

State: Illinois **Filing Company:** American Alternative Insurance Corporation
TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0004 Community Health Centers
Product Name: Hospice, Home Health Care, and Related Organizations
Project Name/Number: 2014 Hospice Review/IL035870100061

Filing at a Glance

Company: American Alternative Insurance Corporation
 Product Name: Hospice, Home Health Care, and Related Organizations
 State: Illinois
 TOI: 11.0 Medical Malpractice - Claims Made/Occurrence
 Sub-TOI: 11.0004 Community Health Centers
 Filing Type: Rate/Rule
 Date Submitted: 09/11/2013
 SERFF Tr Num: AMLX-G129190341
 SERFF Status: Closed-Filed
 State Tr Num: AMLX-G129190341
 State Status:
 Co Tr Num: IL035870100061

 Effective Date: 01/01/2014
 Requested (New):
 Effective Date: 01/01/2014
 Requested (Renewal):
 Author(s): SPI AmericanAlternativeInsurance
 Reviewer(s): Gayle Neuman (primary), Julie Rachford
 Disposition Date: 01/08/2014
 Disposition Status: Filed
 Effective Date (New): 01/01/2014
 Effective Date (Renewal): 01/01/2014

State Filing Description:
 routed 9/12/13

State: Illinois **Filing Company:** American Alternative Insurance Corporation
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General Information

Project Name: 2014 Hospice Review Status of Filing in Domicile:
Project Number: IL035870100061 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 01/08/2014
State Status Changed: Deemer Date:
Created By: SPI AmericanAlternativeInsurance Submitted By: SPI AmericanAlternativeInsurance
Corresponding Filing Tracking Number:

Filing Description:

American Alternative Insurance Corporation (AAIC) is submitting the enclosed rate/rule filing for your review and acknowledgment. This filing applies to our Hospice, Home Health Care and Related Organizations Program which is currently on file with your department.

The purpose of this filing is as follows:

Lowering Hospice class rates (classes H001 - H004).

Introducing Cyber Liability rating factors and minimum premiums.

Updating rules to reference new forms.

Please note that only the pages with changes have been enclosed. All other pages remain unchanged at this time.

We propose that this filing apply to all policies effective on or after January 1, 2014.

Thank you in advance for your attention to this submission. Please feel free to contact me with any questions.

Company and Contact

Filing Contact Information

Beth MacDougall, Project Employee bmacdougall@munichreamerica.com
555 College Road East 609-275-2109 [Phone]
Princeton, NJ 08543-5241 609-951-8285 [FAX]

Filing Company Information

American Alternative Insurance Corporation
555 College Road East
Princeton, NJ 08543-5241
(800) 305-4954 ext. [Phone]

CoCode: 19720
Group Code: 361
Group Name: Munich Re Group
FEIN Number: 52-2048110

State of Domicile: Delaware
Company Type:
State ID Number:

Filing Fees

State: Illinois **Filing Company:** American Alternative Insurance Corporation
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Fee Required? No

Retaliatory? No

Fee Explanation:

State Specific

Refer to our checklists prior to submitting filing (http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm): in compliance

Refer to our updated (04/06/2007) SERFF General Instructions prior to submitting filing. They have been updated to clarify what rates and rules are required to be filed as well as what rates and rules are not required to be filed. Also, the "Product Name" is the Filing Title and not the Project Number.: in compliance

NO RATES and/or RULES ARE REQUIRED TO BE FILED FOR LINES OF COVERAGE SUCH AS COMMERCIAL AUTO (except taxicabs), BURGLARY AND THEFT, GLASS, FIDELITY, SURETY, COMMERCIAL GENERAL LIABILITY, CROP HAIL, COMMERCIAL PROPERTY, DIRECTORS AND OFFICERS, ERRORS AND OMISSIONS, COMMERCIAL MULTI PERIL just to mention a few. However, a Summary Sheet (RF-3) is required to be filed. Please refer to the State Specific Field below for what rates/rules are required to be filed and to our checklists for specific statutes, regulations, etc. : http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp .: in compliance

Medical Malpractice rates/rules may now be submitted using SERFF effective January 1, 2012.: in compliance

The only rates and/or rules that are required to be filed are Homeowners, Mobile Homeowners, Dwelling Fire and Allied Lines, Workers' Compensation, Liquor Liability, Private Passenger Automobiles, Taxicabs, Motorcycles and Group Inland Marine Insurance which only applies to insurance involving personal property owned by, being purchased by or pledged as collateral by individuals, and not used in any business, trade or profession per Regulation Part 2302 which says in part, "each company shall file with the Director of Insurance each rate, rule and minimum premium before it is used in the State of Illinois.": in compliance

When selecting a form filing type for a multiple form filing, use the dominant type from these choices: APP - application; CER - certificate; COF - coverage form; DPS - declaration page; END - endorsement; POJ - policy jacket; ORG - Companies adopting an Advisory or Rating Organization's filing. Example: If you are submitting a policy as well as endorsements, a declaration page and an application, you would select "POL" for policy.: N/A

SERFF Tracking #:

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State Tracking #:

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Company Tracking #:

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2014 Hospice Review/IL035870100061

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Gayle Neuman	01/08/2014	01/08/2014

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Eff Date	Note To Reviewer	SPI AmericanAlternativeIns urance	01/07/2014	01/07/2014
effective date	Note To Filer	Gayle Neuman	01/07/2014	01/07/2014
Status Inquiry	Note To Reviewer	SPI AmericanAlternativeIns urance	11/08/2013	11/08/2013
Status Inquiry	Note To Reviewer	SPI AmericanAlternativeIns urance	10/25/2013	10/25/2013
Actuarial Review	Reviewer Note	Julie Rachford	01/03/2014	

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Disposition

Disposition Date: 01/08/2014

Effective Date (New): 01/01/2014

Effective Date (Renewal): 01/01/2014

Status: Filed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
American Alternative Insurance Corporation	-22.900%	-3.100%	\$-29,411	248	\$946,393	0.000%	-15.900%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF3 - (Summary Sheet)		Yes
Supporting Document	Request to Maintain Data as Trade Secret Information		Yes
Supporting Document	Manual		Yes
Supporting Document	Explanatory Memorandum		No
Supporting Document	Certification		Yes
Rate	IL Hospice Liability Rule Pages		Yes

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Note To Reviewer

Created By:

SPI AmericanAlternativeInsurance on 01/07/2014 11:02 AM

Last Edited By:

Gayle Neuman

Submitted On:

01/08/2014 08:47 AM

Subject:

Eff Date

Comments:

yes, we would like to keep the 01/01/2014 eff date. Thank you.

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Note To Filer

Created By:

Gayle Neuman on 01/07/2014 08:51 AM

Last Edited By:

Gayle Neuman

Submitted On:

01/08/2014 08:47 AM

Subject:

effective date

Comments:

The Department of Insurance has now completed its review of this filing. Originally, you requested the filing be effective January 1, 2014. Was the filing put in effect on January 1, 2014 or do you wish to have a different effective date? Your prompt response is appreciated.

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Note To Reviewer

Created By:

SPI AmericanAlternativeInsurance on 11/08/2013 06:37 AM

Last Edited By:

Gayle Neuman

Submitted On:

01/08/2014 08:47 AM

Subject:

Status Inquiry

Comments:

Can you kindly provide a status on this filing? THank you.

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Note To Reviewer

Created By:

SPI AmericanAlternativeInsurance on 10/25/2013 07:01 AM

Last Edited By:

Gayle Neuman

Submitted On:

01/08/2014 08:47 AM

Subject:

Status Inquiry

Comments:

Can you kindly provide a status on this filing? Thank you.

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Reviewer Note

Created By:

Julie Rachford on 01/03/2014 02:07 PM

Last Edited By:

Gayle Neuman

Submitted On:

01/08/2014 08:47 AM

Subject:

Actuarial Review

Comments:

Actuarial review complete.

SERFF Tracking #:

AMLX-G129190341

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Rate Information

Rate data applies to filing.

Filing Method:

Use and File

Rate Change Type:

Decrease

Overall Percentage of Last Rate Revision:

-12.400%

Effective Date of Last Rate Revision:

07/01/2012

Filing Method of Last Filing:

File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
American Alternative Insurance Corporation	-22.900%	-3.100%	\$-29,411	248	\$946,393	0.000%	-15.900%

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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		IL Hospice Liability Rule Pages	HGL-6; 8; 9; 10; 11; 12; 13	Replacement	AMLX-G128181198	IL Hospice GL RU 01-14 Final.PDF

D. Base Coverage Rates

Class Code	Territory Rating/Tier	Base Rates	
		General Liability	Professional Health Care Liability
H001	Cook, Will, DuPage, and Lake Counties	\$0.05	\$0.27
	Remainder of State	\$0.03	\$0.17
H002	Cook, Will, DuPage, and Lake Counties	\$34.00	\$194.00
	Remainder of State	\$22.10	\$125.00
H003	Cook, Will, DuPage, and Lake Counties	\$0.06	\$0.31
	Remainder of State	\$0.03	\$0.20
H004	Cook, Will, DuPage, and Lake Counties	\$39.10	\$224.00
	Remainder of State	\$25.50	\$143.50
H005	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.37
	Remainder of State	\$0.04	\$0.24
H006	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.42
	Remainder of State	\$0.05	\$0.26
H007	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.37
	Remainder of State	\$0.04	\$0.24
H008	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.42
	Remainder of State	\$0.05	\$0.26
H009	<= 20 Clients – Entire State	\$2,200	No Charge
	Each of next 30 Clients – Entire State	\$77.00	
	Each of next 25 Clients – Entire State	\$49.50	
	Each of next 25 Clients – Entire State	\$27.50	
	Each additional Client – Entire State	\$5.50	
H010	Entire State	\$0.50	No Charge
H011	Cook, Madison, St. Clair, and Will Counties	No Charge	\$23,555
	DuPage, Kane, McHenry, Jackson, Lake, and Vermillion Counties		\$19,430
	Remainder of State		\$13,430
H012	Cook, Madison, St. Clair, and Will Counties	No Charge	\$5,889
	DuPage, Kane, McHenry, Jackson, Lake, and Vermillion Counties		\$4,858
	Remainder of State		\$3,358
H013	Entire State	\$100	No Charge
H014	Entire State	\$200	No Charge
H015	Entire State	\$300	No Charge
H016	Entire State	Refer to Company	No Charge
H017	Entire State	No Charge	No Charge
H018	Entire State	\$250	No Charge
H019	Entire State	\$500	No Charge
H020	Entire State	Refer to Company	No Charge
H021	Base – Entire State	\$38	\$212
	Excess – Entire State	\$0.08	\$0.42
H022	Entire State	\$11	No Charge
H023	Entire State	\$14	No Charge
H024	Base – Entire State	\$0.02	\$0.08
	Excess – Entire State	\$0.01	\$0.04
H025	Entire State	\$4.00	No Charge
H026	Cook, Will, DuPage, and Lake Counties	\$2.27	No Charge
	Remainder of State	\$1.73	
H027	Entire State	No Charge	\$62
H028	Entire State	No Charge	\$133
H029	Entire State	No Charge	\$164
H030	Entire State	No Charge	\$381

K. Employee Benefits Liability (EBL) Coverage (attach the applicable endorsement)

Employee Benefits Liability coverage is available and can be added by attaching the applicable endorsement. This coverage is rated as follows (which includes a \$1,000 deductible per employee):

$$\begin{aligned} & \text{EBL Base rate} \\ & \times \text{Expense Variation factor} \\ & = \text{EBL manual premium} \end{aligned}$$

Per Occurrence Limit	Aggregate Limit	EBL Base Rate
\$25,000	\$50,000	No Charge
\$50,000	\$50,000	\$100
\$100,000	\$100,000	\$150
\$250,000	\$250,000	\$272
\$500,000	\$500,000	\$368
\$750,000	\$750,000	\$428
\$1,000,000	\$1,000,000	\$470

L. Cyber Liability and Privacy Crisis Management Expense Coverage (if coverage selected, attach HGL333. Otherwise, attach HGL335)

Cyber Liability and Privacy Crisis Management Expense coverage is available and can be added by attaching HGL333. Depending on the risk, more than one entity classification may apply to an account. For each entity classification, calculate the Cyber Liability manual premium as follows:

$$\begin{aligned} & \text{Entity Class base rate} \\ & \times \text{Number of entity class exposures} \\ & \times \text{Cyber Liability rating factor} \\ & \times \text{Cyber Liability Prior Acts factor} \\ & \times \text{Expense Variation Factor} \\ & = \text{Cyber Liability manual premium} \end{aligned}$$

Sum all Cyber Liability manual premiums to get the Total Cyber Liability manual premium. The Total Cyber Liability premium (after application of any schedule rating modification) is subject to the Cyber Liability minimum premiums.

Privacy Event Limit	Cyber Liability Rating Factor		Cyber Liability Minimum Premium
	H001 thru H008	H009, H010, H026	
\$50,000/\$50,000	0.233	0.101	\$500
\$100,000/\$100,000	0.279	0.121	\$600
\$250,000/\$250,000	0.355	0.154	\$750
\$500,000/\$500,000	0.432	0.187	\$925

Years of Prior Coverage	Cyber Liability Prior Acts Factor
0	0.80
1	0.90
2	0.95
3 or more	1.00

M. Schedule Rating factor

Premiums are subject to modification reflecting specific individual characteristics of the risk. All insureds are eligible for the Schedule Rating Plan. Such rate modification may be applied in accordance with the following Schedule Rating Plan, subject to a maximum credit or debit of 25%:

<u>Risk Characteristics</u>	<u>Range of Modification</u>		
	<u>Credit</u>	<u>to</u>	<u>Debit</u>
1. Management: Experience in industry, Safety Committee	5%	to	5%
2. Services: Day care services, Infusion therapy, Consulting, Training, Software sales, Other than Hospice/Home Healthcare services	0%	to	15%
3. Accreditation: Medicare, JCAHO, ACHC, etc.	5%	to	5%
4. Employees & Volunteers: selection & training, supervision, Qualifications of professionals, employed/contracted physicians	10%	to	10%
5. Documented Policies and Procedures: Risk Management program, Quality Assurance program	5%	to	5%

N. Policy Premium

The policy premium is calculated as follows:

Step 1	Total General Liability Base Coverage manual premium
	+ Total Professional Health Care Liability Base Coverage manual premium
	+ Employee Benefits Liability manual premium
	+ <u>Cyber Liability manual premium</u>
	= Policy manual premium
 Step 2	
	Policy manual premium
	<u>X Schedule Rating factor</u>
	= Annual policy premium

Annual policy premium subject to the following minimum premiums:

Privacy Event Limit	Minimum Premium
Not Covered	\$1,000
\$50,000/\$50,000	\$1,500
\$100,000/\$100,000	\$1,600
\$250,000/\$250,000	\$1,750
\$500,000/\$500,000	\$1,925

(Subject to pro-rating for other than annual policy terms. Waive additional or return premium of \$15 or less. However, any return premium requested by the insured must be granted.)

O. Supplemental Extended Reporting Period Coverage (SERP)

When coverage was provided on a claims-made basis, Supplemental Extended Reporting Period coverage is available separately for General Liability, Professional Healthcare Liability, Employee Benefits Liability, and Cyber Liability.

a. SERP Rating Formulas**General Liability SERP (attach endorsement HGL315)**

$$\begin{aligned} & \text{(General Liability SERP rate} \\ & \text{X General Liability expiring annual policy premium)} \\ & = \text{General Liability SERP premium} \end{aligned}$$

Professional Healthcare Liability SERP (attach endorsement HGL309)

$$\begin{aligned} & \text{(Professional Healthcare Liability SERP rate} \\ & \text{X Professional Healthcare Liability expiring annual policy premium)} \\ & = \text{Professional Healthcare Liability SERP premium} \end{aligned}$$

Employee Benefits Liability SERP (attach endorsement HGL310)

$$\begin{aligned} & \text{EBL SERP rate} \\ & \text{X EBL expiring annual policy premium} \\ & = \text{Employee Benefits Liability SERP premium} \end{aligned}$$

Cyber Liability SERP (attach endorsement HGL334)

$$\begin{aligned} & \text{Cyber Liability SERP rate} \\ & \text{X Cyber Liability expiring policy premium} \\ & = \text{Cyber Liability SERP premium} \end{aligned}$$

b. SERP Rates

Years of SERP Coverage	General Liability	Employee Benefits Liability	Professional Healthcare Liability	Cyber Liability
1 Year	0.750	0.750	1.000	1.000
3 Years	1.250	1.250	1.500	1.500
5 Years	1.750	1.750	2.000	2.000
Unlimited	2.000	2.000	Not Available	Not Available

c. SERP Conditions

The availability of the SERP options shall be governed by the following rules:

1. The available limits of liability shall not exceed those afforded under the expiring claims-made policy; and
2. The Employee Benefits Liability SERP is not available unless the General Liability SERP is also purchased, and the years of SERP coverage for Employee Benefits Liability must be the same as the years of SERP coverage for General Liability; and
3. The insured may purchase a SERP if the policy is cancelled or nonrenewed for any reason, provided:
 - a. The insured requests the SERP, in writing, within 60 days of the non-renewal or cancellation of the policy; and
 - b. The insured pays the premium (in full) promptly, when due.

P. Endorsements

The following **endorsements** are available. Refer to each endorsement for specific details. Unless otherwise noted, there is no premium impact associated with these endorsements.

1. Illinois Deductible Liability Insurance (HGLIL3) – this endorsement may be used to provide the insured with a deductible. Refer to Section I. of the rating rules for deductible credit factors.
2. Illinois Employee Benefits Liability Coverage (HGLIL2) – this endorsement may be used to provide Employee Benefits Liability Coverage for damages arising out of negligent acts, errors or omissions in the insured's administration of employee benefits programs. Refer to Section K. of the rating rules for the charge for this coverage.
3. Pharmacy Amendatory (HGL316) – this endorsement may be used to provide liability coverage for pharmacies which service the general public.
4. Legal Expense Reimbursement (HGL102) – this endorsement may be used to provide reimbursement for legal expenses resulting from an action instituted against the insured by any federal, state, or local agency resulting from the insured's participation in Medicare, Medicaid programs or similar government healthcare programs.
5. Blanket Additional Insured (HGL304) – this endorsement may be used to provide that anyone added as an additional insured on a certificate of insurance, other than Health Care Professionals, will be an additional insured under the policy.
6. Additional Insured – Designated Person or Organization (HGL307) – this endorsement may be used to include a designated person or organization as an additional insured.
7. Additional Insured – Lessor (HGL308) – this endorsement may be used to include the owners of a property leased by the named insured as an additional insured.
8. Exclusion of Specific Accidents or Incidents (HGL200) – this endorsement may be used to exclude liability arising out of previous specific accidents or incidents.
9. Exclusion of Specific Activity or Event (HGL201) – this endorsement may be used to exclude liability arising out of a specific activity or events.
10. Exclusion – Designated Operations (HGL203) – this endorsement may be used to exclude liability arising out of designated operations conducted by the named insured.
11. Exclusion – All Hazards in Connection with Designated Premises (HGL204) – this endorsement may be used to exclude liability arising out of the ownership, maintenance, or use of the designated premises.
12. Exclusion – Designated Contract(s) (HGL205) – this endorsement may be used to exclude liability assumed by the named insured under a designated contract.
13. Exclusion of Vicarious and Individual Liability for Specified Medical Professionals (HGL206) – this endorsement may be used to exclude liability arising out of medical incidents committed by medical professionals specified in the endorsement.
14. Individual Professional Liability Exclusion for Specified Medical Professionals (HGL207) – this endorsement may be used to exclude Coverage C for medical professionals specified in the endorsement.
15. Amendment – Clinical or Experimental Trials Exclusion (HGL202) – this endorsement may be used to provide liability coverage arising from specified clinical or experimental trials conducted by the named insured as described in the schedule.

16. Supplemental Extended Reporting Period Endorsement – General Liability (HGL315) – this endorsement may be used to provide an extended reporting period for General Liability coverage. This endorsement is not applicable to HGL121 or HGL151. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
17. Supplemental Extended Reporting Period Endorsement – Professional Liability (HGL309) – this endorsement may be used to provide an extended reporting period for Professional Liability coverage. This endorsement is not applicable to HGL151. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
18. Supplemental Extended Reporting Period Endorsement – Employee Benefits Liability (HGL310) – this endorsement may be used to provide an extended reporting period for Employee Benefits Liability coverage. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
19. Cancellation Endorsement (HGL300) – this endorsement clarifies the cancellation effective date.
20. Illinois Changes (HGLIL1) – this is a mandatory endorsement in order to comply with state requirements. Attach to all policies.
21. Illinois Changes – Sexual Abuse Vicarious Liability (HGLIL4) – this is a mandatory endorsement to comply with state requirements. Attach to all policies.
22. Illinois Changes – Defense Costs (HGLIL5) – this endorsement is mandatory. Attach to all policies.
23. Amendatory Endorsement (HGL320, HGLIL9, or HGLIL8) – this endorsement clarifies that Medical Directors, physicians, etc., who were previously insured under a Hospice and Home Health Care Policy issued by us, are insureds under the current coverage form. HGL320 must be attached to all policies using HGL101; HGLIL9 must be attached to all policies using HGL151; HGLIL8 must be attached to all policies using HGL121.
24. Mobile Equipment Subject to Motor Vehicle Laws (GGL300) – this endorsement amends the definitions of auto and mobile equipment to consider “any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle law” as autos, and not as mobile equipment. Attach to all policies.
25. Amendment of Coverage – Medical Staffing Services (HGL326) – this endorsement may be used to provide coverage for medical staffing services.
26. Illinois Changes (HGLIL6) – this endorsement is mandatory. HGLIL6 must be attached to all policies using HGL101 or HGL121.
27. Primary and Noncontributory - Other Insurance Condition (HGL330) – this optional endorsement clarifies that coverage provided to an additional insured is on a primary and noncontributory basis.
28. Exclusion – Liquor Liability (HGL331) - this mandatory endorsement replaces liquor liability exclusion in Coverage Forms HGL101, HGL121 and HGL151 to clarify the liquor liability exclusion.
29. Waiver of Subrogation (HGL332) – this optional endorsement provides waiver of subrogation clause if needed by the insured to fulfill contract obligation.
30. Cyber Liability and Privacy Crisis Management Expense (HGL333) – this endorsement may be used to provide Cyber Liability and Privacy Crisis Management Expense coverage. Refer to the rating rules for charge.

31. Supplemental Extended Reporting Period - Cyber Liability (HGL334) – this endorsement is used to provide an extended reporting period for Cyber Liability coverage. Refer to the rating rules for charge.
32. Exclusion - Electronic Information Security Event (HGL335) – this endorsement excludes coverage for Electronic Information Security Events, and is mandatory when not providing Cyber Liability coverage via HGL333.

Q. Enabling Rule

The rules, rates, forms, and classifications in this manual may not be amended unless specifically permitted. However, any other rules, rates, or forms filed and approved for use by AAIC may apply when not in conflict with the rates/rules in this manual.

R. Premium Installment Rule

With regard to premium payment plans:

All quarterly installment premium payment plans shall include the minimum standards listed below. Quarterly installment premium payment plans can differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below:

1. An initial payment of no more than 40% of the estimated total premium is due at policy inception;
2. The remaining premium must be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
3. No interest charges can apply;
4. Installment charges or fees can be no more than 1% of the total premium or \$25.00, whichever is less;
5. Any additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

SERFF Tracking #:

AMLX-G129190341

State Tracking #:

AMLX-G129190341

Company Tracking #:

IL035870100061

State:

Illinois

Filing Company:

American Alternative Insurance Corporation

TOI/Sub-TOI:

11.0 Medical Malpractice - Claims Made/Occurrence/11.0004 Community Health Centers

Product Name:

Hospice, Home Health Care, and Related Organizations

Project Name/Number:

2014 Hospice Review/IL035870100061

Supporting Document Schedules

Satisfied - Item:	Form RF3 - (Summary Sheet)
Comments:	
Attachment(s):	Illinois RF-3 PLGL.PDF
Item Status:	
Status Date:	

Bypassed - Item:	Request to Maintain Data as Trade Secret Information
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Manual
Comments:	Only new/revised pages are enclosed. Attached here are the marked changes.
Attachment(s):	HOSPICE-IL-Liability-Rules-2014-01 Trk Changes.PDF
Item Status:	
Status Date:	

Satisfied - Item:	Certification
Comments:	
Attachment(s):	Rate Certification.PDF Officer List - AAIC 01 13.PDF
Item Status:	
Status Date:	

ILLINOIS DEPARTMENT OF INSURANCE

SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 01/01/2014

(1) <u>Coverage</u>	(2) <u>Annual Premium Volume (Illinois)*</u>	(3) <u>Percent Change (+ or -)**</u>
1. Automobile Liability Private Passenger Commercial	_____	_____
2. Automobile Physical Damage Private Passenger Commercial	_____	_____
3. Liability Other Than Auto	\$946,393	-3.1%
4. Burglary and Theft	_____	_____
5. Glass	_____	_____
6. Fidelity	_____	_____
7. Surety	_____	_____
8. Boiler and Machinery	_____	_____
9. Fire	_____	_____
10. Extended Coverage	_____	_____
11. Inland Marine	_____	_____
12. Homeowners	_____	_____
13. Commercial Multi-Peril	_____	_____
14. Crop Hail	_____	_____
15. Other _____ Line of Insurance	_____	_____

Does filing only apply to certain territory (territories) or certain classes? If so, specify: No

Brief description of filing. (If filing follows rates of an advisory organization, specify organization):
Lowering Hospice class rates (classes H001 - H004).

Introducing Cyber Liability rating factors and minimum premiums.

Updating rules to reference new forms.

*Adjusted to reflect all prior rate changes.

**Change in Company's premium level which will result from application of new rates.

American Alternative Insurance Corporation

Name of Company

Stephen Corbett, Head of Insurance Company Operations

Official - Title

ILLINOIS

D. Base Coverage Rates

Class Code	Territory Rating/Tier	Base Rates	
		General Liability	Professional Health Care Liability
H001	Cook, Will, DuPage, and Lake Counties	\$0.0605	\$0.3227
	Remainder of State	\$0.0403	\$0.2017
H002	Cook, Will, DuPage, and Lake Counties	\$4034.00	\$228194.00
	Remainder of State	\$2622.10	\$147125.00
H003	Cook, Will, DuPage, and Lake Counties	\$0.0706	\$0.3731
	Remainder of State	\$0.0403	\$0.2420
H004	Cook, Will, DuPage, and Lake Counties	\$4639.10	\$263224.00
	Remainder of State	\$3025.50	\$169143.50
H005	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.37
	Remainder of State	\$0.04	\$0.24
H006	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.42
	Remainder of State	\$0.05	\$0.26
H007	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.37
	Remainder of State	\$0.04	\$0.24
H008	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.42
	Remainder of State	\$0.05	\$0.26
H009	<= 20 Clients – Entire State	\$2,200	No Charge
	Each of next 30 Clients – Entire State	\$77.00	
	Each of next 25 Clients – Entire State	\$49.50	
	Each of next 25 Clients – Entire State	\$27.50	
	Each additional Client – Entire State	\$5.50	
H010	Entire State	\$0.50	No Charge
H011	Cook, Madison, St. Clair, and Will Counties	No Charge	\$23,555
	DuPage, Kane, McHenry, Jackson, Lake, and Vermillion Counties		\$19,430
	Remainder of State		\$13,430
H012	Cook, Madison, St. Clair, and Will Counties	No Charge	\$5,889
	DuPage, Kane, McHenry, Jackson, Lake, and Vermillion Counties		\$4,858
	Remainder of State		\$3,358
H013	Entire State	\$100	No Charge
H014	Entire State	\$200	No Charge
H015	Entire State	\$300	No Charge
H016	Entire State	Refer to Company	No Charge
H017	Entire State	No Charge	No Charge
H018	Entire State	\$250	No Charge
H019	Entire State	\$500	No Charge
H020	Entire State	Refer to Company	No Charge
H021	Base – Entire State	\$38	\$212
	Excess – Entire State	\$0.08	\$0.42
H022	Entire State	\$11	No Charge
H023	Entire State	\$14	No Charge
H024	Base – Entire State	\$0.02	\$0.08
	Excess – Entire State	\$0.01	\$0.04
H025	Entire State	\$4.00	No Charge
H026	Cook, Will, DuPage, and Lake Counties	\$2.27	No Charge
	Remainder of State	\$1.73	
H027	Entire State	No Charge	\$62
H028	Entire State	No Charge	\$133
H029	Entire State	No Charge	\$164
H030	Entire State	No Charge	\$381

K. Employee Benefits Liability (EBL) Coverage (attach the applicable endorsement)

Employee Benefits Liability coverage is available and can be added by attaching the applicable endorsement. This coverage is rated as follows (which includes a \$1,000 deductible per employee):

$$\begin{aligned} & \text{EBL Base rate} \\ & \times \text{Expense Variation factor} \\ & = \text{EBL manual premium} \end{aligned}$$

Per Occurrence Limit	Aggregate Limit	EBL Base Rate
\$25,000	\$50,000	No Charge
\$50,000	\$50,000	\$100
\$100,000	\$100,000	\$150
\$250,000	\$250,000	\$272
\$500,000	\$500,000	\$368
\$750,000	\$750,000	\$428
\$1,000,000	\$1,000,000	\$470

L. Cyber Liability and Privacy Crisis Management Expense Coverage (if coverage selected, attach HGL333. Otherwise, attach HGL335)

Cyber Liability and Privacy Crisis Management Expense coverage is available and can be added by attaching HGL333. Depending on the risk, more than one entity classification may apply to an account. For each entity classification, calculate the Cyber Liability manual premium as follows:

$$\begin{aligned} & \text{Entity Class base rate} \\ & \times \text{Number of entity class exposures} \\ & \times \text{Cyber Liability rating factor} \\ & \times \text{Cyber Liability Prior Acts factor} \\ & \times \text{Expense Variation Factor} \\ & = \text{Cyber Liability manual premium} \end{aligned}$$

Sum all Cyber Liability manual premiums to get the Total Cyber Liability manual premium. The Total Cyber Liability premium (after application of any schedule rating modification) is subject to the Cyber Liability minimum premiums.

Privacy Event Limit	Cyber Liability Rating Factor		Cyber Liability Minimum Premium
	H001 thru H008	H009, H010, H026	
\$50,000/\$50,000	0.233	0.101	\$500
\$100,000/\$100,000	0.279	0.121	\$600
\$250,000/\$250,000	0.355	0.154	\$750
\$500,000/\$500,000	0.432	0.187	\$925

Years of Prior Coverage	Cyber Liability Prior Acts Factor
0	0.80
1	0.90
2	0.95
3 or more	1.00

ILLINOIS

L.M. Schedule Rating factor

Premiums are subject to modification reflecting specific individual characteristics of the risk. All insureds are eligible for the Schedule Rating Plan. Such rate modification may be applied in accordance with the following Schedule Rating Plan, subject to a maximum credit or debit of 25%:

Risk Characteristics	Range of Modification		
	Credit	to	Debit
1. Management: Experience in industry, Safety Committee	5%	to	5%
2. Services —: Day care services, Infusion therapy, Consulting, Training, Software sales, Other than Hospice/Home Healthcare services	0%	to	15%
3. Accreditation —: Medicare, JCAHO, ACHC, etc.	5%	to	5%
4. Employees & Volunteers —: selection & training, supervision, Qualifications of professionals, employed/contracted physicians	10%	to	10%
5. Documented Policies and Procedures: Risk Management program, Quality Assurance program	5%	to	5%

M.N. Policy Premium

The policy premium is calculated as follows:

Step 1	Total General Liability Base Coverage manual premium
	+ Total Professional Health Care Liability Base Coverage manual premium
	+ Employee Benefits Liability manual premium
	+ <u>Cyber Liability manual premium</u>
	= Policy manual premium
Step 2	Policy manual premium
	X <u>Schedule Rating factor</u>
	= Annual policy premium

Annual policy premium subject to a ~~\$1,000~~ **\$1,000** the following minimum ~~7~~ **7** premiums:

Privacy Event Limit	Minimum Premium
<u>Not Covered</u>	<u>\$1,000</u>
<u>\$50,000/\$50,000</u>	<u>\$1,500</u>
<u>\$100,000/\$100,000</u>	<u>\$1,600</u>
<u>\$250,000/\$250,000</u>	<u>\$1,750</u>
<u>\$500,000/\$500,000</u>	<u>\$1,925</u>

(Subject to pro-rating for other than annual policy terms. Waive additional or return premium of \$15 or less. However, any return premium requested by the insured must be granted.)

N.O. Supplemental Extended Reporting Period Coverage (SERP)

When coverage was provided on a claims-made basis, Supplemental Extended Reporting Period coverage is available separately for General Liability, Professional Healthcare Liability, ~~and~~ Employee Benefits ~~Liability, and Cyber~~ Liability.

a. SERP Rating Formulas

General Liability SERP (attach endorsement HGL315)

(General Liability SERP rate
~~X~~ General Liability expiring annual policy premium)
 = General Liability SERP premium

Professional Healthcare Liability SERP (attach endorsement HGL309)

(Professional Healthcare Liability SERP rate
~~X~~ Professional Healthcare Liability expiring annual policy premium)
 = Professional Healthcare Liability SERP premium

Employee Benefits Liability SERP (attach endorsement HGL310)

EBL SERP rate
~~X~~ EBL expiring annual policy premium
 = Employee Benefits Liability SERP premium

Cyber Liability SERP (attach endorsement HGL334)

Cyber Liability SERP rate
~~X~~ Cyber Liability expiring policy premium
 = Cyber Liability SERP premium

b. SERP Rates

Years of SERP Coverage	General Liability	Employee Benefits Liability	Professional Healthcare Liability	Cyber Liability
1 Year	0.750	0.750	1.000	1.000
3 Years	1.250	1.250	1.500	1.500
5 Years	1.750	1.750	2.000	2.000
Unlimited	2.000	2.000	Not Available	Not Available

Inserted Cells

c. SERP Conditions

The availability of the SERP options shall be governed by the following rules:

1. The available limits of liability shall not exceed those afforded under the expiring claims-made policy; and
2. The Employee Benefits Liability SERP is not available unless the General Liability SERP is also purchased, and the years of SERP coverage for Employee Benefits Liability must be the same as the years of SERP coverage for General Liability; and
3. The insured may purchase a SERP if the policy is cancelled or nonrenewed for any reason, provided:
 - a. The insured requests the SERP, in writing, within 60 days of the non-renewal or cancellation of the policy; and
 - b. The insured pays the premium (in full) promptly, when due.

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O.P. Endorsements

The following **endorsements** are available. Refer to each endorsement for specific details. Unless otherwise noted, there is no premium impact associated with these endorsements.

1. Illinois Deductible Liability Insurance (HGLIL3) – this endorsement may be used to provide the insured with a deductible. Refer to Section I. of the rating rules for deductible credit factors.
2. Illinois Employee Benefits Liability Coverage (HGLIL2) – this endorsement may be used to provide Employee Benefits Liability Coverage for damages arising out of negligent acts, errors or omissions in the insured's administration of employee benefits programs. Refer to Section K. of the rating rules for the charge for this coverage.
3. Pharmacy Amendatory (HGL316) – this endorsement may be used to provide liability coverage for pharmacies which service the general public.
4. Legal Expense Reimbursement (HGL102) – this endorsement may be used to provide reimbursement for legal expenses resulting from an action instituted against the insured by any federal, state, or local agency resulting from the insured's participation in Medicare, Medicaid programs or similar government healthcare programs.
5. Blanket Additional Insured (HGL304) – this endorsement may be used to provide that anyone added as an additional insured on a certificate of insurance, other than Health Care Professionals, will be an additional insured under the policy.
6. Additional Insured – Designated Person or Organization (HGL307) – this endorsement may be used to include a designated person or organization as an additional insured.
7. Additional Insured – Lessor (HGL308) – this endorsement may be used to include the owners of a property leased by the named insured as an additional insured.
8. Exclusion of Specific Accidents or Incidents (HGL200) – this endorsement may be used to exclude liability arising out of previous specific accidents or incidents.
9. Exclusion of Specific Activity or Event (HGL201) – this endorsement may be used to exclude liability arising out of a specific activity or events.
10. Exclusion – Designated Operations (HGL203) – this endorsement may be used to exclude liability arising out of designated operations conducted by the named insured.
11. Exclusion – All Hazards in Connection with Designated Premises (HGL204) – this endorsement may be used to exclude liability arising out of the ownership, maintenance, or use of the designated premises.
12. Exclusion – Designated Contract(s) (HGL205) – this endorsement may be used to exclude liability assumed by the named insured under a designated contract.
13. Exclusion of Vicarious and Individual Liability for Specified Medical Professionals (HGL206) – this endorsement may be used to exclude liability arising out of medical incidents committed by medical professionals specified in the endorsement.
14. Individual Professional Liability Exclusion for Specified Medical Professionals (HGL207) – this endorsement may be used to exclude Coverage C for medical professionals specified in the endorsement.
15. Amendment – Clinical or Experimental Trials Exclusion (HGL202) – this endorsement may be used to provide liability coverage arising from specified clinical or experimental trials conducted by the named insured as described in the schedule.

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16. Supplemental Extended Reporting Period Endorsement – General Liability (HGL315) – this endorsement may be used to provide an extended reporting period for General Liability coverage. This endorsement is not applicable to HGL121 or HGL151. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
17. Supplemental Extended Reporting Period Endorsement – Professional Liability (HGL309) – this endorsement may be used to provide an extended reporting period for Professional Liability coverage. This endorsement is not applicable to HGL151. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
18. Supplemental Extended Reporting Period Endorsement – Employee Benefits Liability (HGL310) – this endorsement may be used to provide an extended reporting period for Employee Benefits Liability coverage. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
19. Cancellation Endorsement (HGL300) – this endorsement clarifies the cancellation effective date.
20. Illinois Changes (HGLIL1) – this is a mandatory endorsement in order to comply with state requirements. Attach to all policies.
21. Illinois Changes – Sexual Abuse Vicarious Liability (HGLIL4) – this is a mandatory endorsement to comply with state requirements. Attach to all policies.
22. Illinois Changes – Defense Costs (HGLIL5) – this endorsement is mandatory. Attach to all policies.
23. Amendatory Endorsement (HGL320, HGLIL9, or HGLIL8) – this endorsement clarifies that Medical Directors, physicians, etc., who were previously insured under a Hospice and Home Health Care Policy issued by us, are insured under the current coverage form. HGL320 must be attached to all policies using HGL101; HGLIL9 must be attached to all policies using HGL151; HGLIL8 must be attached to all policies using HGL121.
24. Mobile Equipment Subject to Motor Vehicle Laws (GGL300) – this endorsement amends the definitions of auto and mobile equipment to consider “any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle law” as autos, and not as mobile equipment. Attach to all policies.
25. Amendment of Coverage – Medical Staffing Services (HGL326) – this endorsement may be used to provide coverage for medical staffing services.
26. Illinois Changes (HGLIL6) – this endorsement is mandatory. HGLIL6 must be attached to all policies using HGL101 or HGL121.
27. Primary and Noncontributory - Other Insurance Condition (HGL330) – this optional endorsement clarifies that coverage provided to an additional insured is on a primary and noncontributory basis.
28. Exclusion – Liquor Liability (HGL331) - this mandatory endorsement replaces liquor liability exclusion in Coverage Forms HGL101, HGL121 and HGL151 to clarify the liquor liability exclusion.
29. Waiver of Subrogation (HGL332) – this optional endorsement provides waiver of subrogation clause if needed by the insured to fulfill contract obligation.
30. Cyber Liability and Privacy Crisis Management Expense (HGL333) – this endorsement may be used to provide Cyber Liability and Privacy Crisis Management Expense coverage. Refer to the rating rules for charge.

31. Supplemental Extended Reporting Period - Cyber Liability (HGL334) – this endorsement is used to provide an extended reporting period for Cyber Liability coverage. Refer to the rating rules for charge.

32. Exclusion - Electronic Information Security Event (HGL335) – this endorsement excludes coverage for Electronic Information Security Events, and is mandatory when not providing Cyber Liability coverage via HGL333.

P.Q. Enabling Rule

The rules, rates, forms, and classifications in this manual may not be amended unless specifically permitted. However, any other rules, rates, or forms filed and approved for use by AAIC may apply when not in conflict with the rates/rules in this manual.

Q.R. Premium Installment Rule

With regard to premium payment plans:

All quarterly installment premium payment plans shall include the minimum standards listed below. Quarterly installment premium payment plans can differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below:

1. An initial payment of no more than 40% of the estimated total premium is due at policy inception;
2. The remaining premium must be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
3. No interest charges can apply;
4. Installment charges or fees can be no more than 1% of the total premium or \$25.00, whichever is less;
5. Any additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

AMERICAN ALTERNATIVE INSURANCE CORPORATION

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