

State: Illinois **Filing Company:** Fair American Insurance and Reinsurance Company

TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0026 Psychiatry

Product Name: Psychiatrists Professional Liability Program for Psychiatrists Purchasing Group, Inc.

Project Name/Number: Submission of Psychiatrists Professional Liability Program for Psychiatrists Purchasing Group, Inc. /PRM-12-001

Filing at a Glance

Company: Fair American Insurance and Reinsurance Company

Product Name: Psychiatrists' Professional Liability Program for Psychiatrists' Purchasing Group, Inc.

State: Illinois

TOI: 11.0 Medical Malpractice - Claims Made/Occurrence

Sub-TOI: 11.0026 Psychiatry

Filing Type: Rate/Rule

Date Submitted: 07/09/2012

SERFF Tr Num: WESA-128503056

SERFF Status: Closed-Filed

State Tr Num: WESA-128503056

State Status:

Co Tr Num: PRM-12-001-R

Effective Date: 01/01/2013

Requested (New):

Effective Date: 01/01/2013

Requested (Renewal):

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:
ROUTED 7/25/12

State: Illinois **Filing Company:** Fair American Insurance and Reinsurance Company

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General Information

Project Name: Submission of Psychiatrists' Professional Liability Program for Psychiatrists' Purchasing Group, Inc. Status of Filing in Domicile: Pending

Project Number: PRM-12-001 Domicile Status Comments: Pending in NY

Reference Organization: None Reference Number: None

Reference Title: None Advisory Org. Circular: None

Filing Status Changed: 10/02/2012

State Status Changed: Deemer Date:

Created By: Westmont Associates Submitted By: Westmont Associates

Corresponding Filing Tracking Number: PRM-12-001-F

Filing Description:

Enclosed please find Fair American Insurance and Reinsurance Company's (FAIRCO) Psychiatrists' Professional Liability Program filing for the Psychiatrists' Purchasing Group, Inc. This is a new program filing and does not replace any rates 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 to members of Psychiatrists' Purchasing Group, Inc. 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 Psychiatrists' Professional Liability product currently on file and approved with your Department for National Union Fire of Pittsburgh Insurance Company (National Union).

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 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 members of the Psychiatrists' Purchasing Group, Inc.

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

The forms to be used in coordination with the enclosed rates have been filed under separate cover letter as Company filing #: PRM-12-001-F.

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

Wesley Pohler, VP wes@westmontlaw.com
1763 Marlton Pike East 856-216-0220 [Phone]
Suite 200 856-216-0303 [FAX]
Cherry Hill, NJ 08003

State: Illinois **Filing Company:** Fair American Insurance and Reinsurance Company
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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: IL Fee is \$50.00
 Per Company: Yes

Company	Amount	Date Processed	Transaction #
Fair American Insurance and Reinsurance Company	\$50.00	07/09/2012	60721628

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 LIABILITY, CROP HAIL, COMMERCIAL PROPERTY, DIRECTORS AND OFFICERS, ERRORS AND OMISSIONS, COMMERCIAL MULTI PERIL just to mention a few. However, a Summary Sheet (RF-3) is required to be filed. Please refer to the State Specific Field below for what rates/rules are required to be filed and to our checklists for specific statutes, regulations, etc. :

http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp .: Med Mal Rates

Medical Malpractice rates/rules may now be submitted using SERFF effective January 1, 2012.: Med Mal Rates, understood
 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.": Understood

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

SERFF Tracking #:

WESA-128503056

State Tracking #:

WESA-128503056

Company Tracking #:

PRM-12-001-R

State:

Illinois

Filing Company:

Fair American Insurance and Reinsurance Company

TOI/Sub-TOI:

11.0 Medical Malpractice - Claims Made/Occurrence/11.0026 Psychiatry

Product Name:

Psychiatrists Professional Liability Program for Psychiatrists Purchasing Group, Inc.

Project Name/Number:

Submission of Psychiatrists Professional Liability Program for Psychiatrists Purchasing Group, Inc. /PRM-12-001

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	07/19/2012	07/19/2012

Response Letters

Responded By	Created On	Date Submitted

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	Actuarial Support	Westmont Associates	07/19/2012	07/19/2012

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 and Use Confirmation	Note To Reviewer	Westmont Associates	08/14/2012	08/14/2012

SERFF Tracking #:

WESA-128503056

State Tracking #:

WESA-128503056

Company Tracking #:

PRM-12-001-R

State: Illinois **Filing Company:** Fair American Insurance and Reinsurance Company
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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

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Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	07/19/2012
Submitted Date	07/19/2012
Respond By Date	07/31/2012

Dear Wesley Pohler,

Introduction:

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

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 certification form needs to be signed by the company officer.

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

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Response Letter

Response Letter Status	Submitted to State
Response Letter Date	07/20/2012
Submitted Date	07/20/2012

Dear Gayle Neuman,

Introduction:

Thank you Gayle.

Response 1

Comments:

We have already provided the certification.

For your information, please note that the Company will employ the services of NISS for statistical reporting. The Company is in the process of hiring this service.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Best regards,

Wes

Sincerely,

Westmont Associates

State: Illinois **Filing Company:** Fair American Insurance and Reinsurance Company

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Amendment Letter

Submitted Date: 07/19/2012

Comments:

My apologies Gayle - attached is the signed cert. I will answer your other questions ASAP.

Changed Items:

State: Illinois **Filing Company:** Fair American Insurance and Reinsurance Company
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Note To Reviewer

Created By:

Westmont Associates on 10/01/2012 02:41 PM

Last Edited By:

Gayle Neuman

Submitted On:

10/02/2012 10:50 AM

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,
Wes Pohler

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Note To Filer

Created By:

Gayle Neuman on 10/01/2012 01:52 PM

Last Edited By:

Gayle Neuman

Submitted On:

10/02/2012 10:50 AM

Subject:

effective date

Comments:

The Department of Insurance has now completed its review of the filing referenced above. Fair American Insurance and Reinsurance Company 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.

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Note To Reviewer

Created By:

Westmont Associates on 08/14/2012 10:09 AM

Last Edited By:

Gayle Neuman

Submitted On:

10/02/2012 10:50 AM

Subject:

File and Use Confirmation

Comments:

Good morning.

Pursuant to our conversations, please be advised that the Company will invoke the "file and use" provision for this submission, effective 9/1/12.

Thank you,

Wes

SERFF Tracking #:

WESA-128503056

State Tracking #:

WESA-128503056

Company Tracking #:

PRM-12-001-R

State:

Illinois

Filing Company:

Fair American Insurance and Reinsurance Company

TOI/Sub-TOI:

11.0 Medical Malpractice - Claims Made/Occurrence/11.0026 Psychiatry

Product Name:

Psychiatrists Professional Liability Program for Psychiatrists Purchasing Group, Inc.

Project Name/Number:

Submission of Psychiatrists Professional Liability Program for Psychiatrists Purchasing Group, Inc. /PRM-12-001

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		IL FAIRCO TPP Rating Rules	Pages 1 through 11	New		IL Rating Rules 1-2009.pdf
2		IL TPP Rate Pages	Page 1 of 1	New		Illinois TPP FairCo Rates.pdf

**FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 1.	Rating Profile Items
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A member may receive the FYIP, SYIP, TYIP (&/or MILITARY) only once. The discount applies to the first (second or third) year immediately following the completion of residency or fellowship, regardless of interruption of time.

A member may receive the MIT discount more than once. The requirement is that the member is eligible for the MIT so long as the APA has reclassified his/her membership status accordingly.

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

MIT credit cannot be combined with a part-time credit.

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

Neurology	2x Psychiatrist Base Premium
Neurology with Special Procedures	4x Psychiatrist Base Premium
Child & Adolescent Psychiatry (C&AP)	15% Premium Discount
Early Career Psychiatrists (includes military) Occurrence, Modified Occurrence and Claims-made Pre-Paid Tail Policies only	FYIP 60% Credit
	SYIP 40% Credit
	TYIP 35% Credit
Early Career Psychiatrists (includes military) Claims-Made Policies only	FYIP 50% Credit
	SYIP 25% Credit
	TYIP 25% Credit
Member in Training (MIT)	50% Credit
Part-Time Practice	1-10 Hours 50% Credit
	11-15Hours 40% Credit
	16-20Hours 30% Credit
Experience & Schedule Rating Program	See separate sections
Psychoanalytic Certification	5% Credit
Risk Management Seminar	5% Credit

**FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 2.	Vicarious Liability
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The additional premium for vicarious liability coverage is determined as follows:

**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%

**VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)**

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

Rule 3.	Premium Rounding
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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.

**FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
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ILLINOIS MANUAL RULES**

Rule 4.	Maximum 50% Credit
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Maximum 50% credit (discount) applies subject to the following **exclusions:**

- First Year in Practice (FYIP is 60%)
- Experience factor is not included
- Schedule factor is not included
- Psychoanalytic Cert. factor is not included
- Risk Management Seminar factor is not included
- Child and Adolescent (C & AP) is not included

Rule 5.	Prior Acts Endorsement
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The following rating is used when a member converts the claims-made policy to occurrence and does not purchase extended reporting endorsement from the prior carrier. Prior Acts Endorsement will be effective the inception date of the occurrence policy and cover claims reported after the cancellation date which occurred between the retroactive date and cancellation date of the claims-made policy.

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

1 st year in CLAIMS MADE Coverage	70% of Occurrence Premium
2 nd year in CLAIMS MADE Coverage	110% of Occurrence Premium
3 rd year in CLAIMS MADE Coverage	135% of Occurrence Premium
4 th year in CLAIMS MADE Coverage	145% of Occurrence Premium
5 th year and after in CLAIMS MADE Coverage	160% of Occurrence Premium

Rule 6.	Unlimited Tail Coverage (Extended Reporting Period)
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Tail premium calculation process is EXACTLY the same process as for Primary Coverage regarding the application of all discounts, surcharges, credits, & debits, including short rate and prorata factors.

The premium is based on the expiring annual premium written under a claims-made contract per the following Extended Claim Reporting Period (ERP) factors:

<u>Claims-Made Year</u>	<u>ERP Factor</u>
First Year	100%
Second Year	125%
Third Year	140%
Fourth Year	150%
Fifth Year and Thereafter	175%

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The tail coverage (extended reporting period) endorsement that is issued for the purchased tail or the free tail provides unlimited tail coverage.

FREE TAIL COVERAGE

1. **Claims-Made Contract.** Unlimited 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 Psychiatrists' Program Claims-Made contract for at least 5 consecutive years immediately prior to permanent retirement. It is also free when a member has been insured with the Psychiatrists' Program under a claims-made contract for 10 consecutive or more years provided at the time of cancellation, the annual premium has **not been** experience rated anytime during the ten year period and the insured requested the cancellation of coverage.
2. **Modified Occurrence Contract.** Tail coverage is included at no additional cost upon termination or non-renewal, for any reason.
3. **Claims-Made with Prepaid Tail Contract.** Same as Modified Occurrence Contract.

Rule 7.	Experience Rating Guidelines
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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% per claim
Indemnity payment \$50,001 to \$99,999	20% per claim
Open or closed claim with Indemnity payment or reserve \$100,000 or more	30% per claim plus 10% 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% each claim
Three claims reported within last five years.	50% each claim
Liability (Open and closed claims within last 5 years)	
a. Deviation from standard of care	50%-non-renewal
b. Non-cooperation with policy conditions	50%-non-renewal
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

**FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
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Rule 8.	Schedule Rating Plan – Individual Program
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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.

Schedule rating characteristics

Total adjustment for all items combined cannot exceed +/- 25%.

A. PRACTICE SETTING:

Detention Facilities: This includes jails, juvenile centers, detention centers and prisons. Risks associated with this exposure are generally related to frequency rather than severity. Individuals kept in these facilities are typically litigious who spend significant time reviewing case law and figuring out ways to file suits. (Jail House Lawyers). In most **federal** facilities, the employees enjoy sovereign immunity, which means they cannot be sued. Therefore, our physician which is usually a contractor is left as the “deep pocket” and the only person available for potential recovery of alleged damages.

All other type of government or community facilities may or may not have statutes protecting the employees against liability. It will vary by state and county. There may also be protection for these individuals through the facility’s professional liability insurance carrier. Hold harmless indemnification clauses are standard in these contractual relationships. Therefore, it is important to understand the working arrangement between the insured and the facility to measure the degree of increased liability for our participant. **5% debit**

Patient recruitment practices: The probability of increased liability is common for those practices utilizing techniques for patient recruitment considered entrepreneurial and absent of credible medical necessity. For example, advertisements made outside of the practice area, bonuses given for patient referrals or profits generated by the care the physicians and other treating professionals rendered to their patients are some examples of techniques that could cause litigation.

The Underwriter should review the entire profile of the participant to determine the extent of increased liability if they are involved in a practice location or facility that engages in this activity. As a result of increased media concentration on these practices, many facilities have taken measures to terminate these

**FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
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Rule 8.	Schedule Rating Plan – Individual Program (cont’d.)
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practices. However, the amount of time the participant has been associated with this activity should be considered. **25% debit or convert the insured to a claims – made policy form.**

Home based practice: An insured working from the home is not uncommon in the practice of psychiatry. Many part-time women, who also are raising a family and want to continue practicing, conduct a small practice from their home. It is however, also understood that these individuals, maintain relationships with the community and medical mental health professionals for continued education and referral capabilities.

The liability for a participant is considered increased when an individual has chosen to work from the home because they cannot obtain clinical or hospital affiliations. The ongoing mentoring of colleagues is not present and the psychiatrist has no peer review of his/her practice activities. This practice profile may require intervention and additional interviewing by PRMS risk management to ascertain the degree of adverse risk. **25% debit**

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**

Clinical teaching activities exceed 50% of total practice time: Although the insured involved in this activity is competent to teach other medical professionals, the increase of patient volume related to this activity is considered an additional liability exposure. **10% debit**

B. NATURE AND SCOPE OF PRACTICE

Treatment of Borderline Personalities and Multiple Personality disorders: Incidental treatments of these disorders are contemplated in the base rates. However, the underwriter should consider the number of patients and time devoted by the participant to these treatments. In addition, treatment modality must be questioned by the underwriter and discussed with PRMS risk management for unconventional activities by the insured. **25% debit**

Treatment of pain management: Patients seeking psychiatric 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 physicians. 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

**FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
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Rule 8.	Schedule Rating Plan – Individual Program (cont'd.)
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determine standard of care. Psychiatrists utilizing anesthesia for pain management is to be referred to management for consideration of continued insurability. **25% debit**

Use of abreaction, rage; sodium amytal, sex and recovered memory therapies: The base rate does not contemplate treatment by use of these types of therapies. Any insured utilizing these therapies should be discussed with PRMS risk management after the underwriter has secured information from the participant regarding the patient volume and practice time affiliated with these therapies. All insured members utilizing these therapies should be referred to management for consideration of continued insurability. **25% debit**

Supervision of/Consultation with professionals in 2, 3 and 4 above: Although the insured may not directly treat patients or use these therapies, they incur vicarious liability for the supervision of professionals who do. In addition, consultation is defined as professional services rendered and does not decrease the insured liability. Therefore, the premium should be increased as a result of this exposure. **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. **25% debit**

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 psychiatric professional services but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **+/-25%**

Rule 9.	Group Accounts
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Eligibility

The medical groups that will be considered for Coverage B of the policy will be professional corporations, partnerships, or associations operated by behavioral healthcare professionals. The entity will also have psychiatrist affiliation with at least 50 % of the psychiatrists being members in good standing with the American Psychiatric Association.

Rates

Each Psychiatrist Insured will be rated in accordance with the individual program rules and rates.

Individual coverage for other behavioral healthcare professionals will be rated as a percentage of the psychiatrist rate for that rating area.

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ILLINOIS MANUAL RULES**

Rule 9.	Group Accounts (cont'd.)
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- Psychologists: .20
- Social Workers .03
- Therapists: .03
- Nurses: .05
- Nurse Practitioner .30

Vicarious liability coverage for the medical group for employed or contracted behavioral 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:

<u>Number of Insured employees/contractors.</u>	<u>Percentage of Insured Psychiatrist Base Rate</u>
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.

Non-psychiatrist 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 psychiatrists 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 psychiatrists 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.

**FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 9.	Group Accounts (cont'd.)
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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.

Other Physician Coverage

The Program will consider coverage for individual physicians affiliated with the medical group who are not psychiatrists (i.e. internists, pediatricians, family/general practice). The rate for these physicians will be calculated in accordance with the **filed** class relativity differential (psychiatry to other specialty) of the major medical professional liability insurance carrier in that state. The calculated relativity will then be applied to the base psychiatry rate used in this Program's individual rates.

Outside Medical Group Practice Activity

Coverage will be considered for an insured who 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 10.	Schedule Rating Plan – Group Accounts
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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/debit shall not exceed +/-5. The schedule rating program is mandatory and to be administered consistently for each insured or prospective insured.

Management (+/- 5)

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.

**FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 10.	Schedule Rating Plan – Group Accounts (Cont’d)
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Employees (+/-5)

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.

Risk Management (+/-5)

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.

Medical Records/Informed Consent (+/-5)

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.

Performance of experimental procedures (+/-5)

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.

Rule 11.	Locum Tenens
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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.

**FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

There is no charge for this coverage.

Rule 12.	Suspension of Insurance
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An insured covered under a claims-made policy 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.

The premium is calculated as 25% of the claims-made written premium and then pro-rated for the suspended period.

Rule 13.	Policy Minimum Premium
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A minimum annual premium of \$1000.00 for any one policy with limits of \$1,000,000/\$3,000,000 or lower will be applied.

A minimum annual premium of \$2000.00 for any one policy with limits of \$2,000,000/\$6,000,000 will be applied.

Rule 14.	Quarterly Premium Installment Plan
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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%	
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
Psychiatrists Professional Liability Program
ILLINOIS 2012

I. Base rate for \$500,000/\$1,000,000 Modified Occurrence Coverage:

Territory 1 (Cook, Dupage, Kane, Lake, Madison, McHenry, St. Clair & Vermillion, Will)	\$18,894
Territory 2 – (Champaign, Jackson, Kankakee, LaSalle, Sangamon)	\$14,631
Territory 3 – (Rest of State)	\$10,963

II. Limits Factors

\$100,000/\$300,000	0.711
\$200,000/\$600,000	0.789
\$250,000/\$750,000	0.816
\$300,000/\$900,000	0.842
\$400,000/\$1,200,000	0.895
\$500,000/\$1,500,000	1
\$1,000,000/\$3,000,000	1.057
\$2,000,000/\$6,000,000	1.353

III. Claims-made Conversion Factors (% of occurrence premium)

Number of years Claim-Made Coverage:

First Year	0.315
Second Year	0.585
Third Year	0.765
Fourth Year	0.855
Fifth Year and Thereafter	0.9

IV. Extended Reporting Claims Endorsement

% of Expiring Annual Premium:

First Year	100%
Second Year	125%
Third Year	140%
Fourth Year	150%
Fifth Year and Thereafter	175%

SERFF Tracking #:

WESA-128503056

State Tracking #:

WESA-128503056

Company Tracking #:

PRM-12-001-R

State:

Illinois

Filing Company:

Fair American Insurance and Reinsurance Company

TOI/Sub-TOI:

11.0 Medical Malpractice - Claims Made/Occurrence/11.0026 Psychiatry

Product Name:

Psychiatrists Professional Liability Program for Psychiatrists Purchasing Group, Inc.

Project Name/Number:

Submission of Psychiatrists Professional Liability Program for Psychiatrists Purchasing Group, Inc. /PRM-12-001

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Explanatory Memorandum		
Comments:	Attached is the IL rate letter.		
Attachment(s):			
IL Rate Letter.pdf			

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

		Item Status:	Status Date:
Satisfied - Item:	Certification		
Comments:	Please refer to the below certification.		

		Item Status:	Status Date:
Satisfied - Item:	Manual		
Comments:	Understood; we are including the rates/rules.		

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



July 5, 2012

Illinois Department of Insurance
Property and Casualty Division
Rate Review Section

**RE: Fair American Insurance and Reinsurance Company
NAIC#: 35157/FEIN#: 13-3333610
Psychiatrists' Professional Liability Program for Psychiatrists' Purchasing Group, Inc.
New Program Submission – Medical Malpractice Rates
Company Filing Number: PRM-12-001-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) Psychiatrists' Professional Liability Program filing for the Psychiatrists' Purchasing Group, Inc. This is a new program filing and does not replace any rates 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 to members of Psychiatrists' Purchasing Group, Inc. 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 Psychiatrists' Professional Liability product currently on file and approved with your Department for National Union Fire of Pittsburgh Insurance Company (National Union).

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 members of the Psychiatrists' Purchasing Group, Inc.

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

The forms to be used in coordination with the enclosed rates have been filed under separate cover letter as Company filing #: PRM-12-001-F.

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

Respectfully submitted,

Wesley Pohler

Wesley Pohler
Vice-President
wes@westmontlaw.com

Enclosures

cc: N. Stepanski
J. Palumbo
E. Kelley

PUTNAM REINSURANCE COMPANYSM

■ 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