

**AMERICAN HOME ASSURANCE COMPANY
PSYCHOANALYSTS PROFESSIONAL LIABILITY
ILLINOIS**

I. PSYCHOANALYSTS PROFESSIONAL LIABILITY RATES

A. **BASE RATE** (for \$1,000,000/\$3,000,000 occurrence coverage): \$ **4,106**

B. **LIMITS OF LIABILITY:**

	\$600,000	\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$5,000,000	\$6,000,000
\$200,000	0.5498	-	-	-	-	-	-
\$1,000,000	-	0.9071	-	1.0000	-	-	-
\$2,000,000	-	-	1.0802	1.1102	1.1402	1.1702	1.2002
\$3,000,000	-	-	-	1.1996	1.2296	1.2596	-
\$4,000,000	-	-	-	-	1.2934	1.3234	-
\$5,000,000	-	-	-	-	-	1.3745	-

II. SCHOOL/INSTITUTE/SOCIETY RATES

A. **SCHOOL/INSTITUTE**

LIMITS OF LIABILITY	RATES BASED ON OUTPATIENT VISITS
\$100,000/\$300,000	0.480 first 5,000 visits
	0.384 next 3,000 visits
	0.346 next 8000 visits and over
\$500,000/\$500,000	0.614 first 5,000 visits
	0.492 next 3,000 visits
	0.442 next 8000 visits and over
\$1,000,000/\$1,000,000	0.710 first 5,000 visits
	0.568 next 3,000 visits
	0.511 next 8000 visits and over
\$1,000,000/\$3,000,000	1.169 first 5,000 visits
	0.935 next 3,000 visits
	0.842 next 8000 visits and over

Minimum Policy Premium - \$750 for \$1,000,000/\$1,000,000
\$1,000 for \$1,000,000/\$3,000,000

B. **SOCIETIES**

LIMITS OF LIABILITY	PREMIUM
\$500,000/\$500,000	325
\$1,000,000/\$1,000,000	500
\$1,000,000/\$3,000,000	750

III. ADDITIONAL COVERAGES

ECT - Electroconvulsive Therapy Coverage - An additional charge of 25%
Part-Time Psychoanalysts- 50% for psychoanalysts practicing 20 hours or
less per week

IV. ADDITIONAL INSURED CHARGES:

Landlord: 20% of the policy premium
Corporation with Other Employees: 40% of the policy premium
Additional Insured: 20% of the policy premium. Only applies to School/Institute/Society

V. ADMINISTRATIVE HEARING

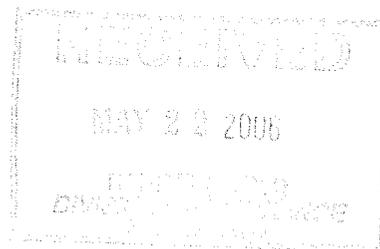
INCREASED LIMITS	RATE
\$10,000	\$175
\$25,000	\$500





American International Companies®
 DBG Legal Services
 State Filings Department
 175 Water Street, 17th Floor
 New York, NY 10038
 212.458. (Direct Dial)

May 16, 2006



Honorable Michael T. McRaith
 Director of Insurance
 Illinois Department of Insurance
 320 West Washington Street, 4th Floor
 Springfield, Illinois 62767-0001
 Attn.: Mr. John Gatlin
 Supervisor, Property and Casualty Compliance Unit

RE: AMERICAN HOME ASSURANCE COMPANY
 NAIC # 012-19380 FEIN # 13-5124990
Psychoanalysts Professional Liability Program
 Rates/Rating Rules
 Our Filing No.: AIC-05-EO-16

Dear Mr. Gatlin:

The above-referenced company (the "Company") has on file with your Department its Psychoanalysts Professional Liability Program. The Company submits, for your review and approval, its revised rates and rating rules to be used with this Program.

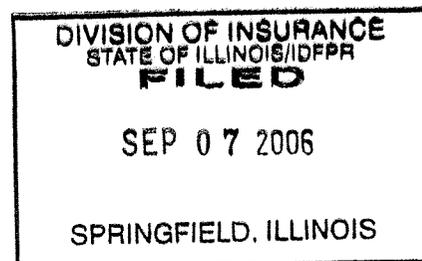
Please refer to the attached actuarial materials for information about the rates included in this submission. The attached blackline shows the revisions made to the previous rating rules.

We wish to make this filing effective for all policies effective on or after June 23, 2006, or the earliest date permitted by your Department.

Your favorable consideration and approval are respectfully requested.

Sincerely,

Carol Elliston
 Filings Analyst
 State Filings Department
 (212) 458-7056
Carole.elliston@aig.com



+5%

Property & Casualty Transmittal Document (Revised 1/1/04)

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: f. State Filing #: MAY 22 2006 g. SERFF Filing #:
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3. Group Name	Group NAIC #
American International Group, Inc.	012

4. Company Name(s)	Domicile	NAIC # 012	FEIN #
American Home Assurance Company	NY	19380	13-5124990

5. Company Tracking Number	AIC-05-EO-16
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephon e #s	FAX #	e-mail
	Carol Elliston State Filings Department 175 Water Street, 17 th Floor New York, New York 10038	Filings Analyst	(212) 458- 7056	(212) 458-7077	Carole.elliston@aig.com
	7. Signature of authorized filer				
	8. Please print name of authorized filer		Carol Elliston		

Filing information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	11.2 Med Mal Occurrence Only
10.	Sub-Type of Insurance (Sub-TOI)	11.2000 Med Mal Sub-T01
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	N/A
12.	Company Program Title (Marketing title)	Psychoanalysts Professional Liability
13.	Filing Type Forms	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (Rate Only)
14.	Effective Date(s) Requested	New: June 23, 2006 Renewal: June 23, 2006
15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	N/A
17.	Reference Organization # & Title	N/A
18.	Company's Date of Filing	May 16, 2006
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document

20. This filing transmittal is part of Company Tracking # AIC-05-EO-16

21. Filing Description [This area should be similar to the body of a cover letter and is free-form text]

The rates are being revised to reflect a base rate change.

22. Filing Fees (Filer must provide check # and fee amount if applicable)
[If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: DOI Bills Us Quarterly
Amount:N/A

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

***Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

Effective January 1, 2006

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	AIC-05-EO-16
2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A

Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
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4a. Rate Change by Company (As Proposed)						
Company Name	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
American Home Assurance Company	5.0%	\$21,300	142	\$426,000		5.0%

4b. Rate Change by Company (As Accepted) For State Use Only						
Company Name	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

Overall Rate Information (Complete for Multiple Company Filings only)			
		COMPANY USE	STATE USE
5a.	Overall percentage rate impact for this filing	N/A	N/A
5b.	Effect of Rate Filing – Written premium change for this program	N/A	N/A
5c.	Effect of Rate Filing – Number of policyholders affected	N/A	N/A

6.	Overall percentage of last rate revision	20%
7.	Effective Date of last rate revision	November 19, 2004
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval

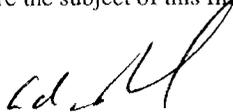
9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Rate Page – Page 1 of 1	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A
02	Rating Rule – Page 1 of 1	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A
03	Explanatory Memorandum - Page 1 of 1	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A
04	Exhibits 1 - 7	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A
05		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

**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.

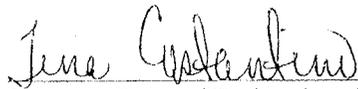
I, Adam C. Reed, a duly authorized officer American Home Assurance Company am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws,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

I, Tina Costantino, a duly authorized actuary of American Home Assurance Company am authorized to certify on behalf of American Home Assurance 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 the subject of this filing.



Assistant Vice President
Signature and Title of Authorized Insurance Company Officer

05/16/2006
Date



Supervising Actuary
Signature, Title and Designation of Authorized Actuary

05/11/2006
Date

Insurance Company FEIN: 13-51249920

Filing Number: AIC-O5-EO16

Insurer's Address : 175 Water Street

City : New York State: New York Zip Code: 10038

Contact Person's:

-Name and E-mail Carol Elliston Filings Analyst

-Direct Telephone and Fax Number: Telephone: (212) 458 - 7056

Fax: (212) 458-7077

**American Home Assurance Company
Psychoanalysts Professional Liability**

**Explanatory Memorandum
Illinois**

EXHIBIT 1: *CALCULATION OF INDICATED RATE LEVEL CHANGE*

Ultimate developed, trended and on-level results are shown for countrywide and state loss experience for Psychoanalysts Professional Liability for American Home Assurance Company. Countrywide and state earned premiums have been adjusted to the present rate level by using the standard parallelogram method. Incurred losses and lae are trended to one year past the proposed effective date in order to reflect changes in frequency and severity. The indicated rate level change is based on a comparison of the credibility weighted loss ratio to the expected loss ratio.

EXHIBIT 2: *DEVELOPMENT OF REPORTED INCURRED LOSS AND LAE TO ULTIMATE*

Countrywide and state calculation of ultimate loss and LAE ratios are shown for the most recent five years. Ratios are based on calendar year earned premiums and accident year ultimate loss and LAE, including unallocated LAE (Exhibit 6).

EXHIBIT 3: *INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE DEVELOPMENT*

Accident Year Loss and Allocated Loss Adjustment Expense experience for the countrywide Psychoanalysts Professional Liability program is shown as of 12/05, along with selected age to age factors and the corresponding ultimate development factors (Exhibit 3A). These factors are also applied to the countrywide (Exhibit 3A) and state (Exhibit 3B) loss experience for the Psychoanalysts Professional Liability program.

EXHIBIT 4: *TREND ANALYSIS*

Calculation of annual frequency/severity trend is based on the most recent policy year experience for Health Professional Liability programs. The least squares method has been used to measure the average change in frequency and severity. The trend period extends from the midpoint of each accident year to one year beyond the assumed effective date.

EXHIBIT 5: *EXPENSE PROVISIONS AND DETERMINATION OF EXPECTED LOSS RATIO*

Expense provisions are based on the expenses found for Medical Malpractice in the company's Insurance Expense Exhibit. The commission expense is program specific. An offset for investment income is applied to the calculation of the target profit and contingency. The calculation of profit is based on the company's target rate of return.

EXHIBIT 6: *DETERMINATION OF UNALLOCATED LOSS ADJUSTMENT EXPENSE FACTOR*

The unallocated loss adjustment expense provision is determined using data from the Healthcare professional liability cost statements for the five most recent years. The factor is expressed as a percentage of total incurred losses and allocated loss adjustment expense.

EXHIBIT 7: *INVESTMENT INCOME EXHIBITS*

The investment income exhibits are based on American Home/ National Union/ New Hampshire Group's Annual Statement experience and incorporate the program's premium and expense provisions to determine an indicated investment income offset. The calendar year return on equity method was used.

(\$ IN 000'S)

DETERMINATION OF RATE LEVEL INDICATION

ILLINOIS

	(1)	(2)	(3)=(2)/(1)	(4)	(5)=(3)*(4)	
Accident Year	Premium at Present Rates (Note A)	Ultimate Loss & LAE (Exhibit 2)	Ultimate Loss & LAE Ratio	Trend Factor (Exhibit 4) (Note B)	Trended Loss & LAE Ratio	Weight
COUNTRYWIDE						
(1) 2001	6,062	2,886	0.476	1.459	0.695	
(2) 2002	6,152	2,510	0.408	1.370	0.559	
(3) 2003	6,446	2,637	0.409	1.286	0.526	0.20
(4) 2004	6,244	4,548 (E)	0.728	1.208	0.880	0.30
(5) 2005	6,153	4,881 (E)	0.793	1.134	0.900	0.50

ILLINOIS

(1) 2001	501	0	0.000	1.459	0.000	
(2) 2002	502	23	0.047	1.370	0.064	
(3) 2003	494	1	0.003	1.286	0.003	0.20
(4) 2004	455	326 (E)	0.716	1.208	0.864	0.30
(5) 2005	424	329 (E)	0.777	1.134	0.881	0.50

	ILLINOIS	CW
(6) Weighted Average Ultimate Trended Loss and LAE Ratio	0.700	0.819
(6a) Credibility Weights (Note C):	0.038	0.399
(6b) Credibility Weighted Ultimate Loss & LAE Ratio (Note D):		0.845
(7) Target Loss & LAE Ratio [Exhibit 5]		0.788
(8) Indicated Rate Level Change [(6b)/7] - 1		7.1%
(9) Selected Rate Level Change		5.0%

NOTES:

- (A) The calculation of premium at present rates is done using the parallelogram method.
- (B) Trend periods extend from the midpoint of each accident year to one year past the assumed effective date. (Exh 4).
- (C) The credibility standard is 683 claims for the experience period.
 State Credibility = Square Root(Sum of state claims/683)
 CW Credibility = Square Root(Sum of CW claims/683)
- (D) Credibility Weighted Ultimate Loss & LAE Ratio =
 [State(6)*State(6a) + CW(6)*CW(6a) + {1 - State (6a) - CW(6a)} * Trended ELR]
- (E) Bornheutter-Ferguson Methodology used to develop ultimate loss & lae, i.e.,
 Ultimate Loss & LAE=EPXELRX[1-1/LDF] + reported incurred loss & lae

**AMERICAN HOME ASSURANCE COMPANY
PSYCHOANALYST PROFESSIONAL LIABILITY**

Exhibit 2

(\$ IN 000'S)

DETERMINATION OF ULTIMATE LOSS AND LOSS ADJUSTMENT EXPENSE RATIOS

ILLINOIS

Accident Year	(1) Basic Limits Earned Premium	(2) Reported Incurred Loss & ALAE (Exhibit 3B)	(3) Loss Development Factors (Exhibit 3A)	(4)=(2)*(3) Ultimate Loss & L.A.E. (Incl. 1.5% Unalloc L.A.E.)	(5)=(4)/(1) Ultimate Loss & L.A.E. Ratio
COUNTRYWIDE					
2001	3,140	1,576	1.804	2,886	0.919
2002	3,412	1,097	2.254	2,510	0.736
2003	3,918	699	3.715	2,637	0.673
2004	4,374	79	9.464	754	0.172
2005	4,880	102	33.908	3,503	0.718
Total	19,724	3,553		12,290	0.623

ILLINOIS

2001	266	0	1.804	0	0.000
2002	284	10	2.254	23	0.083
2003	318	0	3.715	1	0.004
2004	358	0	9.464	0	0.000
2005	397	0	33.908	0	0.000
Total	1,623	11		25	0.015

AMERICAN HOME ASSURANCE COMPANY
PSYCHOANALYST PROFESSIONAL LIABILITY
(\$ IN 000's)

Exhibit 3B

ILLINOIS

BASIC LIMITS INCURRED LOSSES & LOSS ADJUSTMENT EXPENSE AS OF 12/2005

Accident Year	12	24	36	48	60	72	84	96	108	120
1996	3	3	3	11	8	8	8	8	8	8
1997	0	0	9	20	33	39	131	595	597	
1998	0	0	0	0	16	39	30	30		
1999	0	0	152	288	569	570	570			
2000	0	0	0	0	0	76				
2001	0	0	0	0	0					
2002	0	81	10	10						
2003	0	0	0							
2004	0	0								
2005	0									

INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE DEVELOPMENT

Accident Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120
1996	0.866	1.000	4.084	0.717	1.000	1.000	1.044	1.006	1.000
1997	1.000	1.000	2.262	1.655	1.206	3.352	4.524	1.004	
1998	1.000	1.000	1.000	34.197	2.396	0.790	1.000		
1999	1.000	1.000	1.903	1.974	1.001	1.000			
2000	1.000	1.000	1.000	1.000	1.000				
2001	1.000	1.000	1.000	1.000					
2002	1.000	0.127	1.000						
2003	345.000	1.000							
2004	1.000								
2005									
Average ex hi/lo	1.000	1.000	1.433	1.407	1.069	1.000	1.044		
4 Yr Average	87.000	0.782	1.226	9.543	1.401	1.535			
3 Yr Average	115.667	0.709	1.000	1.325	1.466	1.714	2.189		
2 Yr Average	173.000	0.564	1.000	1.000	1.000	0.895	2.762	1.005	

American Home/National Union/New Hampshire Group

Exhibit 4

Health Professional Liability

Calculation of Annual Trend Factor

Countrywide as of 12/04

Basic Limits Frequency Trend

(1)	(2)	(3)	(2)/(3)	(4)
Policy Year	Ultimate Closed Claims	Number of Policies	Incurred Claims Per 100 Policies	Exponential Curve of Best Fit
1998	378.43333	75293	0.5026142	0.479559
1999	357.02633	73397	0.4864318	0.5404403
2000	469.05782	71123	0.6595023	0.6090506
2001	465.43192	69059	0.6739627	0.6863712
2002	582.19698	76473	0.7613105	0.7735079
2003	794.41958	89967	0.8830122	0.8717068

Average Annual Change in Claim Frequency [R Squared 0.9246336] 12.70%

Selected Annual Frequency Trend 12.70%

Basic Limits Severity Trend

(1)	(2)	(3)	(3)/(2)	(4)
Policy Year	Ultimate Closed Claims	Ultimate Incurred Losses	Ultimate Incurred Losses per Claim	Exponential Curve of Best Fit
1998	378.43333	19977.052	52.788829	54.951776
1999	357.02633	19239.232	53.887431	51.910692
2000	469.05782	26251.931	55.967367	49.037904
2001	465.43192	19151.311	41.147395	46.3241
2002	582.19698	22863.791	39.271572	43.760479
2003	794.41958	36197.75	45.565028	41.338732

Average Annual Change in Claim Severity [R Squared 0.5044881] -5.53%

Selected Annual Severity Trend -5.53%

OVERALL COMBINED TREND [Frequency x Severity] 6.46%

**American Home Assurance Company
 Psychoanalysts Professional Liability**

Exhibit 5

Derivation of Expected Loss Ratio

(1) Target rate of return on equity		12.0%
(2) Premium to Surplus Ratio		142.5%
(3) Target rate of return on premium [(2)/(3)]		8.4%
(4) Rate of return on premium		10.1%
(5) Target underwriting profit (loss) [(3)-(4)/.65]		-2.6%
(6) Total Expenses		23.8%
	a. Commissions	14.5%
	b. Other Acquisition	4.69%
	c. General Expenses	1.32%
	d. Taxes, Licenses & Fees	3.24%
<hr/>		
(7) Expected Loss Ratio [1-(6)-(5)]		78.8%

**Expenses from the Insurance Expense Exhibit
 Countrywide Data**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Selected</u>
a. Commissions	-	-	-	14.50%
b. Other Acquisition	3.92%	4.68%	4.69%	4.69%
c. General Expenses	1.49%	1.68%	1.32%	1.32%
d. Taxes, Licenses & Fees	2.89%	3.58%	3.24%	3.24%
Written Premium	1,072	7,153	4,409	
Earned Premium	1,993	3,872	5,770	

AMERICAN HOME/NATIONAL UNION/NEW HAMPSHIRE GROUP

Exhibit 6

(000's)

Determination of Unallocated Loss Adjustment Expense Provision
 (SOURCE: COMPANY COST STATEMENTS)

ITEM	2000	2001	2002	2003	2004	5-Year Average
(1) Losses Paid	58,999	139,882	186,248	241,104	271,474	179,541
(2) Changes in Unpaid Losses	59,225	9,761	138,853	212,932	273,715	138,897
(3) Losses Incurred (1) + (2)	118,224	149,643	325,101	454,036	545,189	318,439
(4) Allocated Loss Adjustment Expenses	13,285	36,789	56,436	77,932	76,023	52,093
(5) Total Loss & ALAE (3) + (4)	131,509	186,432	381,537	531,968	621,212	370,532
(6) Unallocated Loss Adjustment Expenses	3,145	4,857	4,665	7,428	7,550	5,529
(7) Unallocated Loss Expense Ratio (6)/(5)	2.4%	2.6%	1.2%	1.4%	1.2%	1.5%

AMERICAN HOME/NATIONAL UNION/ NEW HAMPSHIRE GROUP

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Health Professional Liability

A. <u>UNEARNED PREMIUM RESERVE</u>			
1.	Medical Malpractice Direct Earned Premium for Calendar Year 2004		\$99,787
2.	Mean Unearned Premium Reserve [0.415* (1)] (See Notes p. 2)		41,431
3.	Deduction for Prepaid Expenses (See notes p. 2)		
	a) Commission and Brokerage	14.50%	
	b) Taxes, Licenses and Fees	3.24%	
	c) 50% of Other Acquisition Expenses	2.35%	
	d) 50% of General Expenses	0.66%	
	e) Total	20.75%	
4.	Deduction for Federal Taxes Payable (See Notes p. 2)		7.0%
5.	Net Amount Subject to Investment Income [(2) x (1.000 - (3) - (4))]		29,934
B. <u>DELAYED REMISSION OF PREMIUMS (Agents' Balances)</u>			
1.	Direct Earned Premium [(A.1)]		99,787
2.	Average Agents' Balance (See Notes pp. 2-3)		0.086
3.	Delayed Remission [(1) x (2)]		8,569
C. <u>LOSS RESERVE:</u>			
1.	Direct Earned Premium [(A.1)]		99,787
2.	Expected Incurred Loss and L.A.E. Reserves	@ ELR:	0.788
3.	Expected Mean Loss Reserves [1.985 x (2)] (See Notes p. 3)		78,657
			156,148
D. <u>SURPLUS</u>			
1.	Direct Written Premium		108,559
2.	Surplus Subject to Investment [(D.1)/prem to surp]		76,182
E. <u>NET AMOUNT SUBJECT TO INVESTMENT: [(A.5) - (B.3) + (C.3) + (D.2)]</u>			
			253,695
F. <u>AVERAGE RATE OF RETURN ON INVESTED ASSETS (See Notes p. 4)</u>			
			4.63%
G. <u>INVESTMENT EARNINGS ON NET SUBJECT TO INVESTMENT [(E) x (F)]</u>			
			11,749
H. <u>AVERAGE RATE OF RETURN (As % of Direct Earned Premium) [(G) / (A.1)]</u>			
			11.77%
I. <u>AVERAGE RATE OF RETURN (After Federal Income Taxes) [(H) x 0.858]</u>			
			10.10%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Health Professional Liability

Line A.1

Medical Malpractice direct earned premium for calendar year 2004 as provided by American Home/National Union/ New Hampshire Group.

Line A.2

The mean direct unearned premium reserve is determined by multiplying the Medical Malpractice direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned premium reserve to the direct earned premium for 2004. See below for calculation of this ratio. This ratio is based on data for Medical Malpractice from page 15 of the Annual Statement for American Home/National Union/ New Hampshire Group

	<u>(In 000's)</u>
1. Direct Earned Premium for Calendar Year 2004	\$ 99,787
3. Direct Unearned Premium Reserve as of 12/31/03	37,045
3. Direct Unearned Premium Reserve as of 12/31/04	45,817
4. Mean Direct Unearned Premium Reserve 1/2 [(2) + (3)]	41,431
5. Ratio [(4) / (1)]	0.415

Line A.3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of the filed insurance coverage exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedure as shown.

Line A.4

Deduction for Federal Taxes Payable:

Taxable percentage of unearned premium reserves (Tax Reform Act of 1986):	20.0%
Corporate Tax Rate:	35.0%
Total Percentage of Unearned Premium Reserve:	7.0%

Line B.2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premiums beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. (continued)

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Health Professional Liability

Line B.2 (continued)

Agents' balances or uncollected premiums for premiums due less than 90 days are calculated as follows:

	<u>(In 000's)</u>
1. Net Earned Premium for Calendar Year 2004	\$ 18,980,566
2. Net Agents' Balances as of 12/31/03	1,084,441
3. Net Agents' Balances as of 12/31/04	1,793,241
4. Mean Agents' Balances $1/2 \times [(2) + (3)]$	1,438,841
5. Ratio $[(4) / (1)]$	0.076

The above percentage must be multiplied by a factor of 1.133 to include the effect of agents' balances or uncollected premiums overdue for more than 90 days. The factor 1.133 is based on 2004 company data.

Final adjusted Agents' Balance:	0.0859
---------------------------------	--------

Line C.2

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing.

Line C.3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.2) by the average countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 2002 and 2003 for Medical Malpractice Insurance. This ratio is based on Annual Statement Data.

	<u>(In 000's)</u>
1. Incurred Losses and L.A.E. for Calendar Year 2003	62,933
2. Incurred Losses and L.A.E. for Calendar Year 2004	68,660
3. Loss Reserves and L.A.E. as of 12/31/02	113,660
4. Loss Reserves and L.A.E. as of 12/31/03	136,765
5. Loss Reserves and L.A.E. as of 12/31/04	168,311
6. Mean Loss Reserve 2003: $1/2 [(3) + (4)]$	125,213
7. Mean Loss Reserve 2004: $1/2 [(4) + (5)]$	152,538
8. Ratio (6) / (1)	1.990
9. Ratio (7) / (2)	2.222
10. Average Ratio $1/2 [(8) + (9)]$	2.106
11. Loss reserve for American Home/National Union/ New Hampshire Group, selected	2.110
12. Estimated Reserve Discount	16.9%
13. Federal Taxes Payable (% of Reserves): (12) x .35	0.059
14. (11) x [1.0 - (13)]	1.985

AMERICAN HOME/NATIONAL UNION/ NEW HAMPSHIRE GROUP

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Health Professional Liability

Line E

The rate of return is the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends, and real estate income due and accrued).

<u>Year</u>	<u>Net Investment Income Earned (In 000's)</u>	<u>Mean Cash and Invested Assets (In 000's)</u>	<u>Rate of Return</u>
2003	1,098,463	31,308,536	3.51%
2004	1,658,579	40,311,865	4.11%
Total	2,757,042	71,620,402	3.81%

<u>Year</u>	<u>Realized Capital Gains (or Losses) (In 000's)</u>	<u>Mean Cash and Invested Assets (In 000's)</u>	<u>Rate of Return</u>
1995-2004	2,270,042	276,969,960	0.82%

Total Rate of Return:

Net Investment Income Earned and Net Realized Capital Gains (or Losses)

4.63%

Line H

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2004 for the American Home/National Union/ New Hampshire Group.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.81%	0.098
Net Realized Capital Gains (or Losses)	0.82%	0.350
Total	4.63%	0.142

1.000 - Federal Income Tax Rate

0.858

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Health Professional Liability

Line H (continued)

<u>Bonds</u>	Investment <u>Income Earned</u>	Federal Income <u>Tax Rate</u>
Taxable	\$ 218,467	0.350
<u>Non-Taxable</u>	<u>680,890</u>	<u>0.026</u>
Total	\$ 899,357	(A) 0.105
 <u>Stocks</u>		
Taxable	\$ 125,031	0.123
<u>Non-Taxable</u>	<u>484,404</u>	<u>---</u>
Total	\$ 609,436	(B) 0.025
 <u>Mortgage Loans and Real Estate</u>		
Mortgage Loans	\$ 0	
Real Estate	187	
Collateral Loans	0	
Cash on Deposit	0	
Short Term Investments	1,303	
<u>All Other</u>	<u>314,970</u>	
Sub-Total	\$ 316,461	0.350
Total	\$ 1,825,253	0.121
Investment Deductions	\$ 166,675	0.350
Net Investment Income Earned	\$ 1,658,579	0.098

(A) Assume 50% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at the full corporate income tax rate of 35%. The applicable tax rate is thus 2.6%. $((.50 \times .15 \times .35) = .026)$

(B) 30% of dividend income is subject to the full corporate income tax rate of 35%. Assume 50% of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 12% $((.30 \times .35) + (.50 \times .70 \times .15 \times .35) = .123)$.

Neuman, Gayle

From: Neuman, Gayle
Sent: Friday, May 26, 2006 10:26 AM
To: 'Elliston, Carol'
Subject: FW: Psychoanalysts Professional Liability Program - Rate/Rule Filing #AIC-05-EO-16

Sorry, here are the attachments I mentioned.



AmerHomeAss.pdf
(95 KB)

From: Neuman, Gayle
Sent: Friday, May 26, 2006 10:24 AM
To: 'Elliston, Carol'
Subject: Psychoanalysts Professional Liability Program - Rate/Rule Filing #AIC-05-EO-16

Ms. Elliston,

We are in receipt of the above referenced filing submitted by your letter dated May 16, 2006.

1. 215 ILCS 5/155.18 states it shall be certified in this 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. Please complete the attached certification form or one with similar information.
2. Indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?
3. You must complete and submit a RF-3 Summary Sheet if there is a rate increase/decrease.
4. Attached are other pages in the manual that are not being replaced. Should these pages be withdrawn? A page numbering system would be helpful.
5. We see no mention of a premium installment payment plan. SB475 requires as of January 1, 2006 that insurers have on file and offer a quarterly premium installment payment plan.

Your prompt attention is appreciated.

Gayle Neuman
Property & Casualty Compliance Unit, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting a paper filing or an electronic filing (SERFF). The checklists can be accessed through our website at http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: gayle_neuman@ins.state.il.us

AMERICAN HOME ASSURANCE COMPANY
PSYCHOANALYST PROFESSIONAL LIABILITY

1995 RATE SHEET
GROUP III

<u>Limits of Liability</u>	<u>Full Time Rate</u>	<u>ECT</u>
\$ 200,000 / \$ 600,000	\$1,071	\$268
\$1,000,000 / \$1,000,000	1,767	\$442
\$1,000,000 / \$3,000,000	1,948	\$487

ECT (Electroconvulsive Therapy) Coverage

An additional charge will be made for psychoanalysts performing ECT.
The additional charges are as indicated above.

Part - time Psychologists

50% of the full-time rate will be charged for psychoanalysts practicing 20 hours
or less per week

Additional Insured Charges

Landlord:	20% of the policy premium
Corporation with Other Employees:	40% of the policy premium
Managed Care Organizations:	10% of the policy premium

AMERICAN HOME ASSURANCE COMPANY
PSYCHOANALYSTS' PROFESSIONAL LIABILITY PROGRAM

GROUP II

LIMITS OF LIABILITY	FULL-TIME RATE	ECT
\$ 200,000/\$600,000	\$ 996	\$ 249
\$1,000,000/\$1,000,000	\$1,644	\$ 408
\$1,000,000/\$3,000,000	\$1,812	\$ 456

ECT (Electroconvulsive Therapy) Coverage

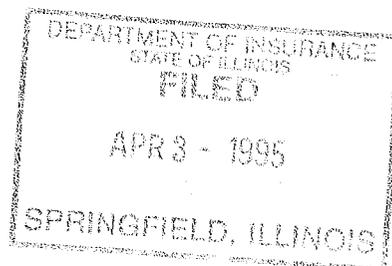
An additional charge will be made for psychoanalysts performing ECT.
The additional charges are as indicated above.

Part - time Psychoanalysts

50% of the full-time rate will be charged for psychoanalysts practicing 20 hours or less per week.

Additional Insured Charges

Landlord:	20% of the policy premium
Corporation with other employees:	40% of the policy premium
Managed Care Organizations:	10% of the policy premium



Neuman, Gayle

From: Elliston, Carol [Carole.Elliston@AIG.com]
Sent: Thursday, June 29, 2006 3:23 PM
To: Neuman, Gayle
Subject: Illinois-Psychoanalysts Professional Liability Program - Rate/Rule Filing #AIC-05-EO-16

Hi Ms. Neuman,

In response to your concerns below:

Statistics are reported to ISO through a non-bureau classification. The statistics used for ratemaking are gathered internally.

There is only one (1) territory currently filed for Illinois. There was a time when we had multiple territories in a previous filing (You sent a copy of those pages in your previous round of inquiries with a request to withdraw if obsolete - we advised to do so). As such, attached please see revised rules where we deleted Rule #3 and #10, which referenced territories, from the rating rules.

- Premium Installment Plan will be offered to both new and renewed accounts.

If you have any more questions, please do not hesitate to contact me.

Carol Elliston

-----Original Message-----

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Wednesday, June 21, 2006 2:27 PM
To: Elliston, Carol
Subject: RE: Illinois-Psychoanalysts Professional Liability Program - Rate/Rule Filing #AIC-05-EO-16

Ms. Elliston,

You were correct - I had already received a copy of the certification. I apologize for that oversight.

In regard to your response regarding the gathering or reporting of statistics, does your response mean this is performed in-house or that the statistics are not reported?

On the Occurrence Rating Rules Illinois page, #3 Classification Procedure states these are based on the territory in which the insured practices. On #10, it states changes to higher or lower rated territories will be calculated on a pro-rata basis. We did not find any breakdown of rates by territories determined by county/counties. Is this simply the territory of the State of Illinois, or do you determine it by county?

Is the premium payment plan offered to every new insured and every renewal insured?

Your prompt attention is appreciated.

From: Elliston, Carol [mailto:Carole.Elliston@AIG.com]
Sent: Tuesday, June 20, 2006 12:46 PM
To: Neuman, Gayle
Cc: Cox, Floreen; Pappas, Diane

5. We see no mention of a premium installment payment plan. SB475 requires as of January 1, 2006 that insurers have on file and offer a quarterly premium installment payment plan.

Your prompt attention is appreciated.

Gayle Neuman
Property & Casualty Compliance Unit, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting a paper filing or an electronic filing (SERFF). The checklists can be accessed through our website at http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm.

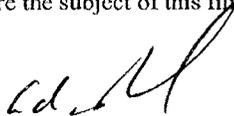
THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: gayle_neuman@ins.state.il.us

**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, Adam C. Reed, a duly authorized officer American Home Assurance Company 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 the subject of this filing.

I, Tina Costantino, a duly authorized actuary of American Home Assurance Company am authorized to certify on behalf of American Home Assurance 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 the subject of this filing.



Assistant Vice President

Signature and Title of Authorized Insurance Company Officer

05/16/2006

Date



Supervising Actuary

Signature, Title and Designation of Authorized Actuary

05/11/2006

Date

Insurance Company FEIN: 13-51249920

Filing Number: AIC-O5-EO16

Insurer's Address : 175 Water Street

City : New York State: New York Zip Code: 10038

Contact Person's:

-Name and E-mail Carol Elliston Fileings Analyst

-Direct Telephone and Fax Number: Telephone: (212) 458 - 7056

Fax: (212) 458-7077

AMERICAN HOME ASSURANCE COMPANY

PSYCHOANALYST PROFESSIONAL LIABILITY

Occurrence Rating Rules

ILLINOIS

1. **Coverage:** All coverages are written on an occurrence basis. For details of coverage, please refer to the policy form.
2. **Limits of Liability:** Manual rates provide a basic professional liability limit of \$1,000,000 each occurrence and \$3,000,000 aggregate as well as \$5,000 for Administrative Hearing coverage. The standard coverage provides for one limit to apply to all persons listed under a single policy. When a corporation or partnership is also covered, the organization shares in the limit of liability with the Named Insured.
3. **Classification Procedure:** Classifications are based on the territory in which the insured practices.
4. **Rating Procedure:**

Individual	Each individual psychoanalyst receives a basic rate which is derived from the location of the practice.
Corporation/Partnership	Inclusive limits coverage, within the same individual insured's limits of liability, included automatically.
Landlord	Landlord may be added as an additional insured at an additional charge of 20% of policy premium.
Additional Insured	May be added as an additional insured at an additional charge of 20% of policy premium.
5. **Deductibles:** \$0
6. **Rating Modifications:** The manual rates for insureds may be modified by the following credit/debits:
 - Electro-convulsive Therapy (ECT) - An additional charge of 25% will be made for psychoanalysts performing ECT.
 - Part-time - Each individual will be charged 50% of the full-time premium rate for psychoanalysts practicing 20 hours or less per week.
 - Risk Management Credit 0 - 10%- Attended risk management seminar in the last 12 months or participated in continuing education program.
 - Training Credit 20% - Psychologists, Social Workers and other Mental Health Professionals who have completed training and are licensed to practice as a Psychoanalyst, but are not trained or licensed as a Medical Doctor.
7. **Administrative Hearing:** Additional limits for Administrative Hearing Coverage are available as provided within the Rate Sheet.
8. **The following definition applies to School/Institute/Society. An outpatient visit shall be defined as follows:**
 - a) Individual Counseling: each face-to-face visit is considered one (1) visit;
 - b) Group Counseling: each patient in group session is considered one (1) visit;
 - c) ALL visits performed under the direction of the School/Institute/Society, whether conducted on school property or in a private facility are to be included in the school's total outpatient number.

9. Exposure Reporting Basis: The exposure reporting basis for psychoanalysts is per person per 12 month period.

10. Premium Adjustment For Risk Change: Changes to higher or lower rated territories will be calculated on a pro-rata basis.

11. Premium Installment Plan: The charge for premium installments shall be the lesser of one percent (1%) of the total premium or \$25.00 per installment. There will be no interest charges on installment payments.

First Quarter	=	50.0%
Second Quarter	=	16.6%
Third Quarter	=	16.6%
Fourth Quarter	=	16.6%

Neuman, Gayle

From: Elliston, Carol [Carole.Elliston@AIG.com]
Sent: Thursday, August 03, 2006 10:43 AM
To: Neuman, Gayle
Subject: Illinois-Psychoanalysts Professional Liability Program - Rate/Rule Filing #AIC-05-EO-16

Hi Neuman,

I apologize for the oversight. As you requested please see the attach RF-3 Summary Sheet:
If you need additional information, please do not hesitate to contact me.

Carol Elliston

-----Original Message-----

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Wednesday, July 05, 2006 2:37 PM
To: Elliston, Carol
Subject: Illinois-Psychoanalysts Professional Liability Program - Rate/Rule Filing #AIC-05-EO-16

Ms. Elliston,

The RF-3 Summary Sheet submitted with the above referenced filing did not include the name/signature of the Official and title. The form additionally did not indicate the effective date. Please submit a revised form at your earliest convenience.

Gayle Neuman
Property & Casualty Compliance Unit, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Neuman, Gayle

From: Neuman, Gayle
Sent: Wednesday, August 02, 2006 9:10 AM
To: 'Elliston, Carol'
Subject: FW: Illinois-Psychoanalysts Professional Liability Program - Rate/Rule Filing #AIC-05-EO-16

Ms. Elliston,

No response to the attached e-mail has been received. Do you wish to withdraw this filing? Your immediate attention is required.

From: Neuman, Gayle
Sent: Wednesday, July 05, 2006 1:37 PM
To: 'Elliston, Carol'
Subject: Illinois-Psychoanalysts Professional Liability Program - Rate/Rule Filing #AIC-05-EO-16

Ms. Elliston,

The RF-3 Summary Sheet submitted with the above referenced filing did not include the name/signature of the Official and title. The form additionally did not indicate the effective date. Please submit a revised form at your earliest convenience.

Gayle Neuman
Property & Casualty Compliance Unit, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

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

(1) Coverage	(2) Annual Premium Volume (Illinois)*	(3) Percent Change (+ or -)**
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>	\$424,000	+ 5.0%
Line of Insurance		

Does filing only apply to certain territory (territories) or certain classes? If so, specify:

Brief description of filing. (If filing follows rates of an advisory organization, specify organization):

Proposed base rate increase to Psychoanalyst Professional Liability

* Adjusted to reflect all prior rate changes.

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



American Home Assurance Comp
Name of Company

Official-Title

Neuman, Gayle

From: Neuman, Gayle
Sent: Tuesday, August 15, 2006 10:57 AM
To: 'Carole.Elliston@AIG.com'
Subject: Psychoanalysts Professional Liability - Rate/Rule Filing #AIC-05-EO-16

Ms. Elliston,

As you know, the new Medical Professional Liability law in Illinois, PA94-677 (Senate Bill 475), requires insurers to implement a quarterly premium payment installment plan as prescribed by the Secretary of the Illinois Department of Financial and Professional Regulation (IDFPR).

This email is to advise you of the requirements being prescribed by the Secretary and by the Director of the Division of Insurance regarding the quarterly premium payment installment plan you are required to offer to your insureds. In reviewing the filing referenced above, we note that your quarterly installment plan does not meet and/or address some or all of the following prescribed requirements.

Please amend your rate/rule manual's quarterly installment plan provisions to comply with all of the following prescribed requirements and send me your updated manual pages no later than August 22, 2006.

Quarterly Premium Payment Installment Plan Prescribed Requirements

All companies writing medical liability insurance shall file with the Secretary or Director a plan to offer each medical liability insured the option to make premium payments, in at least quarterly installments. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500, or for premium for any extension of a reporting period. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of the policy, or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan, but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment premium payment plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies with this requirement. All quarterly installment premium payment plans shall include the minimum standards listed below. Insurers may provide for quarterly installment premium payment plans that differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below.

- i) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- ii) The remaining premium 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) No interest charges;
- iv) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- v) A provision stating that 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.

Additionally, please confirm if the company implemented these changes as of June 23, 2006? If not, is the company planning to implement the changes as of the date the review of the filing is completed?

Your immediate attention is requested.

Gayle Neuman

Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Neuman, Gayle

From: Neuman, Gayle
Sent: Friday, August 25, 2006 10:24 AM
To: 'Carole.Elliston@AIG.com'
Subject: FW: Psychoanalysts Professional Liability - Rate/Rule Filing #AIC-05-EO-16

NO RESPONSE TO THE ATTACHED E-MAIL HAS BEEN RECEIVED. YOUR RESPONSE WAS DUE BY AUGUST 22, 2006. YOUR IMMEDIATE ATTENTION IS REQUIRED.

From: Neuman, Gayle
Sent: Tuesday, August 15, 2006 10:57 AM
To: 'Carole.Elliston@AIG.com'
Subject: Psychoanalysts Professional Liability - Rate/Rule Filing #AIC-05-EO-16

Ms. Elliston,

As you know, the new Medical Professional Liability law in Illinois, PA94-677 (Senate Bill 475), requires insurers to implement a quarterly premium payment installment plan as prescribed by the Secretary of the Illinois Department of Financial and Professional Regulation (IDFPR).

This email is to advise you of the requirements being prescribed by the Secretary and by the Director of the Division of Insurance regarding the quarterly premium payment installment plan you are required to offer to your insureds. In reviewing the filing referenced above, we note that your quarterly installment plan does not meet and/or address some or all of the following prescribed requirements.

Please amend your rate/rule manual's quarterly installment plan provisions to comply with all of the following prescribed requirements and send me your updated manual pages no later than August 22, 2006.

Quarterly Premium Payment Installment Plan Prescribed Requirements

All companies writing medical liability insurance shall file with the Secretary or Director a plan to offer each medical liability insured the option to make premium payments, in at least quarterly installments. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500, or for premium for any extension of a reporting period. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of the policy, or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan, but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment premium payment plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies with this requirement. All quarterly installment premium payment plans shall include the minimum standards listed below. Insurers may provide for quarterly installment premium payment plans that differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below.

- i) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- ii) The remaining premium 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) No interest charges;
- iv) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- v) A provision stating that 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.

Additionally, please confirm if the company implemented these changes as of June 23, 2006? If not, is the company planning to implement the changes as of the date the review of the filing is completed?

Your immediate attention is requested.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Neuman, Gayle

From: Neuman, Gayle
Sent: Friday, September 01, 2006 10:37 AM
To: 'Carole.Elliston@AIG.com'
Subject: FW: Psychoanalysts Professional Liability - Rate/Rule Filing #AIC-05-EO-16

AGAIN, NO RESPONSE OR ANY ACKNOWLEDGMENT HAS BEEN RECEIVED. THIS FILING WILL BE FINALIZED UPON COMPLETION OF CHANGES TO THE QUARTERLY PREMIUM PAYMENT INSTALLMENT PLAN. YOUR IMMEDIATE ATTENTION IS REQUIRED.

From: Neuman, Gayle
Sent: Friday, August 25, 2006 10:24 AM
To: 'Carole.Elliston@AIG.com'
Subject: FW: Psychoanalysts Professional Liability - Rate/Rule Filing #AIC-05-EO-16

NO RESPONSE TO THE ATTACHED E-MAIL HAS BEEN RECEIVED. YOUR RESPONSE WAS DUE BY AUGUST 22, 2006. YOUR IMMEDIATE ATTENTION IS REQUIRED.

From: Neuman, Gayle
Sent: Tuesday, August 15, 2006 10:57 AM
To: 'Carole.Elliston@AIG.com'
Subject: Psychoanalysts Professional Liability - Rate/Rule Filing #AIC-05-EO-16

Ms. Elliston,

As you know, the new Medical Professional Liability law in Illinois, PA94-677 (Senate Bill 475), requires insurers to implement a quarterly premium payment installment plan as prescribed by the Secretary of the Illinois Department of Financial and Professional Regulation (IDFPR).

This email is to advise you of the requirements being prescribed by the Secretary and by the Director of the Division of Insurance regarding the quarterly premium payment installment plan you are required to offer to your insureds. In reviewing the filing referenced above, we note that your quarterly installment plan does not meet and/or address some or all of the following prescribed requirements.

Please amend your rate/rule manual's quarterly installment plan provisions to comply with all of the following prescribed requirements and send me your updated manual pages no later than August 22, 2006.

Quarterly Premium Payment Installment Plan Prescribed Requirements

All companies writing medical liability insurance shall file with the Secretary or Director a plan to offer each medical liability insured the option to make premium payments, in at least quarterly installments. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500, or for premium for any extension of a reporting period. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of the policy, or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan, but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment premium payment provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies with this requirement. All quarterly installment premium payment plans shall include the minimum standards listed below. Insurers may provide for quarterly installment premium payment plans that differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below.

- i) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- ii) The remaining premium 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) No interest charges;
- iv) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- v) A provision stating that 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.

Additionally, please confirm if the company implemented these changes as of June 23, 2006? If not, is the company planning to implement the changes as of the date the review of the filing is completed?

Your immediate attention is requested.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Neuman, Gayle

From: Elliston, Carol [Carole.Elliston@AIG.com]
Sent: Wednesday, September 06, 2006 3:40 PM
To: Neuman, Gayle
Subject: Illinois- Psychoanalysts Professional Liability Program - AIC-05-EO-16
Attachments: 09-06-06-IL-Revised rating Rules including the Quarterly Installment Plan.pdf

In response to Senate Bill 475, attached are the revised Rating Rules including Rule 9 Quarterly Installment Option.

In addition, please be advised that we have not implemented these changes and will proceed to implement the changes once the filing after the review is completed.

Carol Elliston

-----Original Message-----

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, September 05, 2006 10:10 AM
To: Carole.Elliston@aig.com
Subject: Filing #AIC-05-EO-16

Ms. Elliston,

We would like to have a response regarding the payment plan as soon as possible. However, this does not mean you have to withdraw the filing if it can't be produced in the next 24 hours. Please advise me as of when you expect to be able to respond.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

AMERICAN HOME ASSURANCE COMPANY
PSYCHOANALYST PROFESSIONAL LIABILITY
Occurrence Rating Rules
ILLINOIS

1. **Coverage:** All coverages are written on an occurrence basis. For details of coverage, please refer to the policy form.
2. **Limits of Liability:** Manual rates provide a basic professional liability limit of \$1,000,000 each occurrence and \$3,000,000 aggregate as well as \$5,000 for Administrative Hearing coverage. The standard coverage provides for one limit to apply to all persons listed under a single policy. When a corporation or partnership is also covered, the organization shares in the limit of liability with the Named Insured.
3. **Rating Procedure:**
- | | |
|--------------------------------|--|
| Individual | Each individual psychoanalyst receives a basic rate which is derived from the location of the practice. |
| Corporation/Partnership | Inclusive limits coverage, within the same individual insured's limits of liability, included automatically. |
| Landlord | Landlord may be added as an additional insured at an additional charge of 20% of policy premium. |
| Additional Insured | May be added as an additional insured at an additional charge of 20% of policy premium. |
4. **Deductibles:** \$0
5. **Rating Modifications:** The manual rates for insureds may be modified by the following credit/debits:
- Electro-convulsive Therapy (ECT) - An additional charge of 25% will be made for psychoanalysts performing ECT.
 - Part-time - Each individual will be charged 50% of the full-time premium rate for psychoanalysts practicing 20 hours or less per week.
 - Risk Management Credit 0 - 10%- Attended risk management seminar in the last 12 months or participated in continuing education program.
 - Training Credit 20% - Psychologists, Social Workers and other Mental Health Professionals who have completed training and are licensed to practice as a Psychoanalyst, but are not trained or licensed as a Medical Doctor.
6. **Administrative Hearing:** Additional limits for Administrative Hearing Coverage are available as provided within the Rate Sheet.
7. **The following definition applies to School/Institute/Society. An outpatient visit shall be defined as follows:**
- a) Individual Counseling: each face-to-face visit is considered one (1) visit;
 - b) Group Counseling: each patient in group session is considered one (1) visit;
 - c) ALL visits performed under the direction of the School/Institute/Society, whether conducted on school property or in a private facility are to be included in the school's total outpatient number.
8. **Exposure Reporting Basis:** The exposure reporting basis for psychoanalysts is per person per 12 month period.
9. **Quarterly Installment Plan:** The charge for premium installments shall be the lesser of one percent (1%) of the total premium or \$25.00 per installment. There will be no interest charges on installment payments. Any additional premium resulting from changes to the policy will be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy will be billed immediately as a separate transaction.

First Quarter	=	40%
Second Quarter	=	20%
Third Quarter	=	20%
Fourth Quarter	=	20%

