

December 1, 2010

FILED

Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767

APR 01 2011

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

RECEIVED

LAH - FCS

DEC 06 2010

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD

RE: Podiatry Insurance Company of America
NAIC Company# 14460 - FEIN# 58-1403235 ✓
Line 11.1 - Medical Malpractice – Claims-Made Only
Podiatrists Professional Liability Program
2011 Revised Rate Filing w/currently approved rules
Company Filing Number: IL-1555-P
Proposed Effective Date: March 1, 2011

RATE/RULE

Dear Illinois Department of Insurance:

We are submitting for your approval revisions to the currently approved rates for the above referenced program. The last revision of the rates currently approved for this program was with an effective date of 3/1/2010.

With this filing, we are requesting a rate change of 9.0%. Our request is based upon the attached exhibits prepared by our Director of Actuarial Services whose Actuarial Memorandum is also enclosed to provide a more detailed explanation with respect to the materials being filed.

In addition, we are submitting the following:

- Two copies of the Cover Letter and a postage paid self addressed return envelope for the return of one copy of the Cover Letter with your stamp of approval.
- For your advisement, we are including a copy of the currently approved PICA Podiatric Rating Manual Ed. 1-05, an Illinois Rating Manual Supplement Ed. 1-08, and a Company Name Change Endorsement Ed. 4-09.
- We affirm that the Company does not unfairly discriminate in offering, administering, or applying the filed rating manual and/or any amended provisions. Certification by a company officer and a qualified actuary is included by an Illinois Dual Certification as required.
- Two copies of Illinois Form RF-3 as required.
- Proposed 2011 Rates for each Illinois Territory
- Currently Approved 2010 Rates for each Illinois Territory with all revisions marked.
- A completed Illinois Review Requirements Checklist.
- Our Statistical Agent is ISO.

Please do not hesitate to contact me if you need any additional information. Your review and consideration are appreciated.

Sincerely,

Latasha Knox-Campbell

Latasha Knox-Campbell
Product Compliance Analyst

+99%

FO
MEM
RAT
Jeh

Neuman, Gayle

From: Neuman, Gayle
Sent: Wednesday, June 22, 2011 11:12 AM
To: 'Latasha Knox-Campbell'
Subject: RE: Podiatry Ins Co of America - Rate/Rule Filing #IL-1555-P

Ms. Knox-Campbell,

You will be able to print off a copy of the entire filing from our website.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Latasha Knox-Campbell [<mailto:LKnox-Campbell@picagroup.com>]
Sent: Wednesday, June 22, 2011 11:10 AM
To: Neuman, Gayle
Subject: RE: Podiatry Ins Co of America - Rate/Rule Filing #IL-1555-P

Ms. Neuman,

Thank you for your department's review of our filing. We would like to use an April 1, 2011, effective date. Will I be able to obtain a copy of the filing on your website or just a copy of the RF3.

Thank you,

Latasha Campbell

Product Compliance Analyst | PICA Group
(615) 371-8776, ext. 2201 | (800) 251-5727
Fax: (615) 324-9161 | www.picagroup.com

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Wednesday, June 22, 2011 10:24 AM
To: Latasha Knox-Campbell
Subject: Podiatry Ins Co of America - Rate/Rule Filing #IL-1555-P

Ms. Knox-Campbell,

The Department of Insurance completed its review of the filing referenced above on June 20, 2011. Originally, Podiatry Insurance Company of America requested the filing be effective March 1, 2011. Was the filing put into effect on March 1, 2011 or do you wish to have a different effective date?

Your prompt response is appreciated.

Gayle Neuman

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

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

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**ILLINOIS CERTIFICATION OF
MEDICAL MALPRACTICE RATES**

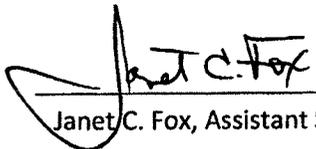
(215 ILCS 5/155.18)(c)(5) states that medical liability rates shall be certified in such filings by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Howard Friedman, ACAS, a qualified actuary, 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 subject of this filing.

I, Janet C. Fox, an officer of Podiatry Insurance Company of America, 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 subject of this filing.


Howard Friedman, ACAS

11/4/2010
Date


Janet C. Fox, Assistant Secretary

11-3-2010
Date

Insurance Company FEIN # 58-1403235 Filing Number IL-1555-P

Insurer's Address 3000 Meridian Boulevard; Suite 400
City Franklin State TN Zip Code 37067

Contact Person's:

Name and E-mail Latasha Knox-Campbell lcampbell@picagroup.com
Direct Telephone and Fax Number (615) 371-8776 ext. 2201 (615) 324-9161

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 3/1/2011.

	(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 <u>Medical Malpractice - Podiary</u>	<u>5,632,867</u>	<u>+9%</u>
	Life of Insurance		

* Does filing only apply to certain territory (territories) or certain Classes? If so, specify: This filing applies to all territories in Illinois for our Podiatry line.

Brief description of filing. (If filing follows rates of an advisory Organization, specify organization): This is a revised rate filing requesting a 9% rate increase.

*Adjusted to reflect all prior rate changes.

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

Podiatry Ins. Company of America
 Name of Company
Latasha Knox-Campbell, Product Compliance Analyst
 Official – Title

Neuman, Gayle

From: Neuman, Gayle
Sent: Thursday, December 09, 2010 10:59 AM
To: 'Latasha Knox-Campbell'
Subject: RE: Podiatry Ins Co of America - Filing #IL-1555-P

It will only be available on the website AFTER it has been filed. It will take months to complete the review first.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Latasha Knox-Campbell [<mailto:LKnox-Campbell@picagroup.com>]
Sent: Thursday, December 09, 2010 10:56 AM
To: Neuman, Gayle
Subject: RE: Podiatry Ins Co of America - Filing #IL-1555-P

Ms. Neuman,

Yes, we use ISO. Please see our filing letter.

How long will it take for the filing to be available on the website?

Thank you,

Latasha Campbell

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Thursday, December 09, 2010 10:53 AM
To: Latasha Knox-Campbell; Latasha Knox-Campbell
Subject: Podiatry Ins Co of America - Filing #IL-1555-P

Ms. Knox-Campbell,

I am in receipt of the above referenced filing submitted with your letter dated December 1, 2010.

I cannot return a stamped copy to you after filing because no postage was provided. However, you will be able to print out the filing from our website if you choose.

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?

Your prompt attention 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.

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Podiatry Insurance Company of America
2010 Podiatric Rates
Illinois Territory 01
All counties except Cook

Sole Podiatrist

Limits (000 omitted)	Claims Made							
	1st Year		2nd Year		3rd Year		4th Year	
	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical
100/300	\$1,775	\$2,583	\$2,662	\$3,875	\$3,771	\$5,489	\$4,437	\$6,458
200/600	\$2,130	\$3,100	\$3,195	\$4,650	\$4,526	\$6,500	\$5,324	\$7,750
250/750	\$2,289	\$3,332	\$3,434	\$4,999	\$4,865	\$7,081	\$5,723	\$8,331
500/1000	\$2,484	\$3,616	\$3,727	\$5,425	\$5,279	\$7,685	\$6,211	\$9,041
500/1500	\$2,556	\$3,720	\$3,833	\$5,580	\$5,431	\$7,905	\$6,389	\$9,300
1000/1000	\$2,751	\$4,004	\$4,126	\$6,006	\$5,845	\$8,509	\$6,877	\$10,010
1000/3000	\$3,017	\$4,392	\$4,526	\$6,587	\$6,411	\$9,332	\$7,543	\$10,979

Podiatry Insurance Company of America
 2011 Podiatric Rates
 Illinois Territory 01
 All counties except Cook

Sole Podiatrist

Limits (000 omitted)	Claims Made							
	1st Year		2nd Year		3rd Year		4th Year	
	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical
100/300	\$1,934	\$2,816	\$2,901	\$4,223	\$4,110	\$5,983	\$4,836	\$7,039
200/600	\$2,321	\$3,379	\$3,482	\$5,068	\$4,933	\$7,180	\$5,803	\$8,447
250/750	\$2,495	\$3,632	\$3,743	\$5,448	\$5,302	\$7,718	\$6,238	\$9,080
500/1000	\$2,708	\$3,942	\$4,062	\$5,913	\$5,755	\$8,377	\$6,770	\$9,855
500/1500	\$2,785	\$4,054	\$4,178	\$6,082	\$5,919	\$8,616	\$6,963	\$10,136
1000/1000	\$2,998	\$4,364	\$4,497	\$6,546	\$6,371	\$9,274	\$7,495	\$10,910
1000/3000	\$3,288	\$4,786	\$4,932	\$7,180	\$6,988	\$10,171	\$8,221	\$11,966

Podiatry Insurance Company of America
~~2010 Podiatric Rates~~
~~Illinois Territory 02~~
Cook county only

Sole Podiatrist

Limits (000 omitted)	Claims Made							
	1st Year		2nd Year		3rd Year		4th Year	
	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical
100/300	\$2,796	\$4,070	\$4,195	\$6,106	\$5,942	\$8,650	\$6,991	\$10,176
200/600	\$3,356	\$4,884	\$5,033	\$7,327	\$7,131	\$10,379	\$8,389	\$12,211
250/750	\$3,607	\$5,251	\$5,411	\$7,876	\$7,666	\$11,158	\$9,018	\$13,127
500/1000	\$3,915	\$5,698	\$5,872	\$8,548	\$8,319	\$12,109	\$9,787	\$14,246
500/1500	\$4,027	\$5,861	\$6,040	\$8,792	\$8,557	\$12,455	\$10,067	\$14,653
1000/1000	\$4,334	\$6,309	\$6,502	\$9,464	\$9,211	\$13,407	\$10,836	\$15,773
1000/3000	\$4,754	\$6,920	\$7,131	\$10,379	\$10,102	\$14,704	\$11,804	\$17,299

Podiatry Insurance Company of America
 2011 Podiatric Rates
 Illinois Territory 02
 Cook county only

Sole Podiatrist

Limits (000 omitted)	Claims Made							
	1st Year		2nd Year		3rd Year		4th Year	
	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical
100/300	\$3,048	\$4,437	\$4,572	\$6,655	\$6,477	\$9,428	\$7,620	\$11,092
200/600	\$3,658	\$5,324	\$5,486	\$7,986	\$7,772	\$11,314	\$9,144	\$13,310
250/750	\$3,932	\$5,724	\$5,898	\$8,585	\$8,356	\$12,163	\$9,830	\$14,309
500/1000	\$4,267	\$6,212	\$6,401	\$9,317	\$9,068	\$13,200	\$10,668	\$15,529
500/1500	\$4,389	\$6,389	\$6,584	\$9,583	\$9,327	\$13,576	\$10,973	\$15,972
1000/1000	\$4,725	\$6,877	\$7,087	\$10,316	\$10,040	\$14,614	\$11,812	\$17,193
1000/3000	\$5,182	\$7,542	\$7,772	\$11,314	\$11,011	\$16,028	\$12,954	\$18,856

Contact Person:
Gayle Neuman
 217-524-6497
 Gayle.Neuman@illinois.gov

**Illinois Division of Insurance
 Review Requirements Checklist**

**320 West Washington Street
 Springfield, IL 62767-0001**

Effective as of 8/25/06

<u>Line(s) of Business</u>	<u>Code(s)</u>	
<input checked="" type="checkbox"/> MEDICAL MALPRACTICE	11.0000	***This checklist is for rate/rule filings only.
<input type="checkbox"/> Claims Made	11.10000	See separate form checklist.
<input type="checkbox"/> Occurrence	11.2000	

<u>Line(s) of Insurance</u>	<u>Code(s)</u>	<u>Line(s) of Insurance</u>	<u>Code(s)</u>	<u>Line(s) of Insurance</u>	<u>Code(s)</u>
<input type="checkbox"/> Acupuncture	11.0001	<input type="checkbox"/> Hospitals	11.0009	<input type="checkbox"/> Optometry	11.0019
<input type="checkbox"/> Ambulance Services	11.0002	<input type="checkbox"/> Professional Nurses	11.0032	<input type="checkbox"/> Osteopathy	11.0020
<input type="checkbox"/> Anesthetist	11.0031	<input type="checkbox"/> Nurse – Anesthetists	11.0010	<input type="checkbox"/> Pharmacy	11.0021
<input type="checkbox"/> Assisted Living Facility	11.0033	<input type="checkbox"/> Nurse – Lic. Practical	11.0011	<input type="checkbox"/> Physical Therapy	11.0022
<input type="checkbox"/> Chiropractic	11.0003	<input type="checkbox"/> Nurse – Midwife	11.0012	<input type="checkbox"/> Physicians & Surgeons	11.0023
<input type="checkbox"/> Community Health Center	11.0004	<input type="checkbox"/> Nurse – Practitioners	11.0013	<input type="checkbox"/> Physicians Assistants	11.0024
<input type="checkbox"/> Dental Hygienists	11.0005	<input type="checkbox"/> Nurse – Private Duty	11.0014	<input checked="" type="checkbox"/> Podiatry	11.0025
<input type="checkbox"/> Dentists	11.0030	<input type="checkbox"/> Nurse – Registered	11.0015	<input type="checkbox"/> Psychiatry	11.0026
<input type="checkbox"/> Dentists – General Practice	11.0006	<input type="checkbox"/> Nursing Homes	11.0016	<input type="checkbox"/> Psychology	11.0027
<input type="checkbox"/> Dentists – Oral Surgeon	11.0007	<input type="checkbox"/> Occupational Therapy	11.0017	<input type="checkbox"/> Speech Pathology	11.0028
<input type="checkbox"/> Home Care Service Agencies	11.0008	<input type="checkbox"/> Ophthalmic Dispensing	11.0018	<input type="checkbox"/> Other	11.0029

Illinois Insurance Code Link	Illinois Compiled Statutes Online	
Illinois Administrative Code Link	Administrative Regulations Online	
Product Coding Matrix Link	Product Coding Matrix	
NAIC Uniform Transmittal Form	50 IL Adm. Code 929 NAIC Uniform Transmittal Form	If insurers wish to use the NAIC Uniform Transmittal form in lieu of a cover letter/explanatory memorandum, the Division will accept such form, as long as all information required in the "Cover Letter & Explanatory Memorandum" section below are properly included.
NAIC Self-Certification Pilot Program	Newsletter Article regarding Division's Participation Self-Certification form	If an authorized company officer completes the Self-Certification form, and submits such form as the 1 st page of the filing, the Division will expedite review of the filing ahead of all other filings received to date. The Division will track company compliance with the laws, regulations, bulletins, and this checklist and report such information to the NAIC.
Location of Standard within Filing Column	See checklist format below.	To expedite review of your filing, use this column to indicate location of the standard within the filing (e.g. page #, section title, etc.)
Description of Review Standards Requirements Column	See checklist format below.	These brief summaries do not include all requirements of all laws, regulations, bulletins, or requirements, so review actual law, regulation, bulletin, or requirement for details to ensure that forms are fully compliant before filing with the Division of Insurance.

FILING REQUIREMENTS FOR FORM FILINGS	REFERENCE	DESCRIPTION OF REVIEW STANDARD REQUIREMENT	LOCATION OF STANDARD WITHIN FILING
See separate form filing checklist.		<p>To assist insurers in submitting compliant medical liability rate/rule filings as a result of newly-passed PA94-677 (SB475), the Division has created this separate, comprehensive rate/rule filing checklist for medical liability filings.</p> <p>Please see the separate form filing checklist for requirements related to medical liability forms.</p>	
GENERAL FILING REQUIREMENTS FOR ALL RATE/RULE FILINGS			
LINE OF AUTHORITY			
Must have proper Class and Clause authority to conduct this line of business in Illinois.	<p><u>215 ILCS 5/4</u></p> <p><u>List of Classes/Clauses</u></p>	<p>To write Medical Liability insurance in Illinois, companies must be licensed to write:</p> <p>1. Class 2, Clause (c)</p>	Agree.
RATES AND RULES REQUIRED TO BE FILED			
Rates/Rules Must be Filed Separately from Forms			
Insurers shall make separate filings for rate/rules and for forms/endorsements, etc.		<p>The laws and regulations for medical liability forms/endorsements and the laws for medical liability rates/rules are different and each must be reviewed according to its own set of laws/regulations/procedures. Therefore, insurers are required to file forms and rates/rules separately.</p> <p>For requirements regarding form filings, see separate form filing checklist.</p>	Agree
New Insurers			
New insurers must file their rates, rules, plans for gathering statistics, etc. upon commencement of business.	<p><u>215 ILCS 5/155.18</u></p> <p><u>50 IL Adm. Code 929</u></p>	<p>New Insurers are insurers who are:</p> <ul style="list-style-type: none"> • New to Illinois. • New writers of medical liability insurance in Illinois. • Writing a new Line of Insurance listed on Page 1 of this checklist, <p>New insurers must file the following:</p> <p>a) Medical liability insurance rate manual, including all rates.</p>	N/A

		<p>b) Rules, including underwriting rule manuals which contain rules for applying rates or rating plans, c) Classifications and other such schedules used in writing medical liability insurance. d) Statement regarding whether the insurer:</p> <ul style="list-style-type: none"> • Has its own plan for the gathering of medical liability statistics; or • Reports its medical liability statistics to a statistical agent (and if so, which agent). <p>The Director, at any time, may request a copy of the insurer's statistical plan or request the insurer to provide written verification of membership and reporting status from the insurer's reported statistical agency.</p> <p>Insurers are instructed to review all requirements in this checklist, including the requirements for applicable actuarial documentation, as well as all medical liability laws and regulations, to ensure that the filing contains all essential elements before submitting the filing to the Division.</p>	
Amendments to Initial Rate/Rule Filings			
<p>After a new insurer has filed the rates/rules/information described above, insurers must file rates/rules, or advise of changes to statistical plans, as often as they are amended.</p>	<p><u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u></p>	<p>After a new insurer has filed the rates/rules/information described above, insurers must file rates/rules/rating schedules (as described above for new business) as often as such filings are changed or amended, or when any new rates or rules are added.</p> <p>Any change in premium to the company's insureds as a result of a change in the company's base rates or a change in its increased limits factors shall constitute a change in rates and shall require a filing with the Director.</p> <p>Insurers shall also advise the Director if its plans for the gathering of statistics has changed, or if the insurer has changed statistical agents.</p> <p>The Director, at any time, may request a copy of the insurer's statistical plan or request the insurer to provide written verification of membership and reporting status from the insurer's reported statistical agency.</p> <p>Insurers are instructed to review all requirements in this checklist, including the requirements for applicable actuarial documentation, as well as all medical liability laws and regulations, to ensure that the filing contains all essential elements before submitting the filing to the Division.</p>	<p>Agree/All</p>
EFFECTIVE DATES OF RATE/RULE FILINGS			
<p>Illinois is "file and use" for medical liability rates and rules.</p>	<p><u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code</u></p>	<p>A rate/rating plan/rule filing shall go into effect no earlier than the date the filing is received by the Division of Insurance, Property & Casualty</p>	<p>Agree</p>

		<p>superseded filing.</p> <ul style="list-style-type: none"> Copies of all manual pages that are affected by the new filing, including but not limited to subsequent pages that are amended solely by receiving new page numbers. <p>6) Effective date of use.</p> <p>7) Actuarial certification (see Actuarial Certification section below). Insurers may use their own form or may use the sample form developed by the Division.</p> <p>8) Statement that the insurer, in offering, administering, or applying the filed rate/rule manual and/or any amended provisions, does not unfairly discriminate.</p> <p>Companies under the same ownership or general management are required to make <u>separate, individual company filings</u>. Company Group ("Me too") filings are unacceptable.</p> <p>If insurers wish to use the NAIC Uniform Transmittal form in lieu of a cover letter/explanatory memorandum, the Division will accept such form, as long as all information required in this section is properly included.</p>	<p>Dual Certification attached.</p> <p>Dual Certification attached.</p>
FORM RF-3 Summary Sheet			
For any rate change, duplicate copies of Form RF-3 must be filed, no later than the effective date.	<p><u>50 IL Adm. Code 929</u></p> <p><u>Form RF-3 Summary Sheet</u></p>	<p>For <u>any</u> rate level change, insurers must file two copies of Form RF-3 (Summary Sheet) which provides information on changes in rate level based on the company's premium volume, rating system, and distribution of business with respect to the classes of medical liability insurance to which the rate revision applies. Such forms must be received by the Division's Property & Casualty Compliance Section no later than the stated effective date of use.</p> <p>Insurers must report the rate change level and premium volume amounts on the "Other" Line and insert the words "Medical Liability" on the "Other" descriptive line. Do not list the information on the "Other Liability" line.</p> <p>If the Medical Liability premium is combined with any other Lines of Business (e.g. CGL, commercial property, etc.), the insurer must report the effect of rate changes to each line separately on the RF-3, indicating the premium written and percent of rate change for each line of business.</p> <p>The RF-3 form must indicate whether the information is "exact" or "estimated."</p>	<p>Attached</p> <p>Agree</p> <p>N/A</p>
PAYMENT PLANS			
Quarterly premium payment installment	<u>215 ILCS 5/155.18</u>	A company writing medical liability insurance in Illinois shall offer to each of its medical liability	N/A (Rate Filing)

<p>plan required as prescribed by the Director.</p>		<p>insureds the option to make premium payments in quarterly installments as prescribed by and filed with the Director. Such option must be offered in the initial offer of the policy or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer need not offer the option, but if the insured requests it, must make it available. Such plans are subject to the following minimum requirements:</p> <ul style="list-style-type: none"> • May not require more than 40% of the estimated total premium to be paid as the initial payment; • Must spread the remaining premium equally among the 2nd, 3rd, and 4th installments, with the maximum set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively; • May not apply interest charges; • May include an installment charge or fee of no more than the lesser of 1% of the total premium or \$25; • Must spread any additional premium resulting from changes to the policy equally over the remaining installments, if any. If there are no remaining installments, the additional premium may be billed immediately as a separate transaction; and • May, but is not required to offer payment plan for extensions of a reporting period, or to insureds whose annual premiums are less than \$500. However, if offered to either, the plan must be made available to all within that group. 	
DEDUCTIBLES			
<p>Deductible plans should be filed if offered.</p>	<p><u>215 ILCS 5/155.18</u></p>	<p>A company writing medical liability insurance in Illinois is encouraged, but not required, to offer the opportunity for participation in a plan offering deductibles to its medical liability insureds. Any such plan shall be contained in a filed rate/rule manual section entitled "Deductibles Offered" or substantially similar title. If an insurer uses a substantially similar title, the Rate/Rule Submission Letter or NAIC Uniform Transmittal form must indicate the name of the section that applies.</p>	<p>N/A</p>
DISCOUNTS			
<p>Premium discount for risk management activities should be filed if offered.</p>	<p><u>215 ILCS 5/155.18</u></p>	<p>A company writing medical liability insurance in Illinois is encouraged, but not required, to offer their medical liability insureds a plan providing premium discounts for participation in risk management activities. Any such plan shall be contained in a filed rate/rule manual section entitled "Risk Management Activities Discounts" or substantially similar title. If an insurer uses a substantially similar title, the Rate/Rule Submission Letter or NAIC Uniform Transmittal form must indicate the name of the</p>	<p>N/A</p>

CLAIMS MADE REQUIREMENTS		section that applies.	
Extended reporting period (tail coverage) requirements.	<p>215 ILCS 5/143(2)</p> <p><u>Company Bulletin 88-50</u></p>	<p>When issuing claims-made medical liability insurance policies, insurers must include the following specific information in their rate/rule manuals:</p> <ul style="list-style-type: none"> • Offer of an extended reporting period (tail coverage) of <u>at least</u> 12 months. The rate/rule manual must specify whether the extended reporting period is unlimited or indicate its term (i.e. number of years).*** • Cost of the extended reporting period, which <u>must</u> be priced as a factor of one of the following.*** <ul style="list-style-type: none"> ○ the last 12 months' premium. ○ the premium in effect at policy issuance. ○ the expiring annual premium. • List of any credits, discounts, etc. that will be added or removed when determining the final extended reporting period premium. • Insurer will inform the insured of the extended reporting period premium at the time the last policy is purchased. The insurer may not wait until the insured requests to purchase the extended reporting period coverage to tell the insured what the premium will be or how the premium would be calculated. • Insurer will offer the extended reporting period when the policy is terminated for any reason, including non-payment of premium, and whether the policy is terminated at the company's or insured's request. • Insurer will allow the insured 30 days after the policy is terminated to purchase the extended reporting period coverage.*** • Insurer will trigger the claims made coverage when notice of claim is received and recorded by the insured or company, whichever comes first. <p>***If the medical liability coverage is combined with other professional or general liability coverages, the medical liability insurer must meet all of the above requirements, except those indicated with ***, in which case, the insurer must:</p> <ul style="list-style-type: none"> • Offer free 5-year extended reporting period (tail coverage) or • Offer an unlimited extended reporting period with the limits reinstated (100% of aggregate 	N/A

		<p>expiring limits for the duration)</p> <ul style="list-style-type: none"> • Cap the premium at 200% of the annual premium of the expiring policy; and • Give the insured a free-60 day period after the end of the policy to request the coverage. 	
GROUP MEDICAL LIABILITY			
Group medical liability insurance is not specifically allowed under the Illinois Insurance Code.	<u>50 IL Adm. Code 906</u>	Part 906 of the Illinois Administrative Code prohibits writing of group casualty (liability) insurance unless specifically authorized by statute. The Illinois Insurance Code does not specifically authorize the writing of group medical liability insurance.	N/A
CANCELLATION & NONRENEWAL PROVISION REQUIREMENTS			
If rate/rule manuals contain language pertaining to cancellation or nonrenewal, must comply with all cancellation/nonrenewal laws.	See Medical Liability Forms Checklist for Specific Information about Illinois Cancellation & Nonrenewal Laws and Regulations,	If a rate or rule manual contains language pertaining to cancellation or nonrenewal of any medical liability insurance coverage, such provisions must comply with all cancellation and nonrenewal provisions of the Illinois Insurance Code, including but not limited to the following: 143.10, 143.16, 143.16a, 143.17a. See Medical Liability Forms Checklist for Specific Information about Illinois Cancellation & Nonrenewal Laws and Regulations,	N/A
ACTUARIAL REVIEW REQUIREMENTS			
Rates shall not be excessive, inadequate, or unfairly discriminatory.	<u>215 ILCS 5/155.18</u>	<p>In the making or use of rates pertaining to all classes of medical liability insurance, rates shall not be excessive, or inadequate, nor shall they be unfairly discriminatory.</p> <p>Rate and rule manual provisions should be defined and explained in a manner that allows the Division to ascertain whether the provision could be applied in an unfairly discriminatory manner. For example, if a rate/rule manual contains ranges of premiums or discounts, the provision must specify the criteria to determine the specific premium/discount an insured or applicant would receive.</p> <p>The Director may, by order, adjust a rate or take any other appropriate action at the conclusion of a public hearing.</p>	Agree
PRICING			

Insurers shall consider certain information when developing medical liability rates.	<u>215 ILCS 5/155.18</u>	<p>Consideration shall be given, to the extent applicable, to past and prospective loss experience within and outside this State, to a reasonable margin for underwriting profit and contingencies, to past and prospective expenses both countrywide and those especially applicable to Illinois, and to all other factors, including judgment factors, deemed relevant within and outside Illinois.</p> <p>Consideration may also be given in the making and use of rates to dividends, savings or unabsorbed premium deposits allowed or returned by companies to their policyholders, members or subscribers.</p> <p>The systems of expense provisions included in the rates for use by any company or group of companies may differ from those of other companies or groups of companies to reflect the operating methods of any such company or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof.</p>	Actuarial Support Included
Minimum Premium Rules			
Insurers may group or classify risks for establishing rates and minimum premiums.	<u>215 ILCS 5/155.18</u>	Risks may be grouped by classifications for the establishment of rates and minimum premiums.	N/A
"A" RATED RISKS			
Individual Risk Rating			
Risks may be rated on an individual basis as long as all provisions required in Section 155.18 are met.	<u>215 ILCS 5/155.18</u>	Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any difference among risks that have a probable effect upon losses or expenses. Such classifications or modifications of classifications of risks may be established based upon size, expense, management, individual experience, location or dispersion of hazard, or any other reasonable considerations, and shall apply to all risks under the same or substantially the same circumstances or conditions. The rate for an established classification should be related generally to the anticipated loss and expense factors or the class.	N/A
RISK CLASSIFICATION			
Risks may be grouped by classifications.	<u>215 ILCS 5/155.18</u>	Risks may be grouped by classifications for the establishment of rates and minimum premiums.	Agree
Rating decisions based solely on domestic violence.	<u>215 ILCS 5/155.22b</u>	No insurer may that issues a property and casualty policy may use the fact that an applicant or insured incurred bodily injury as a result of a battery committed against him/her by a spouse or person in the same household as a sole reason for a rating decision.	Agree
Unfair methods of	<u>215 ILCS 5/424(3)</u>	It is an unfair method of competition or unfair and	Agree

competition or unfair or deceptive acts or practices defined.		deceptive act or practice if a company makes or permits any unfair discrimination between individuals or risks of the same class or of essentially the same hazard and expense element because of the race, color, religion, or national origin of such insurance risks or applicants.	
Procedure as to unfair methods of competition or unfair or deceptive acts or practices not defined.	<u>215 ILCS 5/429</u>	Outlines the procedures the Director follows when he has reason to believe that a company is engaging in unfair methods of competition or unfair or deceptive acts or practices.	Agree
Territorial Definitions			
Rate/rule manuals must contain correct and adequate definitions of Illinois territories.	<u>215 ILCS 5/155.18</u>	When an insurer's rate/rule program includes differing territories within the State of Illinois, rate/rule manuals must contain correct and adequate definitions of those territories, and that all references to the territories or definitions are accurate, so the Division does not need to request additional information.	Agree. See Rate Pages.
ACTUARIAL SUPPORT INFORMATION REQUIRED			
ACTUARIAL CERTIFICATION			
Actuarial certification must accompany all rate filings and all rule filings that affect rates.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u> <u>Actuarial Certification Form</u>	Every rate and/or rating rule filing must include a certification by an officer of the company <u>and</u> a qualified actuary that the company's rates and/or rules are based on sound actuarial principles and are not inconsistent with the company's experience. Insurers may use their own form or may use the sample form created by the Division.	Agree. Dual Certification included with filing.
ACTUARIAL OR STATISTICAL INFORMATION			
Director may request actuarial and statistical information.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	The Director may require the filing of statistical data and any other pertinent information necessary to determine the manner of promulgation and the acceptability or unacceptability of a filing for rules, minimum premiums, rates, forms or any combination thereof. If the Director requests information or statistical data to determine the manner the insurer used to set the filed rates and/or to determine the reasonableness of those rates, as well as the manner of promulgation and the acceptability or unacceptability of a filing for rules, minimum premiums, or any combination thereof, the insurer shall provide such data or information within 14 calendar days of the Director's request.	Agree/All
Explanatory Memorandum			
Insurers shall include actuarial explanatory memorandum with any	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code</u>	Insurers shall include actuarial explanatory memorandum with any rate filing, as well as any rule filing that affects the ultimate premium. The	Agree. Actuarial Memo included under filing.

rate filing, as well as any rule filing that affects the ultimate premium.	<u>929</u>	<p>explanatory memorandum shall contain, at minimum, the following information:</p> <ul style="list-style-type: none"> • Explanation of ratemaking methodologies. • Explanations of specific changes included in the filing. • Narrative that will assist in understanding the filing. 	
Summary of Effects Exhibit			
Insurers shall include an exhibit illustrating the effect of each change and calculation indicating how the final effect was derived.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers shall include an exhibit illustrating the effect of each individual change being made in the filing (e.g. territorial base rates, classification factor changes, number of exposures affected by each change being made, etc.), and include a supporting calculation indicating how the final effect was derived.	Agree. See Actuarial Tables and Exhibits.
Actuarial Indication			
Insurers shall include actuarial support justifying the overall changes being made.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	<p>Insurers shall include actuarial support justifying the overall changes being made, including but not limited to:</p> <ul style="list-style-type: none"> • Pure premiums (if used). • Earned premiums. • Incurred losses. • Loss development factors. • Trend factors. • On-Level factors. • Permissible loss ratios, etc. 	Agree. See Actuarial Tables and Exhibits
Loss Development Factors and Analysis			
Insurers shall include support for loss development factors and analysis.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers shall include actuarial support for loss development factors and analysis, including but not limited to loss triangles and selected factors, as well as support for the selected factors.	Agree. See Actuarial Tables and Exhibits
Ultimate Loss Selections			
Insurers shall include support for ultimate loss selections.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers shall include support for ultimate loss selections, including an explanation of selected losses if results from various methods differ significantly.	Agree. See Actuarial Tables and Exhibits
Trend Factors and Analysis			
Insurers shall include support for trend factors and analysis.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers shall include support for trend factors and analysis, including loss and premium trend exhibits demonstrating the basis for the selections used.	Agree. See Actuarial Tables and Exhibits
On-Level Factors and Analysis			
Insurers shall include support for on-level factors and analysis.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers shall include support for on-level factors and analysis, including exhibits providing on-level factors and past rate changes included in calculations.	Agree. See Actuarial Tables and Exhibits
Loss Adjustment Expenses			

Insurers shall include support for loss adjustment expenses.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers shall include support for loss adjustment expenses, including exhibits providing documentation to support factors used for ALAE and ULAE. If ALAE is included in loss development analysis, no additional ALAE exhibit is required.	Agree. See Actuarial Tables and Exhibits
Expense Exhibit			
Insurers shall include an expense exhibit. Insurers may use expense provisions that differ from those of other companies or groups of companies.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers shall include an exhibit indicating all expenses used in the calculation of the permissible loss ratio, including explanations and support for selections. The systems of expense provisions included in the rates for use by any company or group of companies may differ from those of other companies or groups of companies to reflect the operating methods of any such company or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof.	Agree. See Actuarial Tables and Exhibits
Investment Income Calculation			
Insurers shall include an exhibit for investment income calculation.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers shall include an exhibit demonstrating the calculation for the investment income factor used in the indication.	Agree. See Actuarial Tables and Exhibits
Profit and Contingencies Calculation			
Insurers shall include an exhibit for profit and contingencies load.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers shall include an exhibit illustrating the derivation of any profit and contingencies load.	Agree. See Actuarial Tables and Exhibits
Credibility Standard Used			
Insurers shall include the number of claims being used to calculate the credibility factor.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers should include the number of claims being used to calculate the credibility factor. If another method of calculating credibility is utilized, insurers should include a description of the method used.	Agree. See Actuarial Tables and Exhibits
Other Actuarial Information Required			
Insurers must include the information described in this section.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers shall also include the following information: <ul style="list-style-type: none"> • All actuarial support/justification for all rates being changed, including but not limited to changes in: <ul style="list-style-type: none"> ○ Base rates; ○ Territory definitions; ○ Territory factor changes; ○ Classification factor changes; ○ Classification definition changes; ○ Changes to schedule credits/debits, etc. • Exhibits containing current and proposed rates/factors for all rates and classification factors, etc. being changed. 	Agree. See Actuarial Tables and Exhibits

		<ul style="list-style-type: none"> Any exhibits necessary to support the filing that are not mentioned elsewhere in this checklist. 	
Schedule Rating			
Insurers must include the described information described at right.	<u>215 ILCS 5/155.18</u> <u>50 IL Adm. Code 929</u>	Insurers should include appropriate actuarial justification when filing schedule rating plans and/or changes to schedule rating plans.	N/A

Podiatry Insurance Company of America
 2011 Podiatric Rates
 Illinois Territory 01
 All counties except Cook

Sole Podiatrist

Limits (000 omitted)	Claims Made							
	1st Year		2nd Year		3rd Year		4th Year	
	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical
100/300	\$1,934	\$2,816	\$2,901	\$4,223	\$4,110	\$5,983	\$4,836	\$7,039
200/600	\$2,321	\$3,379	\$3,482	\$5,068	\$4,933	\$7,180	\$5,803	\$8,447
250/750	\$2,495	\$3,632	\$3,743	\$5,448	\$5,302	\$7,718	\$6,238	\$9,080
500/1000	\$2,708	\$3,942	\$4,062	\$5,913	\$5,755	\$8,377	\$6,770	\$9,855
500/1500	\$2,785	\$4,054	\$4,178	\$6,082	\$5,919	\$8,616	\$6,963	\$10,136
1000/1000	\$2,998	\$4,364	\$4,497	\$6,546	\$6,371	\$9,274	\$7,495	\$10,910
1000/3000	\$3,288	\$4,786	\$4,932	\$7,180	\$6,988	\$10,171	\$8,221	\$11,966

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STATE OF ILLINOIS
 DEPARTMENT OF INSURANCE
 SPRINGFIELD, ILLINOIS

Podiatry Insurance Company of America
 2011 Podiatric Rates
 Illinois Territory 02
 Cook county only

Sole Podiatrist

Limits (000 omitted)	Claims Made							
	1st Year		2nd Year		3rd Year		4th Year	
	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical
100/300	\$3,048	\$4,437	\$4,572	\$6,655	\$6,477	\$9,428	\$7,620	\$11,092
200/600	\$3,658	\$5,324	\$5,486	\$7,986	\$7,772	\$11,314	\$9,144	\$13,310
250/750	\$3,932	\$5,724	\$5,898	\$8,585	\$8,356	\$12,163	\$9,830	\$14,309
500/1000	\$4,267	\$6,212	\$6,401	\$9,317	\$9,068	\$13,200	\$10,668	\$15,529
500/1500	\$4,389	\$6,389	\$6,584	\$9,583	\$9,327	\$13,576	\$10,973	\$15,972
1000/1000	\$4,725	\$6,877	\$7,087	\$10,316	\$10,040	\$14,614	\$11,812	\$17,193
1000/3000	\$5,182	\$7,542	\$7,772	\$11,314	\$11,011	\$16,028	\$12,954	\$18,856

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STATE OF ILLINOIS
 DEPARTMENT OF INSURANCE
 SPRINGFIELD, ILLINOIS

APPROVED

RATING MANUAL SUPPLEMENT – COMPANY NAME CHANGE

The company name, wherever it appears in the attached rating manual, is hereby amended to read:

Podiatry Insurance Company of America

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

**PODIATRY INSURANCE COMPANY OF AMERICA
A MUTUAL COMPANY**

**PODIATRIC
RATING MANUAL**

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

**PODIATRY INSURANCE COMPANY OF AMERICA
A MUTUAL COMPANY**

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PODIATRIC RATING MANUAL

APR 01 2011

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

I. GENERAL RULES

This manual includes underwriting rules and regulations as they relate to underwriting for Podiatric Physician Malpractice Liability.

A. INSURED CLASSIFICATION

1. Preceptee: Coverage is provided for podiatric college graduates or residents entering preceptorship (apprenticeship/training) programs conducted by preceptors who are PICA policyholders. The preceptorship program must last for one year, both preceptee and preceptor must sign the Preceptorship Certificate and the preceptor must be insured by PICA. Optional Extension Coverage is issued concurrently with the policy and earned completely on the first day of the policy. Financial responsibility is with the named insured.
2. Resident: Coverage is provided for residents in an American Podiatric Medical Association Council on Podiatric Medical Education approved program or a program in candidate status. Optional Extension Coverage is issued concurrently with the policy and earned completely on the first day of the policy. Financial responsibility is with the named insured. Coverage is only for responsibilities as a part of the residency program.

Coverage requested for moonlighting must be approved by the Residency Director. If approved by the Residency Director, a new practitioner policy will be issued with the proper classification (sole practitioner or employed podiatrist). The resident must weigh the benefit of moonlighting since the new practitioner policy does not include Optional Extension Coverage (OEC coverage). The next year will be rated under the second year premium. "Documentation" is critical for the underwriting file.

- a. Veterans Administration Residency: This is a modification of the existing resident policy, allowing more than one resident to be covered under one policy. The policy will cover residents during rotations outside of the Veterans Administration facility, not to exceed 261 days per premium charged. Outside rotations must be an integral part of the residency program. Individuals must be "Scheduled" on the policy with the Optional Extension Coverage endorsement being issued upon receipt of the final audit from the residency program. This ensures proper documentation of outside rotations as well as appropriate premium charges. Financial responsibility of this policy is contracted by signature with the residency director on the "Schedule." Risk management

discounts will not be allowed on this policy, but will be allowed when the resident renews as a new practitioner.

3. Partnership, Corporation or Professional Association: All owners in the entity must be insured with PICA and maintain the same Limits of Liability. There is no additional premium for a “shared” Limit of Liability.

Unless required by state regulations, separate Limit of Liability is optional for an additional 5% of the total premium charged to each insured in the corporation or partnership. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

4. Ambulatory Surgical Center: Coverage is provided with the following criteria:
 - a. A majority of the owners must be insured with PICA.
 - b. Coverage of \$1,000,000/3,000,000 is mandatory.
 - c. A Certificate of Insurance is required from all non-PICA users with Limits of Liability of \$1,000,000/3,000,000.
 - d. A written agreement must be provided between the facility and a local hospital where immediate admission will be granted in the event of an urgent or emergency situation.
 - e. Premium will be based on PICA's mature \$1,000,000/3,000,000 coverage multiplied by the total number of podiatric physicians (with the exception of PICA insured employed podiatrists and podiatric residents) multiplied by 10%. Coverage is provided for the ambulatory surgical center based upon the total number of PICA insured owners, non-PICA insured owners and all non-owner podiatric physician users.
5. Podiatric Medical Schools: Separate application and policy forms are available for institutional coverage to include residents, teaching staff and students.

- B. SURGICAL AND NON-SURGICAL POLICY DEFINITION Coverage is provided for all procedures authorized by state statute and/or regulation in each state a license is held.

Surgery shall include any procedure requiring an anesthetic or intravenous or gaseous sedation including post-operative treatment. Exceptions to this definition include diagnostic and therapeutic injections, surgical procedures involving the nails, excision of skin lesions, incision and drainage of abscesses and the treatment of ulcers.

Post operative treatment will be covered under a non-surgical policy if and only if the podiatric physician performing the surgery maintains a surgical policy with PICA.

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A podiatric physician acting as an assistant surgeon will not be covered under a non-surgical policy.

C. POLICY TERM

Policies are written for a one year term and renewed annually thereafter. On exception, a short term policy may be issued on a pro-rata basis and then renewed for an annual term thereafter.

D. PREMIUM COMPUTATION/ROUNDING TABLE

1. All premiums are for an annual period.
2. Computation of the premium at inception uses the premium in effect at the time. Retroactive coverage will be provided to the insured's previous policy retroactive date (provided that the podiatric physician's prior policy is a claims-made policy). At each renewal, computation of the premium will be at the premium in effect at the time.
3. Premiums are calculated as specified for the respective coverage (i.e. surgical, non-surgical, resident or preceptee).
4. Each insured is rated in the state and/or territory where he or she practices more than 50% of the time.
5. Rounding to the nearest dollar amount is done at each step of the computation process, as opposed to rounding the final premium. (Round a premium involving \$.50 or over to the next higher whole dollar; less than \$.50 to the previous whole dollar.)

E. PREMIUM DISCOUNTS

1. Employed Podiatrist: A podiatrist must be employed 100% of the time without ownership interest to receive a 25% employed podiatrist discount. The insured cannot have any ownership interest and work for the corporation and receive the employed podiatrist discount. It is pertinent to know who provides coverage for the employer.
2. New Practitioner: The first-year professional liability claims-made premium is reduced 75%, the second-year premium 50%, the third-year premium 35% and the fourth-year 20%. No finance charges will be applied to the first, second, third or fourth year.

This applies to recent podiatric medical school and/or residency graduates, practitioners who have completed a preceptorship, practitioners who have completed three years of service in one of the Armed Forces or other government programs.

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A new practitioner who has completed an American Podiatric Medical Association Council on Podiatric Medical Education (CPME) approved residency program or a program that is in candidate status will be provided with free retroactive coverage. The practitioner must submit verification of prior claims-made insurance coverage with no lapse.

The new practitioner discount will be allowed for applicants requesting retroactive coverage up to four years in practice.

3. Risk Management: A 10% risk management discount will apply to the following year's annual renewal premium for completing a home study course or attending a PICA/Podiatry Institute meeting. An additional 5% to 15% discount is applied for attending PICA designated risk management meetings that may be a component of an existing podiatric conference as determined by the risk management committee dependent upon the structure and composition of the meeting. The maximum risk management discount available is 15%.

A 10% discount will be granted to new applicants who have completed a risk management program which would have qualified for a risk management discount with their previous carrier.

4. Semi-Retired: Premiums are reduced by 50%. To qualify for this discount, the insured must be at least 55 years of age, must have been insured with PICA for at least five years immediately prior to becoming semi-retired and must not practice more than 20 hours a week. Consideration may be given to new applicants to allow credit for consecutive years of coverage with another carrier subject to underwriting approval.
5. Part Time: To qualify for this discount, the insured must practice 1-10 hours to receive a 50% discount or 11-20 hours a week to receive a 25% discount. These discounts will apply to surgical and non-surgical policyholders.
6. Residency Director: An insured who is an appointed Residency Director by the Council of Podiatric Medical Education will be entitled to a 25% discount off his or her individual malpractice premium.
7. Multiple Discounts: The practitioner will receive the greater of the classification discount that applies. For example an insured would receive a 50% semi-retired discount and not an employed podiatrist discount.
8. The following schedule of credits or debits may be used to modify premium for certain insureds, reflecting unique exposure present in those risks. These insureds may qualify for schedule rating because of factors not contemplated in the filed rate structure of the company. Pursuant to underwriting judgment, any or all of the following factors may be considered when assigning credits or debits. A combined maximum credit

or debit of 25% may be applied to recognize risk characteristics that are not reflected in an otherwise applicable rate. Any credits or debits assigned under this plan are subject to annual review. All premium modifications will be noted and documented in the individual insured's file with any premium credit and/or debit in excess of 10% requiring approval of the Underwriting Vice President. Premiums may be modified based upon the following exposure and rating characteristics:

	<u>Credit</u>	<u>Debit</u>
Participation in risk management program	0-15%	N/A
Unusual risk characteristics	0-25%	0-25%
Claims free discounts	0-10%	N/A
Record keeping	0-10%	0-10%
Professional loss history/trends	N/A	0-25%
Group practice or association membership	0-20%	N/A

(N/A = not applicable)

F. COVERAGE CHANGE REQUEST

The premium and rules in effect on the effective date of change apply. Coverage may be increased or decreased at any time during the policy year. Premium changes will be computed on a pro-rata basis.

1. Endorsements: Policies involving corporation, partnership or professional association limits of liability must be consistent. Endorsements are not back dated unless coverage has been replaced and verified. Any change in coverage must be submitted in writing and signed by the named insured.
2. Prior Surgery Covered: For a podiatric physician requesting a change from surgical to non-surgical coverage, the premium will be calculated by averaging the sum of the applicable surgical and non-surgical premium. Subsequent renewal premium will be based on the non-surgical premium.
3. Retroactive Coverage: A copy of the applicant's current declaration page is required to verify the retroactive date. The Underwriting Committee may not approve retroactive coverage. If retroactive coverage is not approved, the applicant will be advised that Optional Extension Coverage should be purchased from their previous carrier. A practitioner accepted on probation is not allowed retroactive coverage.
4. Leave of Absence: This endorsement interrupts the premium and policy for special circumstances. These include, but are not limited to illness, childbirth, sabbatical leave, additional training and other situations as approved by the Underwriting Department. A premium rate of 25% of the practitioner's current premium calculated on a pro rata basis will apply.

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5. Locum Tenens Coverage: This coverage will be offered at no charge for periods of sixty days within any policy year, subject to underwriting approval of the replacement podiatric physician.

G. RETURN PREMIUM POLICY

1. Deletion of a state mandated coverage is not permitted unless the entire policy is canceled.
2. Premium will be computed for policy cancellation utilizing the initial premium charged. Short rate computation will apply to requested and non-payment cancellations.
3. Return premium will be computed pro-rata by rounding to the next higher whole dollar when any coverage is deleted or an amount of insurance is reduced.
4. Premium of \$5.00 or less will be waived or returned to the Insured if requested. This waiver only applies to cash exchange due on the endorsement effective date.
5. Return premium is sent to the "Named Insured" regardless of who makes the premium payment. In the event of death of an insured, the return premium is sent "To The Estate of"

H. POLICY CANCELLATION

1. Return premium is computed pro-rata and rounded to the next higher whole dollar when:
 - a. a policy is canceled by the Company.
 - b. a policy is canceled by the Insured because of retirement, disability or death.(Notices are sent by certified mail to verify receipt of notification.)
2. Return premium is computed short-rate and rounded to the next higher whole dollar when:
 - a. a policy is canceled by the Insured.
 - b. a policy is canceled for non-payment of premium(Notices are sent by certified mail to verify receipt of notification.)
3. A policy canceled for non-payment of premium will not be reinstated unless the total amount of outstanding premium is received. A policyholder will be permitted two consecutive non-payment of premium cancellation notices. If it becomes necessary for a third consecutive cancellation notice, the cancellation notice will indicate the policy is being canceled for "Underwriting Reasons" and the coverage will not be reinstated.

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- a. Cancellation for non-payment will not be effective for 10 working days. Postal holidays and weekends will extend the number of days.
- b. Cancellation notice will be sent by certified mail return receipt requested.

II. INSURANCE COVERAGE

This policy includes but is not limited to mandatory Professional Liability coverage as a result of providing or failing to provide professional services on a Claims-Made form. A recently developed plain-language, Modified Claims-Made policy is available for use in states that predominantly offer a Modified Claims Made or Occurrence form. General Liability coverage may be purchased by the policyholder as an optional coverage. Coverages available:

- A. Individual Professional Liability
- B. Corporation Professional Liability
 - 1. Shared Limit of Liability at no additional charge
 - 2. Separate Limit of Liability is optional for an additional 5% of the total premium charged to each insured in the corporation or partnership. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

- C. General Liability Coverage

This is an optional coverage that responds to Business Premises Liability and Personal Injury Liability on behalf of the Insured. Medical Payments are \$250 with Bodily Injury Liability the same limits of liability as selected for the professional liability coverage. Property Damage Limits are \$5,000 and Personal Liability limits are \$100,000. Annual premiums are indicated below determined by the Bodily Injury limit:

<u>Bodily Injury</u>	<u>One Location</u>	<u>Two or More Locations</u>
\$1,000,000/3,000,000	\$51.00	\$85.00
\$1,000,000/1,000,000	\$47.00	\$78.00
\$500,000/\$1,000,000	\$42.00	\$70.00
\$250,000/500,000	\$38.00	\$63.00
\$200,000/600,000	\$36.00	\$60.00
\$100,000/300,000	\$30.00	\$50.00

- D. Administrative Defense Coverage Endorsement will cover medical licensing board actions, hospital medical staff peer review actions, managed care decertification actions and Medicaid/Medicare (and other payor) billing and coding errors and omissions.

Included in the current premium, this coverage will be attached by endorsement to all policyholders (*with the exception of residents, preceptees and new practitioners*). This coverage may be purchased by those “newer” practitioners as indicated below:

Residents, Preceptees or First Year New Practitioners \$200

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Second Year New Practitioners	\$400
Third Year New Practitioners	\$600
Fourth Year New Practitioners	\$800

III. LIMITS OF LIABILITY

- A. \$ 100,000 Each Claim / \$ 300,000 Annual Aggregate
- B. \$ 200,000 Each Claim / \$ 600,000 Annual Aggregate
- C. \$ 250,000 Each Claim / \$ 500,000 Annual Aggregate
- D. \$ 500,000 Each Claim / \$1,000,000 Annual Aggregate
- E. \$ 500,000 Each Claim / \$1,500,000 Annual Aggregate
- F. \$1,000,000 Each Claim / \$1,000,000 Annual Aggregate
- G. \$1,000,000 Each Claim / \$3,000,000 Annual Aggregate

Refer to Company for additional Limit of Liability options.

Requests for higher limits of liability must be approved by the Vice President of Underwriting. When limits are requested in excess of \$1,000,000/3,000,000, approval by PICA reinsurers, through the Chief Financial Officer, is mandatory.

IV. EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE)

- A. The percentages in the following Table shall be applied to the mature claims-made premium (4th year premium) in the year coverage is being purchased.

<u>Years of Prior PICA Claims-Made Coverage</u>	<u>Percentage of 4th Year Claims-Made Premium</u>
One	100%
Two	155%
Three	175%
Four or More	180%

- B. The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.

1. Available Limits of Liability shall not exceed those afforded under the current claims-made policy.
2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred subsequent to the retroactive date and prior to the effective date of cancellation or non-renewal (and which is otherwise covered by this insurance).
3. Extended Reporting Period Coverage is granted at no charge in the event

of death or permanent disability or in the event of permanent retirement at any age after 5 years of continuous coverage. Permanent disability is defined as having existed continuously for not less than six months, having rendered the Insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.

4. Extended Reporting Period Coverage will be available to all podiatric physicians except those who are canceled for non-payment of premium and/or non-compliance with the terms and conditions of the policy.
5. Should an insured terminate coverage, the insured may purchase Extended Reporting Period Coverage. The insured is eligible for this coverage provided:
 - a. The insured requests Extended Reporting Period Coverage within 30 days of policy termination and premium is paid.
 - b. The insured requests Extended Reporting Period Coverage within 30 days after the effective date of cancellation of the policy.
6. An insured who retires from practice will receive a discount from the applicable Extended Reporting Period Coverage premium for each consecutive year with PICA. These discounts are reflected in the following Table.

<u>Consecutive Years with PICA</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

Credit on a two for one basis to bridge prior PICA coverage may be granted toward the retirement tail coverage.

Consideration may be given to new applicants to allow credit for consecutive years of coverage with another carrier subject to underwriting approval.

7. Extended Reporting Period Coverage premium will be waived for policyholders who have been insured by PICA for 10 years and enter full time academia.

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RATING MANUAL SUPPLEMENT
Podiatry Insurance Company of America

State of Illinois

I. Item # 3 under Subsection H. **POLICY CANCELLATION** of Section I. **GENERAL RULES** is hereby deleted in its entirety and replaced with the following:

3. A policy canceled for non-payment of premium will not be reinstated unless the total amount of outstanding premium is received. If payment is received after the effective date of cancellation, the policy may be reinstated with a satisfactory underwriting review, and will be charged a \$50 reinstatement fee.
- a. Cancellation for non-payment will not be effective for 10 working days. Postal holidays and weekends will extend the number of days.
- b. Cancellation notice will be sent by certified mail return receipt requested.

II. Section IV. **EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE)** is hereby deleted in its entirety and replaced with the following:

IV. EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE)

For Malpractice Liability

A. The premium for the optional Extended Reporting Period Coverage shall be the product of the applicable percentage factor in the following Table and the expiring annual premium of the policy:

<u>Years of Prior PICA Claims-Made Coverage</u>	<u>Percentage of 4th Year Claims-Made Premium</u>
One	100%
Two	155%
Three	175%
Four or More	180%

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The number of consecutive years of prior claims-made coverage shall be determined as of the date the optional Extended Reporting Period Coverage is purchased.

B. The availability of Extended Reporting Period Coverage shall be governed by the following rules:

1. Available Limits of Liability shall not exceed those afforded under the current claims-made policy.
2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred on or after the retroactive date and prior to the effective date of cancellation or non-renewal (and which is otherwise covered by this insurance) for a period of unlimited duration.
3. Extended Reporting Period Coverage is granted at no charge in the event of death or permanent disability or in the event of permanent retirement at any age after 5 years of continuous coverage. Permanent disability is defined as having existed continuously for not less than six months, having rendered the Insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.
4. Extended Reporting Period Coverage will be available to all insureds.
5. The insured may purchase optional Extended Reporting Period Coverage. The insured is eligible for this coverage provided:
 - a. The insured requests Extended Reporting Period Coverage within 30 days of the effective date of termination; and
 - b. any outstanding premium with respect to the terminated policy is paid
6. An insured who retires from practice will receive a discount from the applicable Extended Reporting Period Coverage premium for each consecutive year with PICA. These discounts are reflected in the following Table.

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<u>Consecutive Years with PICA</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

Credit on a two for one basis to bridge prior PICA coverage may be granted toward the retirement tail coverage.

Consideration may be given to new applicants to allow credit for consecutive years of coverage with another carrier subject to underwriting approval.

7. Extended Reporting Period Coverage premium will be waived for policyholders who have been insured by PICA for 10 years and enter full time academia.
8. The Company shall inform the Insured of the optional Extended Reporting Period Coverage (ERP) premium at the time the last policy is purchased. The Company may not wait until the Insured requests to purchase the ERP to tell the Insured what the premium will be or how the premium would be calculated.
9. The following credits: Employed Podiatrist, New Practitioner, Part-Time, Semi-Retired and Residency Director (as defined under Rule I.E.) shall, if applicable, be applied when determining the final extended reporting period premium.

The following credits: Leave of Absence and Risk Management (as defined under Rule I.E.) shall not be applied when determining the final extended reporting period premium.

10. The Company will offer the Extended Reporting Period Coverage when the policy is terminated for any reason, including non-payment of premium, and whether the policy is terminated at the company's or insured's request.

For General Liability

- A. For General Liability, there is no additional premium charge for an unlimited reporting period under the optional Extended Reporting Period Coverage.

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- B. For General Liability, if the insured does not choose the free unlimited reporting period coverage, they will be provided a free 5 year extended reporting period after the free 60-day Automatic Extended Reporting Period.
- C. The availability of Extended Reporting Period Coverage shall be governed by the following rules:

1. During the Automatic Extended Reporting Period, the aggregate liability limit shall be equal to the amount of coverage remaining in the policy's annual aggregate liability limit at termination.

Under the option of an unlimited extended reporting period, 100% of the aggregate liability limit of the current claims-made policy shall be reinstated for the duration of the extended reporting period.

Under the option of a free five year extended reporting period, the aggregate liability limit shall be equal to the amount of coverage remaining in the policy's annual aggregate liability limit at termination.

2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of bodily injury, property damage or personal injury which occurred on or after the retroactive date and prior to the effective date of cancellation or non-renewal (and which is otherwise covered by this insurance).
3. Extended Reporting Period Coverage will be available to all insureds.
4. The insured is eligible for the optional Extended Reporting Period coverage provided:
- a. The insured requests Extended Reporting Period Coverage within 60 days of the effective date of termination; and
- b. any outstanding premium with respect to the terminated policy is paid
5. The Company will offer the Extended Reporting Period Coverage when the policy is terminated for any reason, including non-payment of premium, and whether the policy is terminated at the company's or insured's request.

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- III. **Item E. 8. Schedule Rating** under Section I. **GENERAL RULES** is hereby deleted in its entirety and replaced with the following **Group Discount** as **Item E. 8.** under Section I. **GENERAL RULES**

8. Group Discount: A group of practitioners insured by the company may be eligible for a group discount based on the following:

1. Must have Uniform Tax Identification Number for billing
2. Must be a Legal Entity (i.e. Corporation, Professional Association, Partnership or Limited Liability Corporation)
3. Premium considered for discount excludes employed podiatrists
4. A total annual premium of at least \$10,000 will be eligible for the group discount as follows:
 - a. \$10,000 - \$30,000 = 6% discount
 - b. \$30,001 - \$50,000 = 9% discount
 - c. \$50,001 or greater = 7% discount

- IV. The following is added to Rule E., 3. Risk Management under Section I. **GENERAL RULES:**

IPMA and APMA members who attend the PICA sponsored Risk Management Seminar at either the Annual APMA or IPMA will receive a 15% Risk Management discount.

- V. The following is hereby added as **Rule E. 9. Claims-Free Discounts** under **SECTION I. GENERAL RULES:**

9. **Claims-Free Discounts:**

One of the following discounts shall be applied to all eligible policyholders:

Five (5) years claims-free = 5% Discount
Ten (10) years claims-free = 10% Discount

To be considered claims-free, the policyholder must have no claims within the requisite time period that involve a professional liability indemnity payment.

- VI. The following is hereby added as **Rule I. Premium Payment Plan Options** under **SECTION I. GENERAL RULES:**

- I. PREMIUM PAYMENT PLAN OPTIONS

OPTION A: QUARTERLY INSTALLMENT

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1. A quarterly installment option is available upon issuance of a new policy or upon renewal of an existing policy. The quarterly installment option will include an installment charge of \$25.00 per installment or 1% of the total annual premium whichever is less. Available option shall be a quarterly (four payment) option with equal installments of 25% each.

The first installment is due (as a down payment) when the policy is issued or renewed. The remaining installments are due 3, 6, and 9 months from policy inception.

2. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account.

Arrangements may be made to allow the Insured time to pay the outstanding balance.

3. Additional premium from a policy change shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from change shall be billed immediately as a separate transaction.
4. Insureds shall have the option of paying the premium in full at any time without incurring additional fees.
5. In the event that an Insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.
6. The Company shall not apply interest charge.

OPTION B: FIVE PAYMENT PLAN

1. A five payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The five payment premium plan option will include an additional 9.5% annual percentage rate finance charge. This finance charge will apply to all policyholders.
 - a. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account. Arrangements may be made to allow the practitioner time to pay the outstanding balance.
 - b. In the event that an insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

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OPTION C: TWO PAYMENT PLAN

1. A two payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The two payment premium plan option will not include a finance charge or installment fee.

OPTION D: ANNUAL PAYMENT PLAN

1. An annual payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The annual payment premium plan option will not include a finance charge or installment fee.

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