Filing at a Glance

Company:	Fair American Insurance and Reinsurance Company
Product Name:	Neurologists Professional Liability Insurance Program
State:	Illinois
TOI:	11.0 Medical Malpractice - Claims Made/Occurrence
Sub-TOI:	11.0029 Other
Filing Type:	Rate/Rule
Date Submitted:	07/24/2012
SERFF Tr Num:	WESA-128548738
SERFF Status:	Closed-Filed
State Tr Num:	WESA-128548738
State Status:	
Co Tr Num:	PRM-12-002-R
Effective Date Requested (New):	01/01/2013
Effective Date Requested (Renewal):	01/01/2013
Author(s):	Westmont Associates
Reviewer(s):	Gayle Neuman (primary)
Disposition Date:	10/02/2012
Disposition Status:	Filed
Effective Date (New):	
Effective Date (Renewal):	

State Filing Description:

State:	*Illinois*	**Filing Company:**	*Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI:	*11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*		
Product Name:	*Neurologists Professional Liability Insurance Program*		
Project Name/Number:	*Neurologists Professional Liability New Program Submission/PRM-12-002*		

General Information

Project Name: Neurologists Professional Liability New Program Submission

Status of Filing in Domicile: Pending

Project Number: PRM-12-002

Domicile Status Comments: Filing is pending in state of domicile.

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 10/02/2012

State Status Changed:

Deemer Date:

Created By: Westmont Associates

Submitted By: Westmont Associates

Corresponding Filing Tracking Number: PRM-12-002-F

Filing Description:

Enclosed please find Fair American Insurance and Reinsurance Company's (FAIRCO) Neurologists Professional Liability Program rate and rule filing. This is a new program filing and does not replace any rates or rules currently on file in your jurisdiction. A letter permitting Westmont Associates, Inc. to submit this filing on the Company's behalf is enclosed.

This new program will provide professional liability insurance coverage for member neurologists. The rates for this program are enclosed in the attached rating plan and rating rules. Please be advised that the materials submitted in this filing are substantially similar to the Neurologists Professional Liability product currently on file and approved with your Department for National Union Fire of Pittsburgh Insurance Company (National Union).

Please note that a corresponding form filing has been submitted separately under Company Filing #: PRM-12-002-F.

We respectfully ask for approval of this filing by September 1, 2012 with an effective date of January 1, 2013 to allow for quoting in advance of the effective date. Currently, this coverage is written in Illinois by National Union. National Union has notified the agent (Professional Risk Management Services, Inc. - PRMS) that the coverage may no longer be offered on National Union paper by PRMS for new or renewal business on or after 12/31/12. Therefore, the requested effective date is essential to prevent disruption in coverage to member neurologists.

Upon approval, insureds will be offered at least the same coverage by FAIRCO with no change in rates.

Your approval and/or acknowledgement of this submission is respectfully requested. Thank you for your attention to this matter.

Company and Contact

Filing Contact Information

Jennifer Waldron, Supervisor
25 Chestnut Street
Suite 105
Haddonfield, NJ 08033

jenb@westmontlaw.com
856-216-0220 [Phone]
856-216-0303 [FAX]

State:	*Illinois*	**Filing Company:**	*Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI:	*11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*		
Product Name:	*Neurologists Professional Liability Insurance Program*		
Project Name/Number:	*Neurologists Professional Liability New Program Submission/PRM-12-002*		

Filing Company Information

(This filing was made by a third party - westmontassociatesinc)

Fair American Insurance and Reinsurance Company	CoCode: 35157	State of Domicile: New York
80 Pine Street, 9th Floor	Group Code:	Company Type: Property and Casualty
New York, NY 10005	Group Name: Transatlantic Holdings	State ID Number:
(212) 365-2200 ext. [Phone]	FEIN Number: 13-3333610	

Filing Fees

Fee Required?	Yes
Fee Amount:	$50.00
Retaliatory?	No
Fee Explanation:	Standard IL Filing Fee.
Per Company:	Yes

Company	Amount	Date Processed	Transaction #
Fair American Insurance and Reinsurance Company	$50.00	07/24/2012	61152626

State Specific

Refer to our checklists prior to submitting filing (http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm).: Yes
Refer to our updated (04/06/2007) SERFF General Instructions prior to submitting filing. They have been updated to clarify what rates and rules are required to be filed as well as what rates and rules are not required to be filed. Also, the "Product Name" is the Filing Title and not the Project Number.: Yes
NO RATES and/or RULES ARE REQUIRED TO BE FILED FOR LINES OF COVERAGE SUCH AS COMMERCIAL AUTO (except taxicabs), BURGLARY AND THEFT, GLASS, FIDELITY, SURETY, COMMERCIAL GENERAL LIABLITY, CROP HAIL, COMMERCIAL PROPERTY, DIRECTORS AND OFFICERS, ERRORS AND OMMISSIONS, COMMERCIAL MULTI PERIL just to mention a few. However, a Summary Sheet (RF-3) is required to be filed. Please refer to the State Specific Field below for what rates/rules are required to be filed and to our checklists for specific statutes, regulations, etc. : http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp .: N/A
Medical Malpractice rates/rules may now be submitted using SERFF effective January 1, 2012.: Please refer to the attached rates
The only rates and/or rules that are required to be filed are Homeowners, Mobile Homeowners, Dwelling Fire and Allied Lines, Workers' Compensation, Liquor Liability, Private Passenger Automobiles, Taxicabs, Motorcycles and Group Inland Marine Insurance which only applies to insurance involving personal property owned by, being purchased by or pledged as collateral by individuals, and not used in any business, trade or profession per Regulation Part 2302 which says in part, "each company shall file with the Director of Insurance each rate, rule and minimum premium before it is used in the State of Illinois.": N/A
When selecting a form filing type for a multiple form filing, use the dominant type from these choices: APP - application; CER - certificate; COF - coverage form; DPS - declaration page; END - endorsement; POJ - policy jacket; ORG - Companies adopting an Advisory or Rating Organization's filing. Example: If you are submitting a policy as well as endorsements, a declaration page and an application, you would select "POL" for policy.: N/A

State: *Illinois* **Filing Company:** *Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI: *11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*
Product Name: *Neurologists Professional Liability Insurance Program*
Project Name/Number: *Neurologists Professional Liability New Program Submission/PRM-12-002*

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Gayle Neuman	10/02/2012	10/02/2012

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Gayle Neuman	08/15/2012	08/15/2012
Pending Industry Response	Gayle Neuman	07/25/2012	07/25/2012

Response Letters

Responded By	Created On	Date Submitted

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Effective Date	Note To Reviewer	Westmont Associates	10/01/2012	10/01/2012
effective date	Note To Filer	Gayle Neuman	10/01/2012	10/01/2012
File & Use	Note To Reviewer	Westmont Associates	08/14/2012	08/14/2012

State: *Illinois* **Filing Company:** *Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI: *11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*
Product Name: *Neurologists Professional Liability Insurance Program*
Project Name/Number: *Neurologists Professional Liability New Program Submission/PRM-12-002*

Disposition

Disposition Date: 10/02/2012
Effective Date (New): 01/01/2013
Effective Date (Renewal): 01/01/2013
Status: Filed
Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Fair American Insurance and Reinsurance Company	0.000%	0.000%	$0	0	$0	0.000%	0.000%

State:	*Illinois*	**Filing Company:**	*Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI:	*11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*		
Product Name:	*Neurologists Professional Liability Insurance Program*		
Project Name/Number:	*Neurologists Professional Liability New Program Submission/PRM-12-002*		

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	08/15/2012
Submitted Date	08/15/2012
Respond By Date	08/22/2012

Dear Jennifer Waldron,

Introduction:

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

Vicarious liability must be provided - it cannot be an optional coverage. Separate limits for vicarious liability can be optional.

Conclusion:

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

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

http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp

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

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

Sincerely,

Gayle Neuman

State:	*Illinois*	**Filing Company:**	*Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI:	*11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*		
Product Name:	*Neurologists Professional Liability Insurance Program*		
Project Name/Number:	*Neurologists Professional Liability New Program Submission/PRM-12-002*		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	08/16/2012
Submitted Date	08/16/2012

Dear Gayle Neuman,

Introduction:

This is in response to your 8/15/12 Objection Letter regarding the above referenced submission.

Response 1

Comments:

The Company has confirmed that vicarious liability is required; however, the shared or separate limits are optional.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Feel free to contact me if you have any additional questions or concerns.

Sincerely,

Westmont Associates

State:	*Illinois*	**Filing Company:**	*Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI:	*11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*		
Product Name:	*Neurologists Professional Liability Insurance Program*		
Project Name/Number:	*Neurologists Professional Liability New Program Submission/PRM-12-002*		

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	07/25/2012
Submitted Date	07/25/2012
Respond By Date	08/07/2012

Dear Jennifer Waldron,

Introduction:

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

You are not required to submit a filing fee for a rate/rule filing - only for forms filings. Unfortunately, we are unable to refund the amount paid.

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?

Does a policy have to be written with both coverage A and B? Is this professional liability and general liability? Does a policy issued automatically provide vicarious liability with separate limits?

Under the Experience Rating Guidelines, does an indemnity payment only apply to professional liability coverage?

Under the Schedule Rating, does the "25% debit" mean 0% to 25%? Under the Group Accounts, some modifications indicate "if none of the above, a debit will be made" however the percentage of the debit was not provided.

There is a section on policy minimum premiums. In the Suspension of Insurance, the manual indicates to charge 25% of the claims-made rate. So, if any insured has a one year suspension for disability, their minimum premium is the 25% of the claims-made rate? Please advise.

In regard to the tail coverage factors, what does the first column of numbers (06, 53, 01, etc.) represent?

Conclusion:

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

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

http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp

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

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

Sincerely,

Gayle Neuman

State:	*Illinois*	**Filing Company:**	*Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI:	*11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*		
Product Name:	*Neurologists Professional Liability Insurance Program*		
Project Name/Number:	*Neurologists Professional Liability New Program Submission/PRM-12-002*		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	08/06/2012
Submitted Date	08/06/2012

Dear Gayle Neuman,

Introduction:

This is in response to your 7/25/12 Objection Letter regarding the above referenced submission.

Response 1

Comments:

1. *Please note that the Company is using NISS as the statistical agent for this program.*

2. Vicarious liability coverage, which provides coverage for the first named insured for the negligence of their healthcare professional employee/independent contractors, is an optional coverage issued at the insureds request. Section A Coverage of the policy provides coverage under a shared limit of liability for solo entities, with or without employees/independent contractors. Section B Coverage of the policy provides coverage under a separate limit of liability for multiple member entities, with or without employees/independent contractors.

3. The indemnity payment under the experience rating guidelines only apply to the professional liability coverage.

4. In the Schedule Rating section, the 25% debits are not ranges, but are established surcharge amounts. Under the Group Accounts Schedule Rating, if the criteria are met for that characteristic up to a 5% credit is applied, otherwise up to a 5% debit will be applied.

5. Suspension of Coverage is subject to the minimum premium rule.

6. Attached is a corrected rating manual as the second column in the table of tail factors was not wide enough, so the text wrapped onto the next line. We have widened the table so the factors will show correctly.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Feel free to contact me if you have any additional questions or concerns.

Sincerely,

Westmont Associates

State:	*Illinois*	**Filing Company:**	*Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI:	*11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*		
Product Name:	*Neurologists Professional Liability Insurance Program*		
Project Name/Number:	*Neurologists Professional Liability New Program Submission/PRM-12-002*		

Note To Reviewer

Created By:

Westmont Associates on 10/01/2012 02:40 PM

Last Edited By:

Gayle Neuman

Submitted On:

10/02/2012 02:14 PM

Subject:

Effective Date

Comments:

Good Afternoon:

Please note that the Company does not intend to use this program prior to 1/1/13. As such, we respectfully request an effective date of 1/1/13 for this submission.

Feel free to contact me if you have any additional questions.

Thank You,
Jennifer Waldron

State:	*Illinois*	**Filing Company:**	*Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI:	*11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*		
Product Name:	*Neurologists Professional Liability Insurance Program*		
Project Name/Number:	*Neurologists Professional Liability New Program Submission/PRM-12-002*		

Note To Filer

Created By:

Gayle Neuman on 10/01/2012 01:59 PM

Last Edited By:

Gayle Neuman

Submitted On:

10/02/2012 02:14 PM

Subject:

effective date

Comments:

The Department of Insurance has now completed its review of the filing referenced above. Originally, Fair American requested the filing be effective September 1, 2012. Was the filing put in effect on September 1, 2012 or do you wish to have a different effective date? Your prompt response is appreciated.

State:	*Illinois*	**Filing Company:**	*Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI:	*11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*		
Product Name:	*Neurologists Professional Liability Insurance Program*		
Project Name/Number:	*Neurologists Professional Liability New Program Submission/PRM-12-002*		

Note To Reviewer

Created By:

Westmont Associates on 08/14/2012 11:55 AM

Last Edited By:

Gayle Neuman

Submitted On:

10/02/2012 02:14 PM

Subject:

File & Use

Comments:

Good Afternoon:

Please note that the Company will invoke the "file and use" provision for this submission, effective 9/1/12. Feel free to contact me if you have any questions or require additional information.

Thank You,
Jennifer Waldron

State: *Illinois* **Filing Company:** *Fair American Insurance and Reinsurance Company*
TOI/Sub-TOI: *11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other*
Product Name: *Neurologists Professional Liability Insurance Program*
Project Name/Number: *Neurologists Professional Liability New Program Submission/PRM-12-002*

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		IL - FAIRCO TNP Rating Rules	Pages 1 through 10	New		IL TNP FairCo Rules-_8-12_.pdf
2		IL - FAIRCO TNP Rating Rules	Pages 1 through 11	New		IL Rules-(12-09).pdf
3		IL TNP Rate Pages	Page 1 of 1	New		Illinois TNP FairCo Rates.pdf

FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
THE NEUROLOGISTS' PROGRAM
PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES

Rule 1.	**Rating Profile Items**

The First, Second, and Third Year in Practice credits include military. The discount applies to the first, second, or third year immediately following the completion of residency or fellowship, or discharge from the military, regardless of interruption of time. A member may receive the FYIP, SYIP, TYIP only once.

If both an active part-time credit and an active FYIP, SYIP, TYIP credit are among the rating profile items, the higher credit of the two shall apply.

The Moonlighting credit cannot be combined with a part-time credit.

The current listing of Rating Profile Items (Program discounts, surcharges, credits & debits), is as follows:

First Year in Practice	50%Credit
Second Year in Practice	25%Credit
Third Year in Practice	25%Credit
Moonlighting	50%Credit
Part-Time Practice (20 Hours or Less)	50%Credit
Experience & Schedule Rating Program	See separate sections
PRMS Sponsored Risk Management Seminar	15%Credit
All Other PRMS Qualified Risk Management Seminars	5% Credit
American Academy of Neurology Membership	5% Credit
Loss Free Credit	**See separate section**

Rule 2.	**Vicarious Liability**

The additional premium for vicarious liability coverage is determined as follows:

VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)
Note: Shared limits not available in: IN, KS, LA, PA, and WI

No. of Employees/Independent Contractors	Percent of final individual modified premium
1-3	5%
4-10	15%
11-25	25%
Over 25	100%

VICARIOUS LIABILITY
Additional Premium for Separate Limit
(Policy Coverage B)

No. of Employees/Independent Contractors	Percent of final individual modified premium
0-3	10%
4-10	25%
11-25	50%
Over 25	100%

Rule 3.	**Premium Rounding**

All premiums shall be rounded to the nearest whole dollar. Amounts that are less than 50 cents shall be dropped. Increase amounts that are 50 cents or more to the next whole dollar.

Rounding procedures to be followed are taken from the Insurance Service Office, Inc. rules.

RATES: Round rates, factors and multipliers after the final calculation to three decimal places.

Five-tenths or more of a mill shall be considered one mill, e.g., .1245 = .125

PREMIUM: Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving $.50 or over the next higher whole dollar.

Rule 4.	**Maximum 50% Credit**

Maximum 50% credit (discount) applies subject to the following **exclusions:**

Experience factor is not included
Schedule factor is not included
Risk Management Seminar factor is not included
American Academy of Neurology Membership is not included
Loss Free Credit is not included

Rule 5.	**Prior Acts Endorsement**

The following rating is used when a member converts the claims-made policy to either an occurrence or claims-made with prepaid tail policy (whichever is applicable) and does not purchase the extended reporting endorsement from the prior carrier. The Prior Acts Endorsement will be effective the inception date of The Neurologists' Program occurrence or claims-made with pre-paid tail policy and will cover claims reported after the termination date of the prior claims-made policy for incidents that occurred between the retroactive date and termination date of the prior claims-made policy.

This rating will also be used in situations where the member's most recent previous carrier was The Neurologists' Program and for some reason the member allowed the prior claims-made policy to lapse. The lapsed period cannot exceed one year and must meet acceptable underwriting criteria.

1st year in CLAIMS MADE Coverage	70% of Occ or CM w/PPT Premium
2nd year in CLAIMS MADE Coverage	110% of Occ or CM w/PPT Premium
3rd year in CLAIMS MADE Coverage	135% of Occ or CM w/PPT Premium
4th year in CLAIMS MADE Coverage	145% of Occ or CM w/PPT Premium
5th year and after in CLAIMS MADE Coverage	160% of Occ or CM w/PPT Premium

Rule 6.	**Experience and Schedule Rating Guidelines**

The following Experience Rating Guidelines applies:

Severity (Use last five-year experience period prior to renewal application)

Indemnity payment $30,000 to $50,000 — 10% Debit per claim

Indemnity payment $50,001 to $99,999	20% Debit per claim
Open or closed claim with Indemnity payment or reserve $100,000 or more	30% Debit per claim plus 10% Debit each $50,000 increment above $100,000

Frequency (Open and Closed claims with incurred and/or reserved indemnity and expenses totaling $10,000 and above).

Two claims reported within any 12-month period in last three years.	25% Debit each claim
Three claims reported within last five years.	50% Debit each claim

Liability (Open and closed claims within last 5 years)

a. Deviation from standard of care	50% Debit - non-renewal
b. Non-cooperation with policy conditions	50% Debit - non-renewal
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

Schedule rating characteristics

The following schedule rating criteria can be used to establish the adjusted annual premium per participant:

Refer to the following, which discusses the underwriting intention for considering risk characteristics not otherwise contemplated in the base rate.

The rating schedule is intended to create an overall risk profile of the insured. Multiple characteristics should be weighted and evaluated based on measurable statistics, (i.e. practice time, number of patients, length of training or experience or lack thereof, etc). This program is mandatory and to be administered consistently with each insured or prospective insured.

Adjustment to base rate of +/-25% requires management approval except where indicated below. Total adjustment for all items combined cannot exceed +/- 25%.

A. PRACTICE SETTING:

Facility has been subject to license or accreditation disciplinary action or federal investigation or prosecution, mass tort litigation or investigative reporting. If an insured is affiliated with a facility

that has recently been subject to any of these issues it is probable that the insured may have an increased liability. The effect of patient knowledge of these actions and media attention could place our insured in a position to be "guilty by association".

The underwriter should utilize all reference information relative to this facility and determine the degree of involvement of our insured directly related to the facility's adverse risk characteristics. **25% Debit**

B. NATURE AND SCOPE OF PRACTICE

Treatment of pain management: Patients seeking professional services for the management of pain are almost always associated with other medical treatments or illnesses. For this reason, treatment of pain management can increase the liability where our insured would be involved in a claim along with other treating neurologists. The underwriter should discuss the volume of patients and practice time devoted to this activity. In addition, the treatment modalities should be discussed with PRMS risk management to determine standard of care. A neurologist utilizing anesthesia for pain management is not contemplated in the base rate and a surcharge of 25% should be applied once underwriting application has been approved. **25% Debit**

Above average daily patient volume: An average daily patient volume of 25 is contemplated in the base rates. Any practice where the patient volume is greater should be considered as an increased risk and priced accordingly. **20% Debit**

Adverse risk not contemplated in the base rate: This category should be used when the underwriter determines that the participant's exposure generates a risk not-otherwise discussed in the above criteria and was not contemplated in the usual and customary definition of neurological professional services but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **25% Debit**

Rule 7. Group Accounts

Eligibility
The medical groups that will be considered for Coverage B of the policy will be professional corporations, partnerships, or associations owned and operated by neurologists.

Rates
Each neurologist insured will be rated in accordance with the individual program rules and rates.

Individual coverage for other healthcare professionals covered in a group policy will be rated as a factor of the mature claims made or occurrence rate of a neurologist (class code 80261) rate for that rating area.

Electroencephalogram Technician	.0046
Medical Assistant	.0046

Medical Therapist	.0046
Mental Health Counselor	.0318
Nurse Practitioner	.0405
Nurse X-Ray Therapist	.0046
Nurse/Registered Nurse	.0046
Occupational Therapist	.0318
Physical Therapist	.0318
Neurologist Assistant	.0405
Psychologist	.0318
Speech Pathologist	.0046
X-Ray Technician	.0046
X-Ray Therapist	.0046

Vicarious liability coverage for the medical group for employed or contracted healthcare providers not insured under the policy will be priced at 10% of the otherwise applicable premium rate (including discounts).

Medical group premium will be priced based on the following:

Number of Insured employees/contractors.	Percentage of Insured Neurologist Base Rate
2-5	10%
6-10	15%
11-20	20%
over 20	25%

The sum of the individuals, medical group and vicarious liability premium will determine the total premium of the medical group.

Insureds can share the limit of liability of the medical group.

The base rate for each insured sharing the limit with the group entity will be reduced by 10% when the total number of insured neurologists in the group exceeds 5 on an annual basis.

The base rate for each insured sharing the limit with the group entity will be reduced by 5% when the total number of insured neurologists in the group is 5 or less on an annual basis.

A schedule rating credit/debit can then be applied to the total premium of the medical group in accordance with the Schedule Rating Group Rules, (see attached).

Limits of Liability
Refer to policy Limits of Liability Section, Coverage A and Coverage B for application of limits for individual insureds, medical corporations, partnerships, and associations. Refer to the rate schedule for the applicable limits for each state.

Claims-Made
The retroactive date can be advanced only at the request or with the written acknowledgment of the insured.

Group Vicarious Liability Surcharge Endorsement
If a scheduled insured under the group policy terminates coverage and does not elect to purchase the extended reporting endorsement, the group premium will be surcharged 10% of the quoted ERP premium. The surcharge is applicable as a result of the vicarious liability exposure to the group for the professional services rendered by the insured while working on behalf of the group. The surcharge will be waived if the cancelled insured provides proof of prior acts coverage from the new carrier for the period insured under the group policy.

Outside Medical Group Practice Activity
Coverage will be considered for an insured that has a medical practice outside the scope of his/her affiliation with the medical group. The outside practice is subject to underwriting and if accepted will be rated in accordance with the medical specialty rate and total practice hours applicable to all practice activities for which coverage has been provided.

Rule 8.	**Group Accounts – Schedule Rating**

Adjustment to base rate on group accounts not to exceed a credit of 5% or a debit of 10%.

The following modifications may be applied to recognize special characteristics that are not fully recognized in the basic rate(s) or premium. The maximum credit shall not exceed -5% and the maximum debit shall not exceed +10%. The schedule rating program is mandatory and to be administered consistently for each insured or prospective insured.

Management
Management has demonstrated adequate control and monitoring of the risks and exposures of the organization. The financial condition of the Medical Group is favorable. An example of a Medical Group which would receive a credit would employ a dedicated risk manager and have favorable financial ratios. **(+/-5%)**

Employees
The applicant has established a continuing professional education program for its employees and encourages certification in their respective specialties. There must be a statement in the employee handbook advocating continuing education. The Medical Group agrees to pay all or some of the tuition fees and/or related educational expenses. Further, the composition of the Medical Group will be 50% or greater of the employee population having board certification or similar advanced degrees for a maximum credit to be granted. If the percentage is lower, but still substantial, and

the other criteria described above are met, a lesser credit may be granted. If none of the above, a debit will be made. **(+/-5%)**

Risk Management

The applicant has an established and working risk management program to minimize the frequency and severity of claims. A Medical Group which has an incident reporting system, occurrence screening, and other mechanisms to address potential and actual claims would receive a maximum credit. If none of these mechanisms are in place, a debit will be made. **(+/-5%)**

Medical Records/Informed Consent

The applicant has a system in effect for concurrent and retrospective review of medical records and informed consent documents. If the Medical Group has a medical records system only or an informed consent system only, no debit or credit is available. If both systems are in effect, a credit is available. If neither system is in effect, a debit will be made. **(+/-5%)**

Performance of experimental procedures

If the medical group practice includes procedures that are considered experimental, but that are performed within the prescribed guidelines, controlled studies, or : "protocol" established by the manufacturer or similar entity, there will be no debit or credit, however if the experimental procedures are not subject to the protocol, a debit of up to 10% will be applied. Since the underlying program's rates reflect the assumption that insureds will not be performing experimental procedures, no credit will be given under any circumstances and under this category i.e. there will be no credit if experimental procedures are not utilized. **(+10%)**

Rule 9.	**Locum Tenens**

A Locum Tenens ("hold the place of") works in place of a Named Insured or Additional Named Insured, never at the same time. The Locum Tenens doctor must be underwritten in the same specialty classification as the Named Insured or Additional Named Insured. The program will allow Locum Tenens coverage for a maximum total of 45 days each policy year.

There is no charge for this coverage.

Rule 10.	**Suspension of Insurance**

An insured may request suspension of insurance, due to disability or to accommodate a sabbatical leave of training. The insured will not be covered for claims or suits which arise based on an occurrence within the period of suspension. The insured is entitled to report claims during the period of suspension which arise from occurrences when the policy was in force and not on suspense.

Suspension may be secured for a minimum period of 90 consecutive days and for a maximum of one year. This option is allowed only once every four years except for reason of disability.

Billing for the current quarter(s) is suppressed, and a refund for the quarter(s) or remainder of quarter(s) affected is made to the insured.

Charge 25% of the claims-made rate.

Rule 11.	**Policy Minimum Premium**

A minimum annual premium of $2000.00 will be applied for any one policy with limits of $1,000,000/$3,000,000 or lower.

A minimum annual premium of $4000.00 will be applied for any one policy with limits of $2,000,000/$6,000,000.

Rule 12.	**Loss Free Credit**

To qualify for the Loss Free Credit, the named insured must have been practicing at least five (5) years after completion of a residency or fellowship training program and cannot have any open claim(s) with an indemnity reserve more than $25,000.

A ten percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses more than $15,000 paid during the previous five (5) years.

A five percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses of $15,001 to $25,000 paid during the previous five (5) years.

Rule 13. Tail Coverage (Extended Reporting Period)

Tail pricing is calculated by applying the factor shown below that corresponds with the Number of Years written under a Claims Made contract to the expiring annual premium written under the claims-made contract.

First Year	3.306
Second Year	3.153
Third Year	2.401
Fourth Year	2.178
Fifth Year	2.196
Sixth Year	2.183
Seventh Year and Thereafter	2.180

All discounts, surcharges, credits, & debits applied to the Primary Coverage must be applied to the calculation of the Tail premium as well. The tail coverage (extended reporting period) endorsement that is issued for the tail, whether it was purchased or provided at no additional cost, provides unlimited tail coverage.

FREE TAIL COVERAGE

Tail coverage is free in the event of DEATH or PERMANENT DISABILITY, or when a member reaches age 55 or older and has been insured under a Claims-Made contract with the insurer for at least 5 consecutive years immediately prior to permanent retirement.

Rule 14. Quarterly Premium Installment Plan

Quarterly 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. 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%	Due at policy inception
Second Quarter	=	20%	Due 3 months from policy inception
Third Quarter	=	20%	Due 6 months from policy inception
Fourth Quarter	=	20%	Due 9 months from policy inception

FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
THE NEUROLOGISTS' PROGRAM
PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES

Rule 1.	**Rating Profile Items**

The First, Second, and Third Year in Practice credits include military. The discount applies to the first, second, or third year immediately following the completion of residency or fellowship, or discharge from the military, regardless of interruption of time. A member may receive the FYIP, SYIP, TYIP only once.

If both an active part-time credit and an active FYIP, SYIP, TYIP credit are among the rating profile items, the higher credit of the two shall apply.

The Moonlighting credit cannot be combined with a part-time credit.

The current listing of Rating Profile Items (Program discounts, surcharges, credits & debits), is as follows:

First Year in Practice	50%Credit
Second Year in Practice	25%Credit
Third Year in Practice	25%Credit
Moonlighting	50%Credit
Part-Time Practice (20 Hours or Less)	50%Credit
Experience & Schedule Rating Program	See separate sections
PRMS Sponsored Risk Management Seminar	15%Credit
All Other PRMS Qualified Risk Management Seminars	5% Credit
American Academy of Neurology Membership	5% Credit
Loss Free Credit	**See separate section**

Rule 2.	**Vicarious Liability**

The additional premium for vicarious liability coverage is determined as follows:

VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)
Note: Shared limits not available in: IN, KS, LA, PA, and WI

No. of Employees/Independent Contractors	Percent of final individual modified premium
1-3	5%
4-10	15%
11-25	25%
Over 25	100%

VICARIOUS LIABILITY
Additional Premium for Separate Limit
(Policy Coverage B)

No. of Employees/Independent Contractors	Percent of final individual modified premium
0-3	10%
4-10	25%
11-25	50%
Over 25	100%

Rule 3.	**Premium Rounding**

All premiums shall be rounded to the nearest whole dollar. Amounts that are less than 50 cents shall be dropped. Increase amounts that are 50 cents or more to the next whole dollar.

Rounding procedures to be followed are taken from the Insurance Service Office, Inc. rules.

RATES: Round rates, factors and multipliers after the final calculation to three decimal places.

Five-tenths or more of a mill shall be considered one mill, e.g., .1245 = .125

PREMIUM: Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving $.50 or over the next higher whole dollar.

Rule 4.	**Maximum 50% Credit**

Maximum 50% credit (discount) applies subject to the following **exclusions:**

Experience factor is not included
Schedule factor is not included
Risk Management Seminar factor is not included
American Academy of Neurology Membership is not included
Loss Free Credit is not included

Rule 5.	**Prior Acts Endorsement**

The following rating is used when a member converts the claims-made policy to either an occurrence or claims-made with prepaid tail policy (whichever is applicable) and does not purchase the extended reporting endorsement from the prior carrier. The Prior Acts Endorsement will be effective the inception date of The Neurologists' Program occurrence or claims-made with pre-paid tail policy and will cover claims reported after the termination date of the prior claims-made policy for incidents that occurred between the retroactive date and termination date of the prior claims-made policy.

This rating will also be used in situations where the member's most recent previous carrier was The Neurologists' Program and for some reason the member allowed the prior claims-made policy to lapse. The lapsed period cannot exceed one year and must meet acceptable underwriting criteria.

1st year in CLAIMS MADE Coverage	70% of Occ or CM w/PPT Premium
2nd year in CLAIMS MADE Coverage	110% of Occ or CM w/PPT Premium
3rd year in CLAIMS MADE Coverage	135% of Occ or CM w/PPT Premium
4th year in CLAIMS MADE Coverage	145% of Occ or CM w/PPT Premium
5th year and after in CLAIMS MADE Coverage	160% of Occ or CM w/PPT Premium

Rule 6.	**Experience and Schedule Rating Guidelines**

The following Experience Rating Guidelines applies:

Severity (Use last five-year experience period prior to renewal application)

Indemnity payment $30,000 to $50,000 — 10% Debit per claim

Indemnity payment $50,001 to $99,999	20% Debit per claim
Open or closed claim with Indemnity payment or reserve $100,000 or more	30% Debit per claim plus 10% Debit each $50,000 increment above $100,000

Frequency (Open and Closed claims with incurred and/or reserved indemnity and expenses totaling $10,000 and above).

Two claims reported within any 12-month period in last three years.	25% Debit each claim
Three claims reported within last five years.	50% Debit each claim

Liability (Open and closed claims within last 5 years)

a. Deviation from standard of care	50% Debit - non-renewal
b. Non-cooperation with policy conditions	50% Debit - non-renewal
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

Schedule rating characteristics

The following schedule rating criteria can be used to establish the adjusted annual premium per participant:

Refer to the following, which discusses the underwriting intention for considering risk characteristics not otherwise contemplated in the base rate.

The rating schedule is intended to create an overall risk profile of the insured. Multiple characteristics should be weighted and evaluated based on measurable statistics, (i.e. practice time, number of patients, length of training or experience or lack thereof, etc). This program is mandatory and to be administered consistently with each insured or prospective insured.

Adjustment to base rate of +/-25% requires management approval except where indicated below. Total adjustment for all items combined cannot exceed +/- 25%.

A. PRACTICE SETTING:

Facility has been subject to license or accreditation disciplinary action or federal investigation or prosecution, mass tort litigation or investigative reporting. If an insured is affiliated with a facility

that has recently been subject to any of these issues it is probable that the insured may have an increased liability. The effect of patient knowledge of these actions and media attention could place our insured in a position to be "guilty by association".

The underwriter should utilize all reference information relative to this facility and determine the degree of involvement of our insured directly related to the facility's adverse risk characteristics. **25% Debit**

B. NATURE AND SCOPE OF PRACTICE

Treatment of pain management: Patients seeking professional services for the management of pain are almost always associated with other medical treatments or illnesses. For this reason, treatment of pain management can increase the liability where our insured would be involved in a claim along with other treating neurologists. The underwriter should discuss the volume of patients and practice time devoted to this activity. In addition, the treatment modalities should be discussed with PRMS risk management to determine standard of care. A neurologist utilizing anesthesia for pain management is not contemplated in the base rate and a surcharge of 25% should be applied once underwriting application has been approved. **25% Debit**

Above average daily patient volume: An average daily patient volume of 25 is contemplated in the base rates. Any practice where the patient volume is greater should be considered as an increased risk and priced accordingly. **20% Debit**

Adverse risk not contemplated in the base rate: This category should be used when the underwriter determines that the participant's exposure generates a risk not-otherwise discussed in the above criteria and was not contemplated in the usual and customary definition of neurological professional services but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **25% Debit**

Rule 7.	**Group Accounts**

Eligibility
The medical groups that will be considered for Coverage B of the policy will be professional corporations, partnerships, or associations owned and operated by neurologists.

Rates
Each neurologist insured will be rated in accordance with the individual program rules and rates.

Individual coverage for other healthcare professionals covered in a group policy will be rated as a factor of the mature claims made or occurrence rate of a neurologist (class code 80261) rate for that rating area.

Electroencephalogram Technician	.0046
Medical Assistant	.0046

Medical Therapist	.0046
Mental Health Counselor	.0318
Nurse Practitioner	.0405
Nurse X-Ray Therapist	.0046
Nurse/Registered Nurse	.0046
Occupational Therapist	.0318
Physical Therapist	.0318
Neurologist Assistant	.0405
Psychologist	.0318
Speech Pathologist	.0046
X-Ray Technician	.0046
X-Ray Therapist	.0046

Vicarious liability coverage for the medical group for employed or contracted healthcare providers not insured under the policy will be priced at 10% of the otherwise applicable premium rate (including discounts).

Medical group premium will be priced based on the following:

Number of Insured employees/contractors.	Percentage of Insured Neurologist Base Rate
2-5	10%
6-10	15%
11-20	20%
over 20	25%

The sum of the individuals, medical group and vicarious liability premium will determine the total premium of the medical group.

Insureds can share the limit of liability of the medical group.

The base rate for each insured sharing the limit with the group entity will be reduced by 10% when the total number of insured neurologists in the group exceeds 5 on an annual basis.

The base rate for each insured sharing the limit with the group entity will be reduced by 5% when the total number of insured neurologists in the group is 5 or less on an annual basis.

A schedule rating credit/debit can then be applied to the total premium of the medical group in accordance with the Schedule Rating Group Rules, (see attached).

Limits of Liability
Refer to policy Limits of Liability Section, Coverage A and Coverage B for application of limits for individual insureds, medical corporations, partnerships, and associations. Refer to the rate schedule for the applicable limits for each state.

Claims-Made
The retroactive date can be advanced only at the request or with the written acknowledgment of the insured.

Group Vicarious Liability Surcharge Endorsement
If a scheduled insured under the group policy terminates coverage and does not elect to purchase the extended reporting endorsement, the group premium will be surcharged 10% of the quoted ERP premium. The surcharge is applicable as a result of the vicarious liability exposure to the group for the professional services rendered by the insured while working on behalf of the group. The surcharge will be waived if the cancelled insured provides proof of prior acts coverage from the new carrier for the period insured under the group policy.

Outside Medical Group Practice Activity
Coverage will be considered for an insured that has a medical practice outside the scope of his/her affiliation with the medical group. The outside practice is subject to underwriting and if accepted will be rated in accordance with the medical specialty rate and total practice hours applicable to all practice activities for which coverage has been provided.

Rule 8.	**Group Accounts – Schedule Rating**

Adjustment to base rate on group accounts not to exceed a credit of 5% or a debit of 10%.

The following modifications may be applied to recognize special characteristics that are not fully recognized in the basic rate(s) or premium. The maximum credit shall not exceed -5% and the maximum debit shall not exceed +10%. The schedule rating program is mandatory and to be administered consistently for each insured or prospective insured.

Management
Management has demonstrated adequate control and monitoring of the risks and exposures of the organization. The financial condition of the Medical Group is favorable. An example of a Medical Group which would receive a credit would employ a dedicated risk manager and have favorable financial ratios. **(+/-5%)**

Employees
The applicant has established a continuing professional education program for its employees and encourages certification in their respective specialties. There must be a statement in the employee handbook advocating continuing education. The Medical Group agrees to pay all or some of the tuition fees and/or related educational expenses. Further, the composition of the Medical Group will be 50% or greater of the employee population having board certification or similar advanced degrees for a maximum credit to be granted. If the percentage is lower, but still substantial, and

the other criteria described above are met, a lesser credit may be granted. If none of the above, a debit will be made. **(+/-5%)**

Risk Management

The applicant has an established and working risk management program to minimize the frequency and severity of claims. A Medical Group which has an incident reporting system, occurrence screening, and other mechanisms to address potential and actual claims would receive a maximum credit. If none of these mechanisms are in place, a debit will be made. **(+/-5%)**

Medical Records/Informed Consent

The applicant has a system in effect for concurrent and retrospective review of medical records and informed consent documents. If the Medical Group has a medical records system only or an informed consent system only, no debit or credit is available. If both systems are in effect, a credit is available. If neither system is in effect, a debit will be made. **(+/-5%)**

Performance of experimental procedures

If the medical group practice includes procedures that are considered experimental, but that are performed within the prescribed guidelines, controlled studies, or : "protocol" established by the manufacturer or similar entity, there will be no debit or credit, however if the experimental procedures are not subject to the protocol, a debit of up to 10% will be applied. Since the underlying program's rates reflect the assumption that insureds will not be performing experimental procedures, no credit will be given under any circumstances and under this category i.e. there will be no credit if experimental procedures are not utilized. **(+10%)**

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A Locum Tenens ("hold the place of") works in place of a Named Insured or Additional Named Insured, never at the same time. The Locum Tenens doctor must be underwritten in the same specialty classification as the Named Insured or Additional Named Insured. The program will allow Locum Tenens coverage for a maximum total of 45 days each policy year.

There is no charge for this coverage.

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An insured may request suspension of insurance, due to disability or to accommodate a sabbatical leave of training. The insured will not be covered for claims or suits which arise based on an occurrence within the period of suspension. The insured is entitled to report claims during the period of suspension which arise from occurrences when the policy was in force and not on suspense.

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Billing for the current quarter(s) is suppressed, and a refund for the quarter(s) or remainder of quarter(s) affected is made to the insured.

Charge 25% of the claims-made rate.

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A minimum annual premium of $2000.00 will be applied for any one policy with limits of $1,000,000/$3,000,000 or lower.

A minimum annual premium of $4000.00 will be applied for any one policy with limits of $2,000,000/$6,000,000.

Rule 12.	**Loss Free Credit**

To qualify for the Loss Free Credit, the named insured must have been practicing at least five (5) years after completion of a residency or fellowship training program and cannot have any open claim(s) with an indemnity reserve more than $25,000.

A ten percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses more than $15,000 paid during the previous five (5) years.

A five percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses of $15,001 to $25,000 paid during the previous five (5) years.

Rule 13. Tail Coverage (Extended Reporting Period)

Tail pricing is calculated by applying the factor shown below that corresponds with the Number of Years written under a Claims Made contract to the expiring annual premium written under the claims-made contract.

First Year	06	3.3
Second Year	53	3.1
Third Year	01	2.4
Fourth Year	78	2.1
Fifth Year	96	2.1
Sixth Year	83	2.1
Seventh Year and Thereafter	80	2.1

All discounts, surcharges, credits, & debits applied to the Primary Coverage must be applied to the calculation of the Tail premium as well. The tail coverage (extended reporting period) endorsement that is issued for the tail, whether it was purchased or provided at no additional cost, provides unlimited tail coverage.

FREE TAIL COVERAGE

Tail coverage is free in the event of DEATH or PERMANENT DISABILITY, or when a member reaches age 55 or older and has been insured under a Claims-Made contract with the insurer for at least 5 consecutive years immediately prior to permanent retirement.

Rule 14. Quarterly Premium Installment Plan

Quarterly 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. 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%	Due at policy inception
Second Quarter	=	20%	Due 3 months from policy inception
Third Quarter	=	20%	Due 6 months from policy inception
Fourth Quarter	=	20%	Due 9 months from policy inception

FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
Neurologists' Professional Liability Program
ILLINOIS

		Neurology including Child - No Surgery (80261)
I.	Base rate for Territory 1, $1,000,000/$3,000,000 - Claims-Made w/Prepaid Tail Coverage:	$46,688
II.	Increased Limit Factors	
	$100,000/$300,000	0.673
	$200,000/$600,000	0.746
	$250,000/$750,000	0.772
	$300,000/$900,000	0.797
	$400,000/$1,200,000	0.847
	$500,000/$1,500,000	0.946
	$1,000,000/$3,000,000	1.000
	$2,000,000/$6,000,000	1.280
III.	Claims-Made Conversion Factors (Applied to Claims-Made with Prepaid Tail premium)	
	Number of years Claims-Made Coverage:	
	First Year	0.250
	Second Year	0.500
	Third Year	0.780
	Fourth Year	0.925
	Fifth	0.950
	Sixth	0.975
	Seventh Year and Thereafter	1.000
IV.	Territory Factors	
	Territory 1 (Cook, Jackson, Madison, St. Clair, and Will)	1.000
	Territory 2 (Lake and Vermilion)	0.900
	Territory 3 (Kane, McHenry, and Winnebago)	0.850
	Territory 4 (DuPage, Kankakee, and Macon)	0.750
	Territory 5 (Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Ogle, and Randolph)	0.700
	Territory 6 (Grundy and Sangamon)	0.600
	Territory 7 (Peoria)	0.450
	Territory 8 Rest of State	0.500
V.	Extended Reporting Claims Endorsement	
	Applied to Expiring Annual Premium:	
	First Year	3.306
	Second Year	3.153
	Third Year	2.401
	Fourth Year	2.178
	Fifth Year	2.196
	Sixth Year	2.183
	Seventh Year and Thereafter	2.180

State: Illinois **Filing Company:** Fair American Insurance and Reinsurance Company
TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0029 Other
Product Name: Neurologists Professional Liability Insurance Program
Project Name/Number: Neurologists Professional Liability New Program Submission/PRM-12-002

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Explanatory Memorandum		
Comments:			
Attachment(s):			
IL Letter - Rates.pdf			

		Item Status:	Status Date:
Bypassed - Item:	Form RF3 - (Summary Sheet)		
Bypass Reason:	Not applicable as this is a new program submission.		
Comments:			

		Item Status:	Status Date:
Satisfied - Item:	Certification		
Comments:			
Attachment(s):			
IL Certification.pdf			

		Item Status:	Status Date:
Bypassed - Item:	Manual		
Bypass Reason:	Not applicable as this is a new program submission.		
Comments:			

		Item Status:	Status Date:
Satisfied - Item:	Letter of Authorization		
Comments:	Attached is the letter of authorization.		
Attachment(s):			
Putnam LOA 2012.pdf			

WESTMONT ASSOCIATES, INC.

July 16, 2012

Illinois Department of Insurance
Property & Casualty Division
Rate Review

RE: Fair American Insurance and Reinsurance Company
NAIC#: 35157/FEIN#: 13-3333610
Neurologists Professional Liability Program
New Program Rate and Rule Submission – Medical Malpractice
Company Filing Number: PRM-12-002 - R
Effective Date: January 1, 2013 or Upon Earlier Possible Effective Date

To Whom It May Concern:

Enclosed please find Fair American Insurance and Reinsurance Company's (FAIRCO) Neurologists Professional Liability Program rate and rule filing. This is a new program filing and does not replace any rates or rules currently on file in your jurisdiction. A letter permitting Westmont Associates, Inc. to submit this filing on the Company's behalf is enclosed.

This new program will provide professional liability insurance coverage for member neurologists. The rates for this program are enclosed in the attached rating plan and rating rules. Please be advised that the materials submitted in this filing are substantially similar to the Neurologists Professional Liability product currently on file and approved with your Department for National Union Fire of Pittsburgh Insurance Company (National Union).

Please note that a corresponding form filing has been submitted separately under Company Filing #: PRM-12-002-F.

We respectfully ask for approval of this filing by September 1, 2012 with an effective date of January 1, 2013 to allow for quoting in advance of the effective date. Currently, this coverage is written in Illinois by National Union. National Union has notified the agent (Professional Risk Management Services, Inc. - PRMS) that the coverage may no longer be offered on National Union paper by PRMS for new or renewal business on or after 12/31/12. Therefore, the requested effective date is essential to prevent disruption in coverage to member neurologists.

Upon approval, insureds will be offered at least the same coverage by FAIRCO with no change in rates.

Your approval and/or acknowledgement of this submission is respectfully requested. Thank you for your attention to this matter.

Respectfully submitted,

Jennifer Waldron

Jennifer Waldron
Director
jenb@westmontlaw.com

Enclosures

cc: N. Stepanski
J. Palumbo
E. Kelley

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, EDWARD JAMES KELLEY, a duly authorized officer of FAIR AMERICAN INSURANCE AND REINSURANCE, 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, David A. Royce, a duly authorized actuary of SGRisk, LLC am authorized to certify on behalf of Fair American Insurance and Reinsurance 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.

Signature and Title of Authorized Insurance Company Officer — Date: 7/18/12

David A. Royce, ACAS, MAAA — Date: 2/27/2012

Insurance Company FEIN 13-3333610 Filing Number PRM-12-002-R

Insurer's Address 80 Pine Street, 9th Floor

City New York State NY Zip Code 10005

Contact Person's:

- Name and E-mail Jennifer Waldron - jenb@westmontlaw.com
- Direct Telephone and Fax Number (856) 216-0220 / (856) 216-0303 (Fax)

PUTNAM REINSURANCE COMPANY[SM]

■ 80 Pine Street ■ New York, NY 10005 ■ (212) 365-2200 ■ Fax (212) 248-0965

January 10, 2012

To Whom It May Concern:

RE: Putnam Reinsurance Company (to be renamed Fair American Insurance and Reinsurance Company effective 1/15/12)
NAIC#: 35157
FEIN#: 13-3333610
Letter of Authorization
Filing of Forms, Rates and Rules

In accordance with the applicable statutes and regulations of your state, Nancy Stepanski, Wesley Pohler, Jennifer Waldron and Westmont Associates, Inc. are hereby authorized to file form, rate and rule filings on behalf of the Company.

Sincerely,

Edward Kelley
Vice President and Deputy General Counsel