocrinology | 2A |
| 9112 | Family Medicine (Including Obstetrics/No C-sections) | 4B |
| 9113 | Family Medicine (Including Obstetrics and C-sections) | 6 |
| 9111 | Family Medicine (Major Surgery) | 6 |
| 9110 | Family Medicine (Minor Surgery) | 3 |
| 9109 | Family Medicine (No Surgery) | 3 |
| 8915 | Gastroenterology | 3C |
| 9126 | General Medicine (Minor Surgery) | 3 |
| 9127 | General Medicine (No Surgery) | 3 |
| 8918 | General Preventive Medicine | 2 |
| 8919 | General Surgery | 6A |
| 8975 | General Surgery (Including Bariatrics) | 8 |
| 9129 | Gynecology (Major Surgery/Including Cosmetic) | 6 |
| 9128 | Gynecology (Major Surgery) | 4A |
| 9066 | Gynecology (Minor Surgery) | 3 |
| 9067 | Gynecology (No Surgery) | 2 |
| 9027 | Hand Surgery | 6 |
| 8978 | Hematology | 2A |
| 9028 | Hospitalist | 2A |
| 9131 | Hyperbaric Medicine | 2A |
| 9132 | Infectious Disease | 4 |
| 9034 | Internal Medicine (Invasive) | 4 |
| 9035 | Internal Medicine (Non-Invasive) | 2A |
| 9118 | Maternal-Fetal Medicine / Perinatology | 7A |
| 9135 | Medical Genetics (Non-Invasive) | 2 |
| 9114 | Medical Oncology | 2A |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
PROFESSIONAL LIABILITY RATING FACTORS**

MEDICAL SPECIALTY CODES/CLASSIFICATION

| NORCAL | | |
|---------------|--|--------------|
| CODE | SPECIALTY | CLASS |
| 8985 | Neonatology | 3B |
| 9138 | Nephrology (Invasive) | 4 |
| 9139 | Nephrology (Non-Invasive) | 2A |
| 9047 | Neurology (Interventional) | 4 |
| 9048 | Neurology (Non-Interventional) | 4 |
| 8923 | Neurosurgery | 8 |
| 8981 | Nuclear Medicine | 2A |
| 9038 | Neuromusculoskeletal Medicine/Osteopathic Manipulative Medicine Only | 2 |
| 8926 | Obstetrics and Gynecology | 7A |
| 8800 | Occupational Medicine | 2A |
| 9025 | Ophthalmology (Major Surgery) | 2A |
| 9024 | Ophthalmology (Minor Surgery) | 2 |
| 9023 | Ophthalmology (No Surgery) | 2 |
| 8996 | Oral and Maxillofacial Surgery | 6 |
| 9037 | Orthopedic Surgery (Including Spinal Surgery) | 7 |
| 9107 | Orthopedic Surgery (No Spinal Surgery) | 6 |
| 9050 | Otolaryngology (Including Cosmetic Surgery) | 6 |
| 9051 | Otolaryngology (No Cosmetic Surgery) | 4 |
| 9141 | Pain Management (Interventional) | 3A |
| 8932 | Pathology | 1B |
| 8933 | Pediatrics | 2A |
| 9144 | Pediatrics (Developmental-Behavioral) | 2A |
| 9147 | Physical Medicine and Rehabilitation (Interventional) | 3A |
| 9148 | Physical Medicine and Rehabilitation (Non-Interventional) | 1 |
| 8939 | Plastic Surgery | 6 |
| 9149 | Psychiatry (Including Electroconvulsive Therapy) | 2 |
| 9150 | Psychiatry (No Electroconvulsive Therapy) | 1A |
| 8943 | Pulmonary Disease | 4 |
| 9115 | Radiology (Diagnostic/Interventional) | 4 |
| 9117 | Radiology (General Diagnostic) | 2B |
| 9116 | Radiology (Radiation Oncology / Therapeutic) | 5 |
| 9053 | Reproductive Endocrinology | 4A |
| 9054 | Rheumatology | 2A |
| 9151 | Sleep Medicine | 2A |
| 8968 | Surgical Assistant | 2 |
| 9152 | Surgical Specialist (Minor Surgery) | 3 |
| 9153 | Surgical Specialist (No Surgery) | 2 |
| 8986 | Thoracic Surgery | 7 |
| 9030 | Urgent Care | 3 |
| 9070 | Urogynecology and Reconstructive Pelvic Surgery | 4A |
| 8947 | Urology | 4 |
| 9012 | Vascular Surgery | 6 |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
PARTNERSHIPS/CORPORATIONS**

The rate for the entity coverage is 12% of the underlying professional liability premium or the stated rate below as a minimum premium.

| |
|-----------------|
| MINIMUM RATE |
| \$2,250 |

| |
|------------------------------------|
| MINIMUM REPORTING ENDT. RATE |
| \$4,000 |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
HEALTHCARE EXTENDER ANNUAL RATES**

**TERRITORY A
LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION**

| PROVIDER | FULL-TIME RATE | |
|--|------------------|--------------------|
| | SHARED LIMITS | SEPARATE LIMITS |
| Certified Registered Nurse Anesthetist | \$4,741 | \$6,321 |
| Midwife | \$8,441 | \$11,254 |
| Nurse Practitioner | \$1,442 | \$1,923 |
| Optometrist | N/A | \$335 |
| Perfusionist | \$1,442 | \$1,923 |
| Physician Assistant | \$1,442 | \$1,923 |
| Physician Assistant (Including Obstetrics) | \$8,441 | \$11,254 |
| Podiatrist (Limited Surgery) | \$3,848 | \$5,131 |
| Podiatrist (Major Surgery) | \$5,580 | \$7,440 |
| Preceptee | \$1,775 | N/A |
| Radiology Assistant | \$1,442 | \$1,923 |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
FACILITY POLICY RATE SCHEDULE**

**TERRITORY A
LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION**

| Facility Type | Rate Per | Mature Claims-Made Rate |
|--------------------------|---------------------|-------------------------------|
| BLOOD BANK | 100 Blood Donations | 99.64 |
| DIALYSIS CENTER | 100 Procedures | 77.22 |
| EMERGENCY MEDICINE GROUP | Patient Visit | 5.40 |
| ENDOSCOPY CENTER | Procedure | 2.05 |
| IMAGING CENTER | 100 Test Results | 204.81 |
| LABORATORY | 100 Test Results | 11.82 |
| URGENT CARE CENTER | Patient Visit | 1.78 |

| Subject to \$1M/\$3M Minimum Premium of: | |
|--|----------|
| BLOOD BANK | \$10,000 |
| DIALYSIS CENTER | \$5,000 |
| EMERGENCY MEDICINE GROUP | \$15,000 |
| ENDOSCOPY CENTER | \$5,000 |
| IMAGING CENTER | \$5,000 |
| LABORATORY | \$5,000 |
| URGENT CARE CENTER | \$10,000 |

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
FACILITY POLICY RATE SCHEDULE**

**TERRITORY A
LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION**

AMBULATORY SURGERY CENTERS

| Year | Rate Per Surgical Procedure | Reporting Endorsement Rate per Procedure |
|------|-----------------------------------|---|
| 1 | 7.20 | 9.07 |
| 2 | 11.52 | 3.60 |
| 3 | 14.40 | 0.00 |

Subject to \$1M/\$3M Minimum Premium of \$15,000.

**NORCAL MUTUAL INSURANCE COMPANY
CALIFORNIA
EFFECTIVE JANUARY 1, 2012
FACILITY POLICY RATE SCHEDULE**

**TERRITORY A
LIMITS OF LIABILITY: \$1 MILLION / \$3 MILLION**

| Community Clinics Class | Rating Category | Mature Claims-Made Rate |
|-------------------------------|-----------------------|-------------------------------|
| 1 | Per Doctor Hour | 5.67 |
| | Per Patient Visit | 1.24 |
| | Per Dental Procedure | 2.85 |
| 2 | Per Doctor Hour | 10.70 |
| | Per Patient Visit | 1.24 |
| | Per Dental Procedure | 2.85 |
| 3 | Per Doctor Hour | 17.79 |
| | Per Patient Visit | 1.24 |
| | Per Dental Procedure | 2.85 |
| | Per Special Procedure | 14.87 |

Subject to \$1M/\$3M Minimum Premium of \$5,000.



June 30, 2011

CALIFORNIA DEPARTMENT OF INSURANCE
RATE REGULATION BRANCH
Rate Filing Bureau
45 Fremont Street, 23rd Floor
San Francisco, CA 94105

Re: NORCAL Mutual Insurance Company
NAIC #33200
Medical Professional Liability Insurance
Physician & Surgeon Medical Professional Liability Program
Form, Rate and Rule Filing
Proposed Effective Date: January 1, 2012 (for New and Renewal Business)
Prior Approval

In accordance with the February 2011 request from the CDI for NORCAL Mutual Insurance Company (NORCAL), and several other medical liability insurers, to submit a rate filing, we are forwarding the enclosed rate, rule and form revision for NORCAL's Physicians & Surgeons Medical Professional Liability program.

The overall indicated rate change using the CDI's ratemaking application and template is +8.94%. NORCAL is proposing to implement an overall decrease of 5%.

The requested revisions include the following:

- 1) Base Rate
- 2) Territorial Relativities
- 3) Class Relativities
- 4) Claims-Made Step Factors
- 5) Charge for Entity Coverage
- 6) Part-Time Credit criteria
- 7) Retirement eligibility
- 8) Minimum Premiums for Facilities
- 9) Risk Management Discount criteria
- 10) Schedule Rating eligibility
- 11) Other changes of an editorial nature only

In accordance with CDI requirements, this submission includes the following items:

- 1) Prior Approval Rate Application in both Excel and PDF formats
 - a) (Reflecting Request for Variances 1,2 and 3)
- 2) Prior Approval Rate Templates in both Excel and PDF formats
- 3) Actuarial Memorandum (including required Exhibits 1-20)
- 4) Filing Memorandum
- 5) Revised Rule and Rate Manuals pages (Marked and Clean Copy)
- 6) Revised Forms (Marked and Clean Copy)
- 7) Summary of Form Changes

This filing is being submitted through SERFF.

If you have any questions or require additional information, please contact me at (800) 652-1051, extension 2101 or by email at who@norcalmutual.com.

Sincerely,

A handwritten signature in black ink that reads "Wendy Ho". The signature is written in a cursive style with a loop at the end of the "H".

Wendy Ho
UW, Operations Business Analyst

cc: Bruce Williams, ACAS, MAAA, AVP, Actuarial Services

Summary of Form Changes

| Form Number | Form Name | Form Description | Form Mandatory or Optional | Form Restricts or Broaden Coverage | Form Rate Impact Yes/No | Modification |
|-------------|---|--|----------------------------|------------------------------------|-------------------------|--|
| IE-004 | Roster of Insured Person(s) | The endorsement adds a specified person to the policy, listing their specialty and retroactive date. Coverage applies only while he or she is acting within the course and scope of their duties for the Named Insured. The endorsed person has separate limits of liability and reimbursement for coverage noted. They have the right to purchase an extended reporting period endorsement after they are terminated. | Optional | Broaden | No | As a result of eliminating the age requirement for retirement, we are amending the IE096 endorsement to address all tail coverage conditions. Therefore, we have deleted the tail coverage conditions from this endorsement. |
| IE-095 | Waiver of Extended Reporting Reporting Period Endorsement Premium | This endorsement amends PART VII, Extended Reporting Option. | Mandatory | Broaden | No | We will discontinue this endorsement. All amendments to the tail coverage conditions will occur in the IE096 endorsement. |
| IE096 | Policy Change Endorsement | This endorsement amends the policy | Mandatory | Broaden | No | As a result of eliminating the minimum age requirement for retirement, we are revising this endorsement to address all tail coverage conditions for all qualified insureds. We also amended the 3 indicated exclusions so that they better reflect our intent. |
| GRP004 | Roster of Insured Person(s) | The endorsement adds a specified person to the policy, listing their specialty and retroactive date. Coverage applies only while he or she is acting within the course and scope of their duties for the Named Insured. The endorsed person has separate limits of liability and reimbursement for coverage noted. They have the right to purchase an extended reporting period endorsement after they are terminated | Optional | Broaden | No | As a result of eliminating the age requirement for retirement, we are amending the GRP096 endorsement to address all tail coverage conditions. Therefore, we have deleted the tail coverage conditions from this endorsement. |
| GRP095 | Waiver of Extended Reporting Reporting Period Endorsement Premium | This endorsement amends PART VII, Extended Reporting Option. | Mandatory | Broaden | No | We will discontinue this endorsement. All amendments to the tail coverage conditions will occur in the GRP096 endorsement. |
| GRP091GL | Health Care General Liability Endorsement | This endorsement is issued for the purchase of General Liability Coverage - Occurrence | Optional | Broaden | No | As a result of eliminating the minimum age requirement for retirement, we are amending the GRP096 endorsement to address all tail coverage conditions. Therefore, we have deleted the tail coverage conditions from this endorsement. |
| GRP096 | Policy Change Endorsement | This endorsement amends the policy | Mandatory | Broaden | No | As a result of eliminating the minimum age requirement for retirement, we are revising this endorsement to address all tail coverage conditions for all qualified insureds. We also amended the 3 indicated exclusions so that they better reflect our intent. |