

SERFF Tracking Number: CNAC-125120622 State: District of Columbia  
Filing Company: American Casualty Company of Reading - PA State Tracking Number:  
Company Tracking Number: 07-R2156  
TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0031 Anesthetist  
Made/Occurrence  
Product Name: Nurse Anesthetist Professional Liability Program  
Project Name/Number: CRNA rates/20072156R

## Filing at a Glance

Company: American Casualty Company of Reading - PA

Product Name: Nurse Anesthetist Professional Liability Program SERFF Tr Num: CNAC-125120622 State: District of Columbia

TOI: 11.0 Medical Malpractice - Claims

SERFF Status: Closed-APPROVED State Tr Num:

Made/Occurrence

Sub-TOI: 11.0031 Anesthetist

Co Tr Num: 07-R2156

State Status:

Filing Type: Rate

Author: John Lockhart

Reviewer(s): Clark Simcock

Date Submitted: 03/05/2007

Disposition Date: 03/08/2007

Disposition Status: APPROVED

Effective Date Requested (New): 08/01/2007

Effective Date (New):

Effective Date Requested (Renewal): 08/01/2007

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: CRNA rates

Status of Filing in Domicile: Authorized

Project Number: 20072156R

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 03/08/2007

State Status Changed:

Deemer Date:

Created By: John Lockhart

Submitted By: John Lockhart

Corresponding Filing Tracking Number:

Filing Description:

American Casualty Company of Reading, PA proposes a 3% increase to the base rate for our Certified Nurse Anesthetists Professional Liability Program.

## Company and Contact

### Filing Contact Information

John Lockhart, Regulatory Filings Technician john.lockhart@cna.com  
40 Wall Street 877-269-3277 [Phone] 3270 [Ext]  
9th Floor 212-440-2877 [FAX]

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New York, NY 10005

### Filing Company Information

American Casualty Company of Reading - PA CoCode: 20427 State of Domicile: Pennsylvania  
40 Wall Street Group Code: 218 Company Type:  
8th Floor Group Name: State ID Number:  
New York, NY 10005 FEIN Number: 23-0342560  
(212) 440-3478 ext. [Phone]

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### Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:  
Per Company: No

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Clark Simcock	03/08/2007	03/08/2007

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## Disposition

Disposition Date: 03/08/2007  
 Effective Date (New):  
 Effective Date (Renewal):  
 Status: APPROVED  
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Casualty Company of Reading - PA	%	3.000%	\$695	14	\$23,184	3.000%	0.000%
<b>Percent Change Approved:</b>							
	<b>Minimum:</b>	%	<b>Maximum:</b>	%	<b>Weighted Average:</b>		%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Cover Letter (P&C)		Yes
Supporting Document	Consulting Authorization (P&C)		Yes
Supporting Document	Actuarial Certification (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		Yes
Supporting Document	Schedule of Rates or Methodology (P&C)		Yes
Rate	Company State Page		Yes

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## Rate Information

Rate data applies to filing.

**Filing Method:** Prior Approval  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 3.000%  
**Effective Date of Last Rate Revision:** 08/01/2006  
**Filing Method of Last Filing:** Prior Approval

## Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Casualty Company of Reading - PA	N/A	%	3.000%	\$695	14	\$23,184	3.000%	0.000%

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## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
	Company State Page	1	Replacement	05-R2099 DC State Pages.pdf

DISTRICT OF COLUMBIA (08)

**COMPANY STATE PAGE FOR  
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**I. STATE ENDORSEMENTS**

Form #	Title	Rule of Application
G-142858-A08	Cancellation and Non-renewal Endorsement – District of Columbia	- Mandatory on all policies

**II. AMENDED RULES**

Reserved for future use.

**III. RATES**

A. All rates indicated below are for Professional Liability limits of \$100,000 each claim, with a \$300,000 annual aggregate.

Territory 1 (entire state): **\$2,740**

B. The rate for an individual nurse anesthetist student is \$275.

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## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Cover Letter (P&C) <b>Comments:</b> <b>Attachment:</b> DC Cover letter.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Consulting Authorization (P&C) <b>Bypass Reason:</b> No Third party filers <b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Actuarial Certification (P&C) <b>Comments:</b> <b>Attachment:</b> Actuarial Memorandum.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> District of Columbia and Countrywide Experience for the Last 5 Years (P&C) <b>Comments:</b> <b>Attachment:</b> 5 year.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>

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**Satisfied - Item:** District of Columbia and  
Countrywide Loss Ratio Analysis  
(P&C)

**Comments:**

**Attachment:**

DC & Countrywide.pdf

**Item Status:**

**Status**

**Date:**

**Satisfied - Item:** Schedule of Rates or Methodology  
(P&C)

**Comments:**

**Attachment:**

DC NAIC RRFs 01-07.pdf



40 Wall Street – 9<sup>th</sup> Floor  
New York, New York 10005

**John Lockhart**

Regulatory Filings Technician  
P & C State Filing Unit  
CNA Global Specialty Lines  
Telephone 212-440-3270  
Facsimile 212-440-2877  
Toll Free 877-269-3277 x 3270  
Internet [john.lockhart@cna.com](mailto:john.lockhart@cna.com)

March 5, 2007

Department of Insurance & Security Regulation (DISR)  
Financial Examination  
810 First NE- Suite 602  
Washington DC 20002-4227

RE: American Casualty Company of Reading, PA NAIC # 218-20427 FEIN#23-0342560  
MAGAW Healthcare Professionals Purchasing Group Association  
Medical Malpractice  
Rate Filing  
Filing Number: 07-R2156

Honorable Commissioner:

American Casualty Company of Reading, PA hereby submits the attached revised rate filing for use with our Nurse Anesthetists Professional Liability Program on file with your Department.

Attached for your review please find:

- The actuarial memorandum which outlines the changes proposed by this filing; and
- revised pages for this program which will replace the page currently on file with your office

These changes will become applicable to all policies written on or after August 1, 2007, or the earliest date permitted by your state.

Your approval, or acknowledgment otherwise, by stamping the extra copy of this letter and returning it in the envelope provided, will be appreciated.

Sincerely,

John Lockhart

**American Casualty Company of Reading, PA**  
Nurse Anesthetist Professional Liability  
MAGAW Healthcare Professionals Purchasing Group Association

Actuarial Memorandum

District of Columbia

American Casualty Company of Reading, PA (“CNA”) is proposing a base rate increase of 3% to its Nurse Anesthetist Professional Liability Program (“the Program”) in the District of Columbia. The overall impact of this proposed change is +3% even though the student rate remains unchanged.

CNA has limited historical experience in the District of Columbia as the program has only been available since 7/17/2002. Therefore, the indicated overall rate level change was calculated based upon trend since the inception of the Program. Exhibit 1 shows the derivation of the indicated overall rate level change. Because there isn’t sufficient program experience for this purpose, the annual trend factor has been based on the trend factor selected by Insurance Services Office for Physicians, Surgeons, and Dentists. We must consider the increasing trend of medical malpractice costs affecting our business in a competitive industry. Exhibit 2 provides a summary of CNA’s historical expense experience as available in the Insurance Expense Exhibit for the Medical Malpractice line of business and also provides the projected expenses for this program. The budgeted profit provision has been calculated based on a 15% return on equity.

A revised state exception page(s) reflecting the proposed change described above are attached.

**American Casualty Company of Reading, PA**  
Nurse Anesthetist Professional Liability

Development of Permissible Loss Ratio

	2003		2004		2005		3 Year	
	\$000	%	\$000	%	\$000	%	Average	Selected
(1) Written Premium	97,990		123,076		145,001			
(2) Earned Premium	92,476		114,178		134,969			
(3) Commision & Brokerage Fees	38,002	38.8%	45,561	37.0%	49,911	34.4%	36.7%	20.0%
(4) General and Other Acquisition Expense	5,847	6.3%	5,915	5.2%	3,400	2.5%	4.7%	2.8%
(5) Taxes, Licenses & Fees	2,709	2.8%	286	0.2%	178	0.1%	1.0%	2.6%
(6) DDR Provision								2.5%
(7) Profit & Contingencies								0.8%
(8) Total Expenses & Profit = (3)+(4)+(5)+(6)+(7)								28.7%
(9) Permissible Loss & LAE Ratio = 1.0 - (8)								71.3%

Source: American Casualty Company of Reading, PA Insurance Expense Exhibit, Part III, Line 11.0

**American Casualty Company of Reading, PA**  
Nurse Anesthetist Professional Liability

Calculation of Indicated Change

District of Columbia

Due to the low credibility and immaturity of this program, the indicated rate level change has been calculated based on trend from the initial filing date of the program to an assumed effective date of 8/1/2007. Note that a rate change of 6% and 3% has been implemented on 8/1/2005 and 8/1/2006 respectively since the initial filing of the rates for this program.

(1) Proposed Effective Date	8/1/2007
(2) Initial Filing Effective Date	7/17/2002
(3) Difference in Years = ( (1) - (2) ) / 365.25	5.04
(4) Annual Premium Trend Factor	1.00
(5) Annual Loss and ALAE Trend Factor	1.05
(6) Annual Net Trend Factor (5)/(4)	1.05
(7) Impact of trend since program inception = (6) <sup>3</sup> -1	27.9%
(8) Rate changes implemented since inception = (1.06)*(1.03) - 1	9.2%
(9) Remaining indication = (7) - (8)	18.7%
(10) Proposed change	3.0%

Notes:

- (4) The annual premium trend factor is 1.00 as the exposure base is not inflation sensitive
- (5) The annual loss and ALAE trend factor is the Physicians, Surgeons, and Dentists annual trend factor from ISO PR-2006-BHPSD

## RATE/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.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	<b>07-2156</b>
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<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	<b>N/A</b>
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Rate Increase
  Rate Decrease
 Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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4a. Rate Change by Company (As Proposed)						
Company Name	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)
American Casualty Co of Reading	+3.0%	\$695	14	\$23,164		

4b. Rate Change by Company (As Accepted) For State Use Only						
Company Name	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
<b>5a</b>	<b>Overall percentage rate impact for this filing</b>	+3.0%	
<b>5b</b>	<b>Effect of Rate Filing – Written premium change for this program</b>	\$695	
<b>5c</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>	14	
<b>6.</b>	<b>Overall percentage of last rate revision</b>	+3.0%	
<b>7.</b>	<b>Effective Date of last rate revision</b>	8/1/2006	
<b>8.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>		

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	Company State Pages: 1	<input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
02		<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
03		<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
04		<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	