



May 21, 2008

FILED

Ms Gayle Neuman
Property & Casualty Compliance
Illinois Division of Insurance
320 W. Washington St.
4th Floor
Springfield, IL 62767

JUN 01 2008

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

RE: Medicus Insurance Company
Filing # IL-052108-Rates/Rules
Filing Requested Effective Date 6/1/08

20-5623491 ✓

Dear Ms. Neuman:

RATE/RULE PHYSICIAN/SURGEON - 50% SCHEDULE RATING

Please accept this submission on behalf of Medicus Insurance Company as a rate/rule filing for several changes to our Rate Manual.

Following is a summary of the changes:

1. Ancillary rates: we are proposing reductions to our ancillary rates which we have found to be outside the norm in the market. The rate impact will be only slightly more than 1%.
2. Per Patient Rating: we are replacing the rates for ER/urgent care with a more generic version (for which we have obtained approval in several other states) that is broader in scope. There is no rate impact.
3. We have incorporated the Experience Rating in the Rate Manual. There is no rate impact since we cannot determine when opportunities for the use of the experience rating model will arise. The intent of Experience Rating is to reflect better the actual loss experience in the future rates.
4. We are proposing a 50% schedule rating minimum/maximum in replacement of our current 25% model, in accordance with the majority of the IL carriers. There is no rate impact since we cannot determine the actual usage of this rule. The overall debits and credits could balance out. For very large groups, this change could result in more realistic and proper rating.

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5. We have incorporated a pro-rata approach on tail calculations of 1st year policies that cancel. There is no rate impact since we cannot determine if or when such policies will request cancellation and tail quotes.
6. We are changing our minimum premium from \$1250 to \$500 to be consistent with other states. This is an unknown, but small overall rate reduction.
7. Claims made step factors have been lengthened from 4 to 5 years and adjusted slightly to be consistent with market carriers. The overall rate impact is \$0.
8. We have expanded the part-time discount to class 8, rather than class 3, to allow the discount to apply to all non-invasive specialties, which is our intent and is consistent with our national classification plan.

These changes are minor, and I believe that these proposed changes will not result in rates that are excessive, inadequate or unfairly discriminatory.

Please let me know should you have any questions.

Regards,



Bruce Arnold
Assistant Vice President

Neuman, Gayle

From: Jane Cundiff [jcundiff@medicusins.com]
Sent: Tuesday, June 26, 2012 10:05 AM
To: Neuman, Gayle
Subject: RE: Medicus Insurance Co - rate/rule filings

Ms. Newman,

Many of these were before my time as the Compliance Coordinator. But it looks as though all were put in effect on the respective effective date.

Thank you,

Jane M. Cundiff

Regulatory Compliance Coordinator
Medicus Insurance Company
4807 Spicewood Springs Road, Bldg 4-100
Austin, TX 78759
512-879-5128

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Tuesday, June 26, 2012 8:15 AM
To: Jane Cundiff
Subject: Medicus Insurance Co - rate/rule filings

Ms. Cundiff,

The Department of Insurance has now completed its review of the following filings:

#IL-052108-Rates/Rules effective June 1, 2008

#IL-012309-Vicarious Rule effective January 23, 2009

#IL-012809-2M/4M ILF effective January 28, 2009

#IL-072109-Revised ILFs effective August 5, 2009

#IL-012010-RevLimit effective February 1, 2010

#IL052010 effective June 3, 2010

Was each filing put in effect on the respective effective date listed above or do you wish to have a different effective date?

Your prompt response is appreciated.

Gayle Neuman

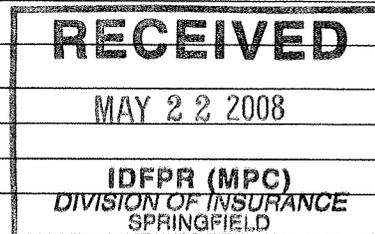
Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

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

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

Property & Casualty Transmittal Document

| | | | | | | |
|---|--|--|--------------|--|------------------|--|
| 1. Reserved for Insurance Dept. Use Only | 2. Insurance Department Use only | | | | | |
| | a. Date the filing is received: | | | | | |
| | b. Analyst: | | | | | |
| | c. Disposition: | | | | | |
| | d. Date of disposition of the filing: | | | | | |
| | e. Effective date of filing: | | | | | |
| | <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">New Business</td> <td style="width: 50%;"></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table> | | New Business | | Renewal Business | |
| | New Business | | | | | |
| | Renewal Business | | | | | |
| f. State Filing #: | | | | | | |
| g. SERFF Filing #: | | | | | | |
| h. Subject Codes | | | | | | |



| | | | | | |
|---------------------------|----------------------------------|---------------|---------------|----------------|---------------------|
| 3. Group Name | Medicus Insurance Holdings, Inc. | | | | Group NAIC # |
| 4. Company Name(s) | Domicile | NAIC # | FEIN # | State # | |
| Medicus Insurance Company | Texas | 12754 | 20-5623491 | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| | |
|-----------------------------------|-----------------------|
| 5. Company Tracking Number | IL-052108-Rates/Rules |
|-----------------------------------|-----------------------|

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

| 6. Name and address | Title | Telephone #s | FAX # | e-mail |
|--|--------------|--|--------------|------------------------|
| Bruce Arnold, Medicus Insurance, 8500 Shoal Creek Blvd., Building 3, Suite 200, Austin, TX 78757 | AVP | 512-879-5103 | 877-686-0558 | barnold@medicusins.com |
| | | | | |
| 7. Signature of authorized filer | |  | | |
| 8. Please print name of authorized filer | | Bruce Arnold | | |

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

| | |
|---|--|
| 9. Type of Insurance (TOI) | 11.000 Medical Malpractice |
| 10. Sub-Type of Insurance (Sub-TOI) | 11.000 Physicians & Surgeons |
| 11. State Specific Product code(s) (if applicable) [See State Specific Requirements] | |
| 12. Company Program Title (Marketing title) | |
| 13. Filing Type | <input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description) |
| 14. Effective Date(s) Requested | New: 6/1/08 Renewal: 6/1/08 |
| 15. Reference Filing? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 16. Reference Organization (if applicable) | |
| 17. Reference Organization # & Title | |
| 18. Company's Date of Filing | 5/21/08 |
| 19. Status of filing in domicile | <input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved |

RATES/RULE FILING SCHEDULE

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

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

| | | |
|-----------|--|-----------------------|
| 1. | This filing transmittal is part of Company Tracking # | IL-052108-Rates/Rules |
|-----------|--|-----------------------|

| | | |
|-----------|---|--|
| 2. | This filing corresponds to form filing number (Company tracking number of form filing, if applicable) | |
|-----------|---|--|

Rate Increase Rate Decrease x Rate Neutral (0%)

| | | |
|-----------|--|------------|
| 3. | Filing Method (Prior Approval, File & Use, Flex Band, etc.) | File & Use |
|-----------|--|------------|

| | | | | | | | |
|------------|---|--|--|--|--|--|--|
| 4a. | Rate Change by Company (As Proposed) | | | | | | |
|------------|---|--|--|--|--|--|--|

| Company Name | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change (where required) | Minimum % Change (where required) |
|---------------------------|--|-----------------------|---|--|----------------------------------|-----------------------------------|-----------------------------------|
| Medicus Insurance Company | -50% | - 1.14% | -136,333 | 14 | 469,464 | -100% | 0% |
| | | | | | | | |

| | | | | | | | |
|------------|--|--|--|--|--|--|--|
| 4b. | Rate Change by Company (As Accepted) For State Use Only | | | | | | |
|------------|--|--|--|--|--|--|--|

| Company Name | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change | Minimum % Change |
|--------------|--|-----------------------|---|--|----------------------------------|------------------|------------------|
| | | | | | | | |
| | | | | | | | |

5. Overall Rate Information (Complete for Multiple Company Filings only)

| | | COMPANY USE | STATE USE |
|-----------|--|-------------|-----------|
| 5a | Overall percentage rate indication (when applicable) | | |
| 5b | Overall percentage rate impact for this filing | | |
| 5c | Effect of Rate Filing – Written premium change for this program | | |
| 5d | Effect of Rate Filing – Number of policyholders affected | | |

| | | |
|-----------|---|-----|
| 6. | Overall percentage of last rate revision | N/A |
|-----------|---|-----|

| | | |
|-----------|---|----------|
| 7. | Effective Date of last rate revision | 12/12/07 |
|-----------|---|----------|

| | | |
|-----------|---|------------|
| 8. | Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.) | File & Use |
|-----------|---|------------|

| 9. | Rule # or Page # Submitted for Review | Replacement or withdrawn? | Previous state filing number, if required by state |
|-----------|--|--|---|
| 01 | Rate Manual 042808 | [] New [x] Replacement [] Withdrawn | |
| 02 | | [] New [] Replacement [] Withdrawn | |

Richard J. Roth, Jr.
Consulting Casualty Actuary

Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries

Bickerstaff, Whatley, Ryan & Burkhalter, Inc.
8821 Baywood Drive
Huntington Beach, California 92646

Phone: 714-964-7814
Fax: 714-964-2896
E-mail: rothjr@ix.netcom.com
Web site: www.bickwhat.com

May 13, 2008

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

Re: Rate filing for Medicus Insurance Company (medical malpractice) – Minor Rate and Rule Changes

Dear Director McRaith:

We are making this filing for Medicus Insurance Company, which comprises several rate and rule changes for Illinois medical malpractice insurance.

This is a summary of the proposed changes:

1. Ancillary rates: we are proposing reductions to our ancillary rates, which we have found to be outside the norm in the market. The rate impact will be only slightly more than 1%.
2. Per Patient Rating: we are replacing the rates for ER/urgent care with a more generic version (for which we have obtained approval in several other states) that is broader in scope. There is no rate impact.
3. We have incorporated our Experience Rating procedure in the Rate Manual. There is no rate impact, since we cannot determine when opportunities for the use of the experience rating model will arise. The intent of Experience Rating is to reflect better the actual loss experience in the future rates.
4. We are proposing a 50% schedule rating minimum/maximum in replacement of our current 25% model, in accordance with the majority of the Illinois carriers. There is no rate impact, since we cannot determine the actual usage of this rule. The overall debits and credits could balance out. For very large groups, this change could result in more realistic and proper rating.
5. We have incorporated a pro-rata approach on tail calculations of 1st year policies that

cancel. There is no estimated rate impact, since we cannot determine if or when such policies will request cancellation and tail quotes.

6. We are changing our minimum premium from \$1250 to \$500 to be consistent with other states. This is an unknown, but small overall rate reduction.

7. Claims made step factors have been lengthened from 4 to 5 years and adjusted slightly to be consistent with market carriers. The overall rate impact is \$0.

These changes are minor, and I believe that these proposed changes will not result in rates that are excessive, inadequate or unfairly discriminatory.

Sincerely,

Richard J. Roth Jr.

Richard J. Roth Jr.
Bickerstaff, Whatley, Ryan & Burkhalter

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, BRUCE ARNOLD a duly authorized officer of MEDICUS INSURANCE 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, Richard J Roth Jr, a duly authorized actuary of Bickerstaff, Whatley, Ryan & Burkhalter (consulting actuaries) am authorized to certify on behalf of Medicus Insurance Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

Bruce Arnold, Assistant President 5/21/08
Signature and Title of Authorized Insurance Company Officer Date

Richard J. Roth Jr. FCAS, Consulting Actuary 5/12/08
Signature, Title and Designation of Authorized Actuary Date
Re: Modifications to Ancillary rates, Per Patient Rating, Experience Rating, Schedule Rating, Minimum Premiums, and certain tail factors.

Insurance Company FEIN 20-5623491 Filing Number IL-052108-RULES

Insurer's Address 8500 Shoal Creek Blvd Bldg 63 512 200.

City Austin State TX Zip Code 78757

Contact Person's:
-Name and E-mail BRUCE ARNOLD barnold@medicusins.com

-Direct Telephone and Fax Number 512 879 5103 ; 877-686-0558



MANUAL

SECTION I

GENERAL RULES

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS AND NON-PHYSICIAN HEALTH CARE PROVIDERS

I. APPLICATION OF MANUAL

This manual specifies rules, rates, premiums, classifications and territories for the purpose of providing professional liability coverage to the physicians, surgeons, their professional associations and employed health care providers.

II. APPLICATION OF GENERAL RULES

These rules apply to all sections of this manual. Any exceptions to these rules are contained in the respective section, with reference thereto.

All other rules, rates and rating plans filed on behalf of the Company and not in conflict with these pages shall continue to apply.

III. POLICY TERM

Policies will be written for a term of one year, and renewed annually thereafter, but the policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year under a short term policy period.

IV. LOCATION OF PRACTICE

The rates as shown in this manual contemplate the exposure as being derived from professional practice or activities within a single rating territory. However, should an insured practice in more than one rating territory and/or state, the following rule shall apply. If 10% or less of an insured's practice is in a higher rated territory, we use the lower rated territory. If more than 10% of an insured's practice is in a higher rated territory, we use the higher rated territory.

V. PREMIUM COMPUTATION

- A. Compute the premium at policy inception using the rules, rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.

- B. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

VI. FACTORS OR MULTIPLIERS

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

VII. WHOLE DOLLAR RULE

In the event the application of any rating procedure applicable in accordance with this manual produces a result that is not a whole dollar, each rate and premium shall be adjusted as follows:

- A. any amount involving \$.50 or over shall be rounded up to the next highest whole dollar amount; and
- B. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

VIII. ADDITIONAL PREMIUM CHARGES

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

IX. RETURN PREMIUM FOR MID-TERM CHANGES

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata when any coverage or exposure is deleted or an amount of insurance is reduced.
- C. Retain the Policy Minimum Premium.

X. POLICY CANCELLATIONS

- A. Compute return premium pro rata using the rules, rates and rating plans in effect at the inception of this policy period when:
 - 1. A policy is canceled at the Company's request,
 - 2. the insured no longer has a financial and an insurable interest in the property or operation that is the subject of the insurance; or
- B. If cancellation is for any other reason than stated in A. above, compute the return premium on a standard short rate basis for the one-year period.

- C. Retain the Policy Minimum Premium when the insured requests cancellation except when coverage is canceled as of the inception date.

XI. POLICY MINIMUM PREMIUM

1. The applicable minimum premium is determined by the type of health care provider shown on the appropriate Rate Pages.
2. Minimum Premiums will be combined for a policy that provides coverage for more than one type of health care provider.

XII. PREMIUM PAYMENT PLAN

The Company will offer the insured premium payment options, outlined on Page 28.

XIII. COVERAGE

Coverage is provided on a Claims-Made basis. Coverage under the policy shall be as described in the respective Insuring Agreements. The coverages will be rated under Standard Claims-Made Rates.

XIV. BASIC LIMITS OF LIABILITY

Basic Limits of Liability shall be those shown as applicable to the respective insureds.

XV. INCREASED LIMITS OF LIABILITY

Individual Limits of Liability will be modified by Increased Limits factors as applicable for the respective insureds and used to develop the applicable premium.

XVI. PRIOR ACTS COVERAGE

The policy shall be extended to provide prior acts coverage in accordance with the applicable retroactive date(s). The retroactive date can be advanced only at the request or with the written acknowledgment of the insured, subject to underwriting.

XVII. EXTENDED REPORTING PERIOD COVERAGE

The availability of Extended Reporting Period Coverage shall be governed by the terms and conditions of the policy and the following rules:

- A. The retroactive date of coverage will determine the years of prior exposure for Extended Reporting Period Coverage.
- B. The Limits of Liability may not exceed those afforded under the terminating policy, unless otherwise required by statute or regulation.
- C. The premium for the Extended Reporting Period Coverage shall be determined by applying the Extended Reporting Period Coverage rating factors shown on Page 28.
- D. Premium is fully earned and must be paid in full within 30 days of the expiration of the policy.

- E. The Reporting Period is unlimited.
- F. The Insured has 30 days after the policy is terminated to purchase the extended reporting period. The Extended Reporting Endorsement must be offered regardless of the reason for the termination.

XVIII. PREMIUM MODIFICATIONS

Schedule Rating

| | |
|-------------------------|---------|
| Physicians and Surgeons | +/- 50% |
| Healthcare Providers | +/- 50% |

- END OF SECTION I-

SECTION II

MANUAL PAGES FOR CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS

I. APPLICATION OF MANUAL

- A. This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for the following Health Care Entities:
 - 1. Professional Corporations, Partnerships and Associations
- B. For the purpose of these rules, an entity consists of physicians, dentists and/or allied health care providers rendering patient care who:
 - 1. Are comprised of 2 or more physicians;
 - 2. Are organized as a legal entity;
 - 3. Maintain common facilities (including multiple locations) and support personnel; and
 - 4. Maintain medical/dental records of patients of the group as a historical record of patient care.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

- A. Claims-Made Coverage
 - \$1,000,000 Per Claim
 - \$3,000,000 Aggregate

III. PREMIUM COMPUTATION

The premium for professional corporations, partnerships and associations, limited liability companies, or other entity may be written with a separate limit of liability and shall be computed in the following manner:

The premium charge will be a percentage (selected from the table below) of the sum of each member physician's net individual premium. For each member physician not individually insured by the Company, a premium charge will be made equal to 30% of the appropriate specialty rate if the Company agrees to provide such coverage. In order for the entity to be eligible for coverage, the Company must insure all member physicians or at least 60% of the physician members must be insured by the Company, and the remaining physicians must be insured by another professional liability program acceptable to the company.

| Number of Insureds | Percent |
|--------------------|---------|
| 1 | 25% |
| 2-5 | 12% |
| 6-9 | 10% |
| 10-19 | 9% |
| 20-49 | 7% |
| 50 or more | 5% |

IV. CLASSIFICATIONS

A. Corporations, Partnerships and Associations

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Not otherwise identified as a Miscellaneous Entity.

B. Miscellaneous Entities

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Including the following types of entities:
 - a. Urgent Care Center
 - b. Surgi Center
 - c. MRI Center
 - d. Renal Dialysis Center
 - e. Peritoneal Dialysis Center

V. PREMIUM MODIFICATIONS

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company. The premium for a risk may be modified in accordance with a maximum modification indicated under D1 on this page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule-rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified on Page 30.

B. Manual Rates

1. Corporations, Partnerships & Associations Rating Factors

As referenced in III on Pages 5 and 6:

Per Table on Page 6 - Separate Corporate Limits

0% - Shared Corporate Limits

2. Miscellaneous Entities

Not eligible under this Filing.

C. Policy Writing Minimum Premium

The applicable minimum premium is based upon the policy issued to the physicians and surgeons. Only one minimum premium applies of \$500.

D. Premium Modifications

1. Schedule Rating—Partnerships & Corporations

| | |
|-----------------------|---------|
| Physician & Surgeons | +/- 50% |
| Health Care Providers | +/- 50% |

2. Self-Insured Retention Credits - See Section III.V.B

- END OF SECTION II-

SECTION III

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS, AND NON-PHYSICIAN HEALTHCARE PROVIDERS

I. APPLICATION OF MANUAL

This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for Physicians/Surgeons and employed or associated non-physician health care providers.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

Claims-Made Coverage

\$1,000,000 Per Claim

\$3,000,000 Aggregate

III. PREMIUM COMPUTATION

The premium shall be computed by applying the rate per physician, surgeon or non-physician health care provider shown on Page 21, in accordance with each individual's medical classification and class plan designation.

IV. CLASSIFICATIONS

A. Physicians/Surgeons and Non Physician Health Care Providers

1. Each medical practitioner is assigned a Rate Class according to his/her specialty. When more than one classification is applicable, the highest rate classification shall apply.
2. The Rate Classes are found on Pages 14-19 of this Manual.

B. Part Time Physicians

1. A physician who is determined to be working 20 hours or less a week may be considered a part time practitioner and may be eligible for a reduction in the otherwise applicable rate for that specialty. The criteria and commensurate credit for a part time practitioner are identified in Section III of this Manual.

2. A Part Time Practitioner may include any practitioner in classes 1 through 8 only, as identified in the class plan. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.
3. The part time credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

C. Physicians in Training

1. Following graduation from medical school, a physician may elect to enter additional training periods. For rating purposes, they are defined as follows:
 - a. First Year Resident (or Intern) - 1 year period immediately following graduation. During this period a physician may or may not be licensed, depending upon state requirements.
 - b. Resident - various lengths of time depending upon medical specialty; 3 years average. Following first year residency, generally licensed M.D. Upon completion of residency program, physician becomes board eligible.
 - c. Fellow - Follows completion of residency and is a higher level of training.
2. Coverage is available for activities directly related to a physician's training program. The coverage will not apply to any professional services rendered after the training is complete.
 - a. Interns, Residents and Fellows are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for activities directly related to an accredited training program. The applicable credit is stated on Page 26.
3. The credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

D. Locum Tenens Physician

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.
2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.

3. Limits will be shared between the insured physician and the physician substituting for him/her and will be endorsed onto the policy.

E. New Physician

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
 - a. Residency;
 - b. Fellowship program in their medical specialty
 - c. Fulfillment of a military obligation in remuneration for medical school tuition;
 - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown on Page 26. No other credits are to apply concurrent with this rule.

F. Physician Teaching Specialists

1. Coverage is available for faculty members of an accredited training program. The coverage will not apply to any professional services rendered in the insured's private practice.
 - a. Faculty members are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for teaching activities related to an accredited training program. Refer to L.5 on page 26 to determine the applicable credit.
2. Coverage is available for the private practice of a physician teaching specialist. The coverage will not apply to any aspect of the insured's teaching activities.
 - a. The premium will be based upon the otherwise applicable physician rate and the average number of hours per week devoted to teaching activities.
 - b. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.
 - c. No other credits are to apply concurrent with this rule.

d. The applicable percentages are presented on Page 26.

G. Physician's Leave of Absence

1. A physician who becomes disabled from the practice of medicine, or is on leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. The credit to be applied to the applicable rate is presented on Page 26.

V. **PREMIUM MODIFICATIONS**

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a risk may be modified in accordance with a maximum modification indicated on Page 30, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified on Page 30.

B. Risk Management

1% credit will apply for each Company approved CME hour of risk management completed, up to a maximum of 5% credit per year, or attendance at a Company approved seminar.

C. Deductible Credits

Deductibles may apply either to indemnity only or indemnity and allocated loss adjustment expenses (ALAE). Any discount will apply only to the primary limit

premium layer up to (\$1M/\$3M). Deductibles are subject to approval by the Company based on financial statements to be submitted by the insured and financial guarantees are required. The Company reserves the right to require acceptable securitization in the amount of the per claim and/or aggregate deductible amount from any insured covered by a policy to which a deductible is attached.

1. Individual Deductibles

Premium discounts for optional deductibles will be applied, per the table below, to the rate for the applicable primary limit:

| <u>INDEMNITY ONLY</u> | | <u>INDEMNITY AND ALAE</u> | |
|-----------------------------|-------|-----------------------------|-------|
| <u>DEDUCTIBLE PER CLAIM</u> | | <u>DEDUCTIBLE PER CLAIM</u> | |
| \$5,000 | 2.5% | \$5,000 | 6.5% |
| \$10,000 | 4.5% | \$10,000 | 11.5% |
| \$15,000 | 6.0% | \$15,000 | 15.0% |
| \$20,000 | 8.0% | \$20,000 | 17.5% |
| \$25,000 | 9.0% | \$25,000 | 20.0% |
| \$50,000 | 15.0% | \$50,000 | 30.5% |
| \$100,000 | 25.0% | \$100,000 | 40.0% |
| \$200,000 | 37.5% | \$200,000 | 55.0% |
| \$250,000 | 42.0% | \$250,000 | 58.0% |

The following Individual Deductibles are available on a Per Claim/Aggregate Basis. Premium discounts for optional deductibles will be applied, per the table below, to the rate for the applicable primary limit:

| <u>Indemnity Only</u> <u>Per Claim/Aggregate</u> | | <u>Indemnity & ALAE</u> <u>Per Claim/Aggregate</u> | |
|---|-------|---|-------|
| \$5000/15,000 | 2.0% | \$5000/15,000 | 5.5% |
| \$10,000/30,000 | 4.0% | \$10,000/30,000 | 10.5% |
| \$25,000/75,000 | 8.5% | \$25,000/75,000 | 19.0% |
| \$50,000/150,000 | 14.0% | \$50,000/150,000 | 29.5% |
| \$100,000/300,000 | 24.0% | \$100,000/300,000 | 43.0% |
| \$200,000/600,000 | 36.0% | \$200,000/600,000 | 53.5% |
| \$250,000/750,000 | 40.0% | \$250,000/750,000 | 56.5% |

2. Group Deductibles

An optional deductible, which limits the amount the entire group will have to pay, if multiple claims are made in a policy year, is available. Under this program, the per claim deductible continues to apply separately to each insured involved in a suit. However, the aggregate deductible applies to all insureds in the group combined thereby reducing the organization's maximum potential liability in a policy year. When the organization is insured with a separate limit of coverage, the organization is counted when totaling the number of insureds below. Group deductible amounts apply to primary premium up to \$1M/3M only. The applicable Deductible Discount will not change during the policy term despite changes in the number of insureds, but will be limited by any applicable maximum credit amount.

| <u>Indemnity Deductible</u> <u>Per Claim/Aggregate</u> (\$000) | <u>Number of Insureds</u> | | | | <u>Maximum</u> <u>Credit</u> |
|--|---------------------------|-------|-------|--------|---------------------------------|
| | 2-19 | 20-40 | 41-60 | 61-100 | |
| 5/15 | .020 | .018 | .015 | .012 | \$10,500 |
| 10/30 | .038 | .035 | .030 | .024 | 21,000 |
| 25/75 | .084 | .079 | .070 | .058 | 52,500 |
| 50/150 | .145 | .139 | .127 | .109 | 105,000 |
| 100/300 | .234 | .228 | .216 | .196 | 120,000 |
| 200/600 | .348 | .346 | .338 | .321 | 420,000 |
| 250/750 | .385 | .385 | .381 | .368 | 525,000 |

The following Group Deductibles are available for Indemnity & ALAE.

| Indemnity & ALAE Deductible Per Claim/Aggregate (\$000) | Number of Insureds | | | | Maximum Credit |
|--|--------------------|-------|-------|--------|-------------------|
| | 2-19 | 20-40 | 41-60 | 61-100 | |
| 5/15 | .029 | .026 | .021 | .017 | \$12,750 |
| 10/30 | .068 | .063 | .054 | .043 | 25,500 |
| 25/75 | .119 | .112 | .099 | .082 | 63,750 |
| 50/150 | .186 | .179 | .163 | .140 | 127,500 |
| 100/300 | .258 | .252 | .239 | .216 | 255,000 |
| 200/600 | .396 | .394 | .385 | .366 | 510,000 |
| 250/750 | .467 | .467 | .462 | .446 | 637,500 |

D. Experience Rating

This plan applies to physicians and surgeons medical professional liability risks contained in medical groups. As used in this plan, the term “risk” means the exposures of medical groups which have common management, a common and mutually agreed risk management program or a financial relationship among all members which encourages high levels of quality control and a reduction in liability claims.

On an optional basis, large risks with sufficiently credible loss experience may be loss-rated to develop an appropriate premium. To be eligible for loss rating, a group must have at least for the latest 10-year period and at least \$100,000 in estimated annual premium.

The experience period will be the latest completed 10 years. If 10 years are not available, consideration will be given to at least 5 complete years.

Losses are developed to ultimate and trended to cost levels for the proposed policy year. Losses will be capped at \$250,000 per loss.

The experience period does not include the 12-month period immediately prior to the effective date of the experience modification.

The experience rating modification is calculated using the following formula:

$$\text{Credibility} \times \frac{\text{Adjusted Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} = \text{Experience Mod.}$$

Since the experience rating plan is applied on an individual risk basis, the final impact of these changes varies by individual medical group based on risk size and loss experience by year. As a result, the

anticipated overall rate impact due to the changes in the experience rating plan is indeterminable. However, the primary purpose of this plan and the revisions is to more accurately distribute the cost of insurance among eligible insureds.

E. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit, based upon the number of years the Insured has been claim free. A schedule is provided on Page 26 under M.

F. Individual Risk Rating

A risk may be individually rated by submitting a filing to the Illinois Department of Insurance, in accordance with Section 155.18(b)(4) of the Illinois Insurance Code. The code allows us to modify classification rates to produce rates for individual risks. Modifications of classifications of risks may be based upon size, expense, management, individual experience, location or dispersion of exposure, and shall apply to all risks under the same or substantially the same circumstances or conditions. We must list the standards by which variations in hazards or expense provisions are measured, in order to determine that a specific risk is so different in hazard/expense that it warrants individual rating.

VI. MODIFIED PREMIUM COMPUTATION

A. Slot Rating

1. Coverage for group practices is available, at the Company's discretion, on a slot basis rather than on an individual physician basis. The slot endorsement will identify the individuals and practice settings that are covered. Coverage will be provided on a shared limit basis for those insureds moving through the slot or position.
2. The applicable manual rate will be determined by the classification of the slot. Policies rated as a Standard Claims Made policy will utilize the retroactive date of the slot. Extended Reporting Period Coverage may be purchased for the slot based on the applicable retroactive date, classification and limits.
3. Premium modifications for new physician, part time, moonlighting, teaching, risk management or loss free credit may not be used in conjunction with this rating rule, unless approved by the Underwriting Vice President.

B. Requirements for Waiver of Premium for Extended Reporting Period Coverage.

1. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be returned and Extended Reporting Period Coverage will be granted for no additional charge, subject to policy provisions.
2. Upon termination of coverage under this policy by reason of total disability from the practice of medicine or at or after age 55, permanent retirement by the insured after five consecutive claims made years with the Company, Extended Reporting Period Coverage will be granted for no additional charge subject to policy provisions.
3. The Reporting Period is unlimited.

C. Blending Rates

A blended rate may be computed when a physician discontinues, reduces or increases his specialty or classification, and now practices in a different specialty or classification. For example, if an OB/GYN discontinues obstetrics, but continues to practice gynecology, his new blended rate will be the sum of the indicated OB/GYN and GYN rates, each weighted, at inception of the change, by 75% and 25%, respectively. The second and third year weights will be modified by 25%, descending and ascending respectively, until the full GYN rate is achieved at the start of the fourth year.

D. Per Patient Visit Rating

1. Standard Claims Made coverage for group practices is available, at the Company's option, on a per patient visit basis rather than on an individual physician basis. Coverage is provided on a shared or individual physician limit basis.
2. The number of patient visits equivalent to a physician year is 2500 hours times the applicable rate of visits per hour. The rate of visits per hour is derived from the group's historical experience, subject to a minimum rate of 1 visit per hour and a maximum rate of 3 visits per hour.
3. The applicable medical specialty rate is divided by the equivalent patient visits resulting in the patient visit rate to be applied to the visits projected for the policy period. The product of the patient visit rate and the projected visits results in the indicated manual premium.
4. The annual visits reported to the Company for rating purposes are subject to audit, at the Company's discretion.
5. Premium modifications for new physician, part time, teaching, risk management or claim free credit cannot be used in conjunction with this rating rule.

VII. PREMIUM COMPUTATION DETAILS

A. Classifications

1. Applicable to Standard Claims-Made Programs.
2. The following classification plan shall be used to determine the appropriate rating class for each individual insured.

PHYSICIANS & SURGEONS

CLASS 1

Allergy/Immunology
Forensic Medicine
Occupational Medicine
Otorhinolaryngology-NMRP, NS
Physical Med. & Rehab.

Public Health & Preventative Med
Other, Specialty NOC

CLASS 2

Dermatology
Endocrinology
Geriatrics
Ophthalmology-NS
Pathology
Podiatry, No Surgery
Psychiatry
Rheumatology
Other, Specialty NOC

CLASS 3

Pediatrics-NMRP
Other, Specialty NOC

CLASS 4

Diabetes

Family Practice-NMRP, NS
General Practice-NMRP, NS
General Surgery-NMRP
Hematology
Industrial Medicine
Neurosurgery-NMRP, NMajS
Nuclear Medicine
Oncology
Ophthalmic Surgery
Oral/Maxillofacial Surgery
Orthopaedics-NMRP, NS
Radiation Oncology
Thoracic Surgery-NMRP, NS
Other, Specialty NOC

CLASS 5

Cardiovascular Disease-NMRP,
NS
Infectious Disease
Nephrology-NMRP
Other, Specialty NOC

CLASS 6

Gynecology-NMRP, NS
Internal Medicine-NMRP
Certified Registered Nurse
Anesthetist
Other, Specialty NOC

CLASS 7

Anesthesiology
Nephrology-MRP
Podiatry, Surgery
Pulmonary Diseases
Radiology-NMRP
Other, Specialty NOC

CLASS 8

Cardiac Surgery-MRP, NMajS

Cardiovascular Disease-Spec.
MRP
Gastroenterology
General Surgery-MRP, NMajS
Hand Surgery-MRP, NMajS
Internal Medicine-MRP
Neurology
Orthopaedics-MRP, NMajS

Otorhinolaryngology-MRP, NMajS
Pediatrics-MRP
Radiology-MRP
Urology-MRP, NMajS
Vascular Surgery-MRP, NMajS
Other, Specialty NOC

CLASS 9

Family Practice-MRP, NMajS
General Practice-MRP, NMajS
Other, Specialty NOC

CLASS 10

Neurosurgery-MRP, NMajS
Urological Surgery
Other, Specialty NOC

CLASS 11

Cardiovascular Disease-MRP
Colon Surgery
Emergency Medicine-NMajS,
prim
Gynecology/Obstetrics-MRP,
Nmaj
Otorhinolaryngology; No Elective
Plastic
Radiology-MajRP
Other, Specialty NOC

CLASS 12

Emergency Medicine-MajS
Family Practice-not primarily
MajS
General Practice-NMajS, prim
Gynecological Surgery
Hand Surgery
Head/Neck Surgery

Otorhinolaryngology; Head/Neck
Other, Specialty NOC

CLASS 13

General Surgery
Certified Nurse Midwife
Other, Specialty NOC

CLASS 14

Neonatology
Otorhinolaryngology; Other Than
Head/Neck
Plastic Surgery
Other, Specialty NOC

CLASS 15

Orthopaedic Surgery s/o Spine
Other, Specialty NOC

CLASS 16

Cardiac Surgery
Thoracic Surgery
Vascular Surgery
Other, Specialty NOC

CLASS 17

Obstetrical/Gynecological
Surgery
Other, Specialty NOC

CLASS 18

Neurosurgery-No Intracranial
Surgery
Orthopaedic Surgery wSpine
Other, Specialty NOC

CLASS 19

Neurosurgery
Other, Specialty NOC

MEDICAL PROCEDURE DEFINITIONS

NMRP: NOMINAL MINOR RISK PROCEDURE

NS: NO SURGERY

NOC: NOT OTHERWISE CLASSIFIED

NMAJS: NO MAJOR SURGERY

MRP: MINOR RISK PROCEDURES

MAJRP: MAJOR RISK PROCEDURES

NON PHYSICIAN HEALTH CARE PROVIDERS

Class X

Fellow, Intern, Optician, Resident, Social Worker

Class Y

Optometrist, Physical Therapist, X-Ray and Lab Technicians

Class Z

Nurse Practitioner – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Physician Assistant – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Psychologist – Class 1

Certified Registered Nurse Anesthetist

Shared Limits – 20% times Anesthesiologist rate

Separate Limits – 25% times Anesthesiologist rate

Certified Nurse Midwife – No complicated OB or surgery

Shared Limits – Not available

Separate Limits – 50% of OB/GYN rate

B. Territory Definitions

TERRITORY 1 COUNTIES

Cook, Jackson, Madison, St. Clair and Will

TERRITORY 2 COUNTIES

Lake, Vermillion

TERRITORY 3 COUNTIES

Kane, McHenry, Winnebago

TERRITORY 4 COUNTIES

DuPage, Kankakee, Macon

TERRITORY 5 COUNTIES

Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Ogle, Randolph

TERRITORY 6 COUNTIES

Grundy, Sangamon

TERRITORY 7 COUNTIES

Peoria

TERRITORY 8 COUNTIES

Remainder of State

Medicus Insurance Company

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C. Standard Claims Made Program Step Factors

| | |
|----------------------|------|
| First Year: | 25% |
| Second Year: | 50% |
| Third Year: | 78% |
| Fourth Year: | 90% |
| Fifth Year (Mature): | 100% |

Mature Rates for Physicians and Surgeons (Claims-made):

\$1,000,000 / 3,000,000

| Class | Medical Specialty | Terr 1 | Terr 2 | Terr 3 | Terr 4 | Terr 5 | Terr 6 | Terr 7 | Terr 8 |
|--------------|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1 | Allergy/Immunology | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Forensic Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Occupational Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Otorhinolaryngology- NMRP, NS | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Physical Med. & Rehab. | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Public Health & Preventative Med | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Other, Specialty NOC | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|-------|--------|
| 2 | Dermatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Endocrinology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Geriatrics | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Ophthalmology-NS | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Pathology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Podiatry, No Surgery | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Psychiatry | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Rheumatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Other, Specialty NOC | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 3 | Pediatrics-NMRP | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |
| 3 | Other, Specialty NOC | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |

| | | | | | | | | | |
|---|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 4 | Diabetes | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Family Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Surgery-NMRP | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Hematology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Industrial Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Neurosurgery-NMRP, NMajS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Nuclear Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Ophthalmic Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oral/Maxillofacial Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Orthopaedics-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Radiation Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Thoracic Surgery- NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |

| | | | | | | | | | |
|----|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 4 | Other, Specialty NOC | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 5 | Cardiovascular Disease-NMRP, NS | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Infectious Disease | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Nephrology-NMRP | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Other, Specialty NOC | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 6 | Gynecology-NMRP, NS | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Internal Medicine-NMRP | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Other, Specialty NOC | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 7 | Anesthesiology | 37,159 | 33,595 | 31,813 | 28,231 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Nephrology-MRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Podiatry, Surgery | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Pulmonary Diseases | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Radiology-NMRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Other, Specialty NOC | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 8 | Cardiac Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Cardiovascular Disease-Spec. MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Gastroenterology | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | General Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Hand Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Internal Medicine-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Neurology | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Orthopaedics-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Otorhinolaryngology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Pediatrics-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Radiology-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Urology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Vascular Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Other, Specialty NOC | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 9 | Family Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | General Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | Other, Specialty NOC | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 10 | Neurosurgery-MRP, NMajS | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |

| | | | | | | | | | |
|----|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 10 | Urological Surgery | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 10 | Other, Specialty NOC | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |

| | | | | | | | | | |
|----|--|--------|--------|--------|--------|--------|--------|--------|--------|
| 11 | Cardiovascular Disease-MRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Colon Surgery | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Emergency Medicine-NMajS, prim | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Gynecology/Obstetrics-MRP, Nmaj | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Otorhinolaryngology; No Elective Plastic | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Radiology-MajRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Other, Specialty NOC | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |

| | | | | | | | | | |
|----|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 12 | Emergency Medicine-MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Family Practice-not primarily MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | General Practice-NMajS, prim | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Gynecological Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Hand Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Head/Neck Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Otorhinolaryngology; Head/Neck | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Other, Specialty NOC | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |

| | | | | | | | | | |
|----|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 13 | General Surgery | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |
| 13 | Other, Specialty NOC | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |

| | | | | | | | | | |
|----|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 14 | Neonatology | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Otorhinolaryngology; Other Than Head/Neck | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Plastic Surgery | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Other, Specialty NOC | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |

| | | | | | | | | | |
|----|-------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|
| 15 | Orthopaedic Surgery s/o Spine | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |
| 15 | Other, Specialty NOC | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |

| | | | | | | | | | |
|----|----------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 16 | Cardiac Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Thoracic Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Vascular Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Other, Specialty NOC | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |

| | | | | | | | | | |
|----|---------------------------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 17 | Obstetrical/Gynecologic al Surgery | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |
| 17 | Other, Specialty NOC | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |

| | | | | | | | | | |
|----|---|---------|---------|---------|---------|--------|--------|--------|--------|
| 18 | Neurosurgery-No Intracranial Surgery | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Orthopaedic Surgery wSpine | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Other, Specialty NOC | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |

| | | | | | | | | | |
|----|----------------------|---------|---------|---------|---------|---------|---------|--------|---------|
| 19 | Neurosurgery | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |
| 19 | Other, Specialty NOC | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |

D. Mature Rates for non Physician Health Care Providers

Class X equals 0% of the Class 1 Physician/Surgeon rate, for shared limits; 10% of Class 4 rate for separate limits.

Class Y equals 0% of the Class 1 Physician/Surgeon rate, for shared limits; 15% of the Class 4 rate for separate limits.

Class Z equals 10% of the Class 1 Physician/Surgeon rate for shared limits; 25% of Class 1 Physician/Surgeon rate for separate limits.

Note any non-Physician Health Care Providers in Classes X, Y, or Z with exposure in the Emergency Room will require the referenced factor times the Class 11 rate.

E. Decreased Limit Factors:

| Limit | All Classes |
|---------|-------------|
| 1M/3M | 1.000 |
| 500/1.0 | .7199 |
| | |
| | |

F. Extended Reporting Period Coverage Factors:

(1)

| <u>Year</u> | <u>Factor</u> |
|-----------------|---------------|
| 1 st | 3.30 |
| 2 nd | 3.15 |
| 3 rd | 2.40 |
| 4 th | 2.00 |

(2) For First Year Claims Made step, the corresponding factor above is applied pro-rata. For Second Year and all years of maturity, the corresponding factor above is applied to the expiring premium.

(2) The Reporting Period is unlimited.

G. Shared Limits Modification:

Not available.

H. Policy Writing Minimum Premium:

Physicians & Surgeons - \$500.

I. Policy Writing Minimum Premium:

Non-Physician Healthcare Providers - \$500

J. Separate Limits for Non-Physician and Surgeon Healthcare Providers Modification:

Class X: 20% of Class 1

Class Y: 25% of Class 1

Class Z: 35% of Class 1

K. Premium Modifications

For individual physicians and surgeons:

1. Part Time Physicians & Surgeons – 30%
2. Physicians in Training – 1st Year Resident 50%; Resident 40%; Fellow 30%.
3. Locum Tenens – no premium, subject to prior underwriting approval
4. New Physicians & Surgeons – 30% for the first two years of practice
5. Physician Teaching Specialists – Non-surgical 50%; Surgical 40%.
6. Physicians Leave of Absence – full suspension of insurance and premium for up to one year, subject to underwriting approval

L. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit based on the following schedule:

- (i) If claim free for 3 years but less than 5 years, a 5% credit shall be applied at the policy inception date.
- (ii) If claim free for 5 years but less than 8 years, a 10% credit shall be applied at the policy inception date.
- (iii) If claim free for 8 years but less than 10 years, a 15% credit shall be applied at the policy inception date.
- (iv) If claim free for 10 years or more, a credit of 20% shall be applied at the policy inception date.

A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.

M. Schedule Rating

| | |
|---|---|
| 1. Historical Loss Experience +/- 25% | The frequency or severity of claims for the insured(s) is greater/less than the expected experience for an insured(s) of the same classification/size or recognition of unusual circumstances of claims in the loss experience. |
| 2. Cumulative Years of Patient Experience. +/- 10% | The insured(s) demonstrates a stable, longstanding practice and/or significant degree of experience in their current area of medicine. |
| 3. Classification Anomalies. +/- 25% | Characteristics of a particular insured that differentiate the insured from other members of the same class, or recognition of recent developments within a classification or jurisdiction that are anticipated to impact future loss experience. |
| 4. Claim Anomalies +/- 25% | Economic, societal or jurisdictional changes or trends that will influence the frequency or severity of claims, or the unusual circumstances of a claim(s) which understate/overstate the severity of the claim(s). |
| 5. Management Control Procedures. +/- 10% | Specific operational activities undertaken by the insured to reduce the frequency and/or severity of claims. |
| 6. Number /Type of Patient Exposures. +/- 10% | Size and/or demographics of the patient population which influences the frequency and/or severity of claims. |
| 7. Organizational Size / Structure. +/- 10% | The organization's size and processes are such that economies of scale are achieved while servicing the insured. |
| g. Medical Standards, Quality & Claim Review. +/- 10% | Presence of (1) committees that meet on a routine basis to review medical procedures, treatments, and protocols and then assist in the integration of such into the practice, (2) Committees that meet to assure the quality of the health care services being rendered and/or (3) Committees to provide consistent review of claims/incidents that have occurred and to develop corrective action. |
| 9. Other Risk Management Practices and Procedures. +/- 10% | Additional activities undertaken with the specific intention of reducing the frequency or severity of claims. |
| 10. Training, Accreditation & Credentialing. +/- 10% | The insured(s) exhibits greater/less than normal participation and support of such activities. |
| 11. Record - Keeping Practices. +/- 10% | Degree to which insured incorporates methods to maintain quality patient records, referrals, and test results. |
| 12. Utilization of Monitoring Equipment, Diagnostic Tests or Procedures +/- 10% | Demonstrating the willingness to expend the time and capital to incorporate the latest advances in medical treatments and equipment into the practice, or failure to meet accepted standards of care. |

| | |
|----------------------|-----------|
| Maximum Modification | + / - 50% |
|----------------------|-----------|

N. Deductible Credits

See V.C on Page 12.

O. Experience Rating

See V.D on Page 14.

P. Slot Rating for groups, subject to Underwriting

See VI.A on Page 13.

Q. Mandatory Quarterly Payment Option.

For medical liability insureds whose annual premiums total \$500 or more, the plan must allow the option of quarterly payments.

- (v) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- (vi) The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- (vii) No interest charges;
- (viii) Installment charges or fees of no more than the lesser of 1% of the total premium or \$25, whichever is less; and
- (ix) A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Non-Mandatory Quarterly Payment Option.○

- (x) For medical liability insureds whose annual premiums are less than \$500, insurers may, but are not required to, offer quarterly installment , premium payment plans.
- (xi) For insureds who pay a premium for any extension of a reporting period, insurers may, but are not required to, offer quarterly installment, premium payment plans.
- (xii) If an insurer offers any quarterly payments under this subsection, (g) Non-Mandatory Quarterly Payment Options, they must be offered to all medical liability insureds.

Quarterly installment premium payment plans subject to (R) above shall be included in the initial offer of the policy, or in the first policy renewal. Thereafter, the insurer may, but need not, re-offer the payment plan, but if an insured requests the payment plan at a later date, the insurer must make it available.

Neuman, Gayle

From: Neuman, Gayle
Sent: Thursday, November 13, 2008 11:08 AM
To: 'Paula Battistelli'
Subject: Medicus Filing #IL-052108-Rates/Rules

Ms. Battistelli,

This filing was received in May, 2008. The Rate/Rule Filing Schedule indicates "rate neutral" and an overall rate impact of -1.14%. Additionally, the letter prepared by Richard J. Roth, Jr. indicates a rate reduction of "slightly more than 1%". Therefore, a RF-3 Summary Sheet should be submitted indicating the rate change. Additionally, there is no actuarial information submitted to support the letter from Mr. Roth. This will be required for our review of this filing.

Pursuant to 50 Ill. Adm. Code 754.10, identification of all changes must be highlighted. We request a copy of the manual be provided showing every word or number that was changed. Additionally, we require you certify that nothing else has changed from what was previously filed except for the changes brought to our attention in this filing.

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?

We request receipt of your response by December 1, 2008.

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

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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

11/13/2008

NOTE TO FILING:

On 11/26/08, Paula Battistelli of Medicus called me. She indicated the actuaries had changed since the filing was submitted (they no longer utilize Mr. Roth). I told her to just indicate that in her response (however, she didn't).

In reviewing the RF-3 submitted on 12/9/08, these numbers don't seem to correspond with the numbers referenced in the initial submission. Therefore, I will let this information be reviewed by our actuaries for validation. They can obtain the required actuarial information needed for review.

A handwritten signature in black ink, appearing to be the initials 'JR' or similar, located in the lower right quadrant of the page.

Neuman, Gayle

From: Paula Battistelli [pbattistelli@medicusins.com]
Sent: Monday, December 08, 2008 5:21 PM
To: Neuman, Gayle
Cc: Jeff Weigl
Subject: Re: Medicus Filing #IL-052108-Rates/Rules
Attachments: rf-3 05_21_08.pdf; ATT1457844.htm; Rate Impact Chart.pdf; ATT1457845.htm; Track Changes IL Rate Manual 020708.pdf; ATT1457846.htm

Ms. Neumann,

Please see my comments below in green. I apologize for the delay in submitting this.

On Nov 13, 2008, at 11:08 AM, Neuman, Gayle wrote:

Ms. Battistelli,

This filing was received in May, 2008. The Rate/Rule Filing Schedule indicates "rate neutral" and an overall rate impact of -1.14%. Additionally, the letter prepared by Richard J. Roth, Jr. indicates a rate reduction of "slightly more than 1%". Therefore, a RF-3 Summary Sheet should be submitted indicating the rate change.

An RF-3 summary has been attached.

Additionally, there is no actuarial information submitted to support the letter from Mr. Roth. This will be required for our review of this filing.

Please see the attached rate impact table.

Pursuant to 50 Ill. Adm. Code 754.10, identification of all changes must be highlighted. We request a copy of the manual be provided showing every word or number that was changed. Additionally, we require you certify that nothing else has changed from what was previously filed except for the changes brought to our attention in this filing.

A copy of the manual with changes highlighted has been attached. I certify that nothing else has changed from what was previously filed except for the changes brought to your attention.

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?

Medicus gathers and reports its statistics.

We request receipt of your response by December 1, 2008.

12/9/2008

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

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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Thank you so much for your patience. Please contact me if you have any questions. Happy Holidays.

Paula Battistelli
Regulatory Compliance Coordinator
Medicus Insurance Company
Direct: (512) 879-5128
Fax: (877) 686-0558
Email: pbattistelli@medicusins.com

12/08/08

MEDICUS IL-052108-Rates/Rules Rate Impact Table

| Total IL Prem | Total Ancillary Prem | Total Anc. | Total Prem w | % Change for |
|---------------|----------------------|--------------|---------------|--------------|
| 052208 | 05/22/08 | Prem Rerated | New Ancillary | Entire State |
| \$12,242,175 | \$18,489 | \$9,783 | Rules | -0711 |
| | | | \$12,233,469 | |



MANUAL

SECTION I

GENERAL RULES

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS AND NON-PHYSICIAN HEALTH CARE PROVIDERS

I. APPLICATION OF MANUAL

This manual specifies rules, rates, premiums, classifications and territories for the purpose of providing professional liability coverage to the physicians, surgeons, their professional associations and employed health care providers.

II. APPLICATION OF GENERAL RULES

These rules apply to all sections of this manual. Any exceptions to these rules are contained in the respective section, with reference thereto.

All other rules, rates and rating plans filed on behalf of the Company and not in conflict with these pages shall continue to apply.

III. POLICY TERM

Policies will be written for a term of one year, and renewed annually thereafter, but the policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year under a short term policy period.

IV. LOCATION OF PRACTICE

The rates as shown in this manual contemplate the exposure as being derived from professional practice or activities within a single rating territory. However, should an insured practice in more than one rating territory and/or state, the following rule shall apply. If 10% or less of an insured's practice is in a higher rated territory, we use the lower rated territory. If more than 10% of an insured's practice is in a higher rated territory, we use the higher rated territory.

V. PREMIUM COMPUTATION

- A. Compute the premium at policy inception using the rules, rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.

- B. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

VI. FACTORS OR MULTIPLIERS

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

VII. WHOLE DOLLAR RULE

In the event the application of any rating procedure applicable in accordance with this manual produces a result that is not a whole dollar, each rate and premium shall be adjusted as follows:

- A. any amount involving \$.50 or over shall be rounded up to the next highest whole dollar amount; and
- B. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

VIII. ADDITIONAL PREMIUM CHARGES

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

IX. RETURN PREMIUM FOR MID-TERM CHANGES

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata when any coverage or exposure is deleted or an amount of insurance is reduced.
- C. Retain the Policy Minimum Premium.

X. POLICY CANCELLATIONS

- A. Compute return premium pro rata using the rules, rates and rating plans in effect at the inception of this policy period when:
 - 1. A policy is canceled at the Company's request,
 - 2. the insured no longer has a financial and an insurable interest in the property or operation that is the subject of the insurance; or
- B. If cancellation is for any other reason than stated in A. above, compute the return premium on a standard short rate basis for the one-year period.

- C. Retain the Policy Minimum Premium when the insured requests cancellation except when coverage is canceled as of the inception date.

XI. POLICY MINIMUM PREMIUM

- 1. The applicable minimum premium is determined by the type of health care provider shown on the appropriate Rate Pages.
- 2. Minimum Premiums will be combined for a policy that provides coverage for more than one type of health care provider.

XII. PREMIUM PAYMENT PLAN

The Company will offer the insured premium payment options, outlined on Page 28.

XIII. COVERAGE

Coverage is provided on a Claims-Made basis. Coverage under the policy shall be as described in the respective Insuring Agreements. The coverages will be rated under Standard Claims-Made Rates.

XIV. BASIC LIMITS OF LIABILITY

Basic Limits of Liability shall be those shown as applicable to the respective insureds.

XV. INCREASED LIMITS OF LIABILITY

Individual Limits of Liability will be modified by Increased Limits factors as applicable for the respective insureds and used to develop the applicable premium.

XVI. PRIOR ACTS COVERAGE

The policy shall be extended to provide prior acts coverage in accordance with the applicable retroactive date(s). The retroactive date can be advanced only at the request or with the written acknowledgment of the insured, subject to underwriting.

XVII. EXTENDED REPORTING PERIOD COVERAGE

The availability of Extended Reporting Period Coverage shall be governed by the terms and conditions of the policy and the following rules:

- A. The retroactive date of coverage will determine the years of prior exposure for Extended Reporting Period Coverage.
- B. The Limits of Liability may not exceed those afforded under the terminating policy, unless otherwise required by statute or regulation.
- C. The premium for the Extended Reporting Period Coverage shall be determined by applying the Extended Reporting Period Coverage rating factors shown on Page 25.
- D. Premium is fully earned and must be paid in full within 30 days of the expiration of the policy.

- E. The Reporting Period is unlimited.
- F. The Insured has 30 days after the policy is terminated to purchase the extended reporting period. The Extended Reporting Endorsement must be offered regardless of the reason for the termination.

XVIII. PREMIUM MODIFICATIONS

Schedule Rating

| | |
|-------------------------|-------|
| Physicians and Surgeons | +/-50 |
| Healthcare Providers | +/-50 |

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- END OF SECTION I-

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SECTION II

MANUAL PAGES FOR CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS

I. APPLICATION OF MANUAL

- A. This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for the following Health Care Entities:
 - 1. Professional Corporations, Partnerships and Associations
- B. For the purpose of these rules, an entity consists of physicians, dentists and/or allied health care providers rendering patient care who:
 - 1. Are comprised of 2 or more physicians;
 - 2. Are organized as a legal entity;
 - 3. Maintain common facilities (including multiple locations) and support personnel; and
 - 4. Maintain medical/dental records of patients of the group as a historical record of patient care.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

- A. Claims-Made Coverage
 - \$1,000,000 Per Claim
 - \$3,000,000 Aggregate

III. PREMIUM COMPUTATION

The premium for professional corporations, partnerships and associations, limited liability companies, or other entity may be written with a separate limit of liability and shall be computed in the following manner:

The premium charge will be a percentage (selected from the table below) of the sum of each member physician's net individual premium. For each member physician not individually insured by the Company, a premium charge will be made equal to 30% of the appropriate specialty rate if the Company agrees to provide such coverage. In order for the entity to be eligible for coverage, the Company must insure all member physicians or at least 60% of the physician members must be insured by the Company, and the remaining physicians must be insured by another professional liability program acceptable to the company.

| Number of Insureds | Percent |
|--------------------|---------|
| 1 | 25% |
| 2-5 | 12% |
| 6-9 | 10% |
| 10-19 | 9% |
| 20-49 | 7% |
| 50 or more | 5% |

IV. CLASSIFICATIONS

A. Corporations, Partnerships and Associations

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Not otherwise identified as a Miscellaneous Entity.

B. Miscellaneous Entities

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Including the following types of entities:
 - a. Urgent Care Center
 - b. Surgi Center
 - c. MRI Center
 - d. Renal Dialysis Center
 - e. Peritoneal Dialysis Center

V. PREMIUM MODIFICATIONS

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company. The premium for a risk may be modified in accordance with a maximum modification indicated under D1 on this page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule-rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified on Page 30.

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B. Manual Rates

1. Corporations, Partnerships & Associations Rating Factors

As referenced in III on Pages 5 and 6:

See Table on Page 6 - Separate Corporate Limits

0% - Shared Corporate Limits

2. Miscellaneous Entities

Not eligible under this Filing.

C. Policy Writing Minimum Premium

The applicable minimum premium is based upon the policy issued to the physicians and surgeons. Only one minimum premium applies of \$500.

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D. Premium Modifications

1. Schedule Rating—Partnerships & Corporations

| | |
|-----------------------|---------|
| Physician & Surgeons | +/- 50% |
| Health Care Providers | +/- 50% |

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Schedule Rating is not to be used in conjunction with Loss Rating.

2. Self-Insured Retention Credits - See Section III.V.B

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- END OF SECTION II-

SECTION III

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS, AND NON-PHYSICIAN HEALTHCARE PROVIDERS

I. APPLICATION OF MANUAL

This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for Physicians/Surgeons and employed or associated non-physician health care providers.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

Claims-Made Coverage

\$1,000,000 Per Claim

\$3,000,000 Aggregate

III. PREMIUM COMPUTATION

The premium shall be computed by applying the rate per physician, surgeon or non-physician health care provider shown on Page 21, in accordance with each individual's medical classification and class plan designation.

IV. CLASSIFICATIONS

A. Physicians/Surgeons and Non Physician Health Care Providers

1. Each medical practitioner is assigned a Rate Class according to his/her specialty. When more than one classification is applicable, the highest rate classification shall apply.
2. The Rate Classes are found on Pages 14-19 of this Manual.

B. Part Time Physicians

1. A physician who is determined to be working 20 hours or less a week may be considered a part time practitioner and may be eligible for a reduction in the otherwise applicable rate for that specialty. The criteria and commensurate credit for a part time practitioner are identified in Section III of this Manual.

2. A Part Time Practitioner may include any practitioner in classes 1 through 3 only, except for Anesthesia and Emergency Medicine as identified in the class plan. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.
3. The part time credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

C. Physicians in Training

1. Following graduation from medical school, a physician may elect to enter additional training periods. For rating purposes, they are defined as follows:
 - a. First Year Resident (or Intern) - 1 year period immediately following graduation. During this period a physician may or may not be licensed, depending upon state requirements.
 - b. Resident - various lengths of time depending upon medical specialty; 3 years average. Following first year residency, generally licensed M.D. Upon completion of residency program, physician becomes board eligible.
 - c. Fellow - Follows completion of residency and is a higher level of training.
2. Coverage is available for activities directly related to a physician's training program. The coverage will not apply to any professional services rendered after the training is complete.
 - a. Interns, Residents and Fellows are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for activities directly related to an accredited training program. The applicable credit is stated on Page 26.
3. The credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

D. Locum Tenens Physician

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.

2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Limits will be shared between the insured physician and the physician substituting for him/her and will be endorsed onto the policy.

E. New Physician

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
 - a. Residency;
 - b. Fellowship program in their medical specialty
 - c. Fulfillment of a military obligation in remuneration for medical school tuition;
 - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown on Page 26. No other credits are to apply concurrent with this rule.

F. Physician Teaching Specialists

1. Coverage is available for faculty members of an accredited training program. The coverage will not apply to any professional services rendered in the insured's private practice.
 - a. Faculty members are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for teaching activities related to an accredited training program. Refer to L.5 on page 26 to determine the applicable credit.
2. Coverage is available for the private practice of a physician teaching specialist. The coverage will not apply to any aspect of the insured's teaching activities.
 - a. The premium will be based upon the otherwise applicable physician rate and the average number of hours per week devoted to teaching activities.
 - b. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.

c. No other credits are to apply concurrent with this rule.

d. The applicable percentages are presented on Page 26.

G. Physician's Leave of Absence

1. A physician who becomes disabled from the practice of medicine, or is on leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. The credit to be applied to the applicable rate is presented on Page 26.

V. **PREMIUM MODIFICATIONS**

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a risk may be modified in accordance with a maximum modification indicated on Page 30, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified on Page 30.

B. Risk Management

1% credit will apply for each Company approved CME hour of risk management completed, up to a maximum of 5% credit per year, or attendance at a Company approved seminar.

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C. Deductible Credits

Deductibles may apply either to indemnity only or indemnity and allocated loss adjustment expenses (ALAE). Any discount will apply only to the primary limit premium layer up to (\$1M/\$3M). Deductibles are subject to approval by the Company based on financial statements to be submitted by the insured and financial guarantees are required. The Company reserves the right to require acceptable securitization in the amount of the per claim and/or aggregate deductible amount from any insured covered by a policy to which a deductible is attached.

1. Individual Deductibles

Premium discounts for optional deductibles will be applied, per the table below, to the rate for the applicable primary limit:

| <u>INDEMNITY ONLY</u> <u>DEDUCTIBLE PER CLAIM</u> | | <u>INDEMNITY AND ALAE</u> <u>DEDUCTIBLE PER CLAIM</u> | |
|--|-------|--|-------|
| \$5,000 | 2.5% | \$5,000 | 6.5% |
| \$10,000 | 4.5% | \$10,000 | 11.5% |
| \$15,000 | 6.0% | \$15,000 | 15.0% |
| \$20,000 | 8.0% | \$20,000 | 17.5% |
| \$25,000 | 9.0% | \$25,000 | 20.0% |
| \$50,000 | 15.0% | \$50,000 | 30.5% |
| \$100,000 | 25.0% | \$100,000 | 40.0% |
| \$200,000 | 37.5% | \$200,000 | 55.0% |
| \$250,000 | 42.0% | \$250,000 | 58.0% |

The following Individual Deductibles are available on a Per Claim/Aggregate Basis. Premium discounts for optional deductibles will be applied, per the table below, to the rate for the applicable primary limit:

| Indemnity Only Per Claim/Aggregate | | Indemnity & ALAE Per Claim/Aggregate | |
|---------------------------------------|-------|---|-------|
| \$5000/15,000 | 2.0% | \$5000/15,000 | 5.5% |
| \$10,000/30,000 | 4.0% | \$10,000/30,000 | 10.5% |
| \$25,000/75,000 | 8.5% | \$25,000/75,000 | 19.0% |
| \$50,000/150,000 | 14.0% | \$50,000/150,000 | 29.5% |
| \$100,000/300,000 | 24.0% | \$100,000/300,000 | 43.0% |
| \$200,000/600,000 | 36.0% | \$200,000/600,000 | 53.5% |
| \$250,000/750,000 | 40.0% | \$250,000/750,000 | 56.5% |

2. Group Deductibles

An optional deductible, which limits the amount the entire group will have to pay, if multiple claims are made in a policy year, is available. Under this program, the per claim deductible continues to apply separately to each insured involved in a suit. However, the aggregate deductible applies to all insureds in the group combined thereby reducing the organization's maximum potential liability in a policy year. When the organization is insured with a separate limit of coverage, the organization is counted when totaling the number of insureds below. Group deductible amounts apply to primary premium up to \$1M/3M only. The applicable Deductible Discount will not change during the policy term despite changes in the number of insureds, but will be limited by any applicable maximum credit amount.

| Indemnity Deductible Per Claim/Aggregate (\$000) | Number of Insureds | | | | Maximum Credit |
|--|--------------------|-------|-------|--------|-------------------|
| | 2-19 | 20-40 | 41-60 | 61-100 | |
| 5/15 | .020 | .018 | .015 | .012 | \$10,500 |
| 10/30 | .038 | .035 | .030 | .024 | 21,000 |
| 25/75 | .084 | .079 | .070 | .058 | 52,500 |
| 50/150 | .145 | .139 | .127 | .109 | 105,000 |
| 100/300 | .234 | .228 | .216 | .196 | 120,000 |
| 200/600 | .348 | .346 | .338 | .321 | 420,000 |
| 250/750 | .385 | .385 | .381 | .368 | 525,000 |

The following Group Deductibles are available for Indemnity & ALAE.

| Indemnity & ALAE Deductible Per Claim/Aggregate (\$000) | Number of Insureds | | | | Maximum Credit |
|--|--------------------|-------|-------|--------|-------------------|
| | 2-19 | 20-40 | 41-60 | 61-100 | |
| 5/15 | .029 | .026 | .021 | .017 | \$12,750 |
| 10/30 | .068 | .063 | .054 | .043 | 25,500 |
| 25/75 | .119 | .112 | .099 | .082 | 63,750 |
| 50/150 | .186 | .179 | .163 | .140 | 127,500 |
| 100/300 | .258 | .252 | .239 | .216 | 255,000 |
| 200/600 | .396 | .394 | .385 | .366 | 510,000 |
| 250/750 | .467 | .467 | .462 | .446 | 637,500 |

D. Experience Rating

This plan applies to physicians and surgeons medical professional liability risks contained in medical groups. As used in this plan, the term "risk" means the exposures of medical groups which have common management, a common and mutually agreed risk management program or a financial relationship among all members which encourages high levels of quality control and a reduction in liability claims.

On an optional basis, large risks with sufficiently credible loss experience may be loss-rated to develop an appropriate premium. To be eligible for loss rating, a group must have at least for the latest 10-year period and at least \$100,000 in estimated annual premium.

The experience period will be the latest completed 10 years. If 10 years are not available, consideration will be given to at least 5 complete years.

Losses are developed to ultimate and trended to cost levels for the proposed policy year. Losses will be capped at \$250,000 per loss.

The experience period does not include the 12-month period immediately prior to the effective date of the experience modification.

The experience rating modification is calculated using the following formula:

$$\frac{\text{Credibility} \times \text{Adjusted Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} = \text{Experience Mod.}$$

Since the experience rating plan is applied on an individual risk basis, the final impact of these changes varies by individual medical group based on risk size and loss experience by year. As a result, the anticipated overall rate impact due to the changes in the experience rating plan is indeterminable. However, the primary purpose of this plan and the revisions is to more accurately distribute the cost of insurance among eligible insureds.

E. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit, based upon the number of years the Insured has been claim free. A schedule is provided on Page 26 under M.

F. Individual Risk Rating

A risk may be individually rated by submitting a filing to the Illinois Department of Insurance, in accordance with Section 155.18(b)(4) of the Illinois Insurance Code. The code allows us to modify classification rates to produce rates for individual risks. Modifications of classifications of risks may be based upon size, expense, management, individual experience, location or dispersion of exposure, and shall apply to all risks under the same or substantially the same circumstances or conditions. We must list the standards by which variations in hazards or expense provisions are measured, in order to determine that a specific risk is so different in hazard/expense that it warrants individual rating.

VI. MODIFIED PREMIUM COMPUTATION

A. Slot Rating

1. Coverage for group practices is available, at the Company's discretion, on a slot basis rather than on an individual physician basis. The slot endorsement will identify the individuals and practice settings that are covered. Coverage will be provided on a shared limit basis for those insureds moving through the slot or position.
2. The applicable manual rate will be determined by the classification of the slot. Policies rated as a Standard Claims Made policy will utilize the retroactive date of the slot. Extended Reporting Period Coverage may be purchased for the slot based on the applicable retroactive date, classification and limits.
3. Premium modifications for new physician, part time, moonlighting, teaching, risk management or loss free credit may not be used in conjunction with this rating rule, unless approved by the Underwriting Vice President.

B. Requirements for Waiver of Premium for Extended Reporting Period Coverage.

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1. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be returned and Extended Reporting Period Coverage will be granted for no additional charge, subject to policy provisions.
2. Upon termination of coverage under this policy by reason of total disability from the practice of medicine or at or after age 55, permanent retirement by the insured after five consecutive claims made years with the Company, Extended Reporting Period Coverage will be granted for no additional charge subject to policy provisions.
3. The Reporting Period is unlimited.

C. Blending Rates

A blended rate may be computed when a physician discontinues, reduces or increases his specialty or classification, and now practices in a different specialty or classification. For example, if an OB/GYN discontinues obstetrics, but continues to practice gynecology, his new blended rate will be the sum of the indicated OB/GYN and GYN rates, each weighted, at inception of the change, by 75% and 25%, respectively. The second and third year weights will be modified by 25%, descending and ascending respectively, until the full GYN rate is achieved at the start of the fourth year.

D. Per Patient Visit Rating

1. Standard Claims Made coverage for group practices is available, at the Company's option, on a per patient visit basis rather than on an individual physician basis. Coverage is provided on a shared or individual physician limit basis. *
2. The number of patient visits equivalent to a physician year is 2500 hours times the applicable rate of visits per hour. The rate of visits per hour is derived from the group's historical experience, subject to a minimum rate of 1 visit per hour and a maximum rate of 3 visits per hour. *
3. The applicable medical specialty rate is divided by the equivalent patient visits resulting in the patient visit rate to be applied to the visits projected for the policy period. The product of the patient visit rate and the projected visits results in the indicated manual premium. *
4. The annual visits reported to the Company for rating purposes are subject to audit, at the Company's discretion. *

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5. Premium modifications for new physician, part time, teaching, risk management or claim free credit cannot be used in conjunction with this rating rule.

VII. PREMIUM COMPUTATION DETAILS

A.D. Classifications

1. Applicable to Standard Claims-Made Programs.
2. The following classification plan shall be used to determine the appropriate rating class for each individual insured.

PHYSICIANS & SURGEONS

CLASS 1

Allergy/Immunology
Forensic Medicine
Occupational Medicine
Otorhinolaryngology-NMRP, NS
Physical Med. & Rehab.

Public Health & Preventative Med
Other, Specialty NOC

CLASS 2

Dermatology
Endocrinology
Geriatrics
Ophthalmology-NS
Pathology
Podiatry, No Surgery
Psychiatry
Rheumatology
Other, Specialty NOC

CLASS 3

Pediatrics-NMRP
Other, Specialty NOC

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CLASS 4

Diabetes
Family Practice-NMRP, NS
General Practice-NMRP, NS
General Surgery-NMRP
Hematology
Industrial Medicine
Neurosurgery-NMRP, NMajS
Nuclear Medicine
Oncology
Ophthalmic Surgery
Oral/Maxillofacial Surgery
Orthopaedics-NMRP, NS
Radiation Oncology
Thoracic Surgery-NMRP, NS
Other, Specialty NOC

CLASS 5

Cardiovascular Disease-NMRP,
NS
Infectious Disease
Nephrology-NMRP
Other, Specialty NOC

CLASS 6

Gynecology-NMRP, NS
Internal Medicine-NMRP
Certified Registered Nurse
Anesthetist
Other, Specialty NOC

CLASS 7

Anesthesiology
Nephrology-MRP
Podiatry, Surgery
Pulmonary Diseases
Radiology-NMRP
Other, Specialty NOC

CLASS 8

Cardiac Surgery-MRP, NMajS
Cardiovascular Disease-Spec.
MRP
Gastroenterology
General Surgery-MRP, NMajS
Hand Surgery-MRP, NMajS
Internal Medicine-MRP
Neurology
Orthopaedics-MRP, NMajS

Otorhinolaryngology-MRP, NMajS
Pediatrics-MRP
Radiology-MRP
Urology-MRP, NMajS
Vascular Surgery-MRP, NMajS
Other, Specialty NOC

CLASS 9

Family Practice-MRP, NMajS
General Practice-MRP, NMajS
Other, Specialty NOC

CLASS 10

Neurosurgery-MRP, NMajS
Urological Surgery
Other, Specialty NOC

CLASS 11

Cardiovascular Disease-MRP
Colon Surgery
Emergency Medicine-NMajS,
prim
Gynecology/Obstetrics-MRP,
Nmaj
Otorhinolaryngology; No Elective
Plastic
Radiology-MajRP
Other, Specialty NOC

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CLASS 12

Emergency Medicine-MajS
Family Practice-not primarily
MajS
General Practice-NMajS, prim
Gynecological Surgery
Hand Surgery
Head/Neck Surgery

Otorhinolaryngology; Head/Neck
Other, Specialty NOC

CLASS 13

General Surgery
Certified Nurse Midwife
Other, Specialty NOC

CLASS 14

Neonatology
Otorhinolaryngology; Other Than
Head/Neck
Plastic Surgery
Other, Specialty NOC

CLASS 15

Orthopaedic Surgery s/o Spine
Other, Specialty NOC

CLASS 16

Cardiac Surgery
Thoracic Surgery
Vascular Surgery
Other, Specialty NOC

CLASS 17

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Obstetrical/Gynecological
Surgery
Other, Specialty NOC

CLASS 18

Neurosurgery-No Intracranial
Surgery
Orthopaedic Surgery wSpine
Other, Specialty NOC

CLASS 19

Neurosurgery
Other, Specialty NOC

MEDICAL PROCEDURE DEFINITIONS

NMRP: NOMINAL MINOR RISK PROCEDURE

NS: NO SURGERY

NOC: NOT OTHERWISE CLASSIFIED

NMAJS: NO MAJOR SURGERY

MRP: MINOR RISK PROCEDURES

MAJRP: MAJOR RISK PROCEDURES

NON PHYSICIAN HEALTH CARE PROVIDERS

Class X

Fellow, Intern, Optician, Resident, Social Worker

Class Y

Optometrist, Physical Therapist, X-Ray and Lab Technicians

Class Z

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Nurse Practitioner – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Physician Assistant – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Psychologist – Class I

Certified Registered Nurse Anesthetist

Shared Limits – 20% times Anesthesiologist rate

Separate Limits – 25% times Anesthesiologist rate

Certified Nurse Midwife – No complicated OB or surgery

Shared Limits – Not available

Separate Limits – 50% of OB/GYN rate

B F. Territory Definitions

TERRITORY 1 COUNTIES

Cook, Jackson, Madison, St. Clair and Will

TERRITORY 2 COUNTIES

Lake, Vermillion

TERRITORY 3 COUNTIES

Kane, McHenry, Winnebago

TERRITORY 4 COUNTIES

DuPage, Kankakee, Macon

TERRITORY 5 COUNTIES

Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Ogle, Randolph

TERRITORY 6 COUNTIES

Grundy, Sangamon

TERRITORY 7 COUNTIES

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TERRITORY 8 COUNTIES

Remainder of State

C.

F. Standard Claims Made Program Step Factors

| | |
|-----------------------|------|
| First Year: | 25% |
| Second Year: | 50% |
| Third Year: | 85% |
| Fourth Year (Mature): | 100% |

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Mature Rates for Physicians and Surgeons (Claims-made):

\$1,000,000 / 3,000,000

| Class | Medical Specialty | Terr 1 | Terr 2 | Terr 3 | Terr 4 | Terr 5 | Terr 6 | Terr 7 | Terr 8 |
|-------|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 | Allergy/Immunology | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Forensic Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Occupational Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Otorhinolaryngology-NMRP, NS | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Physical Med. & Rehab. | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Public Health & Preventative Med | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Other, Specialty NOC | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|-------|--------|
| 2 | Dermatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Endocrinology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Geriatrics | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Ophthalmology-NS | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Pathology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Podiatry, No Surgery | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Psychiatry | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Rheumatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Other, Specialty NOC | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 3 | Pediatrics-NMRP | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |
| 3 | Other, Specialty NOC | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |

| | | | | | | | | | |
|---|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 4 | Diabetes | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Family Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Surgery-NMRP | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Hematology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Industrial Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Neurosurgery-NMRP, NMajS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Nuclear Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Ophthalmic Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oral/Maxillofacial Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Orthopaedics-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Radiation Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Thoracic Surgery- | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |

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| | | | | | | | | | |
|----------|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| NMRP, NS | | | | | | | | | |
| 4 | Other, Specialty NOC | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |

| | | | | | | | | | |
|---|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 5 | Cardiovascular Disease-NMRP, NS | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Infectious Disease | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Nephrology-NMRP | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Other, Specialty NOC | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |

| | | | | | | | | | |
|---|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 6 | Gynecology-NMRP, NS | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Internal Medicine-NMRP | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Other, Specialty NOC | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 7 | Anesthesiology | 37,159 | 33,595 | 31,813 | 28,231 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Nephrology-MRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Podiatry, Surgery | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Pulmonary Diseases | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Radiology-NMRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Other, Specialty NOC | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |

| | | | | | | | | | |
|---|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 8 | Cardiac Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Cardiovascular Disease-Spec. MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Gastroenterology | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | General Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Hand Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Internal Medicine-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Neurology | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Orthopaedics-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Otorhinolaryngology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Pediatrics-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Radiology-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Urology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Vascular Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Other, Specialty NOC | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |

| | | | | | | | | | |
|---|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 9 | Family Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | General Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | Other, Specialty NOC | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |

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| | | | | | | | | | |
|----|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 10 | Neurosurgery-MRP, NMajS | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 10 | Urological Surgery | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 10 | Other, Specialty NOC | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |

| | | | | | | | | | |
|----|--|--------|--------|--------|--------|--------|--------|--------|--------|
| 11 | Cardiovascular Disease-MRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Colon Surgery | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Emergency Medicine-NMajS, prim | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Gynecology/Obstetrics-MRP, Nmaj | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Otorhinolaryngology; No Elective Plastic | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Radiology-MajRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Other, Specialty NOC | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |

| | | | | | | | | | |
|----|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 12 | Emergency Medicine-MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Family Practice-not primarily MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | General Practice-NMajS, prim | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Gynecological Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Hand Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Head/Neck Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Otorhinolaryngology; Head/Neck | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Other, Specialty NOC | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |

| | | | | | | | | | |
|----|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 13 | General Surgery | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |
| 13 | Other, Specialty NOC | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |

| | | | | | | | | | |
|----|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 14 | Neonatology | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Otorhinolaryngology; Other Than Head/Neck | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Plastic Surgery | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Other, Specialty NOC | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |

| | | | | | | | | | |
|----|-------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|
| 15 | Orthopaedic Surgery s/o Spine | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |
| 15 | Other, Specialty NOC | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |

| | | | | | | | | | |
|----|----------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 16 | Cardiac Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Thoracic Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Vascular Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Other, Specialty NOC | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |

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| | | | | | | | | | |
|----|---------------------------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 17 | Obstetrical/Gynecologic al Surgery | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |
| 17 | Other, Specialty NOC | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |

| | | | | | | | | | |
|----|---|---------|---------|---------|---------|--------|--------|--------|--------|
| 18 | Neurosurgery-No Intracranial Surgery | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Orthopaedic Surgery wSpine | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Other, Specialty NOC | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |

| | | | | | | | | | |
|----|----------------------|---------|---------|---------|---------|---------|---------|--------|---------|
| 19 | Neurosurgery | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |
| 19 | Other, Specialty NOC | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |

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D. Mature Rates for non Physician Health Care Providers

Class X equals 0% of the Class 1 Physician/Surgeon rate, for shared limits; 10% of Class 4 rate for separate limits.

Class Y equals 0% of the Class 1 Physician/Surgeon rate, for shared limits; 15% of the Class 4 rate for separate limits.

Class Z equals 10% of the Class 1 Physician/Surgeon rate for shared limits; 25% of Class 1 Physician/Surgeon rate for separate limits.

Note any non-Physician Health Care Providers in Classes X, Y, or Z with exposure in the Emergency Room will require the referenced factor times the Class 11 rate.

E. Decreased Limit Factors:

| Limit | All Classes |
|---------|-------------|
| 1M/3M | 1.000 |
| 500/1.0 | .7199 |
| | |
| | |

F. Extended Reporting Period Coverage Factors:

(1) The following represents the tail factors to be applied to the annual expiring discounted premium in the event a policyholder desires to obtain a Reporting Endorsement upon termination or cancellation of the policy:

| <u>Year</u> | <u>Factor</u> |
|-----------------|---------------|
| 1 st | 3.30 |
| 2 nd | 3.15 |
| 3 rd | 2.40 |
| 4 th | 2.00 |

(2) The Reporting Period is unlimited.

G. Shared Limits Modification:

Not available.

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 Health Care Providers
 Class X equals 10% of the Class 1
 Physician/Surgeon rate.
 Class Y equals 15% of the Class 1
 Physician/Surgeon rate.
 Class Z equals 25% of the Class 1
 Physician/Surgeon rate.
 Note any non-Physician Health Care Providers
 in Classes X, Y, or Z with exposure in the
 Emergency Room will require the referenced
 factor times the Class 4 rate.
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H. Policy Writing Minimum Premium:

Physicians & Surgeons - \$500.

I. Policy Writing Minimum Premium:

Non-Physician Healthcare Providers - \$500

J. Separate Limits for Non-Physician and Surgeon Healthcare Providers Modification:

Class X: 20% of Class 1
Class Y: 25% of Class 1
Class Z: 35% of Class 1

K. Premium Modifications

For individual physicians and surgeons:

1. Part Time Physicians & Surgeons – 30%
2. Physicians in Training – 1st Year Resident 50%; Resident 40%; Fellow 30%.
3. Locum Tenens – no premium, subject to prior underwriting approval
4. New Physicians & Surgeons – 30% for the first two years of practice
5. Physician Teaching Specialists – Non-surgical 50%; Surgical 40%.
6. Physicians Leave of Absence – full suspension of insurance and premium for up to one year, subject to underwriting approval

L. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit based on the following schedule:

- (i) If claim free for 3 years but less than 5 years, a 5% credit shall be applied at the policy inception date.
- (ii) If claim free for 5 years but less than 8 years, a 10% credit shall be applied at the policy inception date.
- (iii) If claim free for 8 years but less than 10 years, a 15% credit shall be applied at the policy inception date.
- (iv) If claim free for 10 years or more, a credit of 20% shall be applied at the policy inception date.

A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.

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M. Schedule Rating (not to be used in conjunction with Loss Rating)

| | |
|---|--|
| 1. Historical Loss Experience +/- 25% | The frequency or severity of claims for the insured(s) is greater/less than the expected experience for an insured(s) of the same classification/size or recognition of unusual circumstances of claims in the loss experience. |
| 2. Cumulative Years of Patient Experience. +/- 10% | The insured(s) demonstrates a stable, longstanding practice and/or significant degree of experience in their current area of medicine. |
| 3. Classification Anomalies. +/- 25% | Characteristics of a particular insured that differentiate the insured from other members of the same class, or recognition of recent developments within a classification or jurisdiction that are anticipated to impact future loss experience. |
| 4. Claim Anomalies +/- 25% | Economic, societal or jurisdictional changes or trends that will influence the frequency or severity of claims, or the unusual circumstances of a claim(s) which understate/overstate the severity of the claim(s). |
| 5. Management Control Procedures. +/- 10% | Specific operational activities undertaken by the insured to reduce the frequency and/or severity of claims. |
| 6. Number /Type of Patient Exposures. +/- 10% | Size and/or demographics of the patient population which influences the frequency and/or severity of claims. |
| 7. Organizational Size / Structure. +/- 10% | The organization's size and processes are such that economies of scale are achieved while servicing the insured. |
| g. Medical Standards, Quality & Claim Review. +/- 10% | Presence of (1) committees that meet on a routine basis to review medical procedures, treatments, and protocols and then assist in the integration of such into the practice, (2) Committees mat meet to assure the quality of the health care services being rendered and/or (3) Committees to provide consistent review of claims/incidents that have occurred and to develop corrective action. |
| 9. Other Risk Management Practices and Procedures. +/- 10% | Additional activities undertaken with the specific intention of reducing the frequency or severity of claims. |
| 10. Training, Accreditation & Credentialing. +/- 10% | The insured(s) exhibits greater/less than normal participation and support of such activities. |
| 11. Record - Keeping Practices. +/- 10% | Degree to which insured incorporates methods to maintain quality patient records, referrals, and test results. |
| 12. Utilization of Monitoring Equipment, Diagnostic Tests or Procedures +/- 10% | Demonstrating the willingness to expend the time and capital to incorporate the latest advances in medical treatments and equipment into the practice, or failure to meet accepted standards of care. |

| | |
|----------------------|-----------|
| Maximum Modification | + / - 50% |
|----------------------|-----------|

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N. Deductible Credits

See V.C on Page 12.

O. Experience Rating

See V.D on Page 14.

P. Slot Rating for groups, subject to Underwriting

See VI.A on Page 13

Q. Mandatory Quarterly Payment Option

For medical liability insureds whose annual premiums total \$500 or more, the plan must allow the option of quarterly payments.

- (v) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- (vi) The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- (vii) No interest charges;
- (viii) Installation charges or fees of no more than the lesser of 1% of the total premium or \$25, whichever is less; and
- (ix) A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Non-Mandatory Quarterly Payment Option.

- (x) For medical liability insureds whose annual premiums are less than \$500, insurers may, but are not required to, offer quarterly installment, premium payment plans.
- (xi) For insureds who pay a premium for any extension of a reporting period, insurers may, but are not required to, offer quarterly installment, premium payment plans.
- (xii) If an insurer offers any quarterly payments under this subsection, (g) Non-Mandatory Quarterly Payment Options, they must be offered to all medical liability insureds.

Quarterly installment premium payment plans subject to (R) above shall be included in the initial offer of the policy, or in the first policy renewal. Thereafter, the insurer may, but need not, re-offer the payment plan, but if an insured requests the payment plan at a later date, the insurer must make it available.

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Section 754.EXHIBIT A Summary Sheet (Form RF-3)

FORM (RF-3)

SUMMARY SHEET

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

| | (1) Coverage | (2) Annual Premium Volume (Illinois) * | (3) Percent Change (+or-) ** |
|-----|--|--|------------------------------------|
| 1. | Automobile Liability Private Passenger | _____ | _____ |
| | Commercial | _____ | _____ |
| 2. | Automobile Physical Damag Private Passenger | _____ | _____ |
| | Commercial | _____ | _____ |
| 3. | Liability Other Than Auto | _____ | _____ |
| 4. | Burglary and Theft | _____ | _____ |
| 5. | Glass | _____ | _____ |
| 6. | Fidelity | _____ | _____ |
| 7. | Surety | _____ | _____ |
| 8. | Boiler and Machinery | _____ | _____ |
| 9. | Fire | _____ | _____ |
| 10. | Extended Coverage | _____ | _____ |
| 11. | Inland Marine | _____ | _____ |
| 12. | Homeowners | _____ | _____ |
| 13. | Commercial Multi-Peril | _____ | _____ |
| 14. | Crop Hail | _____ | _____ |
| 15. | Other | _____ | _____ |
| | Life of Insurance | _____ | _____ |

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

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

*Adjusted to reflect all prior rate changes.

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

Name of Company

Official – Title

Neuman, Gayle

From: Neuman, Gayle
Sent: Tuesday, December 09, 2008 1:55 PM
To: 'Paula Battistelli'
Subject: RE: Medicus Filing #IL-052108-Rates/Rules

Ms. Battistelli,

The RF-3 received is blank.

From: Paula Battistelli [mailto:pbattistelli@medicusins.com]
Sent: Monday, December 08, 2008 5:21 PM
To: Neuman, Gayle
Cc: Jeff Weigl
Subject: Re: Medicus Filing #IL-052108-Rates/Rules

Ms. Neumann,

Please see my comments below in green. I apologize for the delay in submitting this.

On Nov 13, 2008, at 11:08 AM, Neuman, Gayle wrote:

Ms. Battistelli,

This filing was received in May, 2008. The Rate/Rule Filing Schedule indicates "rate neutral" and an overall rate impact of -1.14%. Additionally, the letter prepared by Richard J. Roth, Jr. indicates a rate reduction of "slightly more than 1%". Therefore, a RF-3 Summary Sheet should be submitted indicating the rate change.

An RF-3 summary has been attached.

Additionally, there is no actuarial information submitted to support the letter from Mr. Roth. This will be required for our review of this filing.

Please see the attached rate impact table.

Pursuant to 50 Ill. Adm. Code 754.10, identification of all changes must be highlighted. We request a copy of the manual be provided showing every word or number that was changed. Additionally, we require you certify that nothing else has changed from what was previously filed except for the changes brought to our attention in this filing.

A copy of the manual with changes highlighted has been attached. I certify that nothing else has changed from what was previously filed except for the changes brought to your attention.

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics

12/9/2008

to statistical agencies? If yes, what stat agency is being used?

Medicus gathers and reports its statistics.

We request receipt of your response by December 1, 2008.

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

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.
THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: Gayle.Neuman@illinois.gov

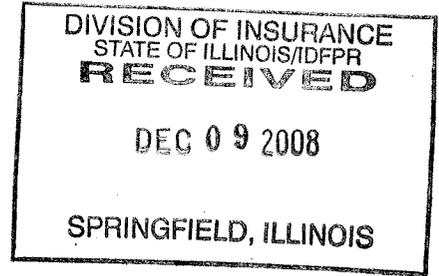
Thank you so much for your patience. Please contact me if you have any questions. Happy Holidays.

Paula Battistelli
Regulatory Compliance Coordinator
Medicus Insurance Company
Direct: (512) 879-5128
Fax: (877) 686-0558
Email: pbattistelli@medicusins.com

Neuman, Gayle

From: Paula Battistelli [pbattistelli@medicusins.com]
Sent: Tuesday, December 09, 2008 2:14 PM
To: Neuman, Gayle
Subject: Re: Medicus Filing #IL-052108-Rates/Rules
Attachments: rf-3 05_21_08.pdf; ATT1530232.htm

Ms. Neuman,
The corrected RF-3 has been attached. Thank you.



Section 754.EXHIBIT A Summary Sheet (Form RF-3)

FORM (RF-3)

SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 05/21/08

| | (1) Coverage | (2) Annual Premium Volume (Illinois) * | (3) Percent Change (+or-) ** |
|-----|--|--|------------------------------------|
| 1. | Automobile Liability Private Passenger Commercial | | |
| 2. | Automobile Physical Damag Private Passenger Commercial | | |
| 3. | Liability Other Than Auto | \$ 18,489 | -.0711% |
| 4. | Burglary and Theft | | |
| 5. | Glass | | |
| 6. | Fidelity | | |
| 7. | Surety | | |
| 8. | Boiler and Machinery | | |
| 9. | Fire | | |
| 10. | Extended Coverage | | |
| 11. | Inland Marine | | |
| 12. | Homeowners | | |
| 13. | Commercial Multi-Peril | | |
| 14. | Crop Hail | | |
| 15. | Other | | |
| | Life of Insurance | | |

Does filing only apply to certain territory (territories) or certain Classes? If so, specify: ancillary healthcare providers

Brief description of filing. (If filing follows rates of an advisory Organization, specify organization): change to ancillary rates, per patient exp rating, schedule credits/debits, tail calculation, minimum premium, and claims made step factors changed.

*Adjusted to reflect all prior rate changes.

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

Medicus Insurance Company

Name of Company
Paula Battistelli, Reg. Compliance Coord.

Official - Title

FILING# IL-052108 - Rates/Rules

Neuman, Gayle

From: Neuman, Gayle
Sent: Thursday, January 08, 2009 10:41 AM
To: 'Paula Battistelli'
Subject: Medicus Ins Co - Rate/Rule Filing #IL-052108-Rates/Rules

Ms. Battistelli,

I have reviewed the copy of the manual provided tracking the changes made in this filing.

On page 17, VII. PREMIUM COMPUTATION DETAILS starts with a Section D. Classifications (which should be an A.), E. Territory Definitions (which should be a B.), and F. Standard Claims Made Program Step Factors (which should be a C.). On page 31, Section P. refers you to see VI. A. on Page 13 (which should be page 15).

Please make these corrections to both the final print manual pages and the pages tracking the changes although some changes are already showing on the previous final draft copy.

Your prompt attention is appreciated.

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

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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

Neuman, Gayle

From: Paula Battistelli [pbattistelli@medicusins.com]
Sent: Tuesday, January 13, 2009 8:59 AM
To: Neuman, Gayle
Subject: Re: Medicus Ins Co - Rate/Rule Filing #IL-052108-Rates/Rules
Attachments: IL Rate Manual 052108.pdf; ATT2510785.htm; Track Changes IL Rate Manual 020708-2.pdf; ATT2510786.htm

Ms. Neuman,

Attached are the clean copy of the rate manual and the rate manual with changes highlighted. I have made all the requested changes. Please contact me if you need anything else.

Paula Battistelli
Regulatory Compliance Coordinator
Medicus Insurance Company
Direct: (512) 879-5128
Fax: (877) 686-0558
Email: pbattistelli@medicusins.com



MANUAL

SECTION I

GENERAL RULES

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS AND NON-PHYSICIAN HEALTH CARE PROVIDERS

I. APPLICATION OF MANUAL

This manual specifies rules, rates, premiums, classifications and territories for the purpose of providing professional liability coverage to the physicians, surgeons, their professional associations and employed health care providers.

II. APPLICATION OF GENERAL RULES

These rules apply to all sections of this manual. Any exceptions to these rules are contained in the respective section, with reference thereto.

All other rules, rates and rating plans filed on behalf of the Company and not in conflict with these pages shall continue to apply.

III. POLICY TERM

Policies will be written for a term of one year, and renewed annually thereafter, but the policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year under a short term policy period.

IV. LOCATION OF PRACTICE

The rates as shown in this manual contemplate the exposure as being derived from professional practice or activities within a single rating territory. However, should an insured practice in more than one rating territory and/or state, the following rule shall apply. If 10% or less of an insured's practice is in a higher rated territory, we use the lower rated territory. If more than 10% of an insured's practice is in a higher rated territory, we use the higher rated territory.

V. PREMIUM COMPUTATION

- A. Compute the premium at policy inception using the rules, rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.

- B. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

VI. FACTORS OR MULTIPLIERS

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

VII. WHOLE DOLLAR RULE

In the event the application of any rating procedure applicable in accordance with this manual produces a result that is not a whole dollar, each rate and premium shall be adjusted as follows:

- A. any amount involving \$.50 or over shall be rounded up to the next highest whole dollar amount; and
- B. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

VIII. ADDITIONAL PREMIUM CHARGES

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

IX. RETURN PREMIUM FOR MID-TERM CHANGES

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata when any coverage or exposure is deleted or an amount of insurance is reduced.
- C. Retain the Policy Minimum Premium.

X. POLICY CANCELLATIONS

- A. Compute return premium pro rata using the rules, rates and rating plans in effect at the inception of this policy period when:
 - 1. A policy is canceled at the Company's request,
 - 2. the insured no longer has a financial and an insurable interest in the property or operation that is the subject of the insurance; or
- B. If cancellation is for any other reason than stated in A. above, compute the return premium on a standard short rate basis for the one-year period.

- C. Retain the Policy Minimum Premium when the insured requests cancellation except when coverage is canceled as of the inception date.

XI. POLICY MINIMUM PREMIUM

- 1. The applicable minimum premium is determined by the type of health care provider shown on the appropriate Rate Pages.
- 2. Minimum Premiums will be combined for a policy that provides coverage for more than one type of health care provider.

XII. PREMIUM PAYMENT PLAN

The Company will offer the insured premium payment options, outlined on Page 28.

XIII. COVERAGE

Coverage is provided on a Claims-Made basis. Coverage under the policy shall be as described in the respective Insuring Agreements. The coverages will be rated under Standard Claims-Made Rates.

XIV. BASIC LIMITS OF LIABILITY

Basic Limits of Liability shall be those shown as applicable to the respective insureds.

XV. INCREASED LIMITS OF LIABILITY

Individual Limits of Liability will be modified by Increased Limits factors as applicable for the respective insureds and used to develop the applicable premium.

XVI. PRIOR ACTS COVERAGE

The policy shall be extended to provide prior acts coverage in accordance with the applicable retroactive date(s). The retroactive date can be advanced only at the request or with the written acknowledgment of the insured, subject to underwriting.

XVII. EXTENDED REPORTING PERIOD COVERAGE

The availability of Extended Reporting Period Coverage shall be governed by the terms and conditions of the policy and the following rules:

- A. The retroactive date of coverage will determine the years of prior exposure for Extended Reporting Period Coverage.
- B. The Limits of Liability may not exceed those afforded under the terminating policy, unless otherwise required by statute or regulation.
- C. The premium for the Extended Reporting Period Coverage shall be determined by applying the Extended Reporting Period Coverage rating factors shown on Page 25.
- D. Premium is fully earned and must be paid in full within 30 days of the expiration of the policy.

- E. The Reporting Period is unlimited.
- F. The Insured has 30 days after the policy is terminated to purchase the extended reporting period. The Extended Reporting Endorsement must be offered regardless of the reason for the termination.

XVIII. PREMIUM MODIFICATIONS

Schedule Rating

| | |
|-------------------------|-------|
| Physicians and Surgeons | +/-50 |
| Healthcare Providers | +/-50 |

- END OF SECTION I-

SECTION II

MANUAL PAGES FOR CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS

I. APPLICATION OF MANUAL

- A. This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for the following Health Care Entities:
 - 1. Professional Corporations, Partnerships and Associations
- B. For the purpose of these rules, an entity consists of physicians, dentists and/or allied health care providers rendering patient care who:
 - 1. Are comprised of 2 or more physicians;
 - 2. Are organized as a legal entity;
 - 3. Maintain common facilities (including multiple locations) and support personnel;
and
 - 4. Maintain medical/dental records of patients of the group as a historical record of patient care.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

- A. Claims-Made Coverage
 - \$1,000,000 Per Claim
 - \$3,000,000 Aggregate

III. PREMIUM COMPUTATION

The premium for professional corporations, partnerships and associations, limited liability companies, or other entity may be written with a separate limit of liability and shall be computed in the following manner:

The premium charge will be a percentage (selected from the table below) of the sum of each member physician's net individual premium. For each member physician not individually insured by the Company, a premium charge will be made equal to 30% of the appropriate specialty rate if the Company agrees to provide such coverage. In order for the entity to be eligible for coverage, the Company must insure all member physicians or at least 60% of the physician members must be insured by the Company, and the remaining physicians must be insured by another professional liability program acceptable to the company.

| Number of Insureds | Percent |
|--------------------|---------|
| 1 | 25% |
| 2-5 | 12% |
| 6-9 | 10% |
| 10-19 | 9% |
| 20-49 | 7% |
| 50 or more | 5% |

IV. CLASSIFICATIONS

A. Corporations, Partnerships and Associations

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Not otherwise identified as a Miscellaneous Entity.

B. Miscellaneous Entities

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Including the following types of entities:
 - a. Urgent Care Center
 - b. Surgi Center
 - c. MRI Center
 - d. Renal Dialysis Center
 - e. Peritoneal Dialysis Center

V. PREMIUM MODIFICATIONS

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company. The premium for a risk may be modified in accordance with a maximum modification indicated under D1 on this page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule-rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified on Page 30.

B. Manual Rates

1. Corporations, Partnerships & Associations Rating Factors

As referenced in III on Pages 5 and 6:

See Table on Page 6 - Separate Corporate Limits

0% - Shared Corporate Limits

2. Miscellaneous Entities

Not eligible under this Filing.

C. Policy Writing Minimum Premium

The applicable minimum premium is based upon the policy issued to the physicians and surgeons. Only one minimum premium applies of \$500.

D. Premium Modifications

1. Schedule Rating—Partnerships & Corporations

| | |
|-----------------------|---------|
| Physician & Surgeons | +/- 50% |
| Health Care Providers | +/-50% |

Schedule Rating is not to be used in conjunction with Loss Rating.

2. Self-Insured Retention Credits - See Section III.V.B

- END OF SECTION II-

SECTION III

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS, AND NON-PHYSICIAN HEALTHCARE PROVIDERS

I. APPLICATION OF MANUAL

This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for Physicians/Surgeons and employed or associated non-physician health care providers.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

Claims-Made Coverage

\$1,000,000 Per Claim

\$3,000,000 Aggregate

III. PREMIUM COMPUTATION

The premium shall be computed by applying the rate per physician, surgeon or non-physician health care provider shown on Page 21, in accordance with each individual's medical classification and class plan designation.

IV. CLASSIFICATIONS

A. Physicians/Surgeons and Non Physician Health Care Providers

1. Each medical practitioner is assigned a Rate Class according to his/her specialty. When more than one classification is applicable, the highest rate classification shall apply.
2. The Rate Classes are found on Pages 14-19 of this Manual.

B. Part Time Physicians

1. A physician who is determined to be working 20 hours or less a week may be considered a part time practitioner and may be eligible for a reduction in the otherwise applicable rate for that specialty. The criteria and commensurate credit for a part time practitioner are identified in Section III of this Manual.

2. A Part Time Practitioner may include any practitioner in classes 1 through 3 only, except for Anesthesia and Emergency Medicine as identified in the class plan. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.
3. The part time credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

C. Physicians in Training

1. Following graduation from medical school, a physician may elect to enter additional training periods. For rating purposes, they are defined as follows:
 - a. First Year Resident (or Intern) - 1 year period immediately following graduation. During this period a physician may or may not be licensed, depending upon state requirements.
 - b. Resident - various lengths of time depending upon medical specialty; 3 years average. Following first year residency, generally licensed M.D. Upon completion of residency program, physician becomes board eligible.
 - c. Fellow - Follows completion of residency and is a higher level of training.
2. Coverage is available for activities directly related to a physician's training program. The coverage will not apply to any professional services rendered after the training is complete.
 - a. Interns, Residents and Fellows are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for activities directly related to an accredited training program. The applicable credit is stated on Page 26.
3. The credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

D. Locum Tenens Physician

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.

2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Limits will be shared between the insured physician and the physician substituting for him/her and will be endorsed onto the policy.

E. New Physician

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
 - a. Residency;
 - b. Fellowship program in their medical specialty
 - c. Fulfillment of a military obligation in remuneration for medical school tuition;
 - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown on Page 26. No other credits are to apply concurrent with this rule.

F. Physician Teaching Specialists

1. Coverage is available for faculty members of an accredited training program. The coverage will not apply to any professional services rendered in the insured's private practice.
 - a. Faculty members are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for teaching activities related to an accredited training program. Refer to L.5 on page 26 to determine the applicable credit.
2. Coverage is available for the private practice of a physician teaching specialist. The coverage will not apply to any aspect of the insured's teaching activities.
 - a. The premium will be based upon the otherwise applicable physician rate and the average number of hours per week devoted to teaching activities.
 - b. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.

- c. No other credits are to apply concurrent with this rule.
- d. The applicable percentages are presented on Page 26.

G. Physician's Leave of Absence

- 1. A physician who becomes disabled from the practice of medicine, or is on leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
- 2. This will apply retroactively to the first day of disability or leave of absence.
- 3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
- 4. The credit to be applied to the applicable rate is presented on Page 26.

V. PREMIUM MODIFICATIONS

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a risk may be modified in accordance with a maximum modification indicated on Page 30, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified on Page 30.

B. Risk Management

1% credit will apply for each Company approved CME hour of risk management completed, up to a maximum of 5% credit per year, or attendance at a Company approved seminar.

C. Deductible Credits

Deductibles may apply either to indemnity only or indemnity and allocated loss adjustment expenses (ALAE). Any discount will apply only to the primary limit premium layer up to (\$1M/\$3M). Deductibles are subject to approval by the Company based on financial statements to be submitted by the insured and financial guarantees are required. The Company reserves the right to require acceptable securitization in the amount of the per claim and/or aggregate deductible amount from any insured covered by a policy to which a deductible is attached.

1. Individual Deductibles

Premium discounts for optional deductibles will be applied, per the table below, to the rate for the applicable primary limit:

| <u>INDEMNITY ONLY</u> | | <u>INDEMNITY AND ALAE</u> | |
|-----------------------------|-------|-----------------------------|-------|
| <u>DEDUCTIBLE PER CLAIM</u> | | <u>DEDUCTIBLE PER CLAIM</u> | |
| \$5,000 | 2.5% | \$5,000 | 6.5% |
| \$10,000 | 4.5% | \$10,000 | 11.5% |
| \$15,000 | 6.0% | \$15,000 | 15.0% |
| \$20,000 | 8.0% | \$20,000 | 17.5% |
| \$25,000 | 9.0% | \$25,000 | 20.0% |
| \$50,000 | 15.0% | \$50,000 | 30.5% |
| \$100,000 | 25.0% | \$100,000 | 40.0% |
| \$200,000 | 37.5% | \$200,000 | 55.0% |
| \$250,000 | 42.0% | \$250,000 | 58.0% |

The following Individual Deductibles are available on a Per Claim/Aggregate Basis. Premium discounts for optional deductibles will be applied, per the table below, to the rate for the applicable primary limit:

| <u>Indemnity Only</u> <u>Per Claim/Aggregate</u> | | <u>Indemnity & ALAE</u> <u>Per Claim/Aggregate</u> | |
|---|-------|---|-------|
| \$5000/15,000 | 2.0% | \$5000/15,000 | 5.5% |
| \$10,000/30,000 | 4.0% | \$10,000/30,000 | 10.5% |
| \$25,000/75,000 | 8.5% | \$25,000/75,000 | 19.0% |
| \$50,000/150,000 | 14.0% | \$50,000/150,000 | 29.5% |
| \$100,000/300,000 | 24.0% | \$100,000/300,000 | 43.0% |
| \$200,000/600,000 | 36.0% | \$200,000/600,000 | 53.5% |
| \$250,000/750,000 | 40.0% | \$250,000/750,000 | 56.5% |

2. Group Deductibles

An optional deductible, which limits the amount the entire group will have to pay, if multiple claims are made in a policy year, is available. Under this program, the per claim deductible continues to apply separately to each insured involved in a suit. However, the aggregate deductible applies to all insureds in the group combined thereby reducing the organization's maximum potential liability in a policy year. When the organization is insured with a separate limit of coverage, the organization is counted when totaling the number of insureds below. Group deductible amounts apply to primary premium up to \$1M/3M only. The applicable Deductible Discount will not change during the policy term despite changes in the number of insureds, but will be limited by any applicable maximum credit amount.

| <u>Indemnity Deductible</u> <u>Per Claim/Aggregate</u> (\$000) | <u>Number of Insureds</u> | | | | <u>Maximum</u> <u>Credit</u> |
|--|---------------------------|-------|-------|--------|---------------------------------|
| | 2-19 | 20-40 | 41-60 | 61-100 | |
| 5/15 | .020 | .018 | .015 | .012 | \$10,500 |
| 10/30 | .038 | .035 | .030 | .024 | 21,000 |
| 25/75 | .084 | .079 | .070 | .058 | 52,500 |
| 50/150 | .145 | .139 | .127 | .109 | 105,000 |
| 100/300 | .234 | .228 | .216 | .196 | 120,000 |
| 200/600 | .348 | .346 | .338 | .321 | 420,000 |
| 250/750 | .385 | .385 | .381 | .368 | 525,000 |

The following Group Deductibles are available for Indemnity & ALAE.

| Indemnity & ALAE Deductible Per Claim/Aggregate (\$000) | Number of Insureds | | | | Maximum Credit |
|--|--------------------|-------|-------|--------|-------------------|
| | 2-19 | 20-40 | 41-60 | 61-100 | |
| 5/15 | .029 | .026 | .021 | .017 | \$12,750 |
| 10/30 | .068 | .063 | .054 | .043 | 25,500 |
| 25/75 | .119 | .112 | .099 | .082 | 63,750 |
| 50/150 | .186 | .179 | .163 | .140 | 127,500 |
| 100/300 | .258 | .252 | .239 | .216 | 255,000 |
| 200/600 | .396 | .394 | .385 | .366 | 510,000 |
| 250/750 | .467 | .467 | .462 | .446 | 637,500 |

D. Experience Rating

This plan applies to physicians and surgeons medical professional liability risks contained in medical groups. As used in this plan, the term “risk” means the exposures of medical groups which have common management, a common and mutually agreed risk management program or a financial relationship among all members which encourages high levels of quality control and a reduction in liability claims.

On an optional basis, large risks with sufficiently credible loss experience may be loss-rated to develop an appropriate premium. To be eligible for loss rating, a group must have at least for the latest 10-year period and at least \$100,000 in estimated annual premium.

The experience period will be the latest completed 10 years. If 10 years are not available, consideration will be given to at least 5 complete years.

Losses are developed to ultimate and trended to cost levels for the proposed policy year. Losses will be capped at \$250,000 per loss.

The experience period does not include the 12-month period immediately prior to the effective date of the experience modification.

The experience rating modification is calculated using the following formula:

$$\text{Credibility} \times \frac{\text{Adjusted Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} = \text{Experience Mod.}$$

Since the experience rating plan is applied on an individual risk basis, the final impact of these changes varies by individual medical group based on risk size and loss experience by year. As a result, the anticipated overall rate impact due to the changes in the experience rating plan is indeterminable. However, the primary purpose of this plan and the revisions is to more accurately distribute the cost of insurance among eligible insureds.

E. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit, based upon the number of years the Insured has been claim free. A schedule is provided on Page 26 under M.

F. Individual Risk Rating

A risk may be individually rated by submitting a filing to the Illinois Department of Insurance, in accordance with Section 155.18(b)(4) of the Illinois Insurance Code. The code allows us to modify classification rates to produce rates for individual risks. Modifications of classifications of risks may be based upon size, expense, management, individual experience, location or dispersion of exposure, and shall apply to all risks under the same or substantially the same circumstances or conditions. We must list the standards by which variations in hazards or expense provisions are measured, in order to determine that a specific risk is so different in hazard/expense that it warrants individual rating.

VI. MODIFIED PREMIUM COMPUTATION

A. Slot Rating

1. Coverage for group practices is available, at the Company's discretion, on a slot basis rather than on an individual physician basis. The slot endorsement will identify the individuals and practice settings that are covered. Coverage will be provided on a shared limit basis for those insureds moving through the slot or position.
2. The applicable manual rate will be determined by the classification of the slot. Policies rated as a Standard Claims Made policy will utilize the retroactive date of the slot. Extended Reporting Period Coverage may be purchased for the slot based on the applicable retroactive date, classification and limits.
3. Premium modifications for new physician, part time, moonlighting, teaching, risk management or loss free credit may not be used in conjunction with this rating rule, unless approved by the Underwriting Vice President.

B. Requirements for Waiver of Premium for Extended Reporting Period Coverage.

1. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be returned and Extended Reporting Period Coverage will be granted for no additional charge, subject to policy provisions.
2. Upon termination of coverage under this policy by reason of total disability from the practice of medicine or at or after age 55, permanent retirement by the insured after five consecutive claims made years with the Company, Extended Reporting Period Coverage will be granted for no additional charge subject to policy provisions.
3. The Reporting Period is unlimited.

C. Blending Rates

A blended rate may be computed when a physician discontinues, reduces or increases his specialty or classification, and now practices in a different specialty or classification. For example, if an OB/GYN discontinues obstetrics, but continues to practice gynecology, his new blended rate will be the sum of the indicated OB/GYN and GYN rates, each weighted, at inception of the change, by 75% and 25%, respectively. The second and third year weights will be modified by 25%, descending and ascending respectively, until the full GYN rate is achieved at the start of the fourth year.

D. Per Patient Visit Rating

1. Standard Claims Made coverage for group practices is available, at the Company's option, on a per patient visit basis rather than on an individual physician basis. Coverage is provided on a shared or individual physician limit basis.
2. The number of patient visits equivalent to a physician year is 2500 hours times the applicable rate of visits per hour. The rate of visits per hour is derived from the group's historical experience, subject to a minimum rate of 1 visit per hour and a maximum rate of 3 visits per hour.
3. The applicable medical specialty rate is divided by the equivalent patient visits resulting in the patient visit rate to be applied to the visits projected for the policy period. The product of the patient visit rate and the projected visits results in the indicated manual premium.
4. The annual visits reported to the Company for rating purposes are subject to audit, at the Company's discretion.

5. Premium modifications for new physician, part time, teaching, risk management or claim free credit cannot be used in conjunction with this rating rule.

VII. PREMIUM COMPUTATION DETAILS

A. Classifications

1. Applicable to Standard Claims-Made Programs.
2. The following classification plan shall be used to determine the appropriate rating class for each individual insured.

PHYSICIANS & SURGEONS

CLASS 1

Allergy/Immunology
Forensic Medicine
Occupational Medicine
Otorhinolaryngology-NMRP, NS
Physical Med. & Rehab.

Public Health & Preventative Med
Other, Specialty NOC

CLASS 2

Dermatology
Endocrinology
Geriatrics
Ophthalmology-NS
Pathology
Podiatry, No Surgery
Psychiatry
Rheumatology
Other, Specialty NOC

CLASS 3

Pediatrics-NMRP
Other, Specialty NOC

CLASS 4

Diabetes
Family Practice-NMRP, NS
General Practice-NMRP, NS
General Surgery-NMRP
Hematology
Industrial Medicine
Neurosurgery-NMRP, NMajS
Nuclear Medicine
Oncology
Ophthalmic Surgery
Oral/Maxillofacial Surgery
Orthopaedics-NMRP, NS
Radiation Oncology
Thoracic Surgery-NMRP, NS
Other, Specialty NOC

CLASS 5

Cardiovascular Disease-NMRP,
NS
Infectious Disease
Nephrology-NMRP
Other, Specialty NOC

CLASS 6

Gynecology-NMRP, NS
Internal Medicine-NMRP
Certified Registered Nurse
Anesthetist
Other, Specialty NOC

CLASS 7

Anesthesiology
Nephrology-MRP
Podiatry, Surgery
Pulmonary Diseases
Radiology-NMRP
Other, Specialty NOC

CLASS 8

Cardiac Surgery-MRP, NMajS
Cardiovascular Disease-Spec.
MRP
Gastroenterology
General Surgery-MRP, NMajS
Hand Surgery-MRP, NMajS
Internal Medicine-MRP
Neurology
Orthopaedics-MRP, NMajS

Otorhinolaryngology-MRP, NMajS
Pediatrics-MRP
Radiology-MRP
Urology-MRP, NMajS
Vascular Surgery-MRP, NMajS
Other, Specialty NOC

CLASS 9

Family Practice-MRP, NMajS
General Practice-MRP, NMajS
Other, Specialty NOC

CLASS 10

Neurosurgery-MRP, NMajS
Urological Surgery
Other, Specialty NOC

CLASS 11

Cardiovascular Disease-MRP
Colon Surgery
Emergency Medicine-NMajS,
prim
Gynecology/Obstetrics-MRP,
Nmaj
Otorhinolaryngology; No Elective
Plastic
Radiology-MajRP
Other, Specialty NOC

CLASS 12

Emergency Medicine-MajS
Family Practice-not primarily
MajS
General Practice-NMajS, prim
Gynecological Surgery
Hand Surgery
Head/Neck Surgery

Otorhinolaryngology; Head/Neck
Other, Specialty NOC

CLASS 13

General Surgery
Certified Nurse Midwife
Other, Specialty NOC

CLASS 14

Neonatology
Otorhinolaryngology; Other Than
Head/Neck
Plastic Surgery
Other, Specialty NOC

CLASS 15

Orthopaedic Surgery s/o Spine
Other, Specialty NOC

CLASS 16

Cardiac Surgery
Thoracic Surgery
Vascular Surgery
Other, Specialty NOC

CLASS 17

Obstetrical/Gynecological
Surgery
Other, Specialty NOC

CLASS 18

Neurosurgery-No Intracranial
Surgery
Orthopaedic Surgery wSpine
Other, Specialty NOC

CLASS 19

Neurosurgery
Other, Specialty NOC

MEDICAL PROCEDURE DEFINITIONS

NMRP: NOMINAL MINOR RISK PROCEDURE

NS: NO SURGERY

NOC: NOT OTHERWISE CLASSIFIED

NMAJS: NO MAJOR SURGERY

MRP: MINOR RISK PROCEDURES

MAJRP: MAJOR RISK PROCEDURES

NON PHYSICIAN HEALTH CARE PROVIDERS

Class X

Fellow, Intern, Optician, Resident, Social Worker

Class Y

Optometrist, Physical Therapist, X-Ray and Lab Technicians

Class Z

Nurse Practitioner – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Physician Assistant – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Psychologist – Class 1

Certified Registered Nurse Anesthetist

Shared Limits – 20% times Anesthesiologist rate

Separate Limits – 25% times Anesthesiologist rate

Certified Nurse Midwife – No complicated OB or surgery

Shared Limits – Not available

Separate Limits – 50% of OB/GYN rate

B. Territory Definitions

TERRITORY 1 COUNTIES

Cook, Jackson, Madison, St. Clair and Will

TERRITORY 2 COUNTIES

Lake, Vermillion

TERRITORY 3 COUNTIES

Kane, McHenry, Winnebago

TERRITORY 4 COUNTIES

DuPage, Kankakee, Macon

TERRITORY 5 COUNTIES

Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Ogle, Randolph

TERRITORY 6 COUNTIES

Grundy, Sangamon

TERRITORY 7 COUNTIES

Peoria

TERRITORY 8 COUNTIES

Remainder of State

C. Standard Claims Made Program Step Factors

| | |
|-----------------------|------|
| First Year: | 25% |
| Second Year: | 50% |
| Third Year: | 85% |
| Fourth Year (Mature): | 100% |

Mature Rates for Physicians and Surgeons (Claims-made):

\$1,000,000 / 3,000,000

| Class | Medical Specialty | Terr 1 | Terr 2 | Terr 3 | Terr 4 | Terr 5 | Terr 6 | Terr 7 | Terr 8 |
|--------------|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1 | Allergy/Immunology | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Forensic Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Occupational Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Otorhinolaryngology-NMRP, NS | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Physical Med. & Rehab. | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Public Health & Preventative Med | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Other, Specialty NOC | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 2 | Dermatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Endocrinology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Geriatrics | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Ophthalmology-NS | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Pathology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Podiatry, No Surgery | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Psychiatry | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Rheumatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Other, Specialty NOC | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 3 | Pediatrics-NMRP | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |
| 3 | Other, Specialty NOC | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |
| 4 | Diabetes | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Family Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Surgery-NMRP | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Hematology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Industrial Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Neurosurgery-NMRP, NMajS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Nuclear Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Ophthalmic Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oral/Maxillofacial | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |

| | | | | | | | | | |
|---------|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Surgery | | | | | | | | | |
| 4 | Orthopaedics-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Radiation Oncology Thoracic Surgery- | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Other, Specialty NOC | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |

| | | | | | | | | | |
|---|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 5 | Cardiovascular Disease- NMRP, NS | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Infectious Disease | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Nephrology-NMRP | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Other, Specialty NOC | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |

| | | | | | | | | | |
|---|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 6 | Gynecology-NMRP, NS | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Internal Medicine-NMRP | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Other, Specialty NOC | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 7 | Anesthesiology | 37,159 | 33,595 | 31,813 | 28,231 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Nephrology-MRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Podiatry, Surgery | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Pulmonary Diseases | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Radiology-NMRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Other, Specialty NOC | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |

| | | | | | | | | | |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 8 | Cardiac Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Cardiovascular Disease- Spec. MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Gastroenterology General Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Hand Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Internal Medicine-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Neurology Orthopaedics-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Otorhinolaryngology- MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Pediatrics-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Radiology-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Urology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Vascular Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Other, Specialty NOC | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |

| | | | | | | | | | |
|---|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 9 | Family Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | General Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |

| | | | | | | | | | |
|----|---|---------|---------|---------|--------|--------|--------|--------|--------|
| 9 | Other, Specialty NOC | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 10 | Neurosurgery-MRP, NMajS | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 10 | Urological Surgery | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 10 | Other, Specialty NOC | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 11 | Cardiovascular Disease-MRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Colon Surgery | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Emergency Medicine-NMajS, prim | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Gynecology/Obstetrics-MRP, Nmaj | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Otorhinolaryngology; No Elective Plastic | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Radiology-MajRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Other, Specialty NOC | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 12 | Emergency Medicine-MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Family Practice-not primarily MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | General Practice-NMajS, prim | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Gynecological Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Hand Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Head/Neck Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Otorhinolaryngology; Head/Neck | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Other, Specialty NOC | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 13 | General Surgery | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |
| 13 | Other, Specialty NOC | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |
| 14 | Neonatology | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Otorhinolaryngology; Other Than Head/Neck | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Plastic Surgery | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Other, Specialty NOC | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 15 | Orthopaedic Surgery s/o Spine | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |
| 15 | Other, Specialty NOC | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |
| 16 | Cardiac Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Thoracic Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Vascular Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Other, Specialty NOC | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |

| | | | | | | | | | |
|----|---------------------------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 17 | Obstetrical/Gynecologic al Surgery | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |
| 17 | Other, Specialty NOC | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |

| | | | | | | | | | |
|----|---|---------|---------|---------|---------|--------|--------|--------|--------|
| 18 | Neurosurgery-No Intracranial Surgery | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Orthopaedic Surgery wSpine | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Other, Specialty NOC | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |

| | | | | | | | | | |
|----|----------------------|---------|---------|---------|---------|---------|---------|--------|---------|
| 19 | Neurosurgery | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |
| 19 | Other, Specialty NOC | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |

D. Mature Rates for non Physician Health Care Providers

Class X equals 0% of the Class 1 Physician/Surgeon rate, for shared limits; 10% of Class 4 rate for separate limits.

Class Y equals 0% of the Class 1 Physician/Surgeon rate, for shared limits; 15% of the Class 4 rate for separate limits.

Class Z equals 10% of the Class 1 Physician/Surgeon rate for shared limits; 25% of Class 1 Physician/Surgeon rate for separate limits.

Note any non-Physician Health Care Providers in Classes X, Y, or Z with exposure in the Emergency Room will require the referenced factor times the Class 11 rate.

E. Decreased Limit Factors:

| Limit | All Classes |
|---------|-------------|
| 1M/3M | 1.000 |
| 500/1.0 | .7199 |
| | |
| | |

F. Extended Reporting Period Coverage Factors:

(1) The following represents the tail factors to be applied to the annual expiring discounted premium in the event a policyholder desires to obtain a Reporting Endorsement upon termination or cancellation of the policy:

| <u>Year</u> | <u>Factor</u> |
|-----------------|---------------|
| 1 st | 3.30 |
| 2 nd | 3.15 |
| 3 rd | 2.40 |
| 4 th | 2.00 |

(2) The Reporting Period is unlimited.

G. Shared Limits Modification:

Not available.

H. Policy Writing Minimum Premium:

Physicians & Surgeons - \$500.

I. Policy Writing Minimum Premium:

Non-Physician Healthcare Providers - \$500

J. Separate Limits for Non-Physician and Surgeon Healthcare Providers Modification:

Class X: 20% of Class 1

Class Y: 25% of Class 1

Class Z: 35% of Class 1

K. Premium Modifications

For individual physicians and surgeons:

1. Part Time Physicians & Surgeons – 30%
2. Physicians in Training – 1st Year Resident 50%; Resident 40%; Fellow 30%.
3. Locum Tenens – no premium, subject to prior underwriting approval
4. New Physicians & Surgeons – 30% for the first two years of practice
5. Physician Teaching Specialists – Non-surgical 50%; Surgical 40%.
6. Physicians Leave of Absence – full suspension of insurance and premium for up to one year, subject to underwriting approval

L. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit based on the following schedule:

If claim free for 3 years but less than 5 years, a 5% credit shall be applied at the policy inception date.

- (i) If claim free for 5 years but less than 8 years, a 10% credit shall be applied at the policy inception date.
- (ii) If claim free for 8 years but less than 10 years, a 15% credit shall be applied at the policy inception date.
- (iii) If claim free for 10 years or more, a credit of 20% shall be applied at the policy inception date.

A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.

M. Schedule Rating (not to be used in conjunction with Loss Rating)

| | |
|---|---|
| 1. Historical Loss Experience +/- 25% | The frequency or severity of claims for the insured(s) is greater/less than the expected experience for an insured(s) of the same classification/size or recognition of unusual circumstances of claims in the loss experience. |
| 2. Cumulative Years of Patient Experience. +/- 10% | The insured(s) demonstrates a stable, longstanding practice and/or significant degree of experience in their current area of medicine. |
| 3. Classification Anomalies. +/- 25% | Characteristics of a particular insured that differentiate the insured from other members of the same class, or recognition of recent developments within a classification or jurisdiction that are anticipated to impact future loss experience. |
| 4. Claim Anomalies +/- 25% | Economic, societal or jurisdictional changes or trends that will influence the frequency or severity of claims, or the unusual circumstances of a claim(s) which understate/overstate the severity of the claim(s). |
| 5. Management Control Procedures. +/- 10% | Specific operational activities undertaken by the insured to reduce the frequency and/or severity of claims. |
| 6. Number /Type of Patient Exposures. +/- 10% | Size and/or demographics of the patient population which influences the frequency and/or severity of claims. |
| 7. Organizational Size / Structure. +/- 10% | The organization's size and processes are such that economies of scale are achieved while servicing the insured. |
| g. Medical Standards, Quality & Claim Review. +/- 10% | Presence of (1) committees that meet on a routine basis to review medical procedures, treatments, and protocols and then assist in the integration of such into the practice, (2) Committees that meet to assure the quality of the health care services being rendered and/or (3) Committees to provide consistent review of claims/incidents that have occurred and to develop corrective action. |
| 9. Other Risk Management Practices and Procedures. +/- 10% | Additional activities undertaken with the specific intention of reducing the frequency or severity of claims. |
| 10. Training, Accreditation & Credentialing. +/- 10% | The insured(s) exhibits greater/less than normal participation and support of such activities. |
| 11. Record - Keeping Practices. +/- 10% | Degree to which insured incorporates methods to maintain quality patient records, referrals, and test results. |
| 12. Utilization of Monitoring Equipment, Diagnostic Tests or Procedures +/- 10% | Demonstrating the willingness to expend the time and capital to incorporate the latest advances in medical treatments and equipment into the practice, or failure to meet accepted standards of care. |
| Maximum Modification + / - 50% | |

N. Deductible Credits

See V.C on Page 12.

O. Experience Rating

See V.D on Page 14.

P. Slot Rating for groups, subject to Underwriting

See VI.A on Page 15.

Q. Mandatory Quarterly Payment Option.

For medical liability insureds whose annual premiums total \$500 or more, the plan must allow the option of quarterly payments.

- (iv) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- (v) The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- (vi) No interest charges;
- (vii) Installment charges or fees of no more than the lesser of 1% of the total premium or \$25, whichever is less; and
- (viii) A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Non-Mandatory Quarterly Payment Option.

- (ix) For medical liability insureds whose annual premiums are less than \$500, insurers may, but are not required to, offer quarterly installment , premium payment plans.
- (x) For insureds who pay a premium for any extension of a reporting period, insurers may, but are not required to, offer quarterly installment, premium payment plans.
- (xi) If an insurer offers any quarterly payments under this subsection, (g) Non-Mandatory Quarterly Payment Options, they must be offered to all medical liability insureds.

Quarterly installment premium payment plans subject to (R) above shall be included in the initial offer of the policy, or in the first policy renewal. Thereafter, the insurer may, but need not, re-offer the payment plan, but if an insured requests the payment plan at a later date, the insurer must make it available.



MANUAL

SECTION I

GENERAL RULES

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS AND NON-PHYSICIAN HEALTH CARE PROVIDERS

I. APPLICATION OF MANUAL

This manual specifies rules, rates, premiums, classifications and territories for the purpose of providing professional liability coverage to the physicians, surgeons, their professional associations and employed health care providers.

II. APPLICATION OF GENERAL RULES

These rules apply to all sections of this manual. Any exceptions to these rules are contained in the respective section, with reference thereto.

All other rules, rates and rating plans filed on behalf of the Company and not in conflict with these pages shall continue to apply.

III. POLICY TERM

Policies will be written for a term of one year, and renewed annually thereafter, but the policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year under a short term policy period.

IV. LOCATION OF PRACTICE

The rates as shown in this manual contemplate the exposure as being derived from professional practice or activities within a single rating territory. However, should an insured practice in more than one rating territory and/or state, the following rule shall apply. If 10% or less of an insured's practice is in a higher rated territory, we use the lower rated territory. If more than 10% of an insured's practice is in a higher rated territory, we use the higher rated territory.

V. PREMIUM COMPUTATION

- A. Compute the premium at policy inception using the rules, rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.

- B. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

VI. FACTORS OR MULTIPLIERS

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

VII. WHOLE DOLLAR RULE

In the event the application of any rating procedure applicable in accordance with this manual produces a result that is not a whole dollar, each rate and premium shall be adjusted as follows:

- A. any amount involving \$.50 or over shall be rounded up to the next highest whole dollar amount; and
- B. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

VIII. ADDITIONAL PREMIUM CHARGES

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

IX. RETURN PREMIUM FOR MID-TERM CHANGES

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata when any coverage or exposure is deleted or an amount of insurance is reduced.
- C. Retain the Policy Minimum Premium.

X. POLICY CANCELLATIONS

- A. Compute return premium pro rata using the rules, rates and rating plans in effect at the inception of this policy period when:
 - 1. A policy is canceled at the Company's request,
 - 2. the insured no longer has a financial and an insurable interest in the property or operation that is the subject of the insurance; or
- B. If cancellation is for any other reason than stated in A. above, compute the return premium on a standard short rate basis for the one-year period.

- C. Retain the Policy Minimum Premium when the insured requests cancellation except when coverage is canceled as of the inception date.

XI. POLICY MINIMUM PREMIUM

- 1. The applicable minimum premium is determined by the type of health care provider shown on the appropriate Rate Pages.
- 2. Minimum Premiums will be combined for a policy that provides coverage for more than one type of health care provider.

XII. PREMIUM PAYMENT PLAN

The Company will offer the insured premium payment options, outlined on Page 28.

XIII. COVERAGE

Coverage is provided on a Claims-Made basis. Coverage under the policy shall be as described in the respective Insuring Agreements. The coverages will be rated under Standard Claims-Made Rates.

XIV. BASIC LIMITS OF LIABILITY

Basic Limits of Liability shall be those shown as applicable to the respective insureds.

XV. INCREASED LIMITS OF LIABILITY

Individual Limits of Liability will be modified by Increased Limits factors as applicable for the respective insureds and used to develop the applicable premium.

XVI. PRIOR ACTS COVERAGE

The policy shall be extended to provide prior acts coverage in accordance with the applicable retroactive date(s). The retroactive date can be advanced only at the request or with the written acknowledgment of the insured, subject to underwriting.

XVII. EXTENDED REPORTING PERIOD COVERAGE

The availability of Extended Reporting Period Coverage shall be governed by the terms and conditions of the policy and the following rules:

- A. The retroactive date of coverage will determine the years of prior exposure for Extended Reporting Period Coverage.
- B. The Limits of Liability may not exceed those afforded under the terminating policy, unless otherwise required by statute or regulation.
- C. The premium for the Extended Reporting Period Coverage shall be determined by applying the Extended Reporting Period Coverage rating factors shown on Page 25.
- D. Premium is fully earned and must be paid in full within 30 days of the expiration of the policy.

- E. The Reporting Period is unlimited.
- F. The Insured has 30 days after the policy is terminated to purchase the extended reporting period. The Extended Reporting Endorsement must be offered regardless of the reason for the termination.

XVIII. PREMIUM MODIFICATIONS

Schedule Rating

| | |
|-------------------------|-------|
| Physicians and Surgeons | +/-50 |
| Healthcare Providers | +/-50 |

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- END OF SECTION I-

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SECTION II

MANUAL PAGES FOR CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS

I. APPLICATION OF MANUAL

- A. This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for the following Health Care Entities:
 - 1. Professional Corporations, Partnerships and Associations
- B. For the purpose of these rules, an entity consists of physicians, dentists and/or allied health care providers rendering patient care who:
 - 1. Are comprised of 2 or more physicians;
 - 2. Are organized as a legal entity;
 - 3. Maintain common facilities (including multiple locations) and support personnel; and
 - 4. Maintain medical/dental records of patients of the group as a historical record of patient care.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

- A. Claims-Made Coverage
 - \$1,000,000 Per Claim
 - \$3,000,000 Aggregate

III. PREMIUM COMPUTATION

The premium for professional corporations, partnerships and associations, limited liability companies, or other entity may be written with a separate limit of liability and shall be computed in the following manner:

The premium charge will be a percentage (selected from the table below) of the sum of each member physician's net individual premium. For each member physician not individually insured by the Company, a premium charge will be made equal to 30% of the appropriate specialty rate if the Company agrees to provide such coverage. In order for the entity to be eligible for coverage, the Company must insure all member physicians or at least 60% of the physician members must be insured by the Company, and the remaining physicians must be insured by another professional liability program acceptable to the company.

| Number of Insureds | Percent |
|--------------------|---------|
| 1 | 25% |
| 2-5 | 12% |
| 6-9 | 10% |
| 10-19 | 9% |
| 20-49 | 7% |
| 50 or more | 5% |

IV. CLASSIFICATIONS

A. Corporations, Partnerships and Associations

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Not otherwise identified as a Miscellaneous Entity.

B. Miscellaneous Entities

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Including the following types of entities:
 - a. Urgent Care Center
 - b. Surgi Center
 - c. MRI Center
 - d. Renal Dialysis Center
 - e. Peritoneal Dialysis Center

V. PREMIUM MODIFICATIONS

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company. The premium for a risk may be modified in accordance with a maximum modification indicated under D1 on this page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule-rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified on Page 30.

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B. Manual Rates

1. Corporations, Partnerships & Associations Rating Factors

As referenced in III on Pages 5 and 6:

See Table on Page 6 - Separate Corporate Limits

0% - Shared Corporate Limits

2. Miscellaneous Entities

Not eligible under this Filing.

C. Policy Writing Minimum Premium

The applicable minimum premium is based upon the policy issued to the physicians and surgeons. Only one minimum premium applies of \$500.

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D. Premium Modifications

1. Schedule Rating—Partnerships & Corporations

| | |
|-----------------------|---------|
| Physician & Surgeons | +/- 50% |
| Health Care Providers | +/- 50% |

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Schedule Rating is not to be used in conjunction with Loss Rating.

2. Self-Insured Retention Credits - See Section III.V.B

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- END OF SECTION II-

SECTION III

**MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS,
SURGEONS, AND NON-PHYSICIAN HEALTHCARE PROVIDERS**

I. APPLICATION OF MANUAL

This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for Physicians/Surgeons and employed or associated non-physician health care providers.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

Claims-Made Coverage

\$1,000,000 Per Claim

\$3,000,000 Aggregate

III. PREMIUM COMPUTATION

The premium shall be computed by applying the rate per physician, surgeon or non-physician health care provider shown on Page 21, in accordance with each individual's medical classification and class plan designation.

IV. CLASSIFICATIONS

A. Physicians/Surgeons and Non Physician Health Care Providers

1. Each medical practitioner is assigned a Rate Class according to his/her specialty. When more than one classification is applicable, the highest rate classification shall apply.
2. The Rate Classes are found on Pages 14-19 of this Manual.

B. Part Time Physicians

1. A physician who is determined to be working 20 hours or less a week may be considered a part time practitioner and may be eligible for a reduction in the otherwise applicable rate for that specialty. The criteria and commensurate credit for a part time practitioner are identified in Section III of this Manual.

2. A Part Time Practitioner may include any practitioner in classes 1 through 3 only, except for Anesthesia and Emergency Medicine as identified in the class plan. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.
3. The part time credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

C. Physicians in Training

1. Following graduation from medical school, a physician may elect to enter additional training periods. For rating purposes, they are defined as follows:
 - a. First Year Resident (or Intern) - 1 year period immediately following graduation. During this period a physician may or may not be licensed, depending upon state requirements.
 - b. Resident - various lengths of time depending upon medical specialty; 3 years average. Following first year residency, generally licensed M.D. Upon completion of residency program, physician becomes board eligible.
 - c. Fellow - Follows completion of residency and is a higher level of training.
2. Coverage is available for activities directly related to a physician's training program. The coverage will not apply to any professional services rendered after the training is complete.
 - a. Interns, Residents and Fellows are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for activities directly related to an accredited training program. The applicable credit is stated on Page 26.
3. The credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

D. Locum Tenens Physician

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.

2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Limits will be shared between the insured physician and the physician substituting for him/her and will be endorsed onto the policy.

E. New Physician

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
 - a. Residency;
 - b. Fellowship program in their medical specialty
 - c. Fulfillment of a military obligation in remuneration for medical school tuition;
 - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown on Page 26. No other credits are to apply concurrent with this rule.

F. Physician Teaching Specialists

1. Coverage is available for faculty members of an accredited training program. The coverage will not apply to any professional services rendered in the insured's private practice.
 - a. Faculty members are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for teaching activities related to an accredited training program. Refer to L.5 on page 26 to determine the applicable credit.
2. Coverage is available for the private practice of a physician teaching specialist. The coverage will not apply to any aspect of the insured's teaching activities.
 - a. The premium will be based upon the otherwise applicable physician rate and the average number of hours per week devoted to teaching activities.
 - b. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.

c. No other credits are to apply concurrent with this rule.

d. The applicable percentages are presented on Page 26.

G. Physician's Leave of Absence

1. A physician who becomes disabled from the practice of medicine, or is on leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. The credit to be applied to the applicable rate is presented on Page 26.

V. **PREMIUM MODIFICATIONS**

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a risk may be modified in accordance with a maximum modification indicated on Page 30, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified on Page 30.

B. Risk Management

1% credit will apply for each Company approved CME hour of risk management completed, up to a maximum of 5% credit per year, or attendance at a Company approved seminar.

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C. Deductible Credits

Deductibles may apply either to indemnity only or indemnity and allocated loss adjustment expenses (ALAE). Any discount will apply only to the primary limit premium layer up to (\$1M/\$3M). Deductibles are subject to approval by the Company based on financial statements to be submitted by the insured and financial guarantees are required. The Company reserves the right to require acceptable securitization in the amount of the per claim and/or aggregate deductible amount from any insured covered by a policy to which a deductible is attached.

1. Individual Deductibles

Premium discounts for optional deductibles will be applied, per the table below, to the rate for the applicable primary limit:

| INDEMNITY ONLY DEDUCTIBLE PER CLAIM | | INDEMNITY AND ALAE DEDUCTIBLE PER CLAIM | |
|--|-------|--|-------|
| \$5,000 | 2.5% | \$5,000 | 6.5% |
| \$10,000 | 4.5% | \$10,000 | 11.5% |
| \$15,000 | 6.0% | \$15,000 | 15.0% |
| \$20,000 | 8.0% | \$20,000 | 17.5% |
| \$25,000 | 9.0% | \$25,000 | 20.0% |
| \$50,000 | 15.0% | \$50,000 | 30.5% |
| \$100,000 | 25.0% | \$100,000 | 40.0% |
| \$200,000 | 37.5% | \$200,000 | 55.0% |
| \$250,000 | 42.0% | \$250,000 | 58.0% |

The following Individual Deductibles are available on a Per Claim/Aggregate Basis. Premium discounts for optional deductibles will be applied, per the table below, to the rate for the applicable primary limit:

| Indemnity Only Per Claim/Aggregate | | Indemnity & ALAE Per Claim/Aggregate | |
|---------------------------------------|-------|---|-------|
| \$5000/15,000 | 2.0% | \$5000/15,000 | 5.5% |
| \$10,000/30,000 | 4.0% | \$10,000/30,000 | 10.5% |
| \$25,000/75,000 | 8.5% | \$25,000/75,000 | 19.0% |
| \$50,000/150,000 | 14.0% | \$50,000/150,000 | 29.5% |
| \$100,000/300,000 | 24.0% | \$100,000/300,000 | 43.0% |
| \$200,000/600,000 | 36.0% | \$200,000/600,000 | 53.5% |
| \$250,000/750,000 | 40.0% | \$250,000/750,000 | 56.5% |

2. Group Deductibles

An optional deductible, which limits the amount the entire group will have to pay, if multiple claims are made in a policy year, is available. Under this program, the per claim deductible continues to apply separately to each insured involved in a suit. However, the aggregate deductible applies to all insureds in the group combined thereby reducing the organization's maximum potential liability in a policy year. When the organization is insured with a separate limit of coverage, the organization is counted when totaling the number of insureds below. Group deductible amounts apply to primary premium up to \$1M/3M only. The applicable Deductible Discount will not change during the policy term despite changes in the number of insureds, but will be limited by any applicable maximum credit amount.

| Indemnity Deductible Per Claim/Aggregate (\$000) | Number of Insureds | | | | Maximum Credit |
|--|--------------------|-------|-------|--------|-------------------|
| | 2-19 | 20-40 | 41-60 | 61-100 | |
| 5/15 | .020 | .018 | .015 | .012 | \$10,500 |
| 10/30 | .038 | .035 | .030 | .024 | 21,000 |
| 25/75 | .084 | .079 | .070 | .058 | 52,500 |
| 50/150 | .145 | .139 | .127 | .109 | 105,000 |
| 100/300 | .234 | .228 | .216 | .196 | 120,000 |
| 200/600 | .348 | .346 | .338 | .321 | 420,000 |
| 250/750 | .385 | .385 | .381 | .368 | 525,000 |

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The following Group Deductibles are available for Indemnity & ALAE.

| Indemnity & ALAE Deductible Per Claim/Aggregate (\$000) | Number of Insureds | | | | Maximum Credit |
|--|--------------------|-------|-------|--------|-------------------|
| | 2-19 | 20-40 | 41-60 | 61-100 | |
| 5/15 | .029 | .026 | .021 | .017 | \$12,750 |
| 10/30 | .068 | .063 | .054 | .043 | 25,500 |
| 25/75 | .119 | .112 | .099 | .082 | 63,750 |
| 50/150 | .186 | .179 | .163 | .140 | 127,500 |
| 100/300 | .258 | .252 | .239 | .216 | 255,000 |
| 200/600 | .396 | .394 | .385 | .366 | 510,000 |
| 250/750 | .467 | .467 | .462 | .446 | 637,500 |

D. Experience Rating

This plan applies to physicians and surgeons medical professional liability risks contained in medical groups. As used in this plan, the term "risk" means the exposures of medical groups which have common management, a common and mutually agreed risk management program or a financial relationship among all members which encourages high levels of quality control and a reduction in liability claims.

On an optional basis, large risks with sufficiently credible loss experience may be loss-rated to develop an appropriate premium. To be eligible for loss rating, a group must have at least for the latest 10-year period and at least \$100,000 in estimated annual premium.

The experience period will be the latest completed 10 years. If 10 years are not available, consideration will be given to at least 5 complete years.

Losses are developed to ultimate and trended to cost levels for the proposed policy year. Losses will be capped at \$250,000 per loss.

The experience period does not include the 12-month period immediately prior to the effective date of the experience modification.

The experience rating modification is calculated using the following formula:

$$\frac{\text{Credibility} \times \text{Adjusted Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} = \text{Experience Mod.}$$

Since the experience rating plan is applied on an individual risk basis, the final impact of these changes varies by individual medical group based on risk size and loss experience by year. As a result, the anticipated overall rate impact due to the changes in the experience rating plan is indeterminable. However, the primary purpose of this plan and the revisions is to more accurately distribute the cost of insurance among eligible insureds.

E. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit, based upon the number of years the Insured has been claim free. A schedule is provided on Page 26 under M.

F. Individual Risk Rating

A risk may be individually rated by submitting a filing to the Illinois Department of Insurance, in accordance with Section 155.18(b)(4) of the Illinois Insurance Code. The code allows us to modify classification rates to produce rates for individual risks. Modifications of classifications of risks may be based upon size, expense, management, individual experience, location or dispersion of exposure, and shall apply to all risks under the same or substantially the same circumstances or conditions. We must list the standards by which variations in hazards or expense provisions are measured, in order to determine that a specific risk is so different in hazard/expense that it warrants individual rating.

VI. MODIFIED PREMIUM COMPUTATION

A. Slot Rating

1. Coverage for group practices is available, at the Company's discretion, on a slot basis rather than on an individual physician basis. The slot endorsement will identify the individuals and practice settings that are covered. Coverage will be provided on a shared limit basis for those insureds moving through the slot or position.
2. The applicable manual rate will be determined by the classification of the slot. Policies rated as a Standard Claims Made policy will utilize the retroactive date of the slot. Extended Reporting Period Coverage may be purchased for the slot based on the applicable retroactive date, classification and limits.
3. Premium modifications for new physician, part time, moonlighting, teaching, risk management or loss free credit may not be used in conjunction with this rating rule, unless approved by the Underwriting Vice President.

B. Requirements for Waiver of Premium for Extended Reporting Period Coverage.

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1. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be returned and Extended Reporting Period Coverage will be granted for no additional charge, subject to policy provisions.
2. Upon termination of coverage under this policy by reason of total disability from the practice of medicine or at or after age 55, permanent retirement by the insured after five consecutive claims made years with the Company, Extended Reporting Period Coverage will be granted for no additional charge subject to policy provisions.
3. The Reporting Period is unlimited.

C. Blending Rates

A blended rate may be computed when a physician discontinues, reduces or increases his specialty or classification, and now practices in a different specialty or classification. For example, if an OB/GYN discontinues obstetrics, but continues to practice gynecology, his new blended rate will be the sum of the indicated OB/GYN and GYN rates, each weighted, at inception of the change, by 75% and 25%, respectively. The second and third year weights will be modified by 25%, descending and ascending respectively, until the full GYN rate is achieved at the start of the fourth year.

D. Per Patient Visit Rating

1. Standard Claims Made coverage for group practices is available, at the Company's option, on a per patient visit basis rather than on an individual physician basis. Coverage is provided on a shared or individual physician limit basis.
2. The number of patient visits equivalent to a physician year is 2500 hours times the applicable rate of visits per hour. The rate of visits per hour is derived from the group's historical experience, subject to a minimum rate of 1 visit per hour and a maximum rate of 3 visits per hour.
3. The applicable medical specialty rate is divided by the equivalent patient visits resulting in the patient visit rate to be applied to the visits projected for the policy period. The product of the patient visit rate and the projected visits results in the indicated manual premium.
4. The annual visits reported to the Company for rating purposes are subject to audit, at the Company's discretion.

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5. Premium modifications for new physician, part time, teaching, risk management or claim free credit cannot be used in conjunction with this rating rule.

VII. PREMIUM COMPUTATION DETAILS

A. Classifications

1. Applicable to Standard Claims-Made Programs.
2. The following classification plan shall be used to determine the appropriate rating class for each individual insured.

PHYSICIANS & SURGEONS

CLASS 1

Allergy/Immunology
 Forensic Medicine
 Occupational Medicine
 Otorhinolaryngology-NMRP, NS
 Physical Med. & Rehab.

Public Health & Preventative Med
 Other, Specialty NOC

CLASS 2

Dermatology
 Endocrinology
 Geriatrics
 Ophthalmology-NS
 Pathology
 Podiatry, No Surgery
 Psychiatry
 Rheumatology
 Other, Specialty NOC

CLASS 3

Pediatrics-NMRP
 Other, Specialty NOC

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1. Rating of Emergency Room and Urgent Care Groups may, at the Company's option, be rated on a per 100 patient visit basis. A risk with fewer than 10,000 patient encounters each year will not qualify for this rating method.

2. For risks rated on a per patient basis, develop premium using the following per 100 patient visit rates. These rates are Claims made, \$1,000,000/3,000,000. These rates are subject to decreased limit factors on page 26 of this Rate Manual. Use the Territory Definitions on page 20 of this Rate Manual.

| Class | Terr 1 | Terr 2 | Terr 3 | Terr 4 | Terr 5 | Terr 6 | Terr 7 | Terr 8 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Emer | | | | | | | | |
| Room | \$2058 | \$1856 | \$1755 | \$1452 | \$1168 | | | |
| Urgent Care | \$1553 | \$1401 | \$1325 | \$1098 | \$886 | | | |

Emer
 Room \$2058 \$1856 \$1755 \$1452 \$1168

Urgent Care \$1553 \$1401 \$1325 \$1098 \$886

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CLASS 4

Diabetes
Family Practice-NMRP, NS
General Practice-NMRP, NS
General Surgery-NMRP
Hematology
Industrial Medicine
Neurosurgery-NMRP, NMajS
Nuclear Medicine
Oncology
Ophthalmic Surgery
Oral/Maxillofacial Surgery
Orthopaedics-NMRP, NS
Radiation Oncology
Thoracic Surgery-NMRP, NS
Other, Specialty NOC

CLASS 5

Cardiovascular Disease-NMRP,
NS
Infectious Disease
Nephrology-NMRP
Other, Specialty NOC

CLASS 6

Gynecology-NMRP, NS
Internal Medicine-NMRP
Certified Registered Nurse
Anesthetist
Other, Specialty NOC

CLASS 7

Anesthesiology
Nephrology-MRP
Podiatry, Surgery
Pulmonary Diseases
Radiology-NMRP
Other, Specialty NOC

CLASS 8

Cardiac Surgery-MRP, NMajS
Cardiovascular Disease-Spec.
MRP
Gastroenterology
General Surgery-MRP, NMajS
Hand Surgery-MRP, NMajS
Internal Medicine-MRP
Neurology
Orthopaedics-MRP, NMajS

Otorhinolaryngology-MRP, NMajS
Pediatrics-MRP
Radiology-MRP
Urology-MRP, NMajS
Vascular Surgery-MRP, NMajS
Other, Specialty NOC

CLASS 9

Family Practice-MRP, NMajS
General Practice-MRP, NMajS
Other, Specialty NOC

CLASS 10

Neurosurgery-MRP, NMajS
Urological Surgery
Other, Specialty NOC

CLASS 11

Cardiovascular Disease-MRP
Colon Surgery
Emergency Medicine-NMajS,
prim
Gynecology/Obstetrics-MRP,
Nmaj
Otorhinolaryngology; No Elective
Plastic
Radiology-MajRP
Other, Specialty NOC

CLASS 12

Emergency Medicine-MajS
Family Practice-not primarily
MajS
General Practice-NMajS, prim
Gynecological Surgery
Hand Surgery
Head/Neck Surgery

Otorhinolaryngology; Head/Neck
Other, Specialty NOC

CLASS 13

General Surgery
Certified Nurse Midwife
Other, Specialty NOC

CLASS 14

Neonatology
Otorhinolaryngology; Other Than
Head/Neck
Plastic Surgery
Other, Specialty NOC

CLASS 15

Orthopaedic Surgery s/o Spine
Other, Specialty NOC

CLASS 16

Cardiac Surgery
Thoracic Surgery
Vascular Surgery
Other, Specialty NOC

CLASS 17

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Obstetrical/Gynecological
Surgery
Other, Specialty NOC

CLASS 18

Neurosurgery-No Intracranial
Surgery
Orthopaedic Surgery wSpine
Other, Specialty NOC

CLASS 19

Neurosurgery
Other, Specialty NOC

MEDICAL PROCEDURE DEFINITIONS

NMRP: NOMINAL MINOR RISK PROCEDURE

NS: NO SURGERY

NOC: NOT OTHERWISE CLASSIFIED

NMAJS: NO MAJOR SURGERY

MRP: MINOR RISK PROCEDURES

MAJRP: MAJOR RISK PROCEDURES

NON PHYSICIAN HEALTH CARE PROVIDERS

Class X

Fellow, Intern, Optician, Resident, Social Worker

Class Y

Optometrist, Physical Therapist, X-Ray and Lab Technicians

Class Z

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Nurse Practitioner – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Physician Assistant – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Psychologist – Class 1

Certified Registered Nurse Anesthetist

Shared Limits – 20% times Anesthesiologist rate

Separate Limits – 25% times Anesthesiologist rate

Certified Nurse Midwife – No complicated OB or surgery

Shared Limits – Not available

Separate Limits – 50% of OB/GYN rate

B. Territory Definitions

TERRITORY 1 COUNTIES

Cook, Jackson, Madison, St. Clair and Will

TERRITORY 2 COUNTIES

Lake, Vermillion

TERRITORY 3 COUNTIES

Kane, McHenry, Winnebago

TERRITORY 4 COUNTIES

DuPage, Kankakee, Macon

TERRITORY 5 COUNTIES

Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Ogle, Randolph

TERRITORY 6 COUNTIES

Grundy, Sangamon

TERRITORY 7 COUNTIES

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Psychologist

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Certified Registered Nurse Anesthetist

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Certified Nurse Midwife – No complicated OB or surgery

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Peoria

TERRITORY 8 COUNTIES

Remainder of State

C. Standard Claims Made Program Step Factors

| | |
|-----------------------|------|
| First Year: | 25% |
| Second Year: | 50% |
| Third Year: | 85% |
| Fourth Year (Mature): | 100% |

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Mature Rates for Physicians and Surgeons (Claims-made):

\$1,000,000 / 3,000,000

| Class | Medical Specialty | Terr 1 | Terr 2 | Terr 3 | Terr 4 | Terr 5 | Terr 6 | Terr 7 | Terr 8 |
|-------|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 | Allergy/Immunology | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Forensic Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Occupational Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Otorhinolaryngology-NMRP, NS | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Physical Med. & Rehab. | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Public Health & Preventative Med | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Other, Specialty NOC | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|-------|--------|
| 2 | Dermatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Endocrinology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Geriatrics | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Ophthalmology-NS | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Pathology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Podiatry, No Surgery | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Psychiatry | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Rheumatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Other, Specialty NOC | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 3 | Pediatrics-NMRP | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |
| 3 | Other, Specialty NOC | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |

| | | | | | | | | | |
|---|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 4 | Diabetes | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Family Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Surgery-NMRP | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Hematology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Industrial Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Neurosurgery-NMRP, NMajS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Nuclear Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Ophthalmic Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oral/Maxillofacial Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Orthopaedics-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Radiation Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Thoracic Surgery- | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |

Medicus Insurance Company

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| | | | | | | | | | |
|----------|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| NMRP, NS | | | | | | | | | |
| 4 | Other, Specialty NOC | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |

| | | | | | | | | | |
|---|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 5 | Cardiovascular Disease-NMRP, NS | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Infectious Disease | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Nephrology-NMRP | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Other, Specialty NOC | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |

| | | | | | | | | | |
|---|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 6 | Gynecology-NMRP, NS | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Internal Medicine-NMRP | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Other, Specialty NOC | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 7 | Anesthesiology | 37,159 | 33,595 | 31,813 | 28,231 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Nephrology-MRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Podiatry, Surgery | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Pulmonary Diseases | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Radiology-NMRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Other, Specialty NOC | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |

| | | | | | | | | | |
|---|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 8 | Cardiac Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Cardiovascular Disease-Spec. MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Gastroenterology | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | General Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Hand Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Internal Medicine-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Neurology | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Orthopaedics-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Otorhinolaryngology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Pediatrics-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Radiology-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Urology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Vascular Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Other, Specialty NOC | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |

| | | | | | | | | | |
|---|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 9 | Family Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | General Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | Other, Specialty NOC | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |

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|----|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 10 | Neurosurgery-MRP, NMajS | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 10 | Urological Surgery | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 10 | Other, Specialty NOC | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |

| | | | | | | | | | |
|----|--|--------|--------|--------|--------|--------|--------|--------|--------|
| 11 | Cardiovascular Disease-MRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Colon Surgery | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Emergency Medicine-NMajS, prim | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Gynecology/Obstetrics-MRP, Nmaj | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Otorhinolaryngology; No Elective Plastic | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Radiology-MajRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Other, Specialty NOC | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |

| | | | | | | | | | |
|----|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 12 | Emergency Medicine-MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Family Practice-not primarily MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | General Practice-NMajS, prim | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Gynecological Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Hand Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Head/Neck Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Otorhinolaryngology; Head/Neck | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Other, Specialty NOC | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |

| | | | | | | | | | |
|----|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 13 | General Surgery | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |
| 13 | Other, Specialty NOC | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |

| | | | | | | | | | |
|----|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 14 | Neonatology | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Otorhinolaryngology; Other Than Head/Neck | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Plastic Surgery | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Other, Specialty NOC | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |

| | | | | | | | | | |
|----|-------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|
| 15 | Orthopaedic Surgery s/o Spine | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |
| 15 | Other, Specialty NOC | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |

| | | | | | | | | | |
|----|----------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 16 | Cardiac Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Thoracic Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Vascular Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Other, Specialty NOC | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |

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|----|---------------------------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 17 | Obstetrical/Gynecologic al Surgery | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |
| 17 | Other, Specialty NOC | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |

| | | | | | | | | | |
|----|---|---------|---------|---------|---------|--------|--------|--------|--------|
| 18 | Neurosurgery-No Intracranial Surgery | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Orthopaedic Surgery wSpine | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Other, Specialty NOC | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |

| | | | | | | | | | |
|----|----------------------|---------|---------|---------|---------|---------|---------|--------|---------|
| 19 | Neurosurgery | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |
| 19 | Other, Specialty NOC | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |

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D. Mature Rates for non Physician Health Care Providers

Class X equals 0% of the Class 1 Physician/Surgeon rate, for shared limits; 10% of Class 4 rate for separate limits.

Class Y equals 0% of the Class 1 Physician/Surgeon rate, for shared limits; 15% of the Class 4 rate for separate limits.

Class Z equals 10% of the Class 1 Physician/Surgeon rate for shared limits; 25% of Class 1 Physician/Surgeon rate for separate limits.

Note any non-Physician Health Care Providers in Classes X, Y, or Z with exposure in the Emergency Room will require the referenced factor times the Class 11 rate.

E. Decreased Limit Factors:

| Limit | All Classes |
|---------|-------------|
| 1M/3M | 1.000 |
| 500/1.0 | .7199 |
| | |
| | |

F. Extended Reporting Period Coverage Factors:

(1) The following represents the tail factors to be applied to the annual expiring discounted premium in the event a policyholder desires to obtain a Reporting Endorsement upon termination or cancellation of the policy:

| Year | Factor |
|-----------------|--------|
| 1 st | 3.30 |
| 2 nd | 3.15 |
| 3 rd | 2.40 |
| 4 th | 2.00 |

(2) The Reporting Period is unlimited.

G. Shared Limits Modification:

Not available.

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Health Care Providers
Class X equals 10% of the Class 1
Physician/Surgeon rate.
Class Y equals 15% of the Class 1
Physician/Surgeon rate.
Class Z equals 25% of the Class 1
Physician/Surgeon rate.
Note any non-Physician Health Care Providers
in Classes X, Y, or Z with exposure in the
Emergency Room will require the referenced
factor times the Class 4 rate.
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H. Policy Writing Minimum Premium:

Physicians & Surgeons - \$500.

I. Policy Writing Minimum Premium:

Non-Physician Healthcare Providers - \$500

J. Separate Limits for Non-Physician and Surgeon Healthcare Providers Modification:

Class X: 20% of Class 1
Class Y: 25% of Class 1
Class Z: 35% of Class 1

K. Premium Modifications

For individual physicians and surgeons:

1. Part Time Physicians & Surgeons – 30%
2. Physicians in Training – 1st Year Resident 50%; Resident 40%; Fellow 30%.
3. Locum Tenens – no premium, subject to prior underwriting approval
4. New Physicians & Surgeons – 30% for the first two years of practice
5. Physician Teaching Specialists – Non-surgical 50%; Surgical 40%.
6. Physicians Leave of Absence – full suspension of insurance and premium for up to one year, subject to underwriting approval

L. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit based on the following schedule:

- (i) If claim free for 3 years but less than 5 years, a 5% credit shall be applied at the policy inception date.
- (ii) If claim free for 5 years but less than 8 years, a 10% credit shall be applied at the policy inception date.
- (iii) If claim free for 8 years but less than 10 years, a 15% credit shall be applied at the policy inception date.
- (iv) If claim free for 10 years or more, a credit of 20% shall be applied at the policy inception date.

A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.

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Schedule Rating (not to be used in conjunction with Loss Rating)

| | |
|---|--|
| 1. Historical Loss Experience +/- 25% | The frequency or severity of claims for the insured(s) is greater/less than the expected experience for an insured(s) of the same classification/size or recognition of unusual circumstances of claims in the loss experience. |
| 2. Cumulative Years of Patient Experience. +/- 10% | The insured(s) demonstrates a stable, longstanding practice and/or significant degree of experience in their current area of medicine. |
| 3. Classification Anomalies. +/- 25% | Characteristics of a particular insured that differentiate the insured from other members of the same class, or recognition of recent developments within a classification or jurisdiction that are anticipated to impact future loss experience. |
| 4. Claim Anomalies +/- 25% | Economic, societal or jurisdictional changes or trends that will influence the frequency or severity of claims, or the unusual circumstances of a claim(s) which understate/overstate the severity of the claim(s). |
| 5. Management Control Procedures. +/- 10% | Specific operational activities undertaken by the insured to reduce the frequency and/or severity of claims. |
| 6. Number /Type of Patient Exposures. +/- 10% | Size and/or demographics of the patient population which influences the frequency and/or severity of claims. |
| 7. Organizational Size / Structure. +/- 10% | The organization's size and processes are such that economies of scale are achieved while servicing the insured. |
| g. Medical Standards, Quality & Claim Review. +/- 10% | Presence of (1) committees that meet on a routine basis to review medical procedures, treatments, and protocols and then assist in the integration of such into the practice, (2) Committees mat meet to assure the quality of the health care services being rendered and/or (3) Committees to provide consistent review of claims/incidents that have occurred and to develop corrective action. |
| 9. Other Risk Management Practices and Procedures. +/- 10% | Additional activities undertaken with the specific intention of reducing the frequency or severity of claims. |
| 10. Training, Accreditation & Credentialing. +/- 10% | The insured(s) exhibits greater/less than normal participation and support of such activities. |
| 11. Record - Keeping Practices. +/- 10% | Degree to which insured incorporates methods to maintain quality patient records, referrals, and test results. |
| 12. Utilization of Monitoring Equipment, Diagnostic Tests or Procedures +/- 10% | Demonstrating the willingness to expend the time and capital to incorporate the latest advances in medical treatments and equipment into the practice, or failure to meet accepted standards of care. |

| | |
|----------------------|----------|
| Maximum Modification | + / - 5% |
|----------------------|----------|

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N. Deductible Credits

See V.C on Page 12.

O. Experience Rating

See V.D on Page 13.

P. Slot Rating for groups, subject to Underwriting

See VI.A on Page 15.

Q. Mandatory Quarterly Payment Option.

For medical liability insureds whose annual premiums total \$500 or more, the plan must allow the option of quarterly payments.

- (v) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- (vi) The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- (vii) No interest charges;
- (viii) Installment charges or fees of no more than the lesser of 1% of the total premium or \$25, whichever is less; and
- (ix) A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Non-Mandatory Quarterly Payment Option.

- (x) For medical liability insureds whose annual premiums are less than \$500, insurers may, but are not required to, offer quarterly installment , premium payment plans.
- (xi) For insureds who pay a premium for any extension of a reporting period, insurers may, but are not required to, offer quarterly installment, premium payment plans.
- (xii) If an insurer offers any quarterly payments under this subsection, (g) Non-Mandatory Quarterly Payment Options, they must be offered to all medical liability insureds.

Quarterly installment premium payment plans subject to (R) above shall be included in the initial offer of the policy, or in the first policy renewal. Thereafter, the insurer may, but need not, re-offer the payment plan, but if an insured requests the payment plan at a later date, the insurer must make it available.

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MANUAL

SECTION I

GENERAL RULES

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS AND NON-PHYSICIAN HEALTH CARE PROVIDERS

I. APPLICATION OF MANUAL

This manual specifies rules, rates, premiums, classifications and territories for the purpose of providing professional liability coverage to the physicians, surgeons, their professional associations and employed health care providers.

II. APPLICATION OF GENERAL RULES

These rules apply to all sections of this manual. Any exceptions to these rules are contained in the respective section, with reference thereto.

All other rules, rates and rating plans filed on behalf of the Company and not in conflict with these pages shall continue to apply.

III. POLICY TERM

Policies will be written for a term of one year, and renewed annually thereafter, but the policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year under a short term policy period.

IV. LOCATION OF PRACTICE

The rates as shown in this manual contemplate the exposure as being derived from professional practice or activities within a single rating territory. However, should an insured practice in more than one rating territory and/or state, the following rule shall apply. If 10% or less of an insured's practice is in a higher rated territory, we use the lower rated territory. If more than 10% of an insured's practice is in a higher rated territory, we use the higher rated territory.

V. PREMIUM COMPUTATION

- A. Compute the premium at policy inception using the rules, rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.

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V. PREMIUM COMPUTATION (Continued)

- B. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

VI. FACTORS OR MULTIPLIERS

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

VII. WHOLE DOLLAR RULE

In the event the application of any rating procedure applicable in accordance with this manual produces a result that is not a whole dollar, each rate and premium shall be adjusted as follows:

- A. Any amount involving \$.50 or over shall be rounded up to the next highest whole dollar amount; and
- B. Any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

VIII. ADDITIONAL PREMIUM CHARGES

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

IX. RETURN PREMIUM FOR MID-TERM CHANGES

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata when any coverage or exposure is deleted or an amount of insurance is reduced.
- C. Retain the Policy Minimum Premium.

X. POLICY CANCELLATIONS

- A. Compute return premium pro rata using the rules, rates and rating plans in effect at the inception of this policy period when:
1. A policy is canceled at the Company's request,
 2. the insured no longer has a financial and an insurable interest in the property or operation that is the subject of the insurance; or

X. POLICY CANCELLATIONS (Continued)

- B. If cancellation is for any other reason than stated in A. above, compute the return premium on a standard short rate basis for the one-year period.
- C. Retain the Policy Minimum Premium when the insured requests cancellation except when coverage is canceled as of the inception date.

XI. POLICY MINIMUM PREMIUM

- 1. The applicable minimum premium is determined by the type of health care provider shown on the appropriate Rate Pages.
- 2. Minimum Premiums will be combined for a policy that provides coverage for more than one type of health care provider.

XII. PREMIUM PAYMENT PLAN

The Company will offer the insured premium payment options, outlined in Section III-24.

XIII. COVERAGE

Coverage is provided on a Claims-Made basis. Coverage under the policy shall be as described in the respective Insuring Agreements. The coverages will be rated under Standard Claims-Made Rates.

XIV. BASIC LIMITS OF LIABILITY

Basic Limits of Liability shall be those shown as applicable to the respective insureds.

XV. INCREASED LIMITS OF LIABILITY

Individual Limits of Liability will be modified by Increased Limits factors as applicable for the respective insureds and used to develop the applicable premium.

XVI. PRIOR ACTS COVERAGE

The policy shall be extended to provide prior acts coverage in accordance with the applicable retroactive date(s). The retroactive date can be advanced only at the request or with the written acknowledgment of the insured, subject to underwriting.

XVII. EXTENDED REPORTING PERIOD COVERAGE

The availability of Extended Reporting Period Coverage shall be governed by the terms and conditions of the policy and the following rules:

- A. The retroactive date of coverage will determine the years of prior exposure for Extended Reporting Period Coverage.
- B. The Limits of Liability may not exceed those afforded under the terminating policy, unless otherwise required by statute or regulation.

XVII. EXTENDED REPORTING PERIOD COVERAGE (Continued)

- C. The premium for the Extended Reporting Period Coverage shall be determined by applying the Extended Reporting Period Coverage rating factors shown in Section III-10.
- D. Premium is fully earned and must be paid in full within 30 days of the expiration of the policy.
- E. The Reporting Period is unlimited.
- F. The Insured has 30 days after the policy is terminated to purchase the extended reporting period. The Extended Reporting Endorsement must be offered regardless of the reason for the termination

XVIII. PREMIUM MODIFICATIONS

Schedule Rating

| | |
|-------------------------|-------|
| Physicians and Surgeons | +/-50 |
| Healthcare Providers | +/-50 |

- END OF SECTION I-

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SECTION II

MANUAL PAGES FOR CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS

I. APPLICATION OF MANUAL

- A. This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for the following Health Care Entities:
1. Professional Corporations, Partnerships and Associations
- B. For the purpose of these rules, an entity consists of physicians, dentists and/or allied health care providers rendering patient care who:
1. Are comprised of 2 or more physicians;
 2. Are organized as a legal entity;
 3. Maintain common facilities (including multiple locations) and support personnel; and
 4. Maintain medical/dental records of patients of the group as a historical record of patient care.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

- A. Claims-Made Coverage
- \$1,000,000 Per Claim
\$3,000,000 Aggregate

III. PREMIUM COMPUTATION

- A. The premium for professional corporations, partnerships and associations, limited liability companies, or other entity may be written with a separate limit of liability and shall be computed in the following manner:

The premium charge will be a percentage (selected from the table below) of the sum of each member physician's net individual premium. In order for the entity to be eligible for coverage, the Company must insure all member physicians or at least 60% of the physician members must be insured by the Company, and the remaining physicians must be insured by another professional liability program acceptable to the company.

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DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

III. PREMIUM COMPUTATION (Continued)

| Number of Insureds | Percent |
|--------------------|---------|
| 1 | 25% |
| 2-5 | 12% |
| 6-9 | 10% |
| 10-19 | 9% |
| 20-49 | 7% |
| 50 or more | 5% |

B. Vicarious Liability Charge

For each member physician not individually insured by the Company, a premium charge will be made up to 30% of the appropriate specialty rate if the Company agrees to provide such vicarious liability coverage.

IV. CLASSIFICATIONS

A. Corporations, Partnerships and Associations

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Not otherwise identified as a Miscellaneous Entity.

B. Miscellaneous Entities

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Including the following types of entities:
 - a. Urgent Care Center
 - b. Surgi Center
 - c. MRI Center
 - d. Renal Dialysis Center
 - e. Peritoneal Dialysis Center

V. PREMIUM MODIFICATIONS

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a risk may be modified in accordance with a maximum modification indicated under D1 on this page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule-rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified in on Page 30.

B. Manual Rates

1. Corporations, Partnerships & Associations Rating Factors

As referenced in III in Section II-2:

See Table in Section II-2. Separate Corporate Limits

0% - Shared Corporate Limits

2. Miscellaneous Entities

Not eligible under this Filing.

C. Policy Writing Minimum Premium

The applicable minimum premium is based upon the policy issued to the physicians and surgeons. Only one minimum premium applies of \$500.

D. Premium Modifications

1. Schedule Rating—Partnerships & Corporations

| | |
|-----------------------|---------|
| Physician & Surgeons | +/- 50% |
| Health Care Providers | +/-50% |

2. Self-Insured Retention Credits - See Section III.V.B

- END OF SECTION II-

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SECTION III

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS, AND NON-PHYSICIAN HEALTHCARE PROVIDERS

I. APPLICATION OF MANUAL

This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for Physicians/Surgeons and employed or associated non-physician health care providers.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

Claims-Made Coverage

\$1,000,000 Per Claim

\$3,000,000 Aggregate

III. PREMIUM COMPUTATION

The premium shall be computed by applying the rate per physician, surgeon or non-physician health care provider shown in Section III-17 to Section III-20, in accordance with each individual's medical classification and class plan designation.

IV. CLASSIFICATIONS

A. Physicians/Surgeons and Non Physician Health Care Providers

1. Each medical practitioner is assigned a Rate Class according to his/her specialty. When more than one classification is applicable, the highest rate classification shall apply.
2. The Rate Classes are found in Section III-10 to Section III-15 of this Manual.

B. Part Time Physicians

1. A physician who is determined to be working 20 hours or less a week may be considered a part time practitioner and may be eligible for a reduction in the otherwise applicable rate for that specialty. The criteria and commensurate credit for a part time practitioner are identified in Section III of this Manual.
2. A Part Time Practitioner may include any practitioner in classes 1 through 8 only, except for Anesthesia and Emergency Medicine as identified in the class

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B. Part Time Physicians (Continued)

plan. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.

3. The part time credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

C. Physicians in Training

1. Following graduation from medical school, a physician may elect to enter additional training periods. For rating purposes, they are defined as follows:
 - a. First Year Resident (or Intern) - 1 year period immediately following graduation. During this period a physician may or may not be licensed, depending upon state requirements.
 - b. Resident - various lengths of time depending upon medical specialty; 3 years average. Following first year residency, generally licensed M.D. Upon completion of residency program, physician becomes board eligible.
 - c. Fellow - Follows completion of residency and is a higher level of training.
2. Coverage is available for activities directly related to a physician's training program. The coverage will not apply to any professional services rendered after the training is complete.
 - a. Interns, Residents and Fellows are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for activities directly related to an accredited training program. The applicable credit is stated presented in Section III-20.
3. The credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

D. Locum Tenens Physician

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.

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D. Locum Tenens Physician (Continued)

2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Limits will be shared between the insured physician and the physician substituting for him/her and will be endorsed onto the policy.

E. New Physician

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
 - a. Residency;
 - b. Fellowship program in their medical specialty
 - c. Fulfillment of a military obligation in remuneration for medical school tuition;
 - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown presented in Section III-20. No other credits are to apply concurrent with this rule.

F. Physician Teaching Specialists

1. Coverage is available for faculty members of an accredited training program. The coverage will not apply to any professional services rendered in the insured's private practice.
 - a. Faculty members are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for teaching activities related to an accredited training program. Refer to K.5 in Section III-20 to determine the applicable credit.
2. Coverage is available for the private practice of a physician teaching specialist. The coverage will not apply to any aspect of the insured's teaching activities.
 - a. The premium will be based upon the otherwise applicable physician rate and the average number of hours per week devoted to teaching activities.

F. Physician Teaching Specialists (Continued)

- b. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.
- c. No other credits are to apply concurrent with this rule.
- d. The applicable percentages are presented on presented in Section III-20.

G. Physician's Leave of Absence

- 1. A physician who becomes disabled from the practice of medicine, or is on leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
- 2. This will apply retroactively to the first day of disability or leave of absence.
- 3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
- 4. The credit to be applied to the applicable rate is presented in Section III-20.

V. **PREMIUM MODIFICATIONS**

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a risk may be modified in accordance with a maximum modification indicated in Section III-22, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified in Section III-22.

B. Risk Management

1% credit will apply for each Company approved CME hour of risk management completed, up to a maximum of 5% credit per year, or attendance at a Company approved seminar.

C. Deductible Credits

Deductibles may apply either to indemnity only or indemnity and allocated loss adjustment expenses (ALAE). Any discount will apply only to the primary limit premium layer up to (\$1M/\$3M). Deductibles are subject to approval by the Company based on financial statements to be submitted by the insured and financial guarantees are required. The Company reserves the right to require acceptable securitization in the amount of the per claim and/or aggregate deductible amount from any insured covered by a policy to which a deductible is attached.

1. Individual Deductibles

Premium discounts for optional deductibles will be applied, per the table below, to the rate for the applicable primary limit:

| INDEMNITY ONLY | | INDEMNITY AND ALAE | |
|-----------------------------|-------|-----------------------------|-------|
| <u>DEDUCTIBLE PER CLAIM</u> | | <u>DEDUCTIBLE PER CLAIM</u> | |
| \$5,000 | 2.5% | \$5,000 | 6.5% |
| \$10,000 | 4.5% | \$10,000 | 11.5% |
| \$15,000 | 6.0% | \$15,000 | 15.0% |
| \$20,000 | 8.0% | \$20,000 | 17.5% |
| \$25,000 | 9.0% | \$25,000 | 20.0% |
| \$50,000 | 15.0% | \$50,000 | 30.5% |
| \$100,000 | 25.0% | \$100,000 | 40.0% |
| \$200,000 | 37.5% | \$200,000 | 55.0% |
| \$250,000 | 42.0% | \$250,000 | 58.0% |

The following Individual Deductibles are available on a Per Claim/Aggregate Basis. Premium discounts for optional deductibles will be applied, per the table below, to the rate for the applicable primary limit:

C. Deductible Credits (Continued)

| <u>Indemnity Only Per Claim/Aggregate</u> | | <u>Indemnity & ALAE Per Claim/Aggregate</u> | |
|---|-------|---|-------|
| \$5000/15,000 | 2.0% | \$5000/15,000 | 5.5% |
| \$10,000/30,000 | 4.0% | \$10,000/30,000 | 10.5% |
| \$25,000/75,000 | 8.5% | \$25,000/75,000 | 19.0% |
| \$50,000/150,000 | 14.0% | \$50,000/150,000 | 29.5% |
| \$100,000/300,000 | 24.0% | \$100,000/300,000 | 43.0% |
| \$200,000/600,000 | 36.0% | \$200,000/600,000 | 53.5% |
| \$250,000/750,000 | 40.0% | \$250,000/750,000 | 56.5% |

2. Group Deductibles

An optional deductible, which limits the amount the entire group will have to pay, if multiple claims are made in a policy year, is available. Under this program, the per claim deductible continues to apply separately to each insured involved in a suit. However, the aggregate deductible applies to all insureds in the group combined thereby reducing the organization's maximum potential liability in a policy year. When the organization is insured with a separate limit of coverage, the organization is counted when totaling the number of insureds below. Group deductible amounts apply to primary premium up to \$1M/3M only. The applicable Deductible Discount will not change during the policy term despite changes in the number of insureds, but will be limited by any applicable maximum credit amount.

| <u>Indemnity Deductible Per Claim/Aggregate</u> (\$000) | <u>Number of Insureds</u> | | | | <u>Maximum Credit</u> |
|--|---------------------------|-------|-------|--------|---------------------------|
| | 2-19 | 20-40 | 41-60 | 61-100 | |
| 5/15 | .020 | .018 | .015 | .012 | \$10,500 |
| 10/30 | .038 | .035 | .030 | .024 | 21,000 |
| 25/75 | .084 | .079 | .070 | .058 | 52,500 |
| 50/150 | .145 | .139 | .127 | .109 | 105,000 |
| 100/300 | .234 | .228 | .216 | .196 | 120,000 |
| 200/600 | .348 | .346 | .338 | .321 | 420,000 |
| 250/750 | .385 | .385 | .381 | .368 | 525,000 |

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C. Deductible Credits (Continued)

The following Group Deductibles are available for Indemnity & ALAE.

| Indemnity & ALAE Deductible Per Claim/Aggregate (\$000) | Number of Insureds | | | | Maximum Credit |
|--|--------------------|-------|-------|--------|-------------------|
| | 2-19 | 20-40 | 41-60 | 61-100 | |
| 5/15 | .029 | .026 | .021 | .017 | \$12,750 |
| 10/30 | .068 | .063 | .054 | .043 | 25,500 |
| 25/75 | .119 | .112 | .099 | .082 | 63,750 |
| 50/150 | .186 | .179 | .163 | .140 | 127,500 |
| 100/300 | .258 | .252 | .239 | .216 | 255,000 |
| 200/600 | .396 | .394 | .385 | .366 | 510,000 |
| 250/75 0 | .467 | .467 | .462 | .446 | 637,500 |

D. Experience Rating

This plan applies to physicians and surgeons medical professional liability risks contained in medical groups. As used in this plan, the term "risk" means the exposures of medical groups which have common management, a common and mutually agreed risk management program or a financial relationship among all members which encourages high levels of quality control and a reduction in liability claims.

On an optional basis, large risks with sufficiently credible loss experience may be loss-rated to develop an appropriate premium. To be eligible for loss rating, a group must have at least for the latest 10-year period and at least \$100,000 in estimated annual premium.

The experience period will be the latest completed 10 years. If 10 years are not available, consideration will be given to at least 5 complete years.

Losses are developed to ultimate and trended to cost levels for the proposed policy year. Losses will be capped at \$250,000 per loss.

The experience period does not include the 12-month period immediately prior to the effective date of the experience modification.

The experience rating modification is calculated using the following formula:

$$\text{Credibility} \times \frac{\text{Adjusted Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} = \text{Experience Mod.}$$

D. Experience Rating (Continued)

Since the experience rating plan is applied on an individual risk basis, the final impact of these changes varies by individual medical group based on risk size and loss experience by year. As a result, the anticipated overall rate impact due to the changes in the experience rating plan is indeterminable. However, the primary purpose of this plan and the revisions is to more accurately distribute the cost of insurance among eligible insureds.

E. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit, based upon the number of years the Insured has been claim free. A schedule is provided in Section III-20.

F. Individual Risk Rating

A risk may be individually rated by submitting a filing to the Illinois Department of Insurance, in accordance with Section 155.18(b)(4) of the Illinois Insurance Code. The code allows us to modify classification rates to produce rates for individual risks. Modifications of classifications of risks may be based upon size, expense, management, individual experience, location or dispersion of exposure, and shall apply to all risks under the same or substantially the same circumstances or conditions. We must list the standards by which variations in hazards or expense provisions are measured, in order to determine that a specific risk is so different in hazard/expense that it warrants individual rating.

VI. MODIFIED PREMIUM COMPUTATION

A. Slot Rating

1. Coverage for group practices is available, at the Company's discretion, on a slot basis rather than on an individual physician basis. The slot endorsement will identify the individuals and practice settings that are covered. Coverage will be provided on a shared limit basis for those insureds moving through the slot or position.
2. The applicable manual rate will be determined by the classification of the slot. Policies rated as a Standard Claims Made policy will utilize the retroactive date of the slot. Extended Reporting Period Coverage may be purchased for the slot based on the applicable retroactive date, classification and limits.
3. Premium modifications for new physician, part time, moonlighting, teaching, risk management or loss free credit may not be used in conjunction with this rating rule, unless approved by the Underwriting Vice President.

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B. Requirements for Waiver of Premium for Extended Reporting Period Coverage.

1. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be returned and Extended Reporting Period Coverage will be granted for no additional charge, subject to policy provisions.
2. Upon termination of coverage under this policy by reason of total disability from the practice of medicine or at or after age 55, permanent retirement by the insured after five consecutive claims made years with the Company, Extended Reporting Period Coverage will be granted for no additional charge subject to policy provisions.
3. The Reporting Period is unlimited.

C. Blending Rates

A blended rate may be computed when a physician discontinues, reduces or increases his specialty or classification, and now practices in a different specialty or classification. For example, if an OB/GYN discontinues obstetrics, but continues to practice gynecology, his new blended rate will be the sum of the indicated OB/GYN and GYN rates, each weighted, at inception of the change, by 75% and 25%, respectively. The second and third year weights will be modified by 25%, descending and ascending respectively, until the full GYN rate is achieved at the start of the fourth year.

D. Per Patient Visit Rating

1. Standard Claims Made coverage for group practices is available, at the Company's option, on a per patient visit basis rather than on an individual physician basis. Coverage is provided on a shared or individual physician limit basis.
2. The number of patient visits equivalent to a physician year is 2500 hours times the applicable rate of visits per hour. The rate of visits per hour is derived from the group's historical experience, subject to a minimum rate of 1 visit per hour and a maximum rate of 3 visits per hour.
3. The applicable medical specialty rate is divided by the equivalent patient visits resulting in the patient visit rate to be applied to the visits projected for the policy period. The product of the patient visit rate and the projected visits results in the indicated manual premium.
4. The annual visits reported to the Company for rating purposes are subject to audit, at the Company's discretion.
5. Premium modifications for new physician, part time, teaching, risk management or claim free credit cannot be used in conjunction with this rating rule.

VII. PREMIUM COMPUTATION DETAILS

A. Classifications

1. Applicable to Standard Claims-Made Programs.
2. The following classification plan shall be used to determine the appropriate rating class for each individual insured.

PHYSICIANS & SURGEONS

CLASS 1

Allergy/Immunology
Forensic Medicine
Occupational Medicine
Otorhinolaryngology-NMRP, NS
Physical Med. & Rehab.

Public Health & Preventative Med
Other, Specialty NOC

CLASS 2

Dermatology
Endocrinology
Geriatrics
Ophthalmology-NS
Pathology
Podiatry, No Surgery
Psychiatry
Rheumatology
Other, Specialty NOC

CLASS 3

Pediatrics-NMRP
Other, Specialty NOC

CLASS 4

Diabetes
Family Practice-NMRP, NS
General Practice-NMRP, NS
General Surgery-NMRP
Hematology

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Industrial Medicine
Neurosurgery-NMRP, NMajS
Nuclear Medicine
Oncology
Ophthalmic Surgery
Oral/Maxillofacial Surgery
Orthopaedics-NMRP, NS
Radiation Oncology
Thoracic Surgery-NMRP, NS
Other, Specialty NOC

CLASS 5

Cardiovascular Disease-NMRP,
NS
Infectious Disease
Nephrology-NMRP
Other, Specialty NOC

CLASS 6

Gynecology-NMRP, NS
Internal Medicine-NMRP
Certified Registered Nurse
Anesthetist
Other, Specialty NOC

CLASS 7

Anesthesiology
Nephrology-MRP
Podiatry, Surgery
Pulmonary Diseases
Radiology-NMRP
Other, Specialty NOC

CLASS 8

Cardiac Surgery-MRP, NMajS
Cardiovascular Disease-Spec.
MRP
Gastroenterology
General Surgery-MRP, NMajS
Hand Surgery-MRP, NMajS
Internal Medicine-MRP

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

Section III-11

Neurology
Orthopaedics-MRP, NMajS

Otorhinolaryngology-MRP, NMajS
Pediatrics-MRP
Radiology-MRP
Urology-MRP, NMajS
Vascular Surgery-MRP, NMajS
Other, Specialty NOC

CLASS 9

Family Practice-MRP, NMajS
General Practice-MRP, NMajS
Other, Specialty NOC

CLASS 10

Neurosurgery-MRP, NMajS
Urological Surgery
Other, Specialty NOC

CLASS 11

Cardiovascular Disease-MRP
Colon Surgery
Emergency Medicine-NMajS,
prim
Gynecology/Obstetrics-MRP,
Nmaj
Otorhinolaryngology; No Elective
Plastic
Radiology-MajRP
Other, Specialty NOC

CLASS 12

Emergency Medicine-MajS
Family Practice-not primarily
MajS
General Practice-NMajS, prim
Gynecological Surgery
Hand Surgery
Head/Neck Surgery

Otorhinolaryngology; Head/Neck
Other, Specialty NOC

CLASS 13

General Surgery
Other, Specialty NOC

CLASS 14

Neonatology
Otorhinolaryngology; Other Than
Head/Neck
Plastic Surgery
Other, Specialty NOC

CLASS 15

Orthopaedic Surgery s/o Spine
Other, Specialty NOC

CLASS 16

Cardiac Surgery
Thoracic Surgery
Vascular Surgery
Other, Specialty NOC

CLASS 17

Obstetrical/Gynecological
Surgery
Other, Specialty NOC

CLASS 18

Neurosurgery-No Intracranial
Surgery
Orthopaedic Surgery wSpine
Other, Specialty NOC

CLASS 19

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Section III-13

Neurosurgery
Other, Specialty NOC

MEDICAL PROCEDURE DEFINITIONS

NMRP: NOMINAL MINOR RISK PROCEDURE

NS: NO SURGERY

NOC: NOT OTHERWISE CLASSIFIED

NMAJS: NO MAJOR SURGERY

MRP: MINOR RISK PROCEDURES

MAJRP: MAJOR RISK PROCEDURES

NON PHYSICIAN HEALTH CARE PROVIDERS

Class X

Fellow, Intern, Optician, Resident, Social Worker

Class Y

Optometrist, Physical Therapist, X-Ray and Lab Technicians

Class Z

Nurse Practitioner – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Physician Assistant – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Psychologist – Class 1

Certified Registered Nurse Anesthetist

Shared Limits – 20% times Anesthesiologist rate

Separate Limits – 25% times Anesthesiologist rate

Certified Nurse Midwife – No complicated OB or surgery

Shared Limits – Not available

Separate Limits – 50% of OB/GYN rate

B. Territory Definitions

TERRITORY 1 COUNTIES

Cook, Jackson, Madison, St. Clair and Will

TERRITORY 2 COUNTIES

Lake, Vermillion

TERRITORY 3 COUNTIES

Kane, McHenry, Winnebago

TERRITORY 4 COUNTIES

DuPage, Kankakee, Macon

TERRITORY 5 COUNTIES

Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Ogle, Randolph

TERRITORY 6 COUNTIES

Grundy, Sangamon

TERRITORY 7 COUNTIES

Peoria

TERRITORY 8 COUNTIES

Remainder of State

C. Standard Claims Made Program Step Factors

| | |
|----------------------|------|
| First Year: | 25% |
| Second Year: | 50% |
| Third Year: | 78% |
| Fourth Year: | 90% |
| Fifth Year (Mature): | 100% |

Mature Rates for Physicians and Surgeons (Claims-made):

\$1,000,000 / 3,000,000

| Class | Medical Specialty | Terr 1 | Terr 2 | Terr 3 | Terr 4 | Terr 5 | Terr 6 | Terr 7 | Terr 8 |
|-------|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 | Allergy/Immunology | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Forensic Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Occupational Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Otorhinolaryngology-NMRP, NS | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Physical Med. & Rehab. | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Public Health & Preventative Med | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Other, Specialty NOC | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|-------|--------|
| 2 | Dermatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Endocrinology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Geriatrics | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Ophthalmology-NS | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Pathology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Podiatry, No Surgery | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Psychiatry | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Rheumatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Other, Specialty NOC | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 3 | Pediatrics-NMRP | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |
| 3 | Other, Specialty NOC | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |

| | | | | | | | | | |
|---|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 4 | Diabetes | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Family Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Surgery-NMRP | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Hematology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Industrial Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Neurosurgery-NMRP, NMajS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Nuclear Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Ophthalmic Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oral/Maxillofacial Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Orthopaedics-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Radiation Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Thoracic Surgery-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Other, Specialty NOC | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |

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| | | | | | | | | | |
|---|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 5 | Cardiovascular Disease-NMRP, NS | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Infectious Disease | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Nephrology-NMRP | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Other, Specialty NOC | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |

| | | | | | | | | | |
|---|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 6 | Gynecology-NMRP, NS | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Internal Medicine-NMRP | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Other, Specialty NOC | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 7 | Anesthesiology | 37,159 | 33,595 | 31,813 | 28,231 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Nephrology-MRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Podiatry, Surgery | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Pulmonary Diseases | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Radiology-NMRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Other, Specialty NOC | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |

| | | | | | | | | | |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 8 | Cardiac Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Cardiovascular Disease-Spec. MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Gastroenterology General Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Hand Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Internal Medicine-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Neurology Orthopaedics-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Otorhinolaryngology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Pediatrics-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Radiology-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Urology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Vascular Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Other, Specialty NOC | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |

| | | | | | | | | | |
|---|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 9 | Family Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | General Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | Other, Specialty NOC | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |

| | | | | | | | | | |
|----|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 10 | Neurosurgery-MRP, NMajS | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 10 | Urological Surgery | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 10 | Other, Specialty NOC | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |

| | | | | | | | | | |
|----|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 11 | Cardiovascular Disease-MRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
|----|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|

| | | | | | | | | | |
|----|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 11 | Colon Surgery | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Emergency Medicine- NMajS, prim | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Gynecology/Obstetrics- MRP, Nmaj | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Otorhinolaryngology; No Elective Plastic | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Radiology-MajRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Other, Specialty NOC | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |

| | | | | | | | | | |
|----|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 12 | Emergency Medicine- MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Family Practice-not primarily MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | General Practice- NMajS, prim | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Gynecological Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Hand Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Head/Neck Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Otorhinolaryngology; Head/Neck | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Other, Specialty NOC | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |

| | | | | | | | | | |
|----|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 13 | General Surgery | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |
| 13 | Other, Specialty NOC | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |

| | | | | | | | | | |
|----|--|--------|--------|--------|--------|--------|--------|--------|--------|
| 14 | Neonatology | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Otorhinolaryngology; Other Than Head/Neck | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Plastic Surgery | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Other, Specialty NOC | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |

| | | | | | | | | | |
|----|----------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|
| 15 | Orthopaedic Surgery s/o Spine | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |
| 15 | Other, Specialty NOC | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |

| | | | | | | | | | |
|----|----------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 16 | Cardiac Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Thoracic Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Vascular Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Other, Specialty NOC | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |

| | | | | | | | | | |
|----|---------------------------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 17 | Obstetrical/Gynecologic al Surgery | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |
| 17 | Other, Specialty NOC | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |

| | | | | | | | | | |
|----|---|---------|---------|---------|---------|--------|--------|--------|--------|
| 18 | Neurosurgery-No Intracranial Surgery | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Orthopaedic Surgery wSpine | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |

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| | | | | | | | | | |
|----|----------------------|---------|---------|---------|---------|---------|---------|--------|---------|
| 18 | Other, Specialty NOC | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 19 | Neurosurgery | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |
| 19 | Other, Specialty NOC | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |

D. Mature Rates for non Physician Health Care Providers

Class X equals 0% of the Class 1 Physician/Surgeon rate, for shared limits; 10% of Class 4 rate for separate limits.

Class Y equals 0% of the Class 1 Physician/Surgeon rate, for shared limits; 15% of the Class 4 rate for separate limits.

Class Z equals 10% of the Class 1 Physician/Surgeon rate for shared limits; 25% of Class 1 Physician/Surgeon rate for separate limits.

Note any non-Physician Health Care Providers in Classes X, Y, or Z with exposure in the Emergency Room will require the referenced factor times the Class 11 rate.

E. Increased Limit Factors:

| | Limits | |
|---------|------------|----------|
| | Physicians | Surgeons |
| 500/1.0 | .719 | .719 |
| 1M/3M | 1.0 | 1.0 |
| 2M/4M | 1.41 | 1.63 |

F. Extended Reporting Period Coverage Factors:

- The following represents the tail factors to be applied to the annual expiring discounted premium in the event a policyholder desires to obtain a Reporting Endorsement upon termination or cancellation of the policy:

| <u>Year</u> | <u>Factor</u> |
|-----------------|---------------|
| 1 st | 3.30 |
| 2 nd | 3.15 |
| 3 rd | 2.40 |
| 4 th | 2.00 |

- For First Year Claims Made step, the corresponding factor above is applied pro-rata. For Second Year and all years of maturity, the corresponding factor above is applied to the expiring premium.

F. Extended Reporting Period Coverage Factors (Continued):

3. The Reporting Period is unlimited.

G. Shared Limits Modification:

Not available.

H. Policy Writing Minimum Premium:

Physicians & Surgeons - \$500.

I. Policy Writing Minimum Premium:

Non-Physician Healthcare Providers - \$500

J. Separate Limits for Non-Physician and Surgeon Healthcare Providers Modification:

Class X: 20% of Class 1

Class Y: 25% of Class 1

Class Z: 35% of Class 1

K. Premium Modifications

For individual physicians and surgeons:

1. Part Time Physicians & Surgeons – 30%
2. Physicians in Training – 1st Year Resident 50%; Resident 40%; Fellow 30%.
3. Locum Tenens – no premium, subject to prior underwriting approval
4. New Physicians & Surgeons – 30% for the first two years of practice
5. Physician Teaching Specialists – Non-surgical 50%; Surgical 40%.
6. Physician's Leave of Absence – full suspension of insurance and premium for up to one year, subject to underwriting approval

L. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit based on the following schedule:

1. If claim free for 3 years but less than 5 years, a 5% credit shall be applied at the policy inception date. [indented over]
2. If claim free for 5 years but less than 8 years, a 10% credit shall be applied at the policy inception date.
3. If claim free for 8 years but less than 10 years, a 15% credit shall be applied at the policy inception date.
4. If claim free for 10 years or more, a credit of 20% shall be applied at the policy inception date.

L. Claim Free Credit Program (Continued)

A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.

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M. Schedule Rating (not to be used in conjunction with Loss Rating)

| | |
|---|---|
| 1. Historical Loss Experience +/- 25% | The frequency or severity of claims for the insured(s) is greater/less than the expected experience for an insured(s) of the same classification/size or recognition of unusual circumstances of claims in the loss experience. |
| 2. Cumulative Years of Patient Experience. +/- 10% | The insured(s) demonstrates a stable, longstanding practice and/or significant degree of experience in their current area of medicine. |
| 3. Classification Anomalies. +/- 25% | Characteristics of a particular insured that differentiate the insured from other members of the same class, or recognition of recent developments within a classification or jurisdiction that are anticipated to impact future loss experience. |
| 4. Claim Anomalies +/- 25% | Economic, societal or jurisdictional changes or trends that will influence the frequency or severity of claims, or the unusual circumstances of a claim(s) which understate/overstate the severity of the claim(s). |
| 5. Management Control Procedures. +/- 10% | Specific operational activities undertaken by the insured to reduce the frequency and/or severity of claims. |
| 6. Number /Type of Patient Exposures. +/- 10% | Size and/or demographics of the patient population which influences the frequency and/or severity of claims. |
| 7. Organizational Size / Structure. +/- 10% | The organization's size and processes are such that economies of scale are achieved while servicing the insured. |
| g. Medical Standards, Quality & Claim Review. +/- 10% | Presence of (1) committees that meet on a routine basis to review medical procedures, treatments, and protocols and then assist in the integration of such into the practice, (2) Committees that meet to assure the quality of the health care services being rendered and/or (3) Committees to provide consistent review of claims/incidents that have occurred and to develop corrective action. |
| 9. Other Risk Management Practices and Procedures. +/- 10% | Additional activities undertaken with the specific intention of reducing the frequency or severity of claims. |
| 10. Training, Accreditation & Credentialing. +/- 10% | The insured(s) exhibits greater/less than normal participation and support of such activities. |
| 11. Record - Keeping Practices. +/- 10% | Degree to which insured incorporates methods to maintain quality patient records, referrals, and test results. |
| 12. Utilization of Monitoring Equipment, Diagnostic Tests or Procedures +/- 10% | Demonstrating the willingness to expend the time and capital to incorporate the latest advances in medical treatments and equipment into the practice, or failure to meet accepted standards of care. |
| Maximum Modification + / - 50% | |

N. Deductible Credits

See V.C in Section III-4.

O. Experience Rating

See V.D in Section III-7.

P. Slot Rating for groups, subject to Underwriting

See VI.A in Section III-8.

Q. Mandatory Quarterly Payment Option.

For medical liability insureds whose annual premiums total \$500 or more, the plan must allow the option of quarterly payments.

1. An initial payment of no more than 40% of the estimated total premium due at policy inception;
2. The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
3. No interest charges;
4. Installment charges or fees of no more than the lesser of 1% of the total premium or \$25, whichever is less; and
5. A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Non-Mandatory Quarterly Payment Option.

1. For medical liability insureds whose annual premiums are less than \$500, insurers may, but are not required to, offer quarterly installment , premium payment plans.
2. For insureds who pay a premium for any extension of a reporting period, insurers may, but are not required to, offer quarterly installment, premium payment plans.
3. If an insurer offers any quarterly payments under this sub-section, (g) Non-Mandatory Quarterly Payment Options, they must be offered to all medical liability insureds.

Quarterly installment premium payment plans subject to (R) above shall be included in the initial offer of the policy, or in the first policy renewal. Thereafter, the insurer may, but need not, re-offer the payment plan, but if an insured requests the payment plan at a later date, the insurer must make it available.

FILED

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