

SERFF Tracking Number: PCAG-125769329 State: District of Columbia  
Filing Company: Podiatry Insurance Company of America a Mutual Company State Tracking Number:  
Company Tracking Number: DC-1163-P  
TOI: 11.1 Medical Malpractice - Claims Made Only Sub-TOI: 11.1025 Podiatry  
Product Name: Podiatrists Professional Liability Program  
Project Name/Number: 2009 Rate Filing/DC-1163-P

## Filing at a Glance

Company: Podiatry Insurance Company of America a Mutual Company

Product Name: Podiatrists Professional Liability SERFF Tr Num: PCAG-125769329 State: District of Columbia Program

TOI: 11.1 Medical Malpractice - Claims Made Only SERFF Status: Closed-APPROVED State Tr Num:

Sub-TOI: 11.1025 Podiatry

Co Tr Num: DC-1163-P

State Status:

Filing Type: Rate

Author: Latasha Campbell

Reviewer(s): Robert Nkojo

Date Submitted: 08/12/2008

Disposition Date: 01/15/2009

Effective Date Requested (New): 01/01/2009

Disposition Status: APPROVED

Effective Date Requested (Renewal): 01/01/2009

Effective Date (New):

State Filing Description:

Effective Date (Renewal):

## General Information

Project Name: 2009 Rate Filing

Status of Filing in Domicile: Not Filed

Project Number: DC-1163-P

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 01/15/2009

State Status Changed:

Deemer Date:

Created By: Latasha Campbell

Submitted By: Latasha Campbell

Corresponding Filing Tracking Number:

Filing Description:

We wish to file a 7% rate increase for our Podiatrists Professional Liability Program to become effective on January 1, 2008.

## Company and Contact

### Filing Contact Information

Latasha Knox-Campbell, Regulatory

lcampbell@picagroup.com

Compliance Analyst

3000 Meridian Boulevard

615-371-8776 [Phone] 2201 [Ext]

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 Project Name/Number: 2009 Rate Filing/DC-1163-P

Suite 400 615-324-9161 [FAX]  
 Franklin, TN 37067

**Filing Company Information**

Podiatry Insurance Company of America a Mutual Company CoCode: 14460 State of Domicile: Illinois  
 110 Westwood Place Group Code: 3504 Company Type:  
 Brentwood, TN 37027 Group Name: State ID Number:  
 (800) 251-5727 ext. [Phone] FEIN Number: 58-1403235

-----

**Filing Fees**

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Podiatry Insurance Company of America a Mutual Company	\$0.00		

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Robert Nkojo	01/15/2009	01/15/2009

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Effective Date Change	Note To Reviewer	Latasha Campbell	12/03/2008	12/03/2008
Filing Status	Note To Reviewer	Latasha Campbell	11/18/2008	11/18/2008
Filing Status	Note To Reviewer	Latasha Campbell	10/14/2008	10/14/2008

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## Disposition

Disposition Date: 01/15/2009  
 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):
Podiatry Insurance Company of America a Mutual Company	7.400%	7.000%	\$24,603	25	\$351,473	7.000%	7.000%
<b>Percent Change Approved:</b>							
	<b>Minimum:</b>	%	<b>Maximum:</b>	%	<b>Weighted Average:</b>		%

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 Product Name: Podiatrists Professional Liability Program  
 Project Name/Number: 2009 Rate Filing/DC-1163-P

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Cover Letter All Filings		No
Supporting Document	Consulting Authorization		No
Supporting Document	Actuarial Certification (P&C)		No
Supporting Document	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		No
Supporting Document	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		No
Rate	District of Columbia 2009 Rate Page		No

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Product Name: Podiatrists Professional Liability Program  
Project Name/Number: 2009 Rate Filing/DC-1163-P

**Note To Reviewer**

**Created By:**

Latasha Campbell on 12/03/2008 12:34 PM

**Last Edited By:**

Latasha Campbell

**Submitted On:**

12/03/2008 12:34 PM

**Subject:**

Effective Date Change

**Comments:**

We wish to change the effective date to 4/1/2009.

Thank you,

Latasha Knox-Campbell

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Mutual Company  
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Project Name/Number: 2009 Rate Filing/DC-1163-P

**Note To Reviewer**

**Created By:**

Latasha Campbell on 11/18/2008 07:57 AM

**Last Edited By:**

Latasha Campbell

**Submitted On:**

11/18/2008 07:57 AM

**Subject:**

Filing Status

**Comments:**

I wanted to check the status of our rate filing.

Thank you,

Latasha

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Project Name/Number: 2009 Rate Filing/DC-1163-P

**Note To Reviewer**

**Created By:**

Latasha Campbell on 10/14/2008 01:19 PM

**Last Edited By:**

Latasha Campbell

**Submitted On:**

10/14/2008 01:19 PM

**Subject:**

Filing Status

**Comments:**

I wanted to check on the status of our filing.

Thank you,

Latasha Knox-Campbell



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**Rate Information**

Rate data applies to filing.

**Filing Method:** File and Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 5.000%  
**Effective Date of Last Rate Revision:** 04/01/2006  
**Filing Method of Last Filing:** File and Use

**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):
Podiatry Insurance Company of America a Mutual Company	N/A	7.400%	7.000%	\$24,603	25	\$351,473	7.000%	7.000%

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## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
	District of Columbia 2009 Rate Page		Replacement	None  2009 PICA Podiatry Rate Page - District of Columbia (7% Increase).pdf

# Podiatry Insurance Company of America

## 2009 Podiatric Rates

### District of Columbia

#### 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
<b>100/300</b>	\$3,306	\$4,813	\$4,960	\$7,219	\$7,026	\$10,227	\$8,266	\$12,032
<b>200/600</b>	\$3,968	\$5,775	\$5,951	\$8,663	\$8,431	\$12,272	\$9,919	\$14,438
<b>250/750</b>	\$4,265	\$6,208	\$6,398	\$9,313	\$9,063	\$13,193	\$10,663	\$15,521
<b>500/1000</b>	\$4,629	\$6,738	\$6,944	\$10,107	\$9,837	\$14,318	\$11,573	\$16,845
<b>500/1500</b>	\$4,761	\$6,930	\$7,142	\$10,396	\$10,118	\$14,727	\$11,903	\$17,326
<b>1000/1000</b>	\$5,125	\$7,460	\$7,688	\$11,190	\$10,891	\$15,853	\$12,813	\$18,650
<b>1000/3000</b>	\$5,621	\$8,182	\$8,431	\$12,272	\$11,944	\$17,386	\$14,052	\$20,454

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 Project Name/Number: 2009 Rate Filing/DC-1163-P

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Cover Letter All Filings		
<b>Comments:</b>		
<b>Attachment:</b> DC Cover Letter - 2009.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Consulting Authorization		
<b>Bypass Reason:</b> Independent Filing		
<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> DC Actuarial Memo.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> DC 2009 PICA Pod Actuarial Support.pdf		

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

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Company Tracking Number: DC-1163-P

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Product Name: Podiatrists Professional Liability Program

Project Name/Number: 2009 Rate Filing/DC-1163-P

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

**Bypass Reason:** This information is included in the Actuarial Support document that is attached above.

**Comments:**



August 12, 2008

District of Columbia Department  
of Insurance & Securities Regulation  
Property and Casualty Rate Filings:  
Financial Examination  
810 First Street North East, Room 701  
Washington, DC 20002

RE: Podiatry Insurance Company of America, a Mutual Company  
NAIC #: 3504-14460 FEIN #: 58-1403235  
Line 11 - Medical Malpractice - Claims Made Only  
Podiatrists Professional Liability Program  
Amendatory Rates  
Company Filing #: DC-1163-P  
Effective Date: January 1, 2009

Dear Commissioner Hampton:

Pursuant to the applicable state filing law, we would like to submit revisions to our rates used with the above-referenced program.

With this filing, we are requesting a rate change of 7.0%. Our request is based upon the attached exhibits prepared by our Chief Actuary, John E. Daniel, FCAS, MAAA.

We trust that the submitted materials will meet with your approval. If you have any questions or concerns, please do not hesitate to contact us.

Sincerely,  
*Latasha Knox-Campbell*  
Latasha Knox-Campbell  
Product Compliance Analyst



**ACTUARIAL MEMORANDUM  
PODIATRY PROFESSIONAL LIABILITY PROGRAM  
UNDERWRITTEN BY  
PODIATRY INSURANCE COMPANY OF AMERICA, A MUTUAL COMPANY (PICA)**

**2009 PODIATRIC RATE INDICATION**

RE: 1/1/2009 DISTRICT OF COLUMBIA PODIATRIC RATE INDICATION

Enclosed are exhibits to support PICA's proposed statewide average podiatric rate change of +7.00% (Table 1, Line 16) in the District of Columbia. The point estimate indicated rate change is +7.40% (Table 1, Line 15). The selected rate change reflects PICA management's consideration of underwriting, legislative, and marketing issues.

It is my belief that the attached Tables and Exhibits indicate that the proposed rate change is not inadequate, excessive, or unfairly discriminatory. If you have any questions concerning these Tables and Exhibits, please call me at (615) 984-2030 or email me at [jdaniel@picagroup.com](mailto:jdaniel@picagroup.com).

Sincerely,

John E. Daniel, FCAS, MAAA  
Chief Actuary  
The PICA Group

**PODIATRY INSURANCE COMPANY OF AMERICA  
PODIATRIC DIRECT PRICING ANALYSIS FOR 2009  
DISTRICT OF COLUMBIA**

**Table 1**

**INDICATED RATE CHANGE**

<u>Expense Item</u>	Percentage of Written Premium
(1) Other Acquisition Expense	13.40%
(2) General Administrative Expense	0.10%
(3) Profit and Contingencies	5.00%
(4) Investment Income Offset	-8.97%
(5) Taxes, Licenses, and Fees	1.70%
(6) Total	<u>11.23%</u>
(7) Target Loss & LAE Ratio	88.77%
(8) Loss + ALAE	99.50%
(9) ULAE	6.70%
(10) Death, Disability, and Retirement Loading	5.00%
(11) Total Loss & LAE	<u>111.20%</u>
(12) Indicated Rate Change	25.27%
(13) Complement of Credibility	5.20%
(14) Credibility Factor	10.95%
(15) Credibility Weighted Indicated Rate Change	7.40%
<b>(16) Selected Rate Change</b>	<b>7.00%</b>

Notes:
(1) From Appendix, Exhibit 1.
(2) From Appendix, Exhibit 1.
(3) Selected by PICA management.
(4) = Item (10) of Appendix, Exhibit 2.
(5) State Premium Tax Rate
(6) = Sum of (1) through (5).
(7) = 100.00% - (6).
(8) = Item (8) from Table 2.
(9) From Appendix, Exhibit 1.
(11) = Sum of (8) through (10).
(12) = [(11) / (7)] - 100.00%.
(13) = Annual Loss Trend Factor.
(14) = Item (4) from Appendix, Exhibit 3.
(15) = [(12) x (14)] + {[100.00% - (14)] x (13)}.
(16) Selected by PICA management.



**PODIATRY INSURANCE COMPANY OF AMERICA  
 PODIATRIC DIRECT PRICING ANALYSIS FOR 2009  
 DISTRICT OF COLUMBIA**

**Table 2**

**PROJECTED LOSS + ALAE RATIO FOR 2008**

(1) Report Yr	(2) Trended Ultimate Losses + ALAE	(3) On-Level Premium Adjusted for Claim Free Discount	(4) On-Level Loss + ALAE Ratio
2003	120,031	303,288	39.58%
2004	5,556	292,579	1.90%
2005	1,085,345	296,870	365.60%
2006	50,035	315,119	15.88%
2007	273,207	333,967	81.81%
	1,534,174	1,541,823	99.50%

- (5) 5 Year Weighted Average = 99.50%
- (6) 4 Year Weighted Average = 114.18%
- (7) 3 Year Weighted Average = 148.91%
- (8) Projected Loss + ALAE Ratio for 2009 = 99.50%

<b>Notes:</b>
(2) From Column (11) of Table 3.
(3) From Appendix, Exhibit 5.
(4) = (2) / (3).

**PODIATRY INSURANCE COMPANY OF AMERICA  
PODIATRIC DIRECT PRICING ANALYSIS FOR 2009  
DISTRICT OF COLUMBIA**

**Table 3**

**TRENDED ULTIMATE LOSSES + ALAE**

**A. SELECTION OF ESTIMATED ULTIMATE LOSSES + ALAE**

(1) Report Yr	Estimated Ultimate Losses + ALAE				
	(2) Paid Loss Development Method	(3) Reported Loss Development Method	(4) Paid Born-Ferg Method	(5) Reported Born-Ferg Method	(6) Selected
	2003	87,302	83,867	90,298	83,945
2004	0	0	17,408	-596	4,203
2005	1,006,457	810,713	841,651	797,689	864,128
2006	13,282	8,352	116,834	29,151	41,905
2007	401,640	129,897	307,700	173,722	240,711
	1,508,681	1,032,829	1,373,892	1,083,910	1,237,300

**B. TRENDING OF SELECTED ESTIMATED ULTIMATE LOSSES + ALAE**

(7) Report Yr	(8) Selected Estimated Ultimate Losses + ALAE	(9) Years of Trend	(10) Loss Trend Factor	(11) Trended Ultimate Losses + ALAE
2003	86,353	6.5	1.390	120,031
2004	4,203	5.5	1.322	5,556
2005	864,128	4.5	1.256	1,085,345
2006	41,905	3.5	1.194	50,035
2007	240,711	2.5	1.135	273,207
	1,237,300			1,534,174

- (12) Average Accident Date of Report Year 2007 6/30/2007  
 (13) Average Accident Date of Policy Year 2008 12/31/2009  
 (14) Years of Trend for Report Year 2007 2.5  
 (15) Currently Indicated Loss Trend Factor 6.90%  
 (16) Prior Selected Loss Trend Factor 4.04%  
 (17) Selected Annual Loss Trend Factor 5.20%

Notes:	
(2)	From Table 4.
(3)	From Table 4.
(4)	From Table 5.
(5)	From Table 5.
(6)	= Average of all four methods for 2003-2006. = Average of the Bornhuetter-Ferguson methods for 2007.
(10)	= [1.000 + (17)] ^ (9).
(11)	= (8) x (10).

**PODIATRY INSURANCE COMPANY OF AMERICA  
 PODIATRIC DIRECT PRICING ANALYSIS FOR 2009  
 DISTRICT OF COLUMBIA**

**Table 4**

**ESTIMATED ULTIMATE LOSSES + ALAE  
 LOSS DEVELOPMENT METHODS**

**A. PAID LOSS DEVELOPMENT METHOD**

(1) Report Yr	(2) District of Columbia Podiatry Direct Paid Loss + ALAE	(3) Direct Paid Loss + ALAE Development Factor	(4) Estimated Ultimate Direct Loss + ALAE
2003	83,783	1.042	87,302
2004	0	1.096	0
2005	792,486	1.270	1,006,457
2006	7,655	1.735	13,282
2007	91,930	4.369	401,640
	975,854		1,508,681

**B. REPORTED LOSS DEVELOPMENT METHOD**

(5) Report Yr	(6) District of Columbia Podiatry Direct Rptd. Loss + ALAE	(7) Direct Rptd. Loss + ALAE Development Factor	(8) Estimated Ultimate Direct Loss + ALAE
2003	83,783	1.001	83,867
2004	0	0.997	0
2005	792,486	1.023	810,713
2006	7,655	1.091	8,352
2007	91,930	1.413	129,897
	975,854		1,032,829

<b>Notes:</b>
(3) Cumulative factors from Appendix, Exhibit 6.
(4) = (2) x (3).
(7) Cumulative factors from Appendix, Exhibit 7.
(8) = (6) x (7).

**PODIATRY INSURANCE COMPANY OF AMERICA  
PODIATRIC DIRECT PRICING ANALYSIS FOR 2009  
DISTRICT OF COLUMBIA**

Table 5

**ESTIMATED ULTIMATE LOSSES + ALAE  
BORNHUETTER-FERGUSON METHODS**

**A. Initial Expected Ultimate Direct Losses + ALAE**

(1) Report Yr	(2) District of Columbia Podiatry Direct Earned Premium	(3) Initial Expected Ultimate Loss + ALAE Ratio	(4) Initial Expected Ultimate Direct Loss + ALAE
2003	202,065	80.00%	161,652
2004	248,403	80.00%	198,722
2005	289,070	80.00%	231,256
2006	322,176	80.00%	257,741
2007	349,777	80.00%	279,822
	<u>1,411,491</u>		<u>1,129,193</u>

**B. Paid Bornhuetter - Ferguson Method**

(5) Report Yr	(6) Initial Expected Ultimate Direct Loss + ALAE	(7) Expected Percentage of Ultimate Direct Loss + ALAE Unpaid as of 3/31/2008	(8) Expected Loss + ALAE Unpaid as of 3/31/2008	(9) Expected Loss + ALAE Paid as of 3/31/2008	(10) Actual Loss + ALAE Paid as of 3/31/2008	(11) Estimated Ultimate Loss + ALAE
2003	161,652	4.03%	6,515	155,137	83,783	90,298
2004	198,722	8.76%	17,408	181,314	0	17,408
2005	231,256	21.26%	49,165	182,091	792,486	841,651
2006	257,741	42.36%	109,179	148,562	7,655	116,834
2007	279,822	77.11%	215,771	64,051	91,930	307,700
	<u>1,129,193</u>		<u>398,037</u>	<u>731,156</u>	<u>975,854</u>	<u>1,373,892</u>

**C. Reported Bornhuetter - Ferguson Method**

(12) Report Yr	(13) Initial Expected Ultimate Direct Loss + ALAE	(14) Expected Percentage of Ultimate Direct Loss + ALAE Unreported as of 3/31/2008	(15) Expected Loss + ALAE Unreported as of 3/31/2008	(16) Expected Loss + ALAE Reported as of 3/31/2008	(17) Actual Loss + ALAE Reported as of 3/31/2008	(18) Estimated Ultimate Loss + ALAE
2003	161,652	0.10%	162	161,490	83,783	83,945
2004	198,722	-0.30%	-596	199,318	0	-596
2005	231,256	2.25%	5,203	226,053	792,486	797,689
2006	257,741	8.34%	21,496	236,245	7,655	29,151
2007	279,822	29.23%	81,792	198,030	91,930	173,722
	<u>1,129,193</u>		<u>108,056</u>	<u>1,021,137</u>	<u>975,854</u>	<u>1,083,910</u>

Notes:
(4) = (2) x (3).
(11) = 100.00% - [1.000 / (3) from Table 4].
(8) = (6) x (7).
(9) = (6) - (8).
(10) Column (2) from Table 4.
(11) = (8) + (10).
(14) = 100.00% - [1.000 / (7) from Table 4].
(15) = (13) x (14).
(16) = (13) - (15).
(17) Column (6) from Table 4.
(18) = (15) + (17).

**PODIATRY INSURANCE COMPANY OF AMERICA  
PODIATRIC DIRECT PRICING ANALYSIS FOR 2009  
DISTRICT OF COLUMBIA**

**Appendix, Exhibit 1**

**DERIVATION OF COUNTRYWIDE EXPENSE LOADINGS**

**A. DOLLARS OF EXPENSE**

	2003	2004	2005	2006	2007	Total
(1) Other Acquisition Expense	6,441,000	10,090,000	9,272,000	10,016,000	11,396,000	47,215,000
(2) General Administrative Expense	73,000	69,000	69,000	80,000	142,000	433,000
(3) Commission and Brokerage	639,000	678,000	1,153,000	1,323,000	1,202,000	4,995,000
(4) Taxes, Licenses, and Fees	1,707,000	1,445,000	1,651,000	1,751,000	2,026,000	8,580,000
(5) ULAE	2,780,000	3,693,000	3,956,000	4,174,000	6,053,000	20,656,000
(6) Direct Earned Premium	42,006,173	50,941,950	59,953,904	71,602,574	78,179,635	302,684,236
(7) Direct Written Premium	49,062,418	52,712,468	66,424,720	79,287,645	84,382,191	331,869,442

**B. EXPENSE LOADING**

	2003	2004	2005	2006	2007	Total	Selected Expense Loadings
(8) Other Acquisition Expense	13.13%	19.14%	13.96%	12.63%	13.51%	14.23%	13.40%
(9) General Administrative Expense	0.15%	0.13%	0.10%	0.10%	0.17%	0.13%	0.10%
(10) Commission and Brokerage	1.30%	1.29%	1.74%	1.67%	1.42%	1.51%	0.00%
(11) Taxes, Licenses, and Fees	3.48%	2.74%	2.49%	2.21%	2.40%	2.59%	2.40%
(12) ULAE	6.62%	7.25%	6.60%	5.83%	7.74%	6.82%	6.70%

**Notes:**

(1) - (7)	From PICA's Annual Statements.
(8) - (11)	Percentage of Direct Written Premium
(12)	Percentage of Direct Earned Premium

**PODIATRY INSURANCE COMPANY OF AMERICA  
PODIATRIC DIRECT PRICING ANALYSIS FOR 2009  
DISTRICT OF COLUMBIA**

Appendix, Exhibit 2

**DERIVATION OF COUNTRYWIDE INVESTMENT INCOME OFFSET**

(1) Discount Rate = 4.5%

Year of Payment	Paid Loss + ALAE Development Factor	Cumulative Percent of Losses Paid	Incremental Percent of Losses Paid	Discounted Incremental Percent of Losses Paid
(2)	(3)	(4)	(5)	(6)
1	16.187	6.18%	6.18%	6.04%
2	2.698	37.06%	30.89%	28.91%
3	1.499	66.71%	29.65%	26.56%
4	1.224	81.70%	14.99%	12.85%
5	1.088	91.91%	10.21%	8.38%
6	1.046	95.60%	3.69%	2.90%
7	1.025	97.56%	1.96%	1.47%
8	1.015	98.52%	0.96%	0.69%
9	1.010	99.01%	0.49%	0.34%
10	1.000	100.00%	0.99%	0.65%
			100.00%	88.79%

(7) Investment Income as Percent of Losses + ALAE =	11.21%
(8) Expected Loss + ALAE Ratio =	80.00%
(9) Investment Income as Percent of Premium =	8.97%
(10) Investment Income Offset =	-8.97%

<b>Notes:</b>
(3) Unlimited Paid Loss + ALAE Development Factors from Towers Perrin Reserve Analysis as of 12/31/08.
(4) = 100.00% / (3)
(5) = [(4) - (4) for prior year]
(6) = (5) / {[100.00% + (1)] ^ [(2) - 0.5]}.
(7) = Total (5) - Total (6)
(9) = (7) * (8)
(10) = Additive Inverse of (9)

**PODIATRY INSURANCE COMPANY OF AMERICA  
PODIATRIC DIRECT RATE INDICATION FOR 2009  
DISTRICT OF COLUMBIA**

**Appendix, Exhibit 3**

**DERIVATION OF STATE CREDIBILITY FACTOR**

Report Year	Reported Claims
(1)	(2)
2003	1
2004	0
2005	3
2006	1
2007	1
Total	6

  

(3) Full Credibility:	500
(4) Credibility Factor:	10.95%

**Notes:**

(3) = Expected annual countrywide claim count for PICA Podiatrists.

(4) =  $\lceil \{\text{Total (2)}\} / (3) \wedge 0.5 \rceil$  with a minimum of 10.00%.

**PODIATRY INSURANCE COMPANY OF AMERICA  
PODIATRIC PRICING ANALYSIS FOR 2009  
DISTRICT OF COLUMBIA**

**Appendix, Exhibit 4**

**STATE PREMIUM ADJUSTMENT FACTORS**

(1)	(2)	(3)	(4)	(5)	(6)
Report Year	Rate Change	Rate Change Factor	Cumulative Rate Change Factor	Average Earned Premium Factor	Premium Adjustment Factor
2000	-5.00%	0.9500	0.9500	0.9500	2.0559
2001	4.00%	1.0400	0.9880	0.9690	2.0156
2002	10.30%	1.1030	1.0898	1.0389	1.8800
2003	28.00%	1.2800	1.3949	1.2424	1.5720
2004	27.00%	1.2700	1.7715	1.5832	1.2336
2005	5.00%	1.0500	1.8601	1.8158	1.0756
2006	5.00%	1.0500	1.9531	1.9066	1.0244
2007	0.00%	1.0000	1.9531	1.9531	1.0000
2008	0.00%	1.0000	1.9531	1.9531	1.0000

**Notes:**

(3) = 1.0000 + (2).

(4) = Cumulative Product of (3).

(5) Assumes continuous distribution of writings throughout the year.

(6) = (5) for 2009 / (5) for applicable Report Year.



**PODIATRY INSURANCE COMPANY OF AMERICA  
DIRECT PODIATRIC PRICING ANALYSIS FOR 2009  
DISTRICT OF COLUMBIA**

**Appendix, Exhibit 5**

**EARNED PREMIUM ADJUSTED TO CURRENT RATE LEVEL  
WITH RECOGNITION OF CLAIM FREE DISCOUNT**

(1)	(2)	(3)	(4)	(5)	(6)
Report Yr	PICA Podiatry Direct Earned Premium	PICA Podiatry Premium Adjustment Factor	PICA Podiatry On-Level Premium	Projected Impact of Claim Free Discount	On-Level Premium Adjusted for Claim Free Discount
2003	202,065	1.5720	317,646	95.48%	303,288
2004	248,403	1.2336	306,430	95.48%	292,579
2005	289,070	1.0756	310,924	95.48%	296,870
2006	322,176	1.0244	330,037	95.48%	315,119
2007	349,777	1.0000	349,777	95.48%	333,967
	1,411,491		1,614,814		1,541,823

Notes:
(4) = (2) x (3).
(5) Based on analysis of PICA's inforce policies.
(6) = (4) x (5).

**PODIATRY INSURANCE COMPANY OF AMERICA  
DIRECT PODIATRIC PRICING ANALYSIS FOR 2009  
DISTRICT OF COLUMBIA**

**Appendix, Exhibit 6**

**DERIVATION OF COUNTRYWIDE DIRECT PAID LOSS + ALAE DEVELOPMENT FACTORS**

Report Yr	Age of Report Year in Months									
	6	18	30	42	54	66	78	90	102	114
1999			8,948,423	14,033,116	17,025,705	17,744,369	17,925,709	18,210,923	18,386,903	18,455,954
2000		4,698,306	13,913,531	17,853,508	19,067,108	20,362,848	21,265,660	21,320,134	21,455,704	
2001	247,487	7,142,442	14,135,443	17,864,622	19,405,759	19,868,507	20,215,867	20,263,263		
2002	680,356	7,883,343	21,530,996	27,302,755	32,527,198	34,263,377	34,690,210			
2003	473,726	10,657,116	24,447,450	31,547,733	36,175,581	38,488,105				
2004	1,091,456	9,906,366	22,032,169	31,261,578	36,962,269					
2005	417,231	7,983,074	20,778,609	30,472,252						
2006	497,328	10,400,110	28,686,896							
2007	551,109	10,885,571								

  

Report Yr	Age to Age Factors									
	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to Ult
1999			1.568	1.213	1.042	1.010	1.016	1.010	1.004	
2000		2.961	1.283	1.068	1.068	1.044	1.003	1.006		
2001	28.860	1.979	1.264	1.086	1.024	1.017	1.002			
2002	11.587	2.731	1.268	1.191	1.053	1.012				
2003	22.496	2.294	1.290	1.147	1.064					
2004	9.076	2.224	1.419	1.182						
2005	19.133	2.603	1.467							
2006	20.912	2.758								
2007	19.752									

  

Wtd. Avg.	16.384	2.480	1.354	1.152	1.053	1.020	1.007	1.008	1.004	
5 Yr Wtd Avg.	16.442	2.509	1.345	1.145	1.053					
3 Yr Wtd Avg	19.970	2.527	1.387	1.173	1.051	1.023	1.007			
Towers Perrin Selected	6.346	2.732	1.409	1.158	1.080	1.024	1.015	1.007	1.005	1.007
Selected	6.346	2.518	1.366	1.159	1.052	1.023	1.007	1.005	1.003	1.004
Cumulative	27.726	4.369	1.735	1.270	1.096	1.042	1.019	1.012	1.007	1.004

**PODIATRY INSURANCE COMPANY OF AMERICA  
DIRECT PODIATRIC PRICING ANALYSIS FOR 2009  
DISTRICT OF COLUMBIA**

**Appendix, Exhibit 7**

**DERIVATION OF COUNTRYWIDE DIRECT REPORTED LOSS + ALAE DEVELOPMENT FACTORS**

Report Yr	Age of Report Year in Months									
	6	18	30	42	54	66	78	90	102	114
1999			16,905,616	19,529,915	18,396,551	18,260,776	18,316,710	18,374,412	18,466,105	18,455,954
2000		17,339,538	19,718,267	21,546,794	21,541,739	21,681,039	21,547,778	21,597,051	21,662,326	
2001	6,343,681	15,141,242	18,613,913	20,556,750	20,517,194	20,535,476	20,268,899	20,267,838		
2002	12,991,837	28,579,385	33,737,028	35,312,133	35,068,260	35,309,154	36,298,410			
2003	10,669,390	32,987,772	37,717,832	40,512,406	42,613,922	41,935,887				
2004	12,695,806	28,092,841	36,073,408	39,055,259	40,676,250					
2005	10,708,096	26,463,144	38,540,424	40,137,863						
2006	13,059,694	40,727,146	51,944,432							
2007	10,178,978	42,635,003								

  

Report Yr	Age to Age Factors									
	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to Ult
1999			1.155	0.942	0.993	1.003	1.003	1.005	0.999	
2000		1.137	1.093	1.000	1.006	0.994	1.002	1.003		
2001	2.387	1.229	1.104	0.998	1.001	0.987	1.000			
2002	2.200	1.180	1.047	0.993	1.007	1.028				
2003	3.092	1.143	1.074	1.052	0.984					
2004	2.213	1.284	1.083	1.042						
2005	2.471	1.456	1.041							
2006	3.119	1.275								
2007	4.189									

  

Wtd. Avg.	2.800	1.248	1.076	1.013	0.997	1.007	1.002	1.004	0.999	
5 Yr Wtd Avg.	2.982	1.262	1.066	1.022	0.997					
3 Yr Wtd Avg	3.235	1.328	1.066	1.030	0.996	1.008	1.002			
Towers Perrin Selected	3.658	1.296	1.037	1.030	1.015	1.001	1.000	1.000	1.000	1.000
Selected	3.109	1.295	1.066	1.026	0.996	1.001	1.000	1.000	1.000	1.000
Cumulative	4.393	1.413	1.091	1.023	0.997	1.001	1.000	1.000	1.000	1.000