

SERFF Tracking Number: PERR-126772421 State: District of Columbia  
Filing Company: Liberty Insurance Underwriters, Inc. State Tracking Number:  
Company Tracking Number: LIU-MM-DGP-DC-10-01-R  
TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0030 Dentist  
Made/Occurrence  
Product Name: Dentists - General Practice Program  
Project Name/Number: LIU-MM-DGP-DC-10-01-R/LIU-MM-DGP-DC-10-01-R

## Filing at a Glance

Company: Liberty Insurance Underwriters, Inc.

Product Name: Dentists - General Practice Program SERFF Tr Num: PERR-126772421 State: District of Columbia

TOI: 11.0 Medical Malpractice - Claims SERFF Status: Closed-APPROVED State Tr Num:

Made/Occurrence

Sub-TOI: 11.0030 Dentist

Co Tr Num: LIU-MM-DGP-DC-10-01-R State Status:

Filing Type: Rate/Rule

Reviewer(s): Robert Nkojo

Authors: Laura Jennette, Lois Pimentel

Disposition Date: 11/16/2010

Date Submitted: 08/17/2010

Disposition Status: APPROVED

Effective Date Requested (New): On Approval

Effective Date (New):

Effective Date Requested (Renewal):

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: LIU-MM-DGP-DC-10-01-R

Status of Filing in Domicile:

Project Number: LIU-MM-DGP-DC-10-01-R

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 11/16/2010

State Status Changed:

Deemer Date:

Created By: Laura Jennette

Submitted By: Ines Piquet

Corresponding Filing Tracking Number: LIU-MM-DGP-DC-10-01-F

Filing Description:

On behalf of Liberty Insurance Underwriters, Inc. ("the Company"), we are filing to introduce a new Dentists General Practice Program, which will mimic the American Insurance Company's approved Dentist Program rates and rules with little or no deviations. Please refer to the filing memorandum for complete details.

The Company respectfully requests that the proposed rates and rules be implemented on the earliest possible date upon approval/acknowledgement.

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Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company. We will submit the Company's response to your attention as soon as we receive it.

Please do not hesitate to contact us with any questions or comments.

## Company and Contact

### Filing Contact Information

Laura Jennette, State Filings Analyst doi@perrknight.com  
 881 Alma Real Drive Suite 205 201-963-1550 [Phone] 2123 [Ext]  
 Pacific Palisades, CA 90272 310-230-8529 [FAX]

### Filing Company Information

(This filing was made by a third party - perrandknightactuaryconsultants)

Liberty Insurance Underwriters, Inc. CoCode: 19917 State of Domicile: New York  
 55 Water Street Group Code: 111 Company Type:  
 18th Floor Group Name: Liberty Mutual Group State ID Number:  
 New York, NY 10041 FEIN Number: 13-4916020  
 (212) 208-4200 ext. [Phone]

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## Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Liberty Insurance Underwriters, Inc.	\$0.00		

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Robert Nkojo	11/16/2010	11/16/2010

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Status of Filing	Note To Reviewer	Laura Jennette	11/15/2010	11/15/2010
Filing Status	Note To Reviewer	Laura Jennette	09/16/2010	09/16/2010

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## Disposition

Disposition Date: 11/16/2010  
 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):
Liberty Insurance Underwriters, Inc.	%	%	\$		\$	%	%
	<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 All Filings		Yes
Supporting Document	Consulting Authorization		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	Rate Analysis and ROE Exhibits		Yes
Rate	RATES/RULES MANUAL		Yes
Rate	RATES/RULES MANUAL – DISTRICT OF COLUMBIA EXCEPTION PAGES		Yes

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**Note To Reviewer**

**Created By:**

Laura Jennette on 11/15/2010 04:53 PM

**Last Edited By:**

Laura Jennette

**Submitted On:**

11/15/2010 04:53 PM

**Subject:**

Status of Filing

**Comments:**

Thank you for your continued consideration of this filing. At this time, we would like to know if there is a timeframe in which the Department expects to complete its initial review.

Your time and attention to this inquiry are greatly appreciated.

*SERFF Tracking Number:*      *PERR-126772421*                      *State:*                      *District of Columbia*  
*Filing Company:*              *Liberty Insurance Underwriters, Inc.*              *State Tracking Number:*  
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**Note To Reviewer**

**Created By:**

Laura Jennette on 09/16/2010 08:59 AM

**Last Edited By:**

Laura Jennette

**Submitted On:**

09/16/2010 08:59 AM

**Subject:**

Filing Status

**Comments:**

Thank you for your continued consideration of this filing. At this time, we would like to know if there is a timeframe in which the Department expects to complete its initial review.

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**Rate Information**

Rate data applies to filing.

**Filing Method:** File & Use  
**Rate Change Type:** Neutral  
**Overall Percentage of Last Rate Revision:** %  
**Effective Date of Last Rate Revision:**  
**Filing Method of Last Filing:** N/A - New Program

**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):
Liberty Insurance Underwriters, Inc.	N/A	%	%				%	%

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## Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
	RATES/RULES MANUAL	LIUI-DP-CW-SEP-1 thru LIUI-DP-CW-SEP-14 (Ed. 08/2010)	New	4 CW Manual 2010-08 Revised.pdf
	RATES/RULES MANUAL DISTRICT OF COLUMBIA EXCEPTION PAGES	LIUI-DP-DC-SEP-1 thru LIUI-DP-DC-SEP-4 (Ed. 06/2010)	New	5 District of Columbia SEP.pdf

# LIBERTY INSURANCE UNDERWRITERS, INC. DENTAL PROFESSIONAL PROGRAM

## RATES/RULES MANUAL

### A. GENERAL GUIDELINES

#### 1 Application of General Rules

This manual provides the rules, rates, and classifications for writing Professional Liability and Business Liability coverages for dental practitioners as follows:

- a. Individual Dental Practitioners
- b. Dental Practitioner Groups

Any exception to these rules shall be contained in the respective State Exceptions page.

##### a. Individual Dental Practitioners

For the purposes of these rules, Individual Dental Practitioners shall be defined as a dentist practicing as a solo practitioner, partner(s), of an insured partnership, officers of a professional corporation or association, or employed practitioners who are otherwise ineligible under the rules applicable to Dental Practitioner Groups.

##### b. Dental Practitioner Groups

For the purposes of these rules, Dental Practitioner Groups shall be defined as a group of dental practitioners who are members of an association, organization, legal entity group dental practice or similar dental practitioner group for which an insurance program has been developed.

#### 2 Coverages Available

The coverage available under the Dental Professionals Program Business Liability Plan shall include Dental Professional Liability and additional Business Liability coverages as outlined below and within the specific policy forms and endorsements. Dental Professional Liability is available on an Occurrence or Claims-Made Basis.

**Option I: "Dental Professional Liability"** (Monoline PL ) (Mandatory Minimum Coverage)

**Option II: "Dental Professional Program"** (Professional and General Liability)

Coverage I Dental Professional Liability plus additional Business Liability coverages as outlined below and within the specific policy forms and endorsements.

<u>Coverage</u>	<u>Coverage Type</u>
I Dentist's General Liability Including: <ul style="list-style-type: none"><li>a. Premises, Products/Completed Operations</li><li>b. Medical Payments - \$10,000</li></ul>	Occurrence
III. Nonowned & Hired Auto Liability	Occurrence
IV. Employee Benefits Liability	Claims-Made
V. Employment Practices Liability	Claims-Made
VI. Medical Waste Legal Reimbursement - \$50,000	Claims-Made

The additional Coverages II - VI available under the Dental Professionals Program package are available on an all or none basis (Coverage I Dentists Professional Liability may be written on a monoline basis, see "Dental Professional Program" shown above).

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**Option III: "Dentist's Liability Package"**

**3 Limits of Liability**

	Coverage I Professional Option	Coverage II, III & IV GL, Hired & NO, Employee Benefit	Coverage V Employment Practices	Coverage VI Medical Waste Legal
A	\$100,000 / \$300,000	\$100,000 / \$300,000	\$5,000 / \$5,000	\$50,000 / \$50,000
B	\$200,000 / \$600,000	\$200,000 / \$600,000	\$5,000 / \$5,000	\$50,000 / \$50,000
C	\$500,000 / \$1,500,000	\$500,000 / \$1,500,000	\$5,000 / \$5,000	\$50,000 / \$50,000
D	\$1,000,000 / \$3,000,000	\$1,000,000 / \$3,000,000	\$5,000 / \$5,000	\$50,000 / \$50,000
E	\$2,000,000 / \$6,000,000	\$2,000,000 / \$4,000,000	\$5,000 / \$5,000	\$50,000 / \$50,000
F	\$3,000,000 / \$6,000,000	\$2,000,000 / \$4,000,000	\$5,000 / \$5,000	\$50,000 / \$50,000
G	\$4,000,000 / \$6,000,000	\$2,000,000 / \$4,000,000	\$5,000 / \$5,000	\$50,000 / \$50,000
H	\$5,000,000 / \$6,000,000	\$2,000,000 / \$4,000,000	\$5,000 / \$5,000	\$50,000 / \$50,000

Coverage II Dentists General Liability, Coverage III Nonowned & Hired Auto Liability and Coverage IV Employee Benefits Liability limits must be equal to the limits of liability listed in the table above for the option selected by the insured.

Coverage VI, Medical Waste Legal Reimbursement limits may not be increased under this program.

Coverage V Employment Practices Liability limits may be increased to \$25,000 each claim/\$25,000 aggregate for an additional premium charge of \$130.00. Additional increased limits are available.

Premium rates are published at the \$1,000,000 / \$3,000,000 (Professional Liability) limits rate. Any exceptions to this rule shall be contained within the State Rate Pages.

**4. Policy Term**

Policies may be written for a term of one year and shall be subject to annual rate and underwriting review.

**5. Policy Cancellations**

- a. Compute the return premium on a pro rata basis using the rules, rates and rating plans in effect at policy inception when:
  - 1. a policy is canceled at the company's request;
  - 2. the insured no longer has a financial or insurable interest in the business operation that is the subject of insurance; or
  - 3. a policy is canceled and rewritten in the same company or company group.
- b. If coverage is canceled at the insured's request, the company may compute the return premium at 90% of the pro rata unearned premium.

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**6 Premium Computation**

Premium computation shall be governed by the following rules:

- a. Premium shall be computed at policy inception by using the rules, rates and rating plans in effect at policy inception. At subsequent renewals, compute the premium using the rules, rates and rating plans in effect at that time.
- b. All rates shown on the State Rate Pages are for an annual period except those applicable to any Extended Reporting Period. Premium shall be prorated when a policy is issued for less than one year.
- c. Premium and rates are to be rounded to the nearest whole dollar. Any amount of \$0.50 or over shall be rounded to the next highest whole dollar. Any amount of \$0.49 or under shall be rounded to the next lowest whole dollar.
- d. Where applicable, factors or multipliers are to be applied consecutively and not added together. Rates, factors and multipliers are to be rounded after the final calculation of premium to three decimal places. Five tenths or more of a millionth shall be considered to be one thousandth (e.g., 0.4315 = 0.432).

**7. Mid-Term Premium Changes**

- a. Waive additional or return premium charges of \$15 or less. Grant any return premium due if requested by the insured.
- b. Prorate all changes using the rates and rules in effect at policy inception.
- c. Mandatory Dental Professional Liability coverage may not be deleted unless the entire policy is canceled.

**8 Location of Practice/Exposure**

The rates indicated on the State Rate Pages are predicated on the exposure being derived from professional practice within the state. Insureds whose practice exposure is greater than 25% outside the state shall be referred to the Company for underwriting approval and rating.

**9 Restrictions of Coverage or Increased Rate**

Subject to individual state regulations, policies may be issued with special restrictions or at increased premiums if the insured agrees in writing and the policy would not otherwise be written.

Any (a) rated risk written under this program shall maintain a complete file, including all details of the factors used in determining the rate modification and make such file available to state regulators upon request. Rates shall not be inadequate, excessive or unfairly discriminatory and will follow individual state regulations.

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**10. Claims-Made Coverage General Rules**

**a. Retroactive Date**

The Retroactive Date is a specific date on the Declarations Page of the policy. Once a Retroactive Date is established for an insured by the Company, it may not be changed by the Company during a period of continuous coverage.

**b. Prior Acts Coverage**

The policy may be extended to provide prior acts coverage as follows:

1. The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously insured under a previous claims-made policy.
2. The limits of liability may not exceed those of the claims-made policy.
3. The appropriate step into which the insured is placed for rating purposes when claims-made coverage has been provided for less than annual periods shall be determined by the six month rounding rule as follows:

Yr. in CM:	1	2	3	4	5	Mature
# of Days:	0 - 182	183 - 547	548 - 912	913 - 1277	1278 - 1642	1643 +

Prior acts coverage when converting from Claims-Made to Occurrence Coverage shall be governed by the following rules:

- a. The limits of liability may not exceed those of the occurrence policy to which the Prior Acts endorsement shall be attached.
- b. The premium for this Prior Acts Endorsement shall be a one time charge payable in advance and calculated in advance as follows:
  1. Determine the applicable Occurrence rate for the dental practitioner.
  2. Determine the number of years of claims-made coverage for which prior acts is required.
  3. Apply the applicable prepaid factor shown below to the current rate under the Occurrence policy.
  4. Prior Acts premium for insureds whose maturity level is not equal to annual period shall be pro-rated.

**OCCURRENCE PRIOR ACTS FACTORS**

Years of Prior Claims-Made Coverage	Prepaid Factors
1	0.71
2	1.11
3	1.31
4+	1.41

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c. If the occurrence policy is terminated prior to full payment of the Prior Acts Coverage charge, the insured may request to purchase an unlimited reporting period for this Prior Acts Coverage. The premium for this extended reporting period shall be a single charge as follows:

1. The portion of the return premium for the remaining policy period, if any, applicable to the Prior Acts Coverage; and
2. The total remaining annual charges, if any, for Prior Acts Coverage remaining to be paid.

**c Extended Reporting Coverage**

**The availability of Extended Reporting Period “ERP” Coverage shall be governed by the following rules for Coverage I, IV, V and VI if a claims-made package policy. If occurrence package policy, ERP for Coverage V and VI will be provided at no charge.**

1. Extended Reporting Period coverage shall be available to all named insureds shown on the Declarations Page of the policy as outlined in the policy form on all claims-made coverages.
2. Available Extended Reporting Period coverage options and appropriate premium charges are shown below.
3. The limits of liability may not exceed those provided under the expiring policy.
4. The prior acts date of coverage with this Company shall determine the years of prior exposure for Extended Reporting Period coverage.
5. In the event this policy is canceled, any return premium due the insured shall be credited toward the premium for Extended Reporting Period coverage, if elected. If any premium remains due for the primary claims-made policy, any moneys received from the insured shall first be applied to the premium owed on the policy and then to the Extended Reporting Period coverage.
6. Extended Reporting Period coverage premium is fully earned when paid.
7. The Extended Reporting Period Endorsement will not:
  - a. increase the limits of liability;
  - b. reinstate the aggregate limit of liability under the expiring policy; or
  - c. extend the policy period.
8. Extended Reporting Period coverage premium shall be calculated according to the following rules:
  - a. Premium shall be paid in advance.

A Reporting Period of unlimited duration from the effective date of policy termination shall be issued.
  - b. Extended Reporting Premium, is calculated as a percentage of the mature claims-made premium rate in effect at the inception of the current policy period based upon the applicable Dental practitioners classification, level of claims-made coverage maturity and ERP factors as shown below. ERP premium for insureds whose maturity level is not equal to annual period shall be pro-rated for the last annual period.

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**CLAIMS-MADE EXTENDED REPORTING PERIOD FACTORS**

Years of ERP Coverage	Factors
1	0.79
2	1.23
3	1.45
Unlimited	1.57

9. Death & Disability Benefits:

If a named insured dental practitioner dies or become disabled while this policy is in effect, we will issue the Extended Reporting Period without requiring the payment of any additional premium. Disability shall mean the total and permanent disability from the practice of clinical dentistry for a period of six consecutive months without expectation of recovery.

In order to obtain a waiver of the premium for the Extended Reporting Period, the disability or death must result from sickness or accidental bodily injury and be confirmed in writing by an independent attending physician.

10. Retirement Benefits:

Named insured dental practitioners that fully retire from the practice of dentistry, will be eligible for the waiver or reduction of the Extended Reporting Period premium that may apply. These retirement benefits are not applicable unless they have met our policy premium payment obligations and completely retire from the practice of dentistry. This benefit is not applicable to Organization Coverage.

Retirement benefits are fully earned as follows:

If the policy is terminated due to retirement of the insured at age 55 or more and insured under a Liberty Company for at least 5 years, a credit of one fifth of the otherwise applicable Extended Reporting Period Endorsement premium will be applied for each full annual period the insured has consecutively been insured with the Company.

11. Extended Reporting Coverage is available for ERISA Fiduciary Coverage and Billing Errors & Omissions Coverage. A factor of 0.75 will apply to the rate.
12. Extended Reporting Coverage is available for Employment Practices Liability increased limits. A factor of 0.75 will apply to the rate.

**d. Change of Exposure**

1. If a dentist changes classifications under a claims-made policy, the policy will be cancelled and a new policy issued reflecting the new classification.
2. The limits of liability must be rewritten to equal expiring limits unless lower limits have been purchased.

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**B. DENTAL CLASSIFICATIONS**

**1. Dental Practitioner Classifications**

The following definitions shall be used to assist in determining the appropriate classification for an individual dental practitioner based upon the nature of their dental practice. The company reserves the right to determine an individual dentist's classification based upon the dental and anesthetic procedures performed. Any exceptions to these classifications, if any, shall be contained in the respective State Exceptions page.

**a. Classification Definitions:**

**1. Conscious Sedation:**

Conscious Sedation means a minimally depressed level of consciousness that retains the patient's ability to independently and continuously maintain an airway and respond appropriately to physical stimulation and verbal commands. This is produced by pharmacological or non-pharmacological methods, or a combination thereof. For purposes of this insurance, the use of oral medication and nitrous oxide solely as an analgesic shall not be considered conscious sedation.

**2. Deep Sedation:**

Deep Sedation means a controlled state of depressed consciousness or unconsciousness, accompanied by partial or complete loss of protective reflexes, including the inability to independently maintain an airway and respond purposely to physical stimulation or verbal commands. This is produced by a pharmacological or non-pharmacological method, or a combination thereof.

**3. General Anesthesia:**

General Anesthesia means a controlled state of depressed consciousness or unconsciousness, accompanied by partial or complete loss of protective reflexes, including the inability to independently maintain an airway and respond purposely to physical stimulation or verbal command. This is produced by a pharmacological or non-pharmacological method, or combination thereof.

**b. Classification Plan:**

Dental Practitioner classifications shall be determined based upon their level of practice exposure as reflected in the area of practice, administration and types of anesthetic agents used and environment in which they are administered. Use the following table of Dental Practitioner classifications to determine the appropriate premium class.

If more than one classification applies, the highest rated classification shall be used for premium rating.

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<u>Class</u>	<u>Description</u>	<u>ISO Code*</u>
I.	Dentists other than oral surgeons who perform dentistry on patients who have been treated with:  Local anesthesia, nitrous oxide sedation and oral medication. Conscious sedation, deep sedation or general anesthesia must be administered by a licensed dental anesthesiologist within the office, in a hospital or state licensed surgical center;	80211
II.	Dentists other than oral surgeons who perform dentistry on patients who have been treated with:  Local anesthesia, nitrous oxide sedation or conscious sedation. Deep sedation or general anesthesia must be administered by a licensed dental anesthesiologist within the office, in a hospital or state licensed surgical center;	88060
III.	Oral surgeons who perform oral surgery on patients who have been treated with:  Local anesthesia and nitrous oxide sedation, conscious sedation, deep sedation or general anesthesia.	80210
IV.	Dental Anesthesiologists whose practice includes deep sedation and/or general anesthesia.	88059

\* 88060 replaces 80211 and 88059 replaces 80151

**2 Organization/Entity Coverage**

It shall be permissible to provide organization/entity coverage for dental practitioner group partnerships, corporations or professional associations for liability arising from the practice of dentistry by member dental providers and allied practitioners.

Classification Code: 80999

The rate for organization/entity coverage on a separate limit of liability basis shall be 10% of the premium for providers.



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**4 Additional Classifications**

**a Newly Graduated Dentist**

It shall be permissible to offer dentists who are new to the private practice of dentistry a reduced premium charge as indicated below. A newly graduated dentist shall be defined as a dentist who has completed training in dentistry from a domestic accredited university or dental college within the previous twelve months or the experienced military dentist who within 6 months of honorable discharge or a foreign graduate with a 4 year program from an accredited U.S. dental school, and will be joining a dental group or opening a private practice, and for whom this is the first professional liability insurance coverage provided other than that for Dental Examinations.

1.	First Year of Practice	Charge 40% of the Dental Rate
2.	Second Year of Practice	Charge 60% of the Dental Rate
3.	Third Year of Practice	Charge 80% of the Dental Rate

This credit does not apply if a part-time credit is given.

**b. Replacement Dentists - Locum Tenens**

Coverage for dentists substituting for an insured dentist on a temporary basis may be added to cover the substitute dentists only while acting on behalf of the insured dentist for a defined period. The replacement dentist will share the insured's limits of liability for no additional premium charge. Coverage is available for a maximum of 90 days per policy year.

The replacement dentist shall complete an application and submit it in advance of the effective date of coverage for prior approval by the company.

**c. Examination Coverage:**

Dental Professional Liability coverage may be written for dental students or individuals (not students) covering dental incidents taking place during Dental Board Examinations. Coverage is provided on an occurrence basis applying to all examinations in a calendar year. Limits of liability are \$100,000 per claim /\$300,000 annual aggregate. Should the student purchase coverage within 1 year of passing exams, the \$25.00 charge will be applied to the professional liability policy premium.

Each Dental Student: \$25.00 Flat Charge

**d. Dental Societies / Associations:**

Dental Professional Liability coverage may be provided to state or local dental societies, associations or organizations established to support the dental profession. The following charge will apply:

Rating Basis:	Premium:
Insured Society	\$250.00
Component Society (member society of the insured society)	\$100.00

**LIBERTY INSURANCE UNDERWRITERS, INC.  
DENTAL PROFESSIONAL PROGRAM**

**RATES/RULES MANUAL**

**5 Additional Insured(s):**

The following may be covered under the policy as an Additional Insured(s) on a shared limits of liability basis with the Named Insured dental practitioner or group. Eligible Additional Insureds and premiums shall be as follows:

<b>TYPE:</b>	<b>Description</b>	<b>Premium Charge:</b>
A.	<u>Contingent Interest 159005:</u> Any predecessor dentist or professional corporation who may be liable for the acts of the insured as a result of the use of the name of the predecessor dentist or professional corporation by the named insured.	10% of PL Premium
B.	<u>Operations 159010:</u> Any person or organization for whom the insured performs dental services under contract. Provides coverage to additional insured for vicarious liability of our insured.	10% of PL Premium
C.	<u>Lessor of Equipment 159008:</u> Lessor of equipment leased to the insured for GL coverage.	N/C
D.	<u>Waiver of Subrogation Rights 159035:</u> A waiver of transfer rights of recovery may be granted for specific persons or organizations for whom the insured performs dental services under contract.	\$138

**6. Independent Contractors**

10% of the insured's professional liability premium will be charged per independent contractor for the vicarious liability exposure assumed by the insured. Does not apply if independent contractor is insured with the Company.

**LIBERTY INSURANCE UNDERWRITERS, INC.  
DENTAL PROFESSIONAL PROGRAM**

**RATES/RULES MANUAL**

**C. ADDITIONAL COVERAGE / RATING RULES**

**1. Individual Risk Modification Plan**

To recognize these individual and unique characteristics within each dental practitioner account, it shall be permissible to apply an Individual Risk Premium Modification IRPM debit and/or credit to the rates and premiums otherwise developed, depending on the underwriter's overall evaluation of the account's risk.

The following outlines the criteria upon which IRPM debits and/or credits may be applied to an individual account. The maximum IRPM debit or credit that may be applied on any one account is subject to state regulations governing IRPM Plans and any variances are contained in the State Rate pages.

The following IRPM Plan credits and/or debits are to be added together on an individual basis to determine one overall IRPM Plan credit or debit modification applicable to the entire account. The maximum modification for professional liability premiums for dental practitioners shall not exceed 25%.

<u>Risk Characteristics</u>	<u>% Credit</u>	<u>% Debit</u>
a. <u>Procedure Mix:</u> Procedure or practice specialties not contemplated in basic rates. Examples include general dentists with large proportions of surgical implants, surgery, TMJ treatment, use of sargenti, endodontics or claim frequency.	0 – 25%	0 – 25%
b. <u>DBE Actions:</u> Any Dental Board of Examiners action or peer review or accreditation action reflecting potentially increased exposure.	N/A	0 – 25%
c. <u>Unusual Risk Characteristics:</u> Any unique characteristics of the dental practice which reflects reduced or increased exposure (e.g. cosmetic procedures).	0 – 25%	0 – 25%

**2 Experience Rating Plan**

An experience rating plan debit or credit shall be applied based upon an insured dentists claims experience in the preceding five (5) year period. The criteria used to determine the application of this experience rating debit or credit shall include the following:

- a. The number of claims
- b. The total incurred losses
- c. Total paid losses
- d. Total paid expenses
- e. The cause of these losses
- f. Corrective actions taken for subsequent loss prevention
- g. Areas of specialization

**3 Loss Prevention/Risk Management Credit**

Dentists who participate in a Company sponsored or approved loss prevention program / risk management program will be eligible for a 7.5% Risk Management Discount for a period of 3 years. **(Unless stated otherwise on State Rate Pages.)**

# LIBERTY INSURANCE UNDERWRITERS, INC. DENTAL PROFESSIONAL PROGRAM

## RATES/RULES MANUAL

### 4 Deductibles

It shall be permissible to offer deductibles applicable to the Dental Professional Liability coverage which shall apply on a per claim basis, on indemnity payments only and shall not be subject to an annual aggregate. This credit applies to the basic limits premium (\$1,000,000/\$3,000,000). Deductibles may vary by state, refer to State Rate Pages for variances. The deductible options shall be as follows:

<u>Options</u>	<u>Deductible Amount</u>	<u>Credit Factor</u>
Option 1	\$1,000	0.05
Option 2	\$2,500	0.10
Option 3	\$5,000	0.19
Option 4	\$10,000	0.30

### 5. Academy of General Dentistry Membership

**Academy of General Dentistry Membership** – Members in good standing who have completed the following requirements are eligible for membership credit:

<u>Application Requirements</u>	<u>Credit</u>
<p><b>Membership Maintenance</b> Members must earn 75 hours of continuing dental education during their 3-year review period. Recent graduates have 5-years.</p>	10%
<p><b>Fellowship Award Requirements</b> Fellowship requires 5 continuous years (50 consecutive months of membership in AGD, plus 500 hours of approved continuing education credit at least 350 of which is earned in course attendance). Accepted activities for Fellowship credits are:            Scientific Programs            Postgraduate Education            Federal Dental Service Specialty Rotation Programs            Self-Instruction Programs            Self-Improvement AGD approved courses</p>	15%
<p><b>Mastership Award Requirements</b> Mastership requires Fellowship status in the AGD, plus completion of 600 credit hours of approved continuing education in each of 16 separate disciplines:            Myofascial Pain Dysfunction/Occlusion            Operative Dentistry            Periodontics            Fixed Prosthodontics            Removable Prosthodontics Endodontics            Oral &amp; Maxillofacial Surgery Orthodontics            Pediatric Dentistry            Basic Sciences            Oral Medicine/Oral Diagnosis Practice            Management            Electives            Implants            Special Patient Care            Esthetics</p>	20%

**LIBERTY INSURANCE UNDERWRITERS, INC.  
DENTAL PROFESSIONAL PROGRAM**

**RATES/RULES MANUAL**

**Coverage Options:**

**6. ERISA Fiduciary Liability Coverage**

ERISA Fiduciary Liability Coverage is available as follows:

\$100,000 Limit                      \$130 Annual Premium

**7. Employment Practices Liability – Increased Limits**

<b>The applicable flat rate in the following table shall be applied to each named insured policy:</b>				
<u>Number of Employees:</u>	<u>Limits of Liability</u>			
	<u>\$100,000</u>	<u>\$250,000</u>	<u>\$500,000</u>	<u>\$750,000</u>
1 - 3	268	360	451	494
4	358	480	601	659
5	447	600	752	823
6	537	720	902	988
7	626	839	1,052	1,153
8	716	959	1,203	1,317
9	805	1,079	1,353	1,482

Deductible - \$2,500 Mandatory

**8. Billing Errors & Omissions Coverage**

Coverage is available as follows:

\$25,000 Limit                      \$100 Annual Premium

**9. Deletion of Business Liability Coverages - (General Liability)**

Policies may be written to provide coverage for Dental Professional Liability only by eliminating the supplementary Business Liability coverages (Option #1 "Dental Professionals Program"). A 10% premium credit shall be applied to the rates in the premium rate tables.

**10. Group Discounts**

A single group practice policy issued to two or more dentists is eligible for a premium discount based upon the total number of dentists and oral surgeons within the group. This discount is based on the size of the group to reflect the lower acquisition costs, reduces administrative expenses (including billing and collection) and the potential savings due to lower losses. (Group Practice appears to reduce losses due to internal risk management and other control and quality factors inherent in the group.) The following discounts are applicable:

<u>Group Size</u>	<u>Premium Credit</u>
2 – 5 Dentists	5%
6 – 10 Dentists	10%
11 + Dentists	15%

**LIBERTY INSURANCE UNDERWRITERS, INC.  
DENTAL PROFESSIONAL PROGRAM**

**RATES/RULES MANUAL – DISTRICT OF COLUMBIA EXCEPTION PAGES**

**I. Rating Territories:**

Territory I: Entire State

**II. Dental Practitioner Rates:**

1. Premium Rate Tables:

**MATURE CLAIMS MADE RATES**  
(\$1,000,000/\$3,000,000 Limits)

Dental Classification	Territory I
I	\$2,849
II	\$5,698
III	\$17,094
IV	\$19,943

**OCCURRENCE RATES**  
(\$1,000,000/\$3,000,000 Limits)

Dental Classification	Territory I
I	\$3,166
II	\$6,331
III	\$18,993
IV	\$22,159

2. Claims-Made Step Factors

These factors apply to the mature claims-made rate:

Years of Claims-Made Coverage		Dentists	Oral Surgeons
Claims-Made Year	# of Days	Step Factors	Step Factors
Year 1	0-182	0.29	0.29
Year 2	183 -547	0.54	0.54
Year 3	548 -912	0.73	0.73
Year 4	913 -1277	0.81	0.81
Year 5	1278 -1642	0.90	0.90
Mature Claims-Made	1643 +	1.00	1.00

**LIBERTY INSURANCE UNDERWRITERS, INC.  
DENTAL PROFESSIONAL PROGRAM**

**RATES/RULES MANUAL – DISTRICT OF COLUMBIA EXCEPTION PAGES**

3. Increase / Decrease Limits

The following increase limit factors shall apply to occurrence and claims-made coverages as follows:

Option	Limit of Liability (Professional)	Increase / Decrease Factors Dentists	Increase / Decrease Factors Oral Surgeons
A	\$100,000 / \$300,000	0.782	0.500
B	\$200,000 / \$600,000	0.890	0.625
C	\$500,000 / \$1,500,000	0.946	0.813
D	\$1,000,000 / \$3,000,000	1.000	1.000
E	\$2,000,000 / \$6,000,000	1.150	1.206
F	\$3,000,000 / \$6,000,000	1.250	1.309
G	\$4,000,000 / \$6,000,000	1.300	1.377
H	\$5,000,000 / \$6,000,000	1.350	1.428

**III. Amended Rules**

1. Section **B. DENTAL CLASSIFICATIONS**, the following revisions are made:

- A. **Rule 3. Limited Clinical Practice, 3. a. Part-Time Practitioner** is deleted and replaced by the following:

Dentists who practice 20 hours or less a week will be eligible for part-time status at 40% premium credit.

- B. **Rule 4. Additional Classifications**, the following rules are added:

- e. A 20% charge may be applied to Dentists other than oral surgeons who perform minor surgical procedures.
- f. 15% charge to any general dentist whose practice procedures include the following specialties combined more than 51%:
 

Endodontia	Extractions
Periodontia	Oral Pathology
Orthodontia	Gnathology
Pedodontia	Surgical implant placement
Prosthodontia	Oral Surgery
TMJ Treatment (not including mouth-guards/splints)	

2. Under section **C. ADDITIONAL COVERAGE / RATING RULES** the following revisions are made:

- A. **Rule 2., Experience Rating Plan** is deleted and replaced by the following:

**LIBERTY INSURANCE UNDERWRITERS, INC.**  
**DENTAL PROFESSIONAL PROGRAM**

**RATES/RULES MANUAL – DISTRICT OF COLUMBIA EXCEPTION PAGES**

2. Experience Modification - Professional Liability

Based upon the insured's claim experience and history over the preceeding 4 (four) - year periods, an Experience Modification Credit or Debit shall be applied. Criteria used to determine the application of such credits or debits shall include:

- Number of claims
- Total incurred losses
- Total paid losses
- The cause of losses
- Corrective actions taken for subsequent loss prevention
- Areas of specialization

CLAIM-FREE DISCOUNT

A claim-free discount of 10% shall be applied. To be eligible, the following criteria must be met:

No claim of \$500 or more incurred indemnity and ALAS in the last 4 years.

For purposes of this discount, a claim shall be defined as incurred indemnity (closed claim) and Allocated loss adjustment expense (claim expenses) less than \$500.

Note: a combination of a maximum of 2 claims is allowable for this discount.

DEBIT

Applicants with adverse loss experience shall be debited to reflect increased exposure. Debits shall be charged as indicated for experience shown below. The maximum permissible debit is 25%. The following debits will be applied based on the insured's previous years of Professional Liability experience:

- |              |   |  |
|--------------|---|--|
| a. Criteria: | New Business<br>Renewals:   | Prior Carrier(s) experience<br>Company experience only |
| b.           | Experience Period: 4 years preceding the forthcoming policy year; |  |
| c.           | Application of Debit:   | DEBIT  |
|              | (1) No claims during experience period:                           | 0%   |
|              | (2) One claim during the experience period:                       |  |
|              | i. reported in the 4th previous year:                             | 10%  |
|              | ii. reported in the 3rd previous year:                            | 15%  |
|              | iii. reported in the 2nd previous year:                           | 20%  |
|              | iv. reported in the 1st previous year:                            | 25%  |
|              | (3) More than 2 claims in the last 4 years:                       | Refer to Company                                       |

A claim shall be defined as claim expenses and indemnity payment (closed claim) in excess of \$3000 or open claims with reserves in excess of \$5000.

**LIBERTY INSURANCE UNDERWRITERS, INC.  
DENTAL PROFESSIONAL PROGRAM**

**RATES/RULES MANUAL – DISTRICT OF COLUMBIA EXCEPTION PAGES**

The debits developed in accordance with this plan shall apply for 1 year and subject to annual review.

- B. Rule **3. Loss Prevention/Risk Management Credit** is deleted and replaced by the following:

Dentists who participate in a Company sponsored or approved loss prevention program/ risk management program will be eligible for a 5% Risk Management Discount for a period of 3 years.

SERFF Tracking Number: PERR-126772421 State: District of Columbia  
 Filing Company: Liberty Insurance Underwriters, Inc. State Tracking Number:  
 Company Tracking Number: LIU-MM-DGP-DC-10-01-R  
 TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0030 Dentist  
 Made/Occurrence  
 Product Name: Dentists - General Practice Program  
 Project Name/Number: LIU-MM-DGP-DC-10-01-R/LIU-MM-DGP-DC-10-01-R

## 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 RatesRules cover letter.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Consulting Authorization		
<b>Comments:</b>		
<b>Attachment:</b> LIU Dentists LOA.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Actuarial Certification (P&C)		
<b>Bypass Reason:</b> N/A		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		
<b>Bypass Reason:</b> N/A		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> District of Columbia and		

SERFF Tracking Number: PERR-126772421 State: District of Columbia  
Filing Company: Liberty Insurance Underwriters, Inc. State Tracking Number:  
Company Tracking Number: LIU-MM-DGP-DC-10-01-R  
TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0030 Dentist  
Made/Occurrence  
Product Name: Dentists - General Practice Program  
Project Name/Number: LIU-MM-DGP-DC-10-01-R/LIU-MM-DGP-DC-10-01-R  
Countrywide Loss Ratio Analysis  
(P&C)  
**Bypass Reason:** N/A  
**Comments:**

**Item Status:**

**Status  
Date:**

**Satisfied - Item:** Rate Analysis and ROE Exhibits

**Comments:**

**Attachments:**

2 Rate Analysis - DC.pdf

3 LIUI ROE\_CW 2009 - MedMal - CW.pdf



August 17, 2010

Honorable Gennet Purcell  
Acting Commissioner, District of Columbia  
Department of Insurance, Security & Banking  
Insurance Products Division  
810 First Street North East – Suite 701  
Washington, D.C. 20002-4227

Attention: Mr. Clark Simcock

**Re: Liberty Insurance Underwriters, Inc., FEIN 13-4916020, NAIC Number 111-19917**  
**Medical Malpractice Rate & Rule Filing**  
**Dentists - General Practice Program**  
**Proposed Effective Date: Upon Approval**  
**Company Filing Number: LIU-MM-DGP-DC-10-01-R**

Mr. Clark Simcock:

On behalf of Liberty Insurance Underwriters, Inc. ("the Company"), we are filing to introduce a new Dentists General Practice Program, which will mimic the American Insurance Company's approved Dentist Program rates and rules with little or no deviations. Please refer to the filing memorandum for complete details.

The Company respectfully requests that the proposed rates and rules be implemented on the earliest possible date upon approval/acknowledgement.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company. We will submit the Company's response to your attention as soon as we receive it.

Please do not hesitate to contact us with any questions or comments.

Sincerely,

Laura Jennette  
State Filings Analyst  
Phone: 201.963.1550 extension 2123  
Fax: 310.230.8529  
E-mail: [doi@perrknight.com](mailto:doi@perrknight.com)

Enclosures



August 17, 2010

To Whom It May Concern:

Perr&Knight is hereby authorized to submit rate, rule, and form filings for all Property & casualty types of insurance on behalf of **Liberty Insurance Underwriters, Inc.** This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary. This authorization is deemed to be in effect until rescinded in writing.

Please direct all correspondences and inquires related to this filing to Perr&Knight at the following address:

State Filings Department  
Perr&Knight  
881 Alma Real Drive, Suite 205  
Pacific Palisades, CA 90272  
Phone: (310) 230-9339  
Fax: (310) 230-8529

Please contact me if you have any questions regarding this authorization.

Sincerely,

A handwritten signature in blue ink that reads "Joseph M. Hobbs".

Joseph Hobbs  
Director of Compliance  
Joseph Hobbs  
Director of Compliance  
55 Water Street, 18th Floor  
New York NY 10041  
212.208.4239  
[joseph.hobbs@libertyiu.com](mailto:joseph.hobbs@libertyiu.com)

Enclosures

**Liberty Insurance Underwriters, Inc.  
Dentists Professional & General Liability**

**Proposed Rate Based on Competitor Comparison  
District of Columbia**

**Expense Provisions Comparison**

	<b>Fireman's Fund</b>	<b>LIUI Proposed</b>
(1) Commissions	23.30%	27.50%
(2) Other Acquisition	3.00%	0.00%
(3) General Expenses	7.10%	6.00%
(4) Taxes, Licenses & Fees	2.30%	2.00%
(5) Profit & Contingencies	9.20%	1.20%
(6) Total Expenses & Profit	44.90%	36.70%
<b>(7) Permissible Loss &amp; LAE Ratio</b>	<b>55.10%</b>	<b>63.30%</b>

**Proposed Base Rate Based on Competitor Comparison**

(8) Fireman's Base Rate Class I		\$3,168
(9) Fireman's PLR		55.10%
(10) Fireman's Loss Cost Class I	= (8)*(9)	\$1,746
(11) Class Relativity Adjustment	= 1/[1+ Overall Class Diff Impact (Exh 2)]	1.033
(12) Class Adjusted Loss Cost	= (10)*(11)	\$1,803
(13) LIUI PLR		63.30%
(14) LIUI Proposed Base Rate	= (12)/(13)	\$2,849

**Liberty Insurance Underwriters, Inc.**  
**Dentists Professional & General Liability**

Comparison of Competitor Rating Plans

<b>Fireman's Fund</b>		<b>LIUI</b>		<b>Change</b>	<b>Weights</b>
Class	Relativites	Class	Relativites		
Class 1	1.000	Class 1	1.000	0.0%	87%
Class 2	1.250	Class 1	1.000	-20.0%	5%
Class 3	1.500	Class 1	1.000	-33.3%	6%
Class 4	2.000	Class 2	2.000	0.0%	1%
Class 5	8.000	Class 3	6.000	-25.0%	1%
Class 5	8.000	Class 4	7.000	-12.5%	1%
Overall Impact (weighted average)				<b>-3.2%</b>	100%
Class Adjustment Factor				<b>0.968</b>	

**Liberty Insurance Underwriters, Inc.**  
Dentists Professional Liability

Index of Exhibits

- Exhibit R1: Projected After-Tax Rate of Return
- Exhibit R2: Estimated Investment Earnings on Policyholder Supplied Funds
- Exhibit R3: Premium to Surplus Ratio
- Exhibit R4: Derivation of After-Tax Target Rate of Return of Statutory Surplus
- Exhibit R5: Projected Expense Ratios

**Liberty Insurance Underwriters, Inc.**  
Dentists Professional Liability

Projected After-Tax Rate of Return

Operating Return

(1) Earned Premium	100.0%
(2) Expected Loss & Loss Adjustment Expenses	63.3%
(3) Commission & Brokerage Fees (Exhibit R5)	27.5%
(4) General & Other Acquisition Expenses (Exhibit R5)	6.0%
(5) Taxes, Licenses & Fees (Exhibit R5)	2.0%
(6) Underwriting Profit Before Federal Income Tax (1) - (2) - (3) - (4) - (5)	1.2%
(7) Federal Income Tax on Underwriting Profit = (6) x 35%	0.4%
(8) Underwriting Profit After Federal Income Tax = (6) - (7)	0.8%
(9) After-Tax Inv. Income on Policyholder Supplied Funds (Exhibit R2.1)	7.9%
(10) After-Tax Return from Insurance Operations = (8) + (9)	8.6%

Total Rate of Return

(11) Premium to Surplus Ratio (Exhibit R3)	1.00:1
(12) After-Tax Investment Income on a Dollar of Surplus (Exhibit R2.3)	3.5%
(13) Total After-Tax Rate of Return on Statutory Surplus = (10)x(11)+(12)	12.1%

**Liberty Insurance Underwriters, Inc.**  
Dentists Professional Liability

Estimated Investment Earnings on Policyholder Supplied Funds  
(\$000)

(A) Unearned Premium Reserve		
(1) Projected Earned Premium for New Program		1,000
(2) Mean Unearned Premium Reserve		500
(3) Percentage Pre-Paid Expense		32.5%
(a) Commission and Brokerage Fees (Exhibit R5)	27.5%	
(b) 50% General & Other Acq. Expenses (Exhibit R5)	3.0%	
(c) Taxes, Licenses & Fees (Exhibit R5)	2.0%	
(4) Deduction for Federal Income Taxes Payable		7.0%
(5) Total Prepaid Expense = (A.2) x [(A.3) + (A.4)]		198
(6) Portion Subject to Investment Income = (A.2) - (A.5)		303
 (B) Delayed Remission of Premiums		
(1) Average Agents' Balance as % of Premium		18.5%
(2) Total Delayed Remission = (A.1) x (B.1)		185
 (C) Loss & LAE Reserve		
(1) Expected Loss & LAE Ratio (Exhibit R1)		63.3%
(2) Expected Loss & LAE = (A.1) x (C.1)		633
(3) Reserve to Incurred Ratio		336.0%
(4) Expected Loss & LAE Reserves = (C.2) x (C.3)		2,127
 (D) Policyholder Funds Subject to Investment Income = (A.6)-(B.2)+(C.4)		2,244
 (E) 2009 After Tax Rate of Return		3.5%
 (F) Investment Earnings on Policyholder Supplied Funds = (D) x (E)		79
 (G) After-Tax Investment Income on Policyholder Supplied Funds = (F)/(A.1)		7.9%

**Liberty Insurance Underwriters, Inc.**  
Dentists Professional Liability

Source Notes for Exhibit R2.1  
(\$000)

<u>Line</u>		
(A.1)	Projected Earned Premium for New Program	1,000
(A.2)	Mean Unearned Premium Reserve 50% of (A.1)	500
(A.4)	The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate rate of 35%, this tax equals 7% (=20% x 35%).	
(B.1)	Selected Agents' Balances	18.5%
	Industry - Calendar Year 2008 Medical Malpractice Agents' Balances	17.6%
	Industry - Calendar Year 2007 Medical Malpractice Agents' Balances	19.4%
	2007, 2008 IEEs, Part III, Line(s) 11, Column 22	
(C.3)	(1) CY 2008 Industry - Countrywide Medical Malpractice Unpaid Loss & LAE 2008 IEE, Part III, Line(s) 11, Columns 13, 15, 17	35,053,236
	(2) CY 2007 Industry - Countrywide Medical Malpractice Unpaid Loss & LAE 2007 IEE, Part III, Line(s) 11, Columns 13, 15, 17	36,031,199
	(3) Average Unpaid Loss & LAE = [(1)+(2)]/2	35,542,218
	(4) CY 2008 Industry - Countrywide Medical Malpractice Incurred Loss & LAE 2008 IEE, Part III, Line(s) 11, Columns 7, 9, 11	6,346,728
	(5) Reserve to Incurred Ratio = (3) / (4)	560.0%
	(6) Adjustment for Claims Made Coverage	60.0%
	(6) Selected Reserve to Incurred Ratio	336.0%

**Notes:**

Figures are from Industry 2007 and 2006 Insurance Expense Exhibit.

**Liberty Insurance Underwriters, Inc.**  
Dentists Professional Liability

Source Notes for Exhibit R2.1 (Continued)  
(\$000)

<u>Line E</u>				2009	
Investment Category	2009 Investment Income Earned	Tax Rate	After-Tax Portion	2009 After-Tax Investment Income	
Taxable Bonds	5,229	35.00%	65.00%	3,399	
Non-Taxable Bonds	74	5.25%	94.75%	70	
Preferred Stocks	0	35.00%	65.00%	0	
Common Stocks	0	35.00%	65.00%	0	
Common Stocks in Affiliates	0	14.18%	85.83%	0	
Cash	422	35.00%	65.00%	274	
All Other Investments	49	35.00%	65.00%	32	
<b>Total</b>	<b>5,774</b>			<b>3,775</b>	
Total Investment Expense	61	35.00%	65.00%	40	
Net Investment Income Earned	5,713			3,735	
Invested Assets as of 12/31/2008 2009 Annual Statement, Page 2, Line 10, Column 4				102,924	
Invested Assets as of 12/31/2009 2009 Annual Statement, Page 2, Line 10, Column 3				157,866	
Average Invested Assets				130,395	
Calendar Year	Beginning Invested Assets	Ending Invested Assets	Average Invested Assets	Net Realized Capital Gains	Net Realized Capital Gains Ratio
2007	66,814	122,366	94,590	20	0.0%
2008	122,366	102,924	112,645	-438	-0.4%
2009	102,924	157,866	130,395	195	0.1%
<b>Total</b>	<b>292,104</b>	<b>383,156</b>	<b>337,630</b>	<b>-223</b>	<b>-0.1%</b>
Tax Rate on Realized Capital Gains					35.0%
After-Tax Realized Capital Gains					0.0%
After-Tax Rate of Return 2009					2.9%
After-Tax Rate of Return 2008					4.2%
After-Tax Rate of Return 2007					7.4%
After-Tax Rate of Return 2006					3.2%
After-Tax Selected Rate of Return					3.5%
After-Tax Total Rate of Return					3.5%

**Notes:**

Figures are from Company 2009 Annual Statement.

**Liberty Insurance Underwriters, Inc.**  
Dentists Professional Liability

Premium to Surplus Ratio  
(\$000)

	Calendar Year 2007	Calendar Year 2008	Calendar Year 2009
(1) Beginning Surplus As Regards Policyholders Annual Statement, Page 3, Line 35, Column 2	76,092	86,447	89,104
(2) Ending Surplus As Regards Policyholders Annual Statement, Page 3, Line 35, Column 1	86,447	89,104	96,013
(3) Average Surplus Level = [(1)+(2)]/2	81,269	87,775	92,559
(4) Net Written Premiums IEE, Part II, Line 34, Column 1	0	0	0
(5) Net Premium to Surplus Ratio = (4) / (3)	0.00	0.00	0.00
(6) Industry Premium to Surplus Ratio	0.85	0.86	N/A
(7) Selected Premium to Surplus Ratio			1.00

**Notes:**

Premium and Surplus figures from Company 2009, 2008 and 2007 Annual Statements.

**Liberty Insurance Underwriters, Inc.**  
Dentists Professional Liability

Derivation of After-Tax Target Rate of Return of Statutory Surplus  
(\$000)

After Tax Rate of Return on Net Worth

Year	(1) Property/ Casualty	(2) Industry Total	(3) =[(1)+(2)]/2 Average
1999	6.5%	15.2%	10.9%
2000	6.6%	14.6%	10.6%
2001	0.3%	10.4%	5.4%
2002	1.7%	10.2%	6.0%
2003	8.2%	12.6%	10.4%
2004	8.0%	13.9%	11.0%
2005	8.3%	14.9%	11.6%
2006	12.2%	15.4%	13.8%
2007	9.7%	15.2%	12.5%
2008	2.2%	13.1%	7.7%
1999-2008	6.4%	13.6%	10.0%
Avg x-2001/2	7.7%	14.4%	11.0%

(4)	Selected After-Tax Return on GAAP Equity	11.0%
(5)	2009 Statutory Surplus	14,703,585
(6)	2009 Net Unearned Premium Reserve	8,553,702
(7)	GAAP Equity in Unearned Premium Reserve	1,448,991
(8)	2009 GAAP Equity = (5) + (7)	16,152,576
(9)	GAAP to Statutory Adjustment Factor = (8) / (5)	1.10
(10)	Target After-Tax Return on Stat. Surplus = (4) x (9)	12.1%

**Notes:**

- (1), (2) from 2008 NAIC Profitability Analysis.  
(4) excludes 2001 and 2002 because September 11th cause them to be an outliers.  
(5) from Liberty Mutual Group 2009 Annual Statement, Page 3, Line 35, Column 1.  
(6) from Liberty Mutual Group 2009 Insurance Expense Exhibit, Line 34, Column 19.  
(7) = (6) x Liberty Mutual Group Average Commissions and Other Acquisition Costs.

**Liberty Insurance Underwriters, Inc.**  
Dentists Professional Liability

Projected Expense Ratios

	Industry IEE						3 Year Average	Selected
	2007		2008		2009			
Direct Basis	(\$000)	%	(\$000)	%	(\$000)	%	%	%
Premiums Written	11,549,978		11,164,740		10,705,466			
Premiums Earned	11,631,134		11,320,744		10,758,066			
Commission	723,026	6.3%	717,540	6.4%	721,054	6.7%	6.5%	27.5%
Other Acquisition	313,499	2.7%	321,357	2.8%	346,234	3.2%	2.9%	0.0%
General Expenses	733,578	6.3%	729,287	6.4%	788,188	7.3%	6.7%	6.0%
Taxes, Licenses, Fees	224,654	1.9%	208,709	1.9%	213,073	2.0%	1.9%	2.0%
<b>Total Expenses</b>		<b>17.2%</b>		<b>17.6%</b>		<b>19.3%</b>	<b>18.0%</b>	<b>35.5%</b>
Profit Load								1.2%
Total Expenses & Profit								36.7%
Permissible Loss & LAE Ratio								63.3%

**Notes:**

Expense figures are from Industry 2007, 2008 and 2009 Insurance Expense Exhibits, Line 11 - Medical Malpractice.

Commissions and Taxes shown as a percent of written premium.

Other Acquisition & General Expense shown as a percent of earned premium.

Support for the selected profit provision is included in Exhibit R1.