

**RECEIVED**

*filing on behalf of the Arch Insurance Company* MAY 16 2011

May 16, 2011

Honorable Michael T. McRaith  
Director of Insurance  
Illinois Department of Insurance  
320 West Washington Street  
Springfield, IL 62767

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

Please be advised that Insurance Regulatory Consultants (IRC) has been appointed to submit this filing on behalf of Arch Insurance Company. A copy of the filing authorizations are attached to this filing.

Re: **Arch Insurance Company**  
**NAIC Number 1279-11150 FEIN No.: 43-0990710** ✓  
**Addiction Treatment Centers Program**  
**Care Providers Insurance Services Program**  
**Rates and Rules Filing**  
**Company Filing Designation Number: ARCH-10-146**  
**Proposed Effective Date: June 1, 2011**  
**State of Illinois**

**FILED**

AUG 18 2011

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

Dear Director McRaith,

Arch Insurance Company (Arch) is filing Medical Malpractice rates and rules for use with their two programs, Addiction Treatment Centers program (ATC) and Care Providers Insurance Services Program (CPIS) in your state. The corresponding forms filing was submitted separately in SERFF, as per your state requirements.

Enclosed for your review are the following:

- Addiction Treatment Centers program Rates and Rules - AIC-ATC-RR-IL 10 10 (Page 1 of 1)
- Care Providers Insurance Services program Rates and Rules - AIC-CPIS-RR-IL 10 10 (Page 1 of 1)

We ask that this filing become effective for all policies effective June 1, 2011.

Should you need any additional information or have any questions, please do not hesitate to contact me.

Sincerely,



Joanne Sullivan  
Insurance Regulatory Consultants  
(212) 571-3989 (Phone) (212) 571-2502 (FAX)  
[joannesullivan@ircllc.com](mailto:joannesullivan@ircllc.com)

1-0  
MEM  
RAT  
dm  
Jeh

## Neuman, Gayle

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**From:** Joanne Sullivan [JoanneSullivan@IRCLLC.com]  
**Sent:** Wednesday, December 21, 2011 2:32 PM  
**To:** Neuman, Gayle  
**Subject:** FW: Arch Insurance Company - Filing #ARCH-10-146

In further checking, it seems that the forms filing was again approved with an effective date of 8/18/11 so we request that the rates/rules filing effective on 8/18/11

Thanks.

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**From:** Joanne Sullivan  
**Sent:** Wednesday, December 21, 2011 3:26 PM  
**To:** 'Neuman, Gayle'  
**Subject:** RE: Arch Insurance Company - Filing #ARCH-10-146

Dear Ms. Neuman,

The corresponding forms filing was approved 8/11/11 so we will like the rates/rules filing effective on 8/11/11.

Happy Holiday!  
Thank you,  
Joanne Sullivan

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**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Tuesday, December 20, 2011 2:25 PM  
**To:** Joanne Sullivan  
**Subject:** Arch Insurance Company - Filing #ARCH-10-146

Ms. Sullivan,

The Department of Insurance has completed its review of the filing referenced above on December 14, 2011. Originally, Arch Insurance Company requested the filing be effective June 1, 2011. Was the filing put in effect on June 1, 2011 or do you wish to have a different effective date?

Your prompt response is appreciated.

*Gayle Neuman*

Illinois Department of Insurance  
Property & Casualty Compliance  
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at [www.insurance.illinois.gov](http://www.insurance.illinois.gov).

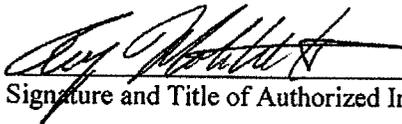
THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: [GAYLE.NEUMAN@ILLINOIS.GOV](mailto:GAYLE.NEUMAN@ILLINOIS.GOV).

# 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, Roy Mahlstedt, a duly authorized officer of Arch Insurance 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, (Name of actuary typed or printed), a duly authorized actuary of (Name of actuary firm typed or printed) am authorized to certify on behalf of (Name of Insurance 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.

  
\_\_\_\_\_  
Executive Vice President  
Signature and Title of Authorized Insurance Company Officer

10/17/11  
\_\_\_\_\_  
Date

Actuarial certification sent under separate cover  
\_\_\_\_\_  
Signature, Title and Designation of Authorized Actuary

\_\_\_\_\_  
Date

Insurance Company FEIN 43-0990710

Filing Number ARCH-10-146

Insurer's Address 300 Plaza Three, 3<sup>rd</sup> Floor

City Jersey City

State NJ

Zip Code 07311

Contact Person's:

-Name and E-mail Kevin Purcell, kevinpurcell@ircllc.com

-Direct Telephone and Fax Number P: 212-571-3894 F: 212-571-2502

# ACTUARIAL CERTIFICATION FORM

## Filing Reference Information

INSURANCE COMPANY NAME Arch Insurance Company  
COMPANY FILING REFERENCE NUMBER Arch-10-146  
PROPOSED EFFECTIVE DATE June 1, 2011

## Actuary's Information & Certification

I, Eric W. L. Ratti, FCAS, MAAA, do hereby certify the following:  
Print or type name and CAS designation

- i. The rates presented in this filing referenced above are based on sound actuarial principles and are not inconsistent with Arch's experience\*, and
- ii. I am a member in good standing with the Casualty Actuarial Society.

Eric W. L. Ratti, FCAS, MAAA  
Signature of Actuary

September 26, 2011  
Date

(646) 746-8123  
Telephone Number

\* Notes:

- 1) Arch's Illinois data is not credible for either the ATC or CPIS program (see Exhibit I attached).
- 2) For ATC and CPIS, Arch is relying on competitor's rates.

# ARCH INSURANCE COMPANY

## LETTER OF FILING AUTHORIZATION

This will certify that Insurance Regulatory Consultants, LLC (IRC) has been given full authorization to submit the captioned filing below on behalf of Arch Insurance Company. This authorization extends to all correspondence regarding this filing.

**Carol Kennedy**

Name

**November 1, 2010**

Date

**Vice President**

Title

**Arch Insurance Company**

Company



Signature

**(201) 743-4115**

Telephone Number

**Re: Arch Insurance Company  
NAIC Number 1279-11150 FEIN No.: 43-0990710  
Addiction Treatment Centers Program  
Care Providers Insurance Services Program  
Forms Filing  
Company Filing Designation Number: ARCH-10-146**

# ARCH INSURANCE COMPANY

## ADDICTION TREATMENT CENTERS PROGRAM Illinois Rates and Rules

### 1. Social Services Professional Liability Coverage – Alcohol and Drug Abuse Treatment Facilities (Addiction Treatment Centers)

- a. Description of Coverage: Professional Liability
- b. Endorsement: 00 GL 0294 14 (Occurrence)
- c. Endorsement: 00 GL 0298 14 (Claims-Made)
- d. Form: Mandatory
- e. Extended Reporting Period Endorsement - 00 GL0464 00 0408
- f. Premium Determination

- i. Basic Limits (\$100,000/\$200,000) annual occurrence rates:

<b>Each Agency</b>	\$750
<b>Each Residential Facility</b>	\$235
<b>Per Employee:</b>	
Psychologist	\$1,125
Nurse	\$469
Physical Therapist	\$375
Occupational Therapist	\$118
Home Health Aide	\$118
Licensed Social Worker/Counselor	\$188
Unlicensed Social Worker/Counselor	\$165
Teacher/House Manager	\$141
Dietician	\$66
Psychiatrist	\$1,125
Physicians	\$1,875
Pharmacists	\$625
Nurse Practitioner	\$586

The rates apply per full time employee. Part time employees are rated at half the full time rate. A part time employee is anyone working 20 hours or less.

**ARCH INSURANCE COMPANY**

**ADDICTION TREATMENT CENTERS PROGRAM  
Illinois Rates and Rules**

ii. Increased Limits:

ISO Table 1 Increased limit factors for will be used for higher limits.

The current increased limits tables follow.

1. Premises/Operations (Subline Code 334) Table 1 – \$100/200 Basic Limit

Aggregate	Per Occurrence						
	\$ 25	50	100	200	300	500	1,000
\$ 50	0.72	0.82					
100	0.73	0.85	0.97				
200	0.74	0.86	1.00	1.12			
300	0.75	0.87	1.01	1.13	1.21		
500		0.89	1.03	1.15	1.23	1.33	
600		0.90	1.04	1.16	1.24	1.34	
1,000			1.05	1.17	1.25	1.35	1.46
1,500				1.18	1.26	1.36	1.47
2,000				1.19	1.27	1.37	1.48
2,500					1.28	1.38	1.49
3,000					1.29	1.39	1.50

iii. Claims made step factors:

ISO premises non-construction class claims made step factors and extended reporting factors are to be applied to occurrence rates.

Year of Claims Made Coverage	Factor
1	.70
2	.83
3	.89
4	.91
5 or More	.95

# ARCH INSURANCE COMPANY

## ADDICTION TREATMENT CENTERS PROGRAM Illinois Rates and Rules

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g. Extended Reporting Periods (Form 00 GL0298 00 only):

One Year	-	no charge
Two Years	-	100% of the expiring annual premium
Three Year	-	150% of the expiring annual premium
Unlimited	-	200% of the expiring annual premium

### 2. POLICY WRITING MINIMUM PREMIUM

#### A. Definition

Policywriting minimum premium is the lowest amount of premium for which a policy may be written and such amount is not subject to adjustment for any reason.

B. For prepaid policies, apply a \$100 minimum premium regardless of term.

C. For annual premium payment plan policies or continuous policies, apply a \$100 minimum for each annual period.

### 3. POLICY CANCELLATIONS

#### A. Pro Rata Calculation

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled:

1. At the Company's request.
2. Because the insured no longer has a financial or insurable interest in the property or business operation that is the subject of insurance.
3. And rewritten in the same company or company group.
4. After the first year for a prepaid policy written for a term of more than one year.

#### B. Other Calculations

If Paragraph A. does not apply, compute return premium as follows:

##### 1. Continuous And Annual Premium Payment Policies

Compute return premium at .90 of the pro rata unearned premium for the one year or annual installment period and round to the next higher whole dollar.

##### 2. Prepaid Policies

If cancelled during the first year, compute the return premium at .90 of the pro rata unearned premium for the first year, plus the full annual premium for the subsequent years and round to the next higher whole dollar.

##### 3. Policies With Term Less Than One Year

Compute return premium at .90 of the pro rata unearned premium and round to the next higher whole dollar.

#### C. Retention Of Policy Writing Minimum Premium

Retain the Policy Writing Minimum Premium when return premium is calculated under Paragraph B. except when a policy is cancelled as of the inception date.

### 4. SCHEDULE RATING

# ARCH INSURANCE COMPANY

## ADDICTION TREATMENT CENTERS PROGRAM Illinois Rates and Rules

A schedule rating modification may also be applied to the otherwise chargeable premium in accordance with the following table, subject to a maximum credit or debit of 25%, to reflect such characteristics of the risk as are not reflected in its experience.

Schedule Rating Modifications Table

Risk Characteristic	Description	Range Of Modifications	
		Credit	Debit
<b>Location</b>	Exposure inside premises.	5%	5%
	Exposure outside premises.	5% to	5%
<b>Premises</b>	Condition and care of premises.	10% to	10%
<b>Equipment</b>	Type, condition and care of equipment.	10% to	10%
<b>Classification</b>	Peculiarities of classification.	10% to	10%
<b>Employees</b>	Selection, training, supervision, experience.	6% to	6%
<b>Cooperation</b>	Medical Facilities.	2% to	2%
	Safety Program.	2% to	2%

**ARCH INSURANCE COMPANY**

**CARE PROVIDERS INSURANCE SERVICES PROGRAM  
Illinois Rates and Rules**

**1. Social Services Professional Liability Coverage – Care Provider Facilities**

- a. Description of Coverage: Professional Liability
- b. Endorsement: 00 GL 0294 00 (Occurrence)
- c. Endorsement: 00 GL 0298 00 (Claims-Made)
- d. Form: Mandatory
- e. Extended Reporting Period Endorsement - 00 GL0464 00 0408
- f. Premium Determination
  - i. Policy Limit \$100,000/\$200,000 annual occurrence rates:

<b>Each Agency:</b>		<b>\$750</b>
<b>Per Employee:</b>		
	Psychologist/Clergy	\$458
	Nurse Practitioner	\$649
	Nurse RN	\$153
	NurseLPN	\$53
	Physical Therapist/Speech/Hearing	\$191
	Occupational Therapist	\$103
	Home Health Aide	\$34
	Licensed Social Worker/ Counselor	\$115
	Unlicensed Counselor/Social Worker	\$84
	Teacher/Tutor/Aide/Child Care Worker	\$10
	Residential Manager	\$88
	Dietician/Nutritionist	\$53
	Psychiarist/Optometrlist/Dentist	\$1,755
	Physician/Physicians Assist./Paramendic/EMT	\$1,875
	Pharmacists	\$153
	Medical Director	\$160

The rates apply per full time employee. Part time employees are rated at half the full time rate. A part time employee is anyone working 20 hours or less.

ii. Claims made step factors:

Claims made factors are ISO premises non-construction classes and are to be applied to occurrence rates.

<b>Year of Claims Made Coverage</b>	<b>Factor</b>
1	.70
2	.83
3	.89
4	.91
5 or More	.95

**ARCH INSURANCE COMPANY**

**CARE PROVIDERS INSURANCE SERVICES PROGRAM  
Illinois Rates and Rules**

iii. Increased Limits:

ISO Table 1 Increased limit factors for will be used for higher limits.

The current increased limits tables follow.

1. Premises/Operations (Subline Code 334) Table 1 – \$100/200 Basic Limit

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2,500					1.28	1.38	1.49
3,000					1.29	1.39	1.50

g. Extended Reporting Periods (Form 00 GL0298 00 only):

One Year	-	no charge
Two Years	-	100% of original annual premium
Three Year	-	150% of original annual premium
Unlimited	-	200% of original annual premium

# ARCH INSURANCE COMPANY

## CARE PROVIDERS INSURANCE SERVICES PROGRAM Illinois Rates and Rules

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### 2. POLICY WRITING MINIMUM PREMIUM

- A. **Definition**  
Policywriting minimum premium is the lowest amount of premium for which a policy may be written and such amount is not subject to adjustment for any reason.
- B. For prepaid policies, apply a \$100 minimum premium regardless of term.
- C. For annual premium payment plan policies or continuous policies, apply a \$100 minimum for each annual period.

### 3. POLICY CANCELLATIONS

#### A. Pro Rata Calculation

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled:

- 1. At the Company's request.
- 2. Because the insured no longer has a financial or insurable interest in the property or business operation that is the subject of insurance.
- 3. And rewritten in the same company or company group.
- 4. After the first year for a prepaid policy written for a term of more than one year.

#### B. Other Calculations

If Paragraph A. does not apply, compute return premium as follows:

##### 1. Continuous And Annual Premium Payment Policies

Compute return premium at .90 of the pro rata unearned premium for the one year or annual installment period and round to the next higher whole dollar.

##### 2. Prepaid Policies

If cancelled during the first year, compute the return premium at .90 of the pro rata unearned premium for the first year, plus the full annual premium for the subsequent years and round to the next higher whole dollar.

##### 3. Policies With Term Less Than One Year

Compute return premium at .90 of the pro rata unearned premium and round to the next higher whole dollar.

#### C. Retention Of Policy Writing Minimum Premium

Retain the Policy Writing Minimum Premium when return premium is calculated under Paragraph B. except when a policy is cancelled as of the inception date.

# ARCH INSURANCE COMPANY

## CARE PROVIDERS INSURANCE SERVICES PROGRAM Illinois Rates and Rules

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### 4. SCHEDULE RATING

A schedule rating modification may also be applied to the otherwise chargeable premium in accordance with the following table, subject to a maximum credit or debit of 25%, to reflect such characteristics of the risk as are not reflected in its experience.

Schedule Rating Modifications Table

Risk Characteristic	Description	Range Of Modifications	
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<b>Equipment</b>	Type, condition and care of equipment.	10% to	10%
<b>Classification</b>	Peculiarities of classification.	10%	to 10%
<b>Employees</b>	Selection, training, supervision, experience.	6%	to 6%
<b>Cooperation</b>	Medical Facilities.	2%	to 2%
	Safety Program.	2%	to 2%

## Neuman, Gayle

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**From:** Joanne Sullivan [JoanneSullivan@IRCLLC.com]  
**Sent:** Wednesday, September 28, 2011 12:41 PM  
**To:** Neuman, Gayle  
**Subject:** RE: Arch Ins Co - Rate/Rule Filing #ARCH-10-146 - Response  
**Attachments:** IL Med Mal ATC Rates REV 9-28-11.pdf; IL Med Mal CPIS Rates REV 9-28-11.pdf

Dear Ms. Neuman,

We have revised the attached ATC and CPIS rates/rules to add a section for the PWMP.

Thank you.

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Wednesday, September 28, 2011 11:41 AM  
**To:** Joanne Sullivan  
**Subject:** RE: Arch Ins Co - Rate/Rule Filing #ARCH-10-146 - Response

Ms. Sullivan,

Where is the policy writing minimum premium defined, as referenced on the manual pages?

Your prompt response is appreciated.

*Gayle Neuman*

Illinois Department of Insurance  
(217)524-6497

---

**From:** Joanne Sullivan [mailto:JoanneSullivan@IRCLLC.com]  
**Sent:** Wednesday, September 28, 2011 9:36 AM  
**To:** Neuman, Gayle  
**Subject:** RE: Arch Ins Co - Rate/Rule Filing #ARCH-10-146 - Response

Dear Ms. Neuman,

Attached please find our response to your email inquiry below.

Thank you for all your patience.

Joanne Sullivan.

# ARCH INSURANCE COMPANY

## ADDICTION TREATMENT CENTERS PROGRAM Illinois Rates and Rules

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g. Extended Reporting Periods (Form 00 GL0298 00 only):

One Year	-	no charge
Two Years	-	100% of the expiring annual premium
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Unlimited	-	200% of the expiring annual premium

## 2. POLICY CANCELLATIONS

### A. Pro Rata Calculation

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled:

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# ARCH INSURANCE COMPANY

## ADDICTION TREATMENT CENTERS PROGRAM Illinois Rates and Rules

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<b>Equipment</b>	Type, condition and care of equipment.	10% to	10%
<b>Classification</b>	Peculiarities of classification.	10% to	10%
<b>Employees</b>	Selection, training, supervision, experience.	6% to	6%
<b>Cooperation</b>	Medical Facilities.	2% to	2%
	Safety Program.	2% to	2%

# ARCH INSURANCE COMPANY

## CARE PROVIDERS INSURANCE SERVICES PROGRAM Illinois Rates and Rules

### 2. POLICY CANCELLATIONS

#### A. Pro Rata Calculation

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled:

1. At the Company's request.
2. Because the insured no longer has a financial or insurable interest in the property or business operation that is the subject of insurance.
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#### B. Other Calculations

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<b>Classification</b>	Peculiarities of classification.	10%	10%
<b>Employees</b>	Selection, training, supervision, experience.	6%	6%
<b>Cooperation</b>	Medical Facilities.	2%	2%
	Safety Program.	2%	2%

## Neuman, Gayle

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**From:** Joanne Sullivan [JoanneSullivan@IRCLLC.com]  
**Sent:** Wednesday, September 28, 2011 9:36 AM  
**To:** Neuman, Gayle  
**Subject:** RE: Arch Ins Co - Rate/Rule Filing #ARCH-10-146 - Response  
**Attachments:** IL R Med Mal Response Letter 9-28-11.pdf; IL ATC and CPIS Actuarial Certification.pdf; IL Med Mal ATC Rates REV 9-26-11.pdf; IL Med Mal CPIS Rates REV 9-26-11.pdf

Dear Ms. Neuman,

Attached please find our response to your email inquiry below.

Thank you for all your patience.

Joanne Sullivan.

---

**From:** Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]  
**Sent:** Thursday, August 18, 2011 12:20 PM  
**To:** Joanne Sullivan  
**Subject:** Arch Ins Co - Rate/Rule Filing #ARCH-10-146

Ms. Sullivan,

The Department is in receipt of the above referenced filing submitted with your letter dated May 16, 2011. Please address the following questions/concerns:

1. Please 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?
2. 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. This information is required in every rate/rule filing for medical malpractice.
3. The manual pages reference ISO tables. Those tables must be provided by the company in the manual pages. ISO does not file them with the Department.
4. Please indicate if any of the following affect this filing. If so, information should be added to the manual pages.  
territory factors    payment plans    deductible plans    schedule rating
5. Please indicate in the manual the cancellation provisions regarding unearned premium.
6. Are increased limits not available for the care providers?
7. The rate/rule manual must indicate that the extended reporting period (tail coverage) premium must be priced as a factor of one of the following: (1) the last twelve months premium; (2) the premium in effect at policy issuance; or (3) the expiring annual premium. Additionally, it should list the factor(s) to be used to figure the premium, which of the three premiums the factor will be applied to, and any credits, discounts, etc. that will be added or removed when determining the final premium.
8. The manual does not define what will be considered as part time. Some companies define that by a number of hours worked a week – some define it by the number of clients seen per week.

I request receipt of your response by August 31, 2011.

*Gayle Neuman*

Illinois Department of Insurance  
Property & Casualty Compliance  
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at [www.insurance.illinois.gov](http://www.insurance.illinois.gov).

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@ILLINOIS.GOV](mailto:GAYLE.NEUMAN@ILLINOIS.GOV).

**IRC**

*filing on behalf of the Arch Insurance Company*

**September 28, 2011**

Ms. Gayle Neuman  
Illinois Department of Insurance  
320 West Washington Street  
Springfield, IL 62767

Please be advised that Insurance Regulatory Consultants (IRC) has been appointed to submit this filing on behalf of Arch Insurance Company.

**Re: Arch Insurance Company  
NAIC Number 1279-11150 FEIN No.: 43-0990710  
Addiction Treatment Centers Program  
Care Providers Insurance Services Program  
Rates and Rules Filing  
Company Filing Designation Number: ARCH-10-146  
State of Illinois**

Dear Ms. Neuman,

In response to your August 18, 2011 email inquiry, we offer the following:

1. Please 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?

The Arch Statistical agent in Illinois for Med Mal is Independent Statistical Services or ISS.

2. 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. This information is required in every rate/rule filing for medical malpractice.

Please review the attached certification.

3. The manual pages reference ISO tables. Those tables must be provided by the company in the manual pages. ISO does not file them with the Department.

We have revised the manual page to include the current ILF table.

4. Please indicate if any of the following affect this filing. If so, information should be added to the manual pages (territory factors, payment plans, deductible plans, schedule rating)

There are no territory factors – rules and rates apply to the entire state.

There are no payment plans although premium financing is available.

There are no deductible plans

The ISO general liability rating plan will apply to the professional coverage. We have added the Schedule Rating Plan to our manual pages.

5. Please indicate in the manual the cancellation provisions regarding unearned premium.

We have added the cancellation provisions to our manual pages.

6. Are increased limits not available for the care providers?

We have revised the rule pages to reflect the basic rates. Increased limits factors will be utilized to increase limits to a maximum of 1,000,000/3,000,000. Any higher limits will be provided through an excess contract.

*Filing on behalf of the Arch Insurance Company*

Page 2  
Ms. Neuman

7. The rate/rule manual must indicate that the extended reporting period (tail coverage) premium must be priced as a factor of one of the following: (1) the last twelve months premium; (2) the premium in effect at policy issuance; or (3) the expiring annual premium. Additionally, it should list the factor(s) to be used to figure the premium, which of the three premiums the factor will be applied to, and any credits, discounts, etc. that will be added or removed when determining the final premium.

We have revised the rule pages to reflect "100% of the expiring annual premium".

8. The manual does not define what will be considered as part time. Some companies define that by a number of hours worked a week – some define it by the number of clients seen per week

We have revised the rule page to show that a part time employee is anyone working 20 hours or less.

Thank you for your continued review of this filing. If you need any additional information, please contact us.

Sincerely,



Joanne Sullivan  
Insurance Regulatory Consultants  
(212) 571-3989 (Phone) (212) 571-2502 (Fax)  
[joannesullivan@ircllc.com](mailto:joannesullivan@ircllc.com)

# ACTUARIAL CERTIFICATION FORM

## Filing Reference Information

INSURANCE COMPANY NAME Arch Insurance Company  
COMPANY FILING REFERENCE NUMBER Arch-10-146  
PROPOSED EFFECTIVE DATE June 1, 2011

## Actuary's Information & Certification

I, Eric W. L. Ratti, FCAS, MAAA, do hereby certify the following:  
Print or type name and CAS designation

- i. The rates presented in this filing referenced above are based on sound actuarial principles and are not inconsistent with Arch's experience\*, and
- ii. I am a member in good standing with the Casualty Actuarial Society.

Eric W. L. Ratti, FCAS, MAAA  
Signature of Actuary

September 26, 2011  
Date

(646) 746-8123  
Telephone Number

\* Notes:

- 1) Arch's Illinois data is not credible for either the ATC or CPIS program (see Exhibit I attached).
- 2) For ATC and CPIS, Arch is relying on competitor's rates.

**ARCH INSURANCE COMPANY**

**ADDICTION TREATMENT CENTERS PROGRAM  
Illinois Rates and Rules**

1. Social Services Professional Liability Coverage – Alcohol and Drug Abuse Treatment Facilities (Addiction Treatment Centers)
- a. Description of Coverage Professional Liability
  - b. Endorsement: 00 GL 0294 14 (Occurrence)
  - c. Endorsement: 00 GL 0298 14 (Claims-Made)
  - d. Form: Mandatory
  - e. Premium Determination
    - i. Basic Limits (\$100,000/\$300,000) annual occurrence rates:

<b>Each Agency</b>	\$750
<b>Each Residential Facility</b>	\$235
<b>Per Employee:</b>	
Psychologist	\$1,125
Nurse	\$469
Physical Therapist	\$375
Occupational Therapist	\$118
Home Health Aide	\$118
Licensed Social Worker/Counselor	\$188
Unlicensed Social Worker/Counselor	\$165
Teacher/House Manager	\$141
Dietician	\$66
Psychiatrist	\$1,125
Physicians	\$1,875
Pharmacists	\$625
Nurse Practitioner	\$586

The rates apply per full time employee. Part time employees are rated at half the full time rate.

- ii. Increased Limits:

ISO Table 1 Increased limit factors for will be used for higher limits.

- iii. Claims made step factors:

ISO premises non-construction class claims made step factors and extended reporting factors are to be applied to occurrence rates.

**ARCH INSURANCE COMPANY**

**CARE PROVIDERS INSURANCE SERVICES PROGRAM  
Illinois Rates and Rules**

1. Social Services Professional Liability Coverage – Care Provider Facilities
  - a. Description of Coverage: Professional Liability
  - b. Endorsement: 00 GL 0294 00 (Occurrence)
  - c. Endorsement: 00 GL 0298 00 (Claims-Made)
  - d. Form: Mandatory
  - e. Premium Determination
    - i. Policy Limit \$1,000,000/\$3,000,000 annual occurrence rates:

<b>Each Agency</b>	<b>\$935</b>
<b>Per Employee:</b>	
Psychologist	\$600
Nurse Practitioner	\$850
Nurse RN	\$200
Nurse LPN	\$70
Physical Therapist	\$250
Occupational Therapist	\$135
Home Health Aide	\$45
Licensed Social Worker/Counselor	\$150
Unlicensed Counselor	\$110
Residential Manager	\$115
Dietician	\$70
Psychiatrist	\$2,300
Pharmacists	\$200
Medical Director	\$210

The rates apply per full time employee. Part time employees are rated at half the full time rate.

- ii. Claims made step factors:

Claims made factors are ISO premises non-construction classes and are to be applied to occurrence rates.

<b>Year of Claims Made Coverage</b>	<b>Factor</b>
1	.70
2	.83
3	.89
4	.91
5 or More	.95

- f. Extended Reporting Periods (Form 00 GL0298 00 only):

One Year	-	no charge
Two Years	-	100% of original annual premium
Three Year	-	150% of original annual premium
Unlimited	-	200% of original annual premium

## Neuman, Gayle

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**From:** Rose Battles [RoseBattles@IRCLLC.com]  
**Sent:** Thursday, September 15, 2011 11:28 AM  
**To:** DOI.MedMal  
**Cc:** Joanne Sullivan; Neuman, Gayle  
**Subject:** RE: ARCH Med. Mal Practice Rate Filing ARCH-10-146 - Illinois Letter 9-9-11 - REPLY DUE 9/19/11

This email is for Neetha M. Mamoottile and Caryn C. Carmean:

Mr. John Gatlin emailed us yesterday to confirm that we do indeed have to make this filing as Med Mal rates and therefore all these responses are coming due.

Per our agreement with Gayle Neuman, we need two weeks from 9/14 to gather and provide the requested info for Gayle and for your 9/9 letter.

Can we please reply by 9/28?

Please confirm.

Thank you!

---

**From:** Rose Battles  
**Sent:** Wednesday, September 14, 2011 11:11 AM  
**To:** 'DOI.MedMal@illinois.gov'  
**Cc:** Joanne Sullivan; 'Gayle.Neuman@illinois.gov'  
**Subject:** ARCH Med. Mal Practice Rate Filing ARCH-10-146 - Illinois Letter 9-9-11 - REPLY DUE 9/19/11

This email is for Neetha M. Mamoottile and Caryn C. Carmean

IRC received your email and letter on the Arch Insurance Company filing ARCH-10-146 on 9/9/11. This filing is also currently under review by Gayle Neuman who is copied on this email.

Last week, as requested by our client at Arch, we asked Gayle to review this filing with her supervisor because Arch has issues with filing this a Med Mal. We also asked Gayle to give us extra time to respond to her questions awaiting feedback from her supervisor on the type of filing this should be. Gayle agreed that once we hear from her supervisor, we will get two weeks to respond to Gayle's issues.

At this time, we are not in a position to respond to your September 9 letter by September 19. We cannot respond until these other issues get resolved.

Please advise if we can delay our reply to you with the same consideration from Gayle (two weeks after the answer is given).

Please contact Gayle if you need to review or verify any of this information.

. Thank you!

---

**From:** DOI.MedMal [<mailto:DOI.MedMal@Illinois.gov>]  
**Sent:** Monday, September 12, 2011 11:09 AM

**To:** Joanne Sullivan  
**Subject:** FW: Rate Filing ARCH - 10-146

Ms. Sullivan,

Here is the question letter that should have been attached to the email sent out on September 9<sup>th</sup>.

Thank You,

Neetha M. Mamoottile  
Actuarial Analyst  
Illinois Department of Insurance  
[DOI.MedMal@illinois.gov](mailto:DOI.MedMal@illinois.gov)  
217-557-1397

---

**From:** DOI.MedMal  
**Sent:** Friday, September 09, 2011 4:23 PM  
**To:** [joannesullivan@ircllc.com](mailto:joannesullivan@ircllc.com)  
**Cc:** Walling, Robert  
**Subject:** Rate Filing ARCH - 10-146

Attached please find questions regarding IL Rate Filing ARCH-10-146. We expect a response to this inquiry no later than September 19, 2011.

Thank you.  
Caryn.

*Caryn C. Carmean  
Assistant Casualty Actuary  
Illinois Department of Insurance  
320 West Washington Street  
Springfield, IL 62767  
217-524-5420*

## Neuman, Gayle

---

**From:** Gatlin, John  
**Sent:** Wednesday, September 14, 2011 11:16 AM  
**To:** RoseBattles@IRCLLC.com  
**Cc:** Neuman, Gayle; joannesullivan@irccllc.com; Carmean, Caryn; Mamoottile, Neetha  
**Subject:** FW: ARCH - ATC/CPIS Program - Medical Malpractice Rates/Rules - Illinois Inquiry 8/18 - REPLY DUE 9/9

For those professions such as physician, nurses, etc., rates are required to be filed per 215 ILCS 5/155.18 which says in part:

"Sec. 155.18. (a) This Section shall apply to insurance on risks based upon negligence by a physician, hospital or other health care provider, referred to herein as medical liability insurance."

If you have any questions, please let us know.

Thank you,  
John Gatlin  
Assistant Deputy Director, Property and Casualty Compliance Unit  
(217) 782-1786  
Fax: 217-558-2083  
[john.gatlin@illinois.gov](mailto:john.gatlin@illinois.gov)

**Illinois Department of Insurance** (eff. June 1, 2009)  
320 West Washington Street  
Springfield, IL 62767-0001

The Compliance Requirement Checklists for the submission of form and rate filings can be accessed through the Department's WEB Site. Here is the link: [http://insurance.illinois.gov/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.htm](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.htm)

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This email is intended for the recipient only. If you are not the intended recipient please disregard, and do not use the information for any purpose.

---

**From:** Neuman, Gayle  
**Sent:** Thursday, September 08, 2011 2:16 PM  
**To:** Rose Battles  
**Cc:** Gatlin, John  
**Subject:** RE: ARCH - ATC/CPIS Program - Medical Malpractice Rates/Rules - Illinois Inquiry 8/18 - REPLY DUE 9/9

Rose,

That is fine. I will advise my supervisor.

*Gayle Neuman*

Illinois Department of Insurance  
(217)524-6497

---

**From:** Rose Battles [<mailto:RoseBattles@IRCLLC.com>]  
**Sent:** Thursday, September 08, 2011 2:14 PM  
**To:** Neuman, Gayle

**Cc:** Joanne Sullivan

**Subject:** ARCH - ATC/CPIS Program - Medical Malpractice Rates/Rules - Illinois Inquiry 8/18 - REPLY DUE 9/9

Hi Gayle,

I spoke with our client at Arch about this filing. He explained that they are not in a position to respond to #2 below until we hear back from your supervisor on this issue of Professional Liability versus Med Mal.

He asked for extra time. Can we delay our reply until after we hear from your supervisor? Arch would like to know the answer from your supervisor on my 9/7 email and then have 2 weeks to complete and submit our reply.

Would that be acceptable? Please let me know.

Thank you for your time and help with this.

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

**Sent:** Thursday, August 18, 2011 12:20 PM

**To:** Joanne Sullivan

**Subject:** Arch Ins Co - Rate/Rule Filing #ARCH-10-146

Ms. Sullivan,

The Department is in receipt of the above referenced filing submitted with your letter dated May 16, 2011. Please address the following questions/concerns:

1. Please 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?
2. 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. This information is required in every rate/rule filing for medical malpractice.
3. The manual pages reference ISO tables. Those tables must be provided by the company in the manual pages. ISO does not file them with the Department.
4. Please indicate if any of the following affect this filing. If so, information should be added to the manual pages.  
territory factors    payment plans    deductible plans    schedule rating
5. Please indicate in the manual the cancellation provisions regarding unearned premium.
6. Are increased limits not available for the care providers?
7. The rate/rule manual must indicate that the extended reporting period (tail coverage) premium must be priced as a factor of one of the following: (1) the last twelve months premium; (2) the premium in effect at policy issuance; or (3) the expiring annual premium. Additionally, it should list the factor(s) to be used to figure the premium, which of the three premiums the factor will be applied to, and any credits, discounts, etc. that will be added or removed when determining the final premium.
8. The manual does not define what will be considered as part time. Some companies define that by a number of hours worked a week – some define it by the number of clients seen per week.

I request receipt of your response by August 31, 2011.

*Gayle Neuman*

Illinois Department of Insurance

Property & Casualty Compliance  
(217) 524-6497

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## Neuman, Gayle

---

**From:** Gatlin, John  
**Sent:** Wednesday, September 14, 2011 11:27 AM  
**To:** Carmean, Caryn  
**Cc:** Mamoottile, Neetha; Neuman, Gayle  
**Subject:** FW: ARCH - ATC/CPIS Program - Medical Malpractice Rates/Rules - Illinois Inquiry 8/18 - REPLY DUE 9/9

Gayle and I spoke to Joanne and then I spoke to Rose later. They say, as we already know, other states have not considered this to be medical malpractice. My response was that perhaps other states did not pick up on this whereas we did. Rose went on to explain that the healthcare providers probably already have medical malpractice coverage but this is coverage just in case they don't. I don't know if the rate is a part time rate for a visiting healthcare provider or is it commiserate with a rate for a full time healthcare provider. That would be a questions for you all.

Anyway, I think they will do as Gayle asked but we will wait and see.

Thanks

---

**From:** Gatlin, John  
**Sent:** Wednesday, September 14, 2011 11:16 AM  
**To:** 'RoseBattles@IRCLLC.com'  
**Cc:** Neuman, Gayle; 'joannesullivan@ircllc.com'; Carmean, Caryn; Mamoottile, Neetha  
**Subject:** FW: ARCH - ATC/CPIS Program - Medical Malpractice Rates/Rules - Illinois Inquiry 8/18 - REPLY DUE 9/9

For those professions such as physician, nurses, etc., rates are required to be filed per 215 ILCS 5/155.18 which says in part:

"Sec. 155.18. (a) This Section shall apply to insurance on risks based upon negligence by a physician, hospital or other health care provider, referred to herein as medical liability insurance."

If you have any questions, please let us know.

Thank you,  
John Gatlin  
Assistant Deputy Director, Property and Casualty Compliance Unit  
(217) 782-1786  
Fax: 217-558-2083  
[john.gatlin@illinois.gov](mailto:john.gatlin@illinois.gov)

**Illinois Department of Insurance** (eff. June 1, 2009)  
320 West Washington Street  
Springfield, IL 62767-0001

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**From:** Neuman, Gayle  
**Sent:** Thursday, September 08, 2011 2:16 PM

**To:** Rose Battles

**Cc:** Gatlin, John

**Subject:** RE: ARCH - ATC/CPIS Program - Medical Malpractice Rates/Rules - Illinois Inquiry 8/18 - REPLY DUE 9/9

Rose,

That is fine. I will advise my supervisor.

*Gayle Neuman*

Illinois Department of Insurance

(217)524-6497

---

**From:** Rose Battles [mailto:RoseBattles@IRCLLC.com]

**Sent:** Thursday, September 08, 2011 2:14 PM

**To:** Neuman, Gayle

**Cc:** Joanne Sullivan

**Subject:** ARCH - ATC/CPIS Program - Medical Malpractice Rates/Rules - Illinois Inquiry 8/18 - REPLY DUE 9/9

Hi Gayle,

I spoke with our client at Arch about this filing. He explained that they are not in a position to respond to #2 below until we hear back from your supervisor on this issue of Professional Liability versus Med Mal.

He asked for extra time. Can we delay our reply until after we hear from your supervisor? Arch would like to know the answer from your supervisor on my 9/7 email and then have 2 weeks to complete and submit our reply.

Would that be acceptable? Please let me know.

Thank you for your time and help with this.

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

**Sent:** Thursday, August 18, 2011 12:20 PM

**To:** Joanne Sullivan

**Subject:** Arch Ins Co - Rate/Rule Filing #ARCH-10-146

Ms. Sullivan,

The Department is in receipt of the above referenced filing submitted with your letter dated May 16, 2011. Please address the following questions/concerns:

1. Please 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?
2. 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. This information is required in every rate/rule filing for medical malpractice.
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4. Please indicate if any of the following affect this filing. If so, information should be added to the manual pages.  
territory factors    payment plans    deductible plans    schedule rating
5. Please indicate in the manual the cancellation provisions regarding unearned premium.

6. Are increased limits not available for the care providers?

7. The rate/rule manual must indicate that the extended reporting period (tail coverage) premium must be priced as a factor of one of the following: (1) the last twelve months premium; (2) the premium in effect at policy issuance; or (3) the expiring annual premium. Additionally, it should list the factor(s) to be used to figure the premium, which of the three premiums the factor will be applied to, and any credits, discounts, etc. that will be added or removed when determining the final premium.

8. The manual does not define what will be considered as part time. Some companies define that by a number of hours worked a week – some define it by the number of clients seen per week.

I request receipt of your response by August 31, 2011.

*Gayle Neuman*

Illinois Department of Insurance  
Property & Casualty Compliance  
(217) 524-6497

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## Neuman, Gayle

---

**From:** Rose Battles [RoseBattles@IRCLLC.com]  
**Sent:** Wednesday, September 07, 2011 2:13 PM  
**To:** Neuman, Gayle  
**Cc:** Joanne Sullivan  
**Subject:** ARCH - ATC/CPIS Program - Medical Malpractice Rates/Rules - Illinois Filing ARCH-10-146

Dear Ms. Neuman,

We are working on the response for your 8/18 email below. You granted an extension and it is due 9/9.

Our client at Arch has asked me to follow up on the issue of why this is required to be filed as Med Mal in Illinois. These programs, ATC and CPIS, were filed in all states in 2007 and all states accepted it as multi-line with sections for Property, Crime, IM, GL, PL, Auto and Umbrella (including Illinois).

In 2010, Arch filed to make some changes in two of the GL forms and then Illinois advised us that this is now a Med Mal filing for these forms and therefore rates for these forms had to be filed (they were not required to be filed in 2007).

Our client at Arch has provided this information about the ATC and CPIS programs:

The delivery system for these two Programs is via a package policy and the CLM. All the coverages and enhancements are written utilizing the Commercial Lines Manual. Our enhancements are intertwined with those forms and that delivery system.

We question why our PL forms should be considered Med Mal and IL is the only state that has taken that approach. A significant portion of the PL coverage we provide is for professionals outside the Med Mal arena. We provide coverage for the following professionals;

- dietitians
- clergy
- teachers
- home health aides
- counselors
- social workers
- psychologists
- house managers
- physical therapists

It's true that we also provide coverage to nurses, psychiatrists and sometimes physicians however this care is provided in connection with detoxification and mental illness.

Arch would like to know why these programs are not considered a commercial lines product. The Arch ATC and CPIS filings were approved in 2007 as CMP programs.

Can you please advise us if the Line of Business can be re-considered? Arch does not believe this is a Med Mal filing. If you need copies of the past approved filings, I could send those.

We'd appreciate any help or explanation you can give us to advise our clients at Arch.

Thank you.

**From:** Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]  
**Sent:** Thursday, August 18, 2011 12:20 PM  
**To:** Joanne Sullivan  
**Subject:** Arch Ins Co - Rate/Rule Filing #ARCH-10-146

Ms. Sullivan,

The Department is in receipt of the above referenced filing submitted with your letter dated May 16, 2011. Please address the following questions/concerns:

1. Please 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?
2. 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. This information is required in every rate/rule filing for medical malpractice.
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territory factors    payment plans    deductible plans    schedule rating
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6. Are increased limits not available for the care providers?
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8. The manual does not define what will be considered as part time. Some companies define that by a number of hours worked a week – some define it by the number of clients seen per week.

I request receipt of your response by August 31, 2011.

*Gayle Neuman*

Illinois Department of Insurance  
Property & Casualty Compliance  
(217) 524-6497

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## Neuman, Gayle

---

**From:** Joanne Sullivan [JoanneSullivan@IRCLLC.com]  
**Sent:** Monday, August 29, 2011 9:33 AM  
**To:** Neuman, Gayle  
**Subject:** RE: Arch Ins Co - Rate/Rule Filing #ARCH-10-146 - DOI Inquiry - Illinois

Thank you!!!

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Monday, August 29, 2011 10:32 AM  
**To:** Joanne Sullivan  
**Subject:** RE: Arch Ins Co - Rate/Rule Filing #ARCH-10-146 - DOI Inquiry - Illinois

I will extend the due date to September 9, 2011.

*Gayle Neuman*

Illinois Department of Insurance  
(217)524-6497

---

**From:** Joanne Sullivan [mailto:JoanneSullivan@IRCLLC.com]  
**Sent:** Monday, August 29, 2011 9:30 AM  
**To:** Neuman, Gayle  
**Subject:** RE: Arch Ins Co - Rate/Rule Filing #ARCH-10-146 - DOI Inquiry - Illinois

Dear Ms. Neuman,

Can you please grant us additional time to respond to your inquiry below? Thanks

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Thursday, August 18, 2011 12:20 PM  
**To:** Joanne Sullivan  
**Subject:** Arch Ins Co - Rate/Rule Filing #ARCH-10-146

Ms. Sullivan,

The Department is in receipt of the above referenced filing submitted with your letter dated May 16, 2011. Please address the following questions/concerns:

1. Please 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?
2. 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. This information is required in every rate/rule filing for medical malpractice.
3. The manual pages reference ISO tables. Those tables must be provided by the company in the manual pages. ISO does not file them with the Department.
4. Please indicate if any of the following affect this filing. If so, information should be added to the manual pages.  
territory factors    payment plans    deductible plans    schedule rating
5. Please indicate in the manual the cancellation provisions regarding unearned premium.

6. Are increased limits not available for the care providers?

7. The rate/rule manual must indicate that the extended reporting period (tail coverage) premium must be priced as a factor of one of the following: (1) the last twelve months premium; (2) the premium in effect at policy issuance; or (3) the expiring annual premium. Additionally, it should list the factor(s) to be used to figure the premium, which of the three premiums the factor will be applied to, and any credits, discounts, etc. that will be added or removed when determining the final premium.

8. The manual does not define what will be considered as part time. Some companies define that by a number of hours worked a week – some define it by the number of clients seen per week.

I request receipt of your response by August 31, 2011.

*Gayle Neuman*

Illinois Department of Insurance  
Property & Casualty Compliance  
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at [www.insurance.illinois.gov](http://www.insurance.illinois.gov).

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@ILLINOIS.GOV](mailto:GAYLE.NEUMAN@ILLINOIS.GOV).

## Neuman, Gayle

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**From:** Joanne Sullivan [JoanneSullivan@IRCLLC.com]  
**Sent:** Monday, May 16, 2011 1:31 PM  
**To:** Neuman, Gayle  
**Subject:** RE: ARCH Insurance Company - Addiction Treatment Centers Program and Care Providers Insurance Services Program - Med Malpractice Rates and Rules - Company Filing # ARCH-10-146  
**Attachments:** IL R Med Mal resub via email 5-16-11.pdf

Dear Ms. Neuman,

Attached is the Med Malpractice rate/rule filing for your review.

Thank you for all your help.

Joanne Sullivan  
(212) 571-3989

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**From:** Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]  
**Sent:** Monday, May 16, 2011 2:09 PM  
**To:** Joanne Sullivan  
**Subject:** RE: ARCH Insurance Company - Addiction Treatment Centers Program and Care Providers Insurance Services Program - Med Malpractice Rates and Rules - Company Filing # ARCH-10-146

Ms. Sullivan,

I spoke with someone at Arch Insurance Company in April, 2011 about this filing. I never received the rate/rule filing. If you wish, you may submit it via e-mail but with an updated current cover letter.

*Gayle Neuman*

Illinois Department of Insurance  
(217)524-6497

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**From:** Joanne Sullivan [<mailto:JoanneSullivan@IRCLLC.com>]  
**Sent:** Monday, May 16, 2011 12:05 PM  
**To:** Neuman, Gayle  
**Subject:** ARCH Insurance Company - Addiction Treatment Centers Program and Care Providers Insurance Services Program - Med Malpractice Rates and Rules - Company Filing # ARCH-10-146

Dear Ms. Neuman,

Can you please let us know the status of the subject filing (copy of filing attached)? Thanks.

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**From:** Joanne Sullivan  
**Sent:** Thursday, April 21, 2011 3:16 PM  
**To:** 'Gayle.Neuman@Illinois.gov'  
**Subject:** ARCH Insurance Company - Addiction Treatment Centers Program and Care Providers Insurance Services Program - Med Malpractice Rates and Rules - Filing # ARCH-10-146

Dear Ms. Neuman,

Can you please let us know the status of this filing submitted via mail for ARCH Insurance company file # **ARCH-10-146**. Also, The SERFF # for the forms is REGU-126888684

Thank you for your help in this matter.

# ARCH INSURANCE COMPANY

## ADDICTION TREATMENT CENTERS PROGRAM Illinois Rates and Rules

### 1. Social Services Professional Liability Coverage – Alcohol and Drug Abuse Treatment Facilities (Addiction Treatment Centers)

- a. Description of Coverage: Professional Liability
- b. Endorsement: 00 GL 0294 14 (Occurrence)
- c. Endorsement: 00 GL 0298 14 (Claims-Made)
- d. Form: Mandatory
- e. Extended Reporting Period Endorsement - 00 GL0464 00 0408
- f. Premium Determination

i. Basic Limits (\$100,000/\$200,000) annual occurrence rates:

<b>Each Agency</b>	<b>\$750</b>
<b>Each Residential Facility</b>	<b>\$235</b>
<b>Per Employee:</b>	
Psychologist	\$1,125
Nurse	\$469
Physical Therapist	\$375
Occupational Therapist	\$118
Home Health Aide	\$118
Licensed Social Worker/Counselor	\$188
Unlicensed Social Worker/Counselor	\$165
Teacher/House Manager	\$141
Dietician	\$66
Psychiatrist	\$1,125
Physicians	\$1,875
Pharmacists	\$625
Nurse Practitioner	\$586

The rates apply per full time employee. Part time employees are rated at half the full time rate. A part time employee is anyone working 20 hours or less.

# FILED

AUG 18 2011

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

**ARCH INSURANCE COMPANY**

**ADDICTION TREATMENT CENTERS PROGRAM  
Illinois Rates and Rules**

ii. Increased Limits:

ISO Table 1 Increased limit factors for will be used for higher limits.

The current increased limits tables follow.

1. Premises/Operations (Subline Code 334) Table 1 – \$100/200 Basic Limit

Aggregate	Per Occurrence						
	\$ 25	50	100	200	300	500	1,000
\$ 50	0.72	0.82					
100	0.73	0.85	0.97				
200	0.74	0.86	1.00	1.12			
300	0.75	0.87	1.01	1.13	1.21		
500		0.89	1.03	1.15	1.23	1.33	
600		0.90	1.04	1.16	1.24	1.34	
1,000			1.05	1.17	1.25	1.35	1.46
1,500				1.18	1.26	1.36	1.47
2,000				1.19	1.27	1.37	1.48
2,500					1.28	1.38	1.49
3,000					1.29	1.39	1.50

iii. Claims made step factors:

ISO premises non-construction class claims made step factors and extended reporting factors are to be applied to occurrence rates.

Year of Claims Made Coverage	Factor
1	.70
2	.83
3	.89
4	.91
5 or More	.95

**FILED**

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STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

# ARCH INSURANCE COMPANY

## ADDICTION TREATMENT CENTERS PROGRAM Illinois Rates and Rules

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g. Extended Reporting Periods (Form 00 GL0298 00 only):

One Year	-	no charge
Two Years	-	100% of the expiring annual premium
Three Year	-	150% of the expiring annual premium
Unlimited	-	200% of the expiring annual premium

## 2. POLICY CANCELLATIONS

### A. Pro Rata Calculation

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled:

1. At the Company's request.
2. Because the insured no longer has a financial or insurable interest in the property or business operation that is the subject of insurance.
3. And rewritten in the same company or company group.
4. After the first year for a prepaid policy written for a term of more than one year.

### B. Other Calculations

If Paragraph A. does not apply, compute return premium as follows:

#### 1. Continuous And Annual Premium Payment Policies

Compute return premium at .90 of the pro rata unearned premium for the one year or annual installment period and round to the next higher whole dollar.

#### 2. Prepaid Policies

If cancelled during the first year, compute the return premium at .90 of the pro rata unearned premium for the first year, plus the full annual premium for the subsequent years and round to the next higher whole dollar.

#### 3. Policies With Term Less Than One Year

Compute return premium at .90 of the pro rata unearned premium and round to the next higher whole dollar.

### C. Retention Of Policy Writing Minimum Premium

Retain the Policy Writing Minimum Premium when return premium is calculated under Paragraph B. except when a policy is cancelled as of the inception date.

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STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

**ARCH INSURANCE COMPANY**

**ADDICTION TREATMENT CENTERS PROGRAM  
Illinois Rates and Rules**

**3. SCHEDULE RATING**

A schedule rating modification may also be applied to the otherwise chargeable premium in accordance with the following table, subject to a maximum credit or debit of 25%, to reflect such characteristics of the risk as are not reflected in its experience.

Schedule Rating Modifications Table

Risk Characteristic	Description	Range Of Modifications	
		Credit	Debit
<b>Location</b>	Exposure inside premises.	5%	5%
	Exposure outside premises.	5% to	5%
<b>Premises</b>	Condition and care of premises.	10% to	10%
<b>Equipment</b>	Type, condition and care of equipment.	10% to	10%
<b>Classification</b>	Peculiarities of classification.	10% to	10%
<b>Employees</b>	Selection, training, supervision, experience.	6% to	6%
<b>Cooperation</b>	Medical Facilities.	2% to	2%
	Safety Program.	2% to	2%

**FILED**

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STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

**ARCH INSURANCE COMPANY**

**CARE PROVIDERS INSURANCE SERVICES PROGRAM  
Illinois Rates and Rules**

**1. Social Services Professional Liability Coverage – Care Provider Facilities**

- a. Description of Coverage: Professional Liability
- b. Endorsement: 00 GL 0294 00 (Occurrence)
- c. Endorsement: 00 GL 0298 00 (Claims-Made)
- d. Form: Mandatory
- e. Extended Reporting Period Endorsement - 00 GL0464 00 0408
- f. Premium Determination
  - i. Policy Limit \$100,000/\$200,000 annual occurrence rates:

<b>Each Agency:</b>	\$750
<b>Per Employee:</b>	
Psychologist/Clergy	\$458
Nurse Practitioner	\$649
Nurse RN	\$153
NurseLPN	\$53
Physical Therapist/Speech/Hearing	\$191
Occupational Therapist	\$103
Home Health Aide	\$34
Licensed Social Worker/ Counselor	\$115
Unlicensed Counselor/Social Worker	\$84
Teacher/Tutor/Aide/Child Care Worker	\$10
Residential Manager	\$88
Dietician/Nutritionist	\$53
Psychiarist/Optometrlist/Dentist	\$1,755
Physician/Physicians Assist./Paramedic/EMT	\$1,875
Pharmacists	\$153
Medical Director	\$160

The rates apply per full time employee. Part time employees are rated at half the full time rate. A part time employee is anyone working 20 hours or less.

ii. Claims made step factors:

Claims made factors are ISO premises non-construction classes and are to be applied to occurrence rates.

<b>Year of Claims Made Coverage</b>	<b>Factor</b>
1	.70
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DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

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g. Extended Reporting Periods (Form 00 GL0298 00 only):

- One Year - no charge
- Two Years - 100% of original annual premium
- Three Year - 150% of original annual premium
- Unlimited - 200% of original annual premium

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STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

# ARCH INSURANCE COMPANY

## CARE PROVIDERS INSURANCE SERVICES PROGRAM Illinois Rates and Rules

### 2. POLICY CANCELLATIONS

#### A. Pro Rata Calculation

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1. At the Company's request.
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<b>Premises</b>	Condition and care of premises.	10%	10%
<b>Equipment</b>	Type, condition and care of equipment.	10%	10%
<b>Classification</b>	Peculiarities of classification.	10%	10%
<b>Employees</b>	Selection, training, supervision, experience.	6%	6%
<b>Cooperation</b>	Medical Facilities.	2%	2%
	Safety Program.	2%	2%