

**State:** Illinois **Filing Company:** American Casualty Company of Reading - PA  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations  
**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

## Filing at a Glance

Company: American Casualty Company of Reading - PA  
Product Name: Healthcare Providers Service Organization  
State: Illinois  
TOI: 11.0 Medical Malpractice - Claims Made/Occurrence  
Sub-TOI: 11.0000 Med Mal Sub-TOI Combinations  
Filing Type: Rate  
Date Submitted: 10/28/2013  
SERFF Tr Num: CNAC-129251674  
SERFF Status: Closed-Filed  
State Tr Num: CNAC-129251674  
State Status: Under Review  
Co Tr Num: 13-00734-R  
  
Effective Date: 11/01/2013  
Requested (New):  
Effective Date: 11/01/2013  
Requested (Renewal):  
Author(s): John Lockhart  
Reviewer(s): Gayle Neuman (primary), Kathi Frye, Julie Rachford  
Disposition Date: 03/11/2014  
Disposition Status: Filed  
Effective Date (New): 03/15/2014  
Effective Date (Renewal): 03/15/2014

State Filing Description:  
ROUTED 12/4/13

State: Illinois Filing Company: American Casualty Company of Reading - PA  
TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations  
Product Name: Healthcare Providers Service Organization  
Project Name/Number: Nurses/2013070417

### General Information

Project Name: Nurses Status of Filing in Domicile: Pending  
Project Number: 2013070417 Domicile Status Comments:  
Reference Organization: Reference Number:  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 03/11/2014  
State Status Changed: 02/07/2014 Deemer Date:  
Created By: John Lockhart Submitted By: John Lockhart  
Corresponding Filing Tracking Number:

Filing Description:  
October 28, 2013  
Director of Insurance:  
Illinois Department of Insurance  
Property and Casualty Compliance Unit  
320 W Washington St  
Springfield IL 62767-0001

RE: American Casualty Company of Reading, Pennsylvania NAIC Number:20427 FEIN: 23-0342560  
Healthcare Providers Services Organization Program  
Nurses/Allied Healthcare Providers  
Rate Filing  
Filing No.: 13-00734-R

Honorable Director:

American Casualty Company of Reading, PA hereby submits for your review and approval the attached rates for use with our Healthcare Providers Services under State Tracking Number CNAC-128458368.

- Attached for your review are:
- revised State Pages; and
  - the Actuarial memorandum with supporting exhibits.

We propose that this filing be effective for policies written on or after the earliest date permitted by your state.

Sincerely,  
John Lockhart

### Company and Contact

#### Filing Contact Information

John Lockhart, Regulatory Filings john.lockhart@cna.com  
Technician  
40 Wall Street 877-269-3277 [Phone] 3270 [Ext]  
9th Floor 212-440-2877 [FAX]  
New York, NY 10005

**State:** Illinois **Filing Company:** American Casualty Company of Reading - PA  
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**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

**Filing Company Information**

American Casualty Company of Reading - PA	CoCode: 20427	State of Domicile:
40 Wall Street	Group Code: 218	Pennsylvania
8th Floor	Group Name:	Company Type:
New York, NY 10005	FEIN Number: 23-0342560	State ID Number:
(212) 440-3478 ext. [Phone]		

**Filing Fees**

Fee Required? No  
 Retaliatory? No  
 Fee Explanation:

**State Specific**

Refer to our checklists prior to submitting filing ([http://insurance.illinois.gov/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.asp](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp)): OK

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.: OK

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](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp) .: OK

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

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.": OK

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.: NA

**State:** Illinois **Filing Company:** American Casualty Company of Reading - PA  
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**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Gayle Neuman	03/11/2014	03/11/2014

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Julie Rachford	03/03/2014	03/03/2014
Pending Industry Response	Kathi Frye	11/22/2013	11/22/2013

#### Response Letters

Responded By	Created On	Date Submitted
John Lockhart	03/10/2014	03/10/2014
John Lockhart	12/04/2013	12/04/2013

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
effective date	Note To Reviewer	John Lockhart	03/11/2014	03/11/2014
effective date	Note To Filer	Gayle Neuman	03/11/2014	03/11/2014
Actuarial Review	Reviewer Note	Julie Rachford	03/11/2014	

SERFF Tracking #:

CNAC-129251674

State Tracking #:

CNAC-129251674

Company Tracking #:

13-00734-R

**State:** Illinois  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations  
**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

**Filing Company:** American Casualty Company of Reading - PA

## Disposition

Disposition Date: 03/11/2014

Effective Date (New): 03/15/2014

Effective Date (Renewal): 03/15/2014

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 Casualty Company of Reading - PA	11.500%	6.900%	\$389,554	4,634	\$5,608,722	63.700%	0.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Explanatory Memorandum		Yes
Supporting Document (revised)	Form RF3 - (Summary Sheet)		Yes
Supporting Document	Form RF3 - (Summary Sheet)		Yes
Supporting Document	Certification		Yes
Supporting Document	Request to Maintain Data as Trade Secret Information		Yes
Supporting Document	Manual		Yes
Supporting Document	Expense Support Exhibit		Yes
Rate	ILLINOIS STATE PAGES		Yes

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**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	03/03/2014
Submitted Date	03/03/2014
Respond By Date	03/11/2014

Dear John Lockhart,

### **Introduction:**

This is to acknowledge receipt of your filing. Your submission is not acceptable for filing in Illinois due to the following reasons:

### **Objection 1**

*Comments: The Illinois Department of Insurance is concerned with the considerable rate impact of this filing on insureds. Please provide support for the 40% commission rate as well as support for the selected rate changes within each class (e.g. Nurse Practitioner - OB/GYN - Employed (50%) vs Nurse Practitioner - Students (18.2%)).*

### **Conclusion:**

Sign up to get e-mail notification for updates to the Department's website. <http://insurance.illinois.gov/RSS/>

Please refer to the appropriate Property Casualty IS3 Review Requirements Checklist before submitting any filing. The checklists are available at the Department's Web site or at the following link:

[http://insurance.illinois.gov/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.asp](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp)

Please submit compliant form(s) no later than the date shown above or the entire filing may be disapproved. Please be advised that when the Director disapproves the form(s) you must immediately cease using the form(s) in Illinois.

Please give this matter your immediate attention. If you have any question regarding this filing please feel free to contact me.

Sincerely,

Julie Rachford

**State:** Illinois **Filing Company:** American Casualty Company of Reading - PA  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations  
**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	11/22/2013
Submitted Date	11/22/2013
Respond By Date	12/06/2013

Dear John Lockhart,

### **Introduction:**

This is to acknowledge receipt of your filing. Your submission is not acceptable for filing in Illinois due to the following reasons:

### **Objection 1**

- Form RF3 - (Summary Sheet) (Supporting Document)

Comments: The effective date on this form does not match your requested effective date of November 1, 2013. Please advise which date is correct and revise the Summary Sheet if the date shown is incorrect.

Is the 6.9% increase shown exact or estimated?

### **Objection 2**

Comments:

Please complete ALL fields of the Company Rate Information on the Rate/Rule Schedule tab. This will have to be done as a post-submission update.

### **Conclusion:**

Sign up to get e-mail notification for updates to the Department's website. <http://insurance.illinois.gov/RSS/>

Please refer to the appropriate Property Casualty IS3 Review Requirements Checklist before submitting any filing. The checklists are available at the Department's Web site or at the following link:

[http://insurance.illinois.gov/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.asp](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp)

Please give this matter your immediate attention. If you have any question regarding this filing please feel free to contact me.

Sincerely,  
Kathi Frye

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**State:** Illinois **Filing Company:** American Casualty Company of Reading - PA  
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**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

## Response Letter

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Response Letter Status	Submitted to State
Response Letter Date	03/10/2014
Submitted Date	03/10/2014

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Dear Gayle Neuman,

### **Introduction:**

We acknowledge your Objection Letter dated March 3, 2014, and respond as follows.

### **Response 1**

#### **Comments:**

1. The 40% commission is the total fee we pay our MGU. However, it is important to know that our MGU does all the underwriting and marketing of this program. Therefore, only 20% is considered true commission. The remaining amount is for underwriting and marketing expenses that CNA does not have to pay for. For this reason, our other expenses are relatively low. Additionally, please see the attached file *Expense Support.pdf*, which contains expense amounts from our annual statement.

As the basis for the rate increase of 50% for Employed OB/GYN Nurse Practitioners, which is still within the indicated rate need of 62.2%, we used underwriting judgment, along with a number of other factors. We looked at the rate relativity for OB/GYN in our physicians program, and they (along with Neurosurgeons) have the highest class relativity with rates that are 46.7% higher than the next highest rated class. This rate increase causes Employed OB/GYN Nurse Practitioners rates to be 41.7% higher than the next highest rated classes, which is in line with the rate differential in our physicians program. Additionally, CNA, along with the Nurses Service Organization (NSO), puts together claims studies on our different Nurses classes of insureds. In the recently released Nurse Practitioner claim study (see page 12 of [http://www.nursingcenter.com/upload/Journals/Documents/CNA\\_NPCLS\\_101712\\_SEC.pdf](http://www.nursingcenter.com/upload/Journals/Documents/CNA_NPCLS_101712_SEC.pdf)), it was shown that nurse practitioners working in Womens Health (obstetrics) and Womens Health (gynecology) have higher than average claim severities.

Given that students will have limited responsibilities compared to practicing Nurse Practitioners, and to not put as much financial burden on them, it was decided to only raise their premium by \$50, or 18.2%.

### **Related Objection 1**

Comments: The Illinois Department of Insurance is concerned with the considerable rate impact of this filing on insureds. Please provide support for the 40% commission rate as well as support for the selected rate changes within each class (e.g. Nurse Practitioner - OB/GYN - Employed (50%) vs Nurse Practitioner - Students (18.2%)).

### **Changed Items:**

SERFF Tracking #:

CNAC-129251674

State Tracking #:

CNAC-129251674

Company Tracking #:

13-00734-R

State:

Illinois

Filing Company:

American Casualty Company of Reading - PA

TOI/Sub-TOI:

11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations

Product Name:

Healthcare Providers Service Organization

Project Name/Number:

Nurses/2013070417

### Supporting Document Schedule Item Changes

Satisfied - Item:

Expense Support Exhibit

Comments:

Attachment(s):

Expense Support.pdf

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Conclusion:**

*Thank you for reviewing our filing.*

*Sincerely,*

*John Lockhart*

SERFF Tracking #:

CNAC-129251674

State Tracking #:

CNAC-129251674

Company Tracking #:

13-00734-R

State:

Illinois

Filing Company:

American Casualty Company of Reading - PA

TOI/Sub-TOI:

11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations

Product Name:

Healthcare Providers Service Organization

Project Name/Number:

Nurses/2013070417

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	12/04/2013
Submitted Date	12/04/2013

Dear Gayle Neuman,

### Introduction:

We acknowledge your Objection Letter dated November 22, 2013. Please refer to our following response to the issue raised.

### Response 1

#### Comments:

Attached is the RF-3 which now reflects an effective date of November 1, 2013.

The rate impact of 6.9% is an estimate based on our in-force book as of June 30, 2013. The actual book of business in force at the time the proposed rates are put into effect may be slightly different than those in force as of June 30, 2013. However, we do not expect a large change in distribution, and expect our actual rate impact to be similar to the 6.9% estimate.

### Related Objection 1

Applies To:

- Form RF3 - (Summary Sheet) (Supporting Document)

Comments: The effective date on this form does not match your requested effective date of November 1, 2013. Please advise which date is correct and revise the Summary Sheet if the date shown is incorrect.

Is the 6.9% increase shown exact or estimated?

### Changed Items:

SERFF Tracking #:

CNAC-129251674

State Tracking #:

CNAC-129251674

Company Tracking #:

13-00734-R

State:

Illinois

Filing Company:

American Casualty Company of Reading - PA

TOI/Sub-TOI:

11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations

Product Name:

Healthcare Providers Service Organization

Project Name/Number:

Nurses/2013070417

### Supporting Document Schedule Item Changes

**Satisfied - Item:** Form RF3 - (Summary Sheet)

**Comments:**

**Attachment(s):** RF-3.pdf

*Previous Version*

**Satisfied - Item:** *Form RF3 - (Summary Sheet)*

**Comments:**

**Attachment(s):** *RF-3.pdf*

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

### Response 2

**Comments:**

*The Company Rate Information on the Rate/Rule Schedule tab has been added in a Post Submission Update.*

### Related Objection 2

*Comments:*

*Please complete ALL fields of the Company Rate Information on the Rate/Rule Schedule tab. This will have to be done as a post-submission update.*

### Changed Items:

*No Supporting Documents changed.*

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

### Conclusion:

*Thank you for reviewing our filing.*

*Sincerely,*

*John Lockhart*

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**State:** Illinois **Filing Company:** American Casualty Company of Reading - PA  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations  
**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

## Note To Reviewer

**Created By:**

John Lockhart on 03/11/2014 10:10 AM

**Last Edited By:**

Gayle Neuman

**Submitted On:**

03/11/2014 10:20 AM

**Subject:**

effective date

**Comments:**

Dear Ms. Neuman:

Thank you for your review of our filing. The filing has not been put in effect. We are now requesting an effective date of March 15, 2014.

Thank you.

Sincerely

John Lockhart

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**State:** Illinois **Filing Company:** American Casualty Company of Reading - PA  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations  
**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

## Note To Filer

**Created By:**

Gayle Neuman on 03/11/2014 09:02 AM

**Last Edited By:**

Gayle Neuman

**Submitted On:**

03/11/2014 10:20 AM

**Subject:**

effective date

**Comments:**

The Department of Insurance has now completed its review of this filing. You previously requested the filing be effective November 1, 2013. Was the filing put in effect on that date or do you wish to have a different effective date? Your prompt response is appreciated.

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**State:** Illinois **Filing Company:** American Casualty Company of Reading - PA  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations  
**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

## Reviewer Note

**Created By:**

Julie Rachford on 03/11/2014 08:22 AM

**Last Edited By:**

Gayle Neuman

**Submitted On:**

03/11/2014 10:20 AM

**Subject:**

Actuarial Review

**Comments:**

Actuarial review complete.

**State:** Illinois **Filing Company:** American Casualty Company of Reading - PA  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations  
**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

## Post Submission Update Request Processed On 12/04/2013

**Status:** Allowed  
**Created By:** John Lockhart  
**Processed By:** Gayle Neuman  
**Comments:**

### Rate Information:

Field Name	Requested Change	Prior Value
Filing Method	Use and File	

### Company Rate Information:

Company Name: American Casualty Company of Reading - PA

Field Name	Requested Change	Prior Value
Overall % Indicated Change	11.500%	
Maximum %Change (where required)	63.700%	
Minimum %Change (where required)	0.000%	

**SERFF Tracking #:**

CNAC-129251674

**State Tracking #:**

CNAC-129251674

**Company Tracking #:**

13-00734-R

**State:**

Illinois

**Filing Company:**

American Casualty Company of Reading - PA

**TOI/Sub-TOI:**

11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations

**Product Name:**

Healthcare Providers Service Organization

**Project Name/Number:**

Nurses/2013070417

## Rate Information

Rate data applies to filing.

**Filing Method:**

Use and File

**Rate Change Type:**

Increase

**Overall Percentage of Last Rate Revision:**

4.900%

**Effective Date of Last Rate Revision:**

10/15/2012

**Filing Method of Last Filing:**

Use and File

## 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 Casualty Company of Reading - PA	11.500%	6.900%	\$389,554	4,634	\$5,608,722	63.700%	0.000%

**SERFF Tracking #:**

CNAC-129251674

**State Tracking #:**

CNAC-129251674

**Company Tracking #:**

13-00734-R

**State:**

Illinois

**Filing Company:**

American Casualty Company of Reading - PA

**TOI/Sub-TOI:**

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**Product Name:**

Healthcare Providers Service Organization

**Project Name/Number:**

Nurses/2013070417

## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		ILLINOIS STATE PAGES	1-3	Replacement	CNAC-128458368	IL HPSO State Pages (10-13).pdf

**COMPANY STATE PAGE FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA**

**I. STATE ENDORSEMENTS**

- A. Professional Liability  
State Provisions G-123846-C12 Mandatory on all policies  
State Amendments G-123829-D12 Mandatory on all policies  
State Amendments-ERP G-123812-A12 Mandatory on all claims-made policies
- B. Student Blanket  
State Provisions G-144931-A12 Mandatory on all policies  
State Amendatory G-144932-A12 Mandatory on all policies  
State Amendatory-ERP G-144933-A12 Mandatory on all claims-made policies

**II. AMENDED RULES**

- A. Rule XVII, Schedule Rating Plan, is amended by the addition of the following:

The maximum debit or credit to be applied under this plan shall be limited to 25%.

- B. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph H. is deleted in its entirety.

- C. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph J. is deleted in its entirety and replaced with the following:

- J. The factors in the following table shall be applied to the claims-made rate in effect at the beginning of the current policy period:

Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43
3	.67	.55	.59	1.70
4 or more	.84	.55	.59	1.87

- D. Rule XIV, Premium Payment Plan is deleted in its entirety and replaced with the following:

Quarterly Installment Option:

The Company will offer individual insureds the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will 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;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and

**COMPANY STATE PAGE FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA**

- v) Quarterly installments will not be available for premium for any extension of a reporting period.
- vi) There will be no interest charges;
- vii) Any additional premium resulting from changes to policy, mid-term, 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.

**III. RATES**

- A. All rates indicated below are for Professional Liability limits of \$1,000,000 each claim, with a \$6,000,000 annual aggregate.

CLASS	EMPLOYED	SELF-EMPLOYED	
I	A	87	242
	B	102	343
	C	102	286
II		102	343
III	A	106	380
	B	102	286
	C	102	200
	D	102	110
	E	106	380
IV	A	150	429
	B	93	182
	C	115	323
V		172	343
VI	A	172	200
	B	200	343
VII	A	229	1,087
	B	172	200
VIII	A	183	263
	B	166	239
	C	86	86
IX	A	164	514
	B	83	234
X		---	---
XI	A	1,078	1,533
	B	1,521	2,169
	C	1,967	2,804
	D	2,787	3,443
	E	325	N/A
	F	770	1,094
XII		90	154
XIII		68	286
XIV		56	200
XV	A	138	330
	B	495	1,045
	C	138	363
	D	138	363

**COMPANY STATE PAGE FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA**

**III. RATES (Cont.)**

Counties: Cook, DuPage, Madison, St.Clair

XVI	A	5,324	5,324
	B	6,655	6,655
	C	7,986	7,986
	D	156	N/A
	E	5,324	5,324

Remainder of State

XVI	A	4,398	4,398
	B	5,498	5,498
	C	6,597	6,597
	D	156	N/A
	E	4,398	4,398

XVII	A	804	804
	B	156	N/A

**B. Student Rates**

The minimum rate for an individual healthcare student is \$35, except where otherwise specified in class rate schedule III. A.

**C. General Liability**

Base General Liability limits of \$1,000,000 for each claim, with a \$1,000,000 annual aggregate may be purchased for \$150 minimum base rate subject to the provisions of rule XIX. F.

**D. Student Blanket**

The rate is \$13 per student for all specialties at \$1,000,000/\$5,000,000 limit of liability.

**E. A 20% debit will apply to all Firms.**

SERFF Tracking #:

CNAC-129251674

State Tracking #:

CNAC-129251674

Company Tracking #:

13-00734-R

**State:** Illinois  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations  
**Product Name:** Healthcare Providers Service Organization  
**Project Name/Number:** Nurses/2013070417

**Filing Company:** American Casualty Company of Reading - PA

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Explanatory Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Rate Filing Memo -IL- 13-00734-R.pdf IL HPSO Supporting Actuarial Exhibits 2013.pdf IL Rate Impact Exhibit.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Form RF3 - (Summary Sheet)
<b>Comments:</b>	
<b>Attachment(s):</b>	RF-3.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Certification
<b>Comments:</b>	
<b>Attachment(s):</b>	CERTIFICATION.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Request to Maintain Data as Trade Secret Information
<b>Bypass Reason:</b>	Not being requested
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Manual
<b>Comments:</b>	CW manual and state pages are available if requested
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Expense Support Exhibit
<b>Comments:</b>	
<b>Attachment(s):</b>	Expense Support.pdf

**SERFF Tracking #:**

CNAC-129251674

**State Tracking #:**

CNAC-129251674

**Company Tracking #:**

13-00734-R

**State:**

Illinois

**Filing Company:**

American Casualty Company of Reading - PA

**TOI/Sub-TOI:**

11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations

**Product Name:**

Healthcare Providers Service Organization

**Project Name/Number:**

Nurses/2013070417

**Item Status:**

**Status Date:**

**American Casualty Company of Reading, PA  
Healthcare Providers Service Organization  
Professional Liability  
Illinois  
Filing No. 13-00734-R  
Actuarial Memorandum**

American Casualty Company of Reading, Pennsylvania is proposing a number of rate increases to its Healthcare Providers Service Organization (HPSO) program. These changes, itemized below, result in an overall impact of 6.9%.

1. Form G-123829-C12 is being replaced by form G-123829-D12. This new endorsement was approved with filing # 11-00191F. Please refer to state rate pages, Section I A for this addition.
2. We are proposing an increase to the base rate for all Employed Nurse Practitioners classes. All rates will increase 30% except OB/GYN (class XI-D), which will increase 50%, and Students (class XI-E), which will increase 18.2%. Please refer to the state rate pages, Section III A, Class XI A through F, for the proposed base rates.
3. We are proposing an increase to the base rate for all Self-Employed Nurse Practitioners classes. All Self-Employed rates will increase 50%. Please refer to the state rate pages, Section III A, Class XI A through D and F, for the proposed base rates.
4. We are proposing a 10% increase to the base rate for all Counselors classes except Self-Employed Marriage and Family Counselors (class XV-D), who will receive a 37% rate increase in order to bring their rates in line with the Counselors in class XV-C. Please refer to the state rate pages, Section III A, Class XV, for the proposed base rates.
5. We are proposing an increase in the Firms debit from 10% to 20% (a 9.1% rate impact) for all classes of Firms. This change can be found in the state rate pages in Section III E. Additionally, Nurse Practitioner Firms and Counselor Firms are impacted by the Self-Employed rate changes noted in items 3 and 4 above.

Included with this filing are the following documents:

- "IL HPSO Supporting Actuarial Exhibits 2013.pdf", which contains the calculation of the indicated rate change for the classes noted above.
- "IL Rate Impact Exhibit.pdf", which summarizes the rate impact. Due to base rates being whole numbers, rate changes in this file may vary slightly from those above.
- "IL HPSO State Pages 2013.xls", a revised version of the state exception pages reflecting the changes to the base rates and Firms debit as outlined above.

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## **EXPENSE PROVISIONS & PERMISSIBLE LOSS RATIO**

### **Countrywide**

#### **Premium Expenses**

[1] Fixed Expense Ratio	3.7%
[2] Commission Rate	40.0%
[3] Other Acquisition Expenses	0.6%
[4] Premium Tax	2.0%
[5] Total Premium Expense Ratio [ [1] + [2] + [3] + [4] ]	46.2%

#### **Permissible Loss Ratio**

[6] Underwriting Profit Provision [a]	3.3%
[7] Permissible Loss & LAE Ratio [ 1 - [5] - [6] ]	50.5%
[8] ULAE (as a % of Premium)	4.4%
[9] Permissible Loss & ALAE Ratio [ [7] - [8] ]	46.0%

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#### **NOTES**

[a] From CNA's Internal ROE Model

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## **EXPENSE PROVISIONS & PERMISSIBLE LOSS RATIO**

### **Illinois**

#### **Premium Expenses**

[1] Fixed Expense Ratio	3.7%
[2] Commission Rate	40.0%
[3] Other Acquisition Expenses	0.6%
[4] Premium Tax	0.5%
[5] Total Premium Expense Ratio [ [1] + [2] + [3] + [4] ]	44.8%

#### **Permissible Loss Ratio**

[6] Underwriting Profit Provision [a]	3.3%
[7] Permissible Loss & LAE Ratio [ 1 - [5] - [6] ]	52.0%
[8] ULAE (as a % of Premium)	4.4%
[9] Permissible Loss & ALAE Ratio [ [7] - [8] ]	47.5%

#### **NOTES**

[a] From CNA's Internal ROE Model

# HISTORICAL LOSS RATIOS & INDICATION

## Countrywide

### Nurse Practitioners - Employed

Amounts in \$000s

Loss Year	Current Level Earned Premium	Selected Ultimate Indemnity at \$250K	Loss Cost Trend Factor	Trended Ultimate Indemnity	Selected Ultimate ALAE	ALAE Trend Factor	Trended Ultimate ALAE	Trended Ultimate Loss & ALAE	Trended Ultimate Loss & ALAE Ratio
[1]	[a]	[b]	[b]	[3]x[4]	[b]	[b]	[6]x[7]	[5]+[8]	[9]/[2]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
2002	16,734	3,994	1.216	4,856	2,755	1.265	3,484	8,340	49.8%
2003	18,996	5,127	1.197	6,135	4,116	1.241	5,106	11,241	59.2%
2004	19,188	3,535	1.178	4,163	3,749	1.217	4,563	8,726	45.5%
2005	18,977	5,800	1.159	6,722	4,074	1.194	4,863	11,585	61.0%
2006	19,317	3,425	1.141	3,907	3,750	1.171	4,392	8,299	43.0%
2007	19,850	5,478	1.123	6,150	4,285	1.149	4,924	11,074	55.8%
2008	20,304	6,969	1.105	7,700	4,600	1.127	5,186	12,885	63.5%
2009	20,590	4,910	1.087	5,339	4,705	1.106	5,202	10,541	51.2%
2010	20,859	4,800	1.070	5,137	4,100	1.085	4,448	9,585	45.9%
2011	21,214	5,500	1.053	5,793	4,700	1.064	5,002	10,795	50.9%
2012	21,621	6,000	1.037	6,219	4,700	1.044	4,907	11,126	51.5%
Total/Avg	217,652	55,536			45,533			114,197	52.5%

#### Expected Loss & ALAE Ratio

[11] Selected Limited On-Level Loss & ALAE Ratio [c]	52.1%
[12] Selected Excess Loss Load as % of Premium [b]	17.0%
[13] Total On-Level Loss & ALAE Ratio [ [11] + [12] ]	69.1%
[14] Average Premium Modification Factor [b]	0.983
[15] Projected Loss & ALAE Ratio - Incl. Premium Mod [ [13] / [14] ]	70.3%

#### Rate Change Indication

[16] Permissible Loss & ALAE Ratio [d]	46.0%
[17] Indicated Rate Change [ [15] / [16] - 1 ]	+52.6%

#### NOTES

- [a] Calculated by re-rating historical policies.  
 [b] From CNA Rate Review as of September 30, 2012.  
 [c] 8-Year Average: 2004 to 2011  
 [d] From Exhibit I, Line [9].

## INDICATED & SELECTED RATE CHANGE

### Illinois

#### Nurse Practitioners - Employed

Loss Year	Current Level Earned Premium	Selected Ultimate Indemnity at \$250K	Loss Cost Trend Factor	Trended Ultimate Indemnity	Selected Ultimate ALAE	ALAE Trend Factor	Trended Ultimate ALAE	Trended Ultimate Loss & ALAE	Trended Ultimate Loss & ALAE Ratio
[1]	[a]	[b]	[b]	[3]x[4]	[b]	[b]	[6]x[7]	[5]+[8]	[9]/[2]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
2002	311,824	0	1.216	0	0	1.265	0	0	0.0%
2003	355,256	0	1.197	0	55,189	1.241	68,465	68,465	19.3%
2004	337,844	250,000	1.178	294,429	23,196	1.217	28,230	322,659	95.5%
2005	319,651	200,000	1.159	231,814	330,996	1.194	395,183	626,998	196.2%
2006	339,162	208,809	1.141	238,193	143,908	1.171	168,554	406,747	119.9%
2007	360,549	22,184	1.123	24,905	79,175	1.149	90,974	115,879	32.1%
2008	354,335	527,705	1.105	583,054	212,802	1.127	239,876	822,930	232.2%
2009	343,559	71,082	1.087	77,294	91,596	1.106	101,290	178,584	52.0%
2010	349,780	13	1.070	14	4,278	1.085	4,640	4,655	1.3%
2011	370,484	0	1.053	0	0	1.064	0	0	0.0%
Total/Avg	3,442,445	1,279,793			941,139			2,546,917	74.0%

#### On-Level Loss & ALAE Ratio

[11] Selected Loss & ALAE Ratio [c]	89.3%
[12] Selected Excess Loss Load as % of Premium [b]	17.0%
[13] Total On-Level Loss & ALAE Ratio [ [11] + [12] ]	106.3%

#### Adjusted Loss & ALAE Ratio

[14] Average Premium Modification Factor [b]	0.983
[15] Projected Loss & ALAE Ratio - Incl. Premium Mod [ [13] / [14] ]	108.1%
[16] Number of Claims needed for Full Credibility [d]	1,082
[17] Ultimate Number of Incurred Claims [b]	35
[18] Credibility [ SQRT{ [17] / [16] }, capped at 100% ]	18.0%
[19] Countrywide Projected Loss & ALAE Ratio [e]	70.3%
[20] Credibility-Weighted Loss & ALAE Ratio [ [18] x [15] + {1 - [18]} x [19] ]	77.1%

#### Rate Change Indication

[21] Permissible Loss & ALAE Ratio [f]	47.5%
[22] Indicated Rate Change [ [20] / [21] - 1 ]	+62.2%

#### NOTES

[a] Calculated by re-rating historical policies.	[d] Classical Credibility Method (Industry Standard)
[b] From CNA Rate Review as of September 30, 2012.	[e] From Exhibit III, Sheet 1, Line [15].
[c] 8-Year Average: 2004 to 2011	[f] From Exhibit II, Line [9].

# HISTORICAL LOSS RATIOS & INDICATION

## Countrywide

### Nurse Practitioners - Self-Employed

Amounts in \$000s

Loss Year	Current Level Earned Premium	Selected Ultimate Indemnity at \$250K	Loss Cost Trend Factor	Trended Ultimate Indemnity	Selected Ultimate ALAE	ALAE Trend Factor	Trended Ultimate ALAE	Trended Ultimate Loss & ALAE	Trended Ultimate Loss & ALAE Ratio
[1]	[a]	[b]	[b]	[3]x[4]	[b]	[b]	[6]x[7]	[5]+[8]	[9]/[2]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
2002	1,099	559	1.187	663	330	1.613	533	1,196	108.8%
2003	1,318	318	1.171	372	336	1.551	522	893	67.8%
2004	1,584	1,299	1.155	1,499	854	1.492	1,274	2,773	175.1%
2005	1,977	500	1.138	569	1,568	1.435	2,250	2,819	142.6%
2006	2,449	1,211	1.123	1,360	809	1.380	1,116	2,476	101.1%
2007	2,988	796	1.107	881	796	1.327	1,057	1,938	64.9%
2008	3,423	1,292	1.092	1,410	1,370	1.276	1,748	3,158	92.2%
2009	3,691	600	1.076	646	1,200	1.227	1,473	2,119	57.4%
2010	3,900	2,280	1.061	2,420	2,508	1.180	2,961	5,381	138.0%
2011	4,054	1,459	1.047	1,527	1,611	1.135	1,829	3,356	82.8%
2012	4,230	1,536	1.032	1,585	1,673	1.092	1,826	3,411	80.7%
Total/Avg	30,713	11,848			13,055			29,520	96.1%

#### Expected Loss & ALAE Ratio

[11] Selected Limited On-Level Loss & ALAE Ratio [c]	99.8%
[12] Selected Excess Loss Load as % of Premium [b]	32.0%
[13] Total On-Level Loss & ALAE Ratio [ [11] + [12] ]	131.8%
[14] Average Premium Modification Factor [b]	0.989
[15] Projected Loss & ALAE Ratio - Incl. Premium Mod [ [13] / [14] ]	133.3%

#### Rate Change Indication

[16] Permissible Loss & ALAE Ratio [d]	46.0%
[17] Indicated Rate Change [ [15] / [16] - 1 ]	+189.6%

#### NOTES

- [a] Calculated by re-rating historical policies.  
 [b] From CNA Rate Review as of September 30, 2012.  
 [c] 8-Year Average: 2004 to 2011  
 [d] From Exhibit I, Line [9].

# INDICATED & SELECTED RATE CHANGE

## Illinois

### Nurse Practitioners - Self-Employed

Loss Year	Current Level Earned Premium	Selected Ultimate Indemnity at \$250K	Loss Cost Trend Factor	Trended Ultimate Indemnity	Selected Ultimate ALAE	ALAE Trend Factor	Trended Ultimate ALAE	Trended Ultimate Loss & ALAE	Trended Ultimate Loss & ALAE Ratio
[1]	[a]	[b]	[b]	[3]x[4]	[b]	[b]	[6]x[7]	[5]+[8]	[9]/[2]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
2002	10,640	0	1.187	0	0	1.613	0	0	0.0%
2003	10,536	0	1.171	0	0	1.551	0	0	0.0%
2004	13,836	1	1.155	1	1,225	1.492	1,828	1,829	13.2%
2005	23,499	0	1.138	0	0	1.435	0	0	0.0%
2006	34,411	0	1.123	0	9,094	1.380	12,550	12,550	36.5%
2007	42,448	0	1.107	0	1,875	1.327	2,488	2,488	5.9%
2008	50,937	399,904	1.092	436,529	365,155	1.276	466,042	902,571	1771.9%
2009	55,075	1	1.076	2	9,797	1.227	12,025	12,027	21.8%
2010	57,612	433,813	1.061	460,449	191,603	1.180	226,176	686,625	1191.8%
2011	66,437	358,688	1.047	375,411	134,729	1.135	152,952	528,363	795.3%
Total/Avg	365,431	1,192,408			713,479			2,146,451	587.4%

#### On-Level Loss & ALAE Ratio

[11] Selected Loss & ALAE Ratio [c]	623.5%
[12] Selected Excess Loss Load as % of Premium [b]	32.0%
[13] Total On-Level Loss & ALAE Ratio [ [11] + [12] ]	655.5%

#### Adjusted Loss & ALAE Ratio

[14] Average Premium Modification Factor [b]	0.989
[15] Projected Loss & ALAE Ratio - Incl. Premium Mod [ [13] / [14] ]	662.9%
[16] Number of Claims needed for Full Credibility [d]	1,082
[17] Ultimate Number of Incurred Claims [b]	21
[18] Credibility [ SQRT{ [17] / [16] }, capped at 100% ]	13.9%
[19] Countrywide Projected Loss & ALAE Ratio [e]	133.3%
[20] Credibility-Weighted Loss & ALAE Ratio [ [18] x [15] + {1 - [18]} x [19] ]	207.1%

#### Rate Change Indication

[21] Permissible Loss & ALAE Ratio [f]	47.5%
[22] Indicated Rate Change [ [20] / [21] - 1 ]	+335.9%

#### NOTES

[a] Calculated by re-rating historical policies.	[d] Classical Credibility Method (Industry Standard)
[b] From CNA Rate Review as of September 30, 2012.	[e] From Exhibit IV, Sheet 1, Line [15].
[c] 8-Year Average: 2004 to 2011	[f] From Exhibit II, Line [9].

## HISTORICAL LOSS RATIOS & INDICATION

### Countrywide

#### Counselors

Amounts in \$000s

Loss Year	Current Level Earned Premium	Selected Ultimate Indemnity at \$250K	Loss Cost Trend Factor	Trended Ultimate Indemnity	Selected Ultimate ALAE	ALAE Trend Factor	Trended Ultimate ALAE	Trended Ultimate Loss & ALAE	Trended Ultimate Loss & ALAE Ratio
[1]	[a]	[b]	[b]	[3]x[4]	[b]	[b]	[6]x[7]	[5]+[8]	[9]/[2]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
2002	225	0	1.158	0	83	1.437	119	119	52.8%
2003	2,420	1,057	1.145	1,210	975	1.561	1,522	2,732	112.9%
2004	5,605	590	1.131	667	1,640	1.540	2,527	3,194	57.0%
2005	7,483	1,454	1.117	1,625	1,679	1.616	2,713	4,337	58.0%
2006	8,774	342	1.104	378	899	1.952	1,756	2,134	24.3%
2007	9,132	1,350	1.091	1,473	1,894	1.582	2,996	4,469	48.9%
2008	9,037	1,615	1.078	1,741	1,567	1.556	2,439	4,180	46.2%
2009	9,587	1,000	1.065	1,065	2,001	1.419	2,840	3,905	40.7%
2010	10,365	1,724	1.052	1,814	2,526	1.374	3,470	5,285	51.0%
2011	11,221	1,653	1.040	1,718	2,830	1.280	3,624	5,342	47.6%
2012	12,256	1,819	1.027	1,869	3,100	1.171	3,631	5,500	44.9%
Total/Avg	86,105	12,604			19,195			41,196	47.8%

#### Expected Loss & ALAE Ratio

[11] Selected Limited On-Level Loss & ALAE Ratio [c]	48.3%
[12] Selected Excess Loss Load as % of Premium [b]	7.5%
[13] Total On-Level Loss & ALAE Ratio [ [11] + [12] ]	55.8%
[14] Average Premium Modification Factor [b]	0.983
[15] Projected Loss & ALAE Ratio - Incl. Premium Mod [ [13] / [14] ]	56.8%

#### Rate Change Indication

[16] Permissible Loss & ALAE Ratio [d]	46.0%
[17] Indicated Rate Change [ [15] / [16] - 1 ]	+23.4%

#### NOTES

- [a] Calculated by re-rating historical policies.  
 [b] From CNA Rate Review as of September 30, 2012.  
 [c] 9-Year Average: 2003 to 2011  
 [d] From Exhibit I, Line [9].

## INDICATED & SELECTED RATE CHANGE

### Illinois Counselors

Loss Year	Current Level Earned Premium	Selected Ultimate Indemnity at \$250K	Loss Cost Trend Factor	Trended Ultimate Indemnity	Selected Ultimate ALAE	ALAE Trend Factor	Trended Ultimate ALAE	Trended Ultimate Loss & ALAE	Trended Ultimate Loss & ALAE Ratio
[1]	[a]	[b]	[b]	[3]x[4]	[b]	[b]	[6]x[7]	[5]+[8]	[9]/[2]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
2002	19,805	0	1.158	0	4,952	1.437	7,119	7,119	35.9%
2003	133,323	0	1.145	0	13,019	1.561	20,328	20,328	15.2%
2004	279,085	0	1.131	0	5,867	1.540	9,037	9,037	3.2%
2005	356,359	0	1.117	0	221	1.616	357	357	0.1%
2006	413,320	25,000	1.104	27,601	35,989	1.952	70,255	97,856	23.7%
2007	418,820	289,531	1.091	315,845	271,312	1.582	429,244	745,089	177.9%
2008	393,343	0	1.078	0	11,479	1.556	17,862	17,862	4.5%
2009	404,161	0	1.065	0	11,061	1.419	15,701	15,701	3.9%
2010	423,433	0	1.052	0	7,810	1.374	10,731	10,731	2.5%
2011	438,737	21,000	1.040	21,835	11,941	1.280	15,288	37,123	8.5%
Total/Avg	3,280,387	335,531			373,651			961,202	29.3%

#### On-Level Loss & ALAE Ratio

[11] Selected Loss & ALAE Ratio [c]	29.3%
[12] Selected Excess Loss Load as % of Premium [b]	7.5%
[13] Total On-Level Loss & ALAE Ratio [ [11] + [12] ]	36.8%

#### Adjusted Loss & ALAE Ratio

[14] Average Premium Modification Factor [b]	0.983
[15] Projected Loss & ALAE Ratio - Incl. Premium Mod [ [13] / [14] ]	37.4%
[16] Number of Claims needed for Full Credibility [d]	1,082
[17] Ultimate Number of Incurred Claims [b]	50
[18] Credibility [ SQRT{ [17] / [16] }, capped at 100% ]	21.5%
[19] Countrywide Projected Loss & ALAE Ratio [e]	56.8%
[20] Credibility-Weighted Loss & ALAE Ratio [ [18] x [15] + {1 - [18]} x [19] ]	52.6%

#### Rate Change Indication

[21] Permissible Loss & ALAE Ratio [f]	47.5%
[22] Indicated Rate Change [ [20] / [21] - 1 ]	+10.8%

#### NOTES

[a] Calculated by re-rating historical policies.	[d] Classical Credibility Method (Industry Standard)
[b] From CNA Rate Review as of September 30, 2012.	[e] From Exhibit V, Sheet 1, Line [15].
[c] 9-Year Average: 2003 to 2011	[f] From Exhibit II, Line [9].

## HISTORICAL LOSS RATIOS & INDICATION

### Countrywide

#### Firms

Amounts in \$000s

Loss Year	Current Level Earned Premium	Selected Ultimate Indemnity at \$250K	Loss Cost Trend Factor	Trended Ultimate Indemnity	Selected Ultimate ALAE	ALAE Trend Factor	Trended Ultimate ALAE	Trended Ultimate Loss & ALAE	On-Level Loss & ALAE Ratio
[1]	[a]	[b]	[b]	[3]x[4]	[b]	[b]	[6]x[7]	[5]+[8]	[9]/[2]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
2002	10,044	5,693	0.454	2,584	4,778	0.500	2,391	4,975	49.5%
2003	13,362	7,245	0.591	4,281	5,281	0.630	3,328	7,608	56.9%
2004	16,462	6,810	0.769	5,238	4,947	0.793	3,926	9,164	55.7%
2005	21,218	5,374	1.001	5,381	3,646	0.999	3,643	9,024	42.5%
2006	26,107	6,040	1.303	7,873	4,844	1.258	6,095	13,968	53.5%
2007	28,674	6,003	1.262	7,577	3,718	1.224	4,550	12,127	42.3%
2008	30,121	8,210	1.222	10,035	6,316	1.190	7,516	17,552	58.3%
2009	31,635	7,007	1.184	8,294	4,790	1.157	5,544	13,838	43.7%
2010	33,047	7,945	1.146	9,107	5,764	1.126	6,488	15,595	47.2%
2011	33,397	7,863	1.110	8,728	6,503	1.095	7,119	15,847	47.5%
2012	33,667	8,642	1.075	9,290	6,668	1.065	7,099	16,389	48.7%
Total/Avg	277,734	76,832			57,256			136,088	49.0%

#### Expected Loss & ALAE Ratio

[11] Selected Limited On-Level Loss & ALAE Ratio [c]	48.5%
[12] Selected Excess Loss Load as % of Premium [b]	9.5%
[13] Total On-Level Loss & ALAE Ratio [ [11] + [12] ]	58.0%
[14] Average Premium Modification Factor [b]	1.000
[15] Projected Loss & ALAE Ratio - Incl. Premium Mod [ [13] / [14] ]	58.0%

#### Rate Change Indication

[16] Permissible Loss & ALAE Ratio [d]	46.0%
[17] Indicated Rate Change [ [15] / [16] - 1 ]	+26.1%

#### NOTES

- [a] Calculated by applying future rate changes to past policies.  
 [b] From CNA Rate Review as of September 30, 2012.  
 [c] 8-Year Average: 2004 to 2011  
 [d] From Exhibit I, Line [9].

## INDICATED & SELECTED RATE CHANGE

### Illinois

#### Firms

Loss Year	Current Level Earned Premium	Selected Ultimate Indemnity at \$250K	Loss Cost Trend Factor	Trended Ultimate Indemnity	Selected Ultimate ALAE	ALAE Trend Factor	Trended Ultimate ALAE	Trended Ultimate Loss & ALAE	On-Level Loss & ALAE Ratio
[1]	[a]	[b]	[b]	[3]x[4]	[b]	[b]	[6]x[7]	[5]+[8]	[9]/[2]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
2002	533,193	37,000	0.454	16,793	156,144	0.500	78,134	94,927	17.8%
2003	575,910	380,736	0.591	224,956	454,469	0.630	286,372	511,328	88.8%
2004	783,393	16,261	0.769	12,507	44,690	0.793	35,460	47,968	6.1%
2005	1,399,519	149,525	1.001	149,719	161,540	0.999	161,408	311,127	22.2%
2006	1,793,840	1,405,749	1.303	1,832,371	621,531	1.258	782,018	2,614,389	145.7%
2007	1,907,354	499,072	1.262	629,966	227,574	1.224	278,475	908,441	47.6%
2008	2,016,330	888,982	1.222	1,086,661	246,813	1.190	293,724	1,380,385	68.5%
2009	2,104,263	118,922	1.184	140,770	119,328	1.157	138,109	278,879	13.3%
2010	2,157,309	111,935	1.146	128,311	278,216	1.126	313,163	441,474	20.5%
2011	2,118,577	142,692	1.110	158,396	294,523	1.095	322,416	480,811	22.7%
Total/Avg	15,389,686	3,750,874			2,604,827			7,069,728	45.9%

#### On-Level Loss & ALAE Ratio

[11] Selected Loss & ALAE Ratio [c]	45.3%
[12] Selected Excess Loss Load as % of Premium [b]	9.5%
[13] Total On-Level Loss & ALAE Ratio [ [11] + [12] ]	54.8%

#### Adjusted Loss & ALAE Ratio

[14] Average Premium Modification Factor [b]	1.000
[15] Projected Loss & ALAE Ratio - Incl. Premium Mod [ [13] / [14] ]	54.8%
[16] Number of Claims needed for Full Credibility [d]	1,082
[17] Ultimate Number of Incurred Claims [b]	128
[18] Credibility [ SQRT{ [17] / [16] }, capped at 100% ]	34.4%
[19] Countrywide Projected Loss & ALAE Ratio [e]	58.0%
[20] Credibility-Weighted Loss & ALAE Ratio [ [18] x [15] + {1 - [18]} x [19] ]	56.9%

#### Rate Change Indication

[21] Permissible Loss & ALAE Ratio [f]	47.5%
[22] Indicated Rate Change [ [20] / [21] - 1 ]	+19.8%

#### NOTES

[a] Calculated by applying future rate changes to past policies.  
[b] From CNA Rate Review as of September 30, 2012.  
[c] 8-Year Average: 2004 to 2011

[d] Classical Credibility Method (Industry Standard)  
[e] From Exhibit VI, Sheet 1, Line [15].  
[f] From Exhibit II, Line [9].

## RATE IMPACT EXHIBIT

### Illinois

Class	Number of Impacted Policyholders as of 6/30/2013	Written Premium as of 6/30/2013	Expected Premium Change From Filing	Selected Rate Change
[1]	[2]	[3]	[3]x[5] [4]	[a] [5]
<b>Employed Nurse Practitioners</b>				
Nurse Practitioners - OB/GYN - Employed	7	9,189	4,595	50.0%
Nurse Practitioners - Students	234	61,378	11,160	18.2%
Nurse Practitioners - All Other - Employed	294	330,860	99,306	30.0%
<b>Subtotal</b>	<b>535</b>	<b>401,427</b>	<b>115,060</b>	<b>28.7%</b>
<b>Self-Employed Nurse Practitioners</b>				
Nurse Practitioners - Self-Employed	52	71,930	35,976	50.0%
<b>Subtotal</b>	<b>52</b>	<b>71,930</b>	<b>35,976</b>	<b>50.0%</b>
<b>Counselors</b>				
Counselors - Marriage & Family - Self-Employed	37	6,007	2,221	37.0%
Counselors - All Other	2,898	478,829	48,465	10.1%
<b>Subtotal</b>	<b>2,935</b>	<b>484,836</b>	<b>50,686</b>	<b>10.5%</b>
<b>Firms</b>				
Nurse Practitioners	10	27,747	17,662	63.7%
Counselors - Marriage & Family	3	1,347	666	49.4%
Counselors - All Other	186	141,814	28,363	20.0%
All Other Firms	913	1,552,562	141,142	9.1%
<b>Subtotal</b>	<b>1,112</b>	<b>1,723,470</b>	<b>187,832</b>	<b>10.9%</b>
<b>All Other Classes</b>	<b>23,524</b>	<b>2,927,059</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL</b>	<b>28,158</b>	<b>5,608,722</b>	<b>389,554</b>	<b>6.9%</b>

#### NOTES

[a] Due to whole dollar rounding, rate change may vary slightly from values stated in Actuarial Memorandum.

## ILLINOIS DEPARTMENT OF INSURANCE SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 11/1/2013

(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		
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 <u>Medical Malpractice</u> Line of Insurance	\$5,608,722	6.9%

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): \_\_\_\_\_  
 We are filing to increase base rates for Nurse Practitioners, and Counselors, and to increase the debit applied to firm policies.  
 Actuarial support is provided.

\*Adjusted to reflect all prior rate changes.

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

American Casualty Company of Reading, PA  
Name of Company

Dara Stone, FCAS Actuarial  
Senior Consultant, HealthPro Pricing  
Official – Title

ILLINOIS CERTIFICATION FOR  
MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Laura Sachs, a duly authorized officer of American Casualty Company of Reading, PA, am authorized to certify on behalf of the company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.

I, Dara Stone, a duly authorized actuary of CNA Insurance Companies, am authorized to certify on behalf of American Casualty Company of Reading, PA making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.



**Laura Sachs, FCAS**

**Assistant Vice President, HealthPro Pricing**

Signature and Title of Authorized Insurance Company Officer

10/23/13  
Date



**Dara Stone, FCAS**

**Actuarial Senior Consultant, HealthPro Pricing**

Signature and Title of Authorized Actuary

10/23/13  
Date

Insurance Company FEIN 23-0342560

Filing Number 13-00734-R

Insurer's Address CNA Insurance Companies, 333 S. Wabash Ave

City Chicago State IL Zip Code 60604

Contact Person's:

- Name and E-mail Dara Stone Dara.Stone@cna.com

- Direct Telephone and Fax Number 312-822-1677

**PREMIUM EXPENSE SUPPORT**  
**IEE for American Casualty Company of Reading, PA**  
**Medical Malpractice (Line 11 Of The Annual Statement)**  
**Amounts in \$000s**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>TOTAL</b>	<b>% of WP</b>	<b>PROJECTED</b>
[1] Direct Premiums Written	174,894	172,307	173,199	173,216	693,616		
[2] Fixed Expense	5,136	6,858	6,156	7,398	25,548	<b>3.7%</b>	<b>3.7%</b>
[3] Commission & Brokerage *	61,455	64,606	66,120	66,897	259,078	<b>37.4%</b>	<b>40.0%</b>
[4] Other Acquisition	998	1,040	1,092	1,508	4,638	<b>0.7%</b>	<b>0.6%</b>
[5] Premium Tax	4,016	3,756	3,546	3,885	15,203	<b>2.2%</b>	<b>2.0%</b>

\* This ratio is lower than the 40% used in our analysis because American Casualty Company of Reading, PA contains another program with a smaller commission.

**ULAE EXPENSE SUPPORT**  
**IEE for American Casualty Company of Reading, PA**  
**Medical Malpractice (Line 11 Of The Annual Statement)**  
**Amounts in \$000s**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>TOTAL</u>	<u>PROJECTED</u>
[1] Direct Premiums Written	174,894	172,307	173,199	173,216	693,616	
[2] Adjusting & Other Expenses Incurred	7,970	8,000	6,835	8,821	31,626	
[3] Implied Ratio as % of Premium [ [2] / [1] ]	4.6%	4.6%	3.9%	5.1%	4.6%	4.4%

**SERFF Tracking #:**

CNAC-129251674

**State Tracking #:**

CNAC-129251674

**Company Tracking #:**

13-00734-R

**State:**

Illinois

**Filing Company:**

American Casualty Company of Reading - PA

**TOI/Sub-TOI:**

11.0 Medical Malpractice - Claims Made/Occurrence/11.0000 Med Mal Sub-TOI Combinations

**Product Name:**

Healthcare Providers Service Organization

**Project Name/Number:**

Nurses/2013070417

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
10/16/2013		Supporting Document	Form RF3 - (Summary Sheet)	12/04/2013	RF-3.pdf (Superceded)

## ILLINOIS DEPARTMENT OF INSURANCE SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 12/1/2013

(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		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
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12. Homeowners		
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