

**The Doctors Company  
Illinois  
Actuarial Memorandum**

In response to Director McRaith's April 4, 2006 letter, The Doctors Company (TDC) hereby offers the following to the Illinois Division of Insurance.

Enclosed is an EXCEL file containing Exhibits (C-5)(1) pertaining to:

- (a) Paid and incurred losses (indemnity + ALAE) by county<sup>1</sup> for each of the past 10 policy years, 1995-2004, evaluated as of 12/31/2005;
- (b) Earned exposures by ISO code by county for each of the past policy years, 1995-2004<sup>2</sup>;
- (c) Base class and territory equivalent exposures by report year by relative accident year (lag)<sup>3</sup>, cumulative loss arrays by report year by calendar year of development for open, CWI, CWE, and CNP claim counts, for paid indemnity and ALAE on closed<sup>4</sup> claims, and for reserve indemnity and ALAE on open claims, all evaluated as of 12/31/2005; and
- (d) Other requested Illinois pricing factors including tail factors by maturity year, expense provisions, underwriting profit provision, and average premium discount information.

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<sup>1</sup> Policy issuing county.

<sup>2</sup> Note that TDC wrote only claims-made exposures during this time period

<sup>3</sup> Base classification is Internal Medicine; Base Illinois Territory is TDC Territory A which is comprised of Cook, Madison, St. Clair, and Will counties.

<sup>4</sup> A claim is defined as closed when both indemnity plus expense reserves are \$0 and the claim is assigned a closed date.