

**DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
INSURANCE ADMINISTRATION**

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In the Matter of

X

Docket No. 93-20

CONTINENTAL CASUALTY COMPANY

X

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**FINDINGS OF FACT, CONCLUSIONS OF LAW AND
ORDER**

WHEREAS, The Superintendent of Insurance of the District of Columbia (Superintendent) is a duly authorized and appointed official of the District of Columbia, having authority and responsibility for the enforcement of the insurance laws of the District; and

WHEREAS, Continental Casualty Company ("Continental") is authorized under the insurance laws of the District and by the Superintendent to engage in the business of soliciting, selling and issuing insurance policies, including without limitation medical professional liability policies; and

WHEREAS, a market conduct examination of Continental was conducted pursuant to the authority of the Superintendent; and

WHEREAS, Continental admits the jurisdiction of the District of Columbia Superintendent of Insurance; and

WHEREAS, the District of Columbia Insurance Administration (Administration) has issued its report, citing various areas in which it alleges that Continental has failed to comply with the District of Columbia Insurance Code; and

WHEREAS, Continental is aware of and understands its various rights in connection with the examination, including the right to notice, hearing and appeal under the District of Columbia Insurance Code; and agrees to voluntarily and irrevocably waive those rights; and

WHEREAS, Continental and the Superintendent, for the purpose of resolving all matters raised herein and pursuant to the market conduct examination hereby enter into these Findings of Fact, Conclusions of Law and Order; and

WHEREAS, the acceptance by Continental of said Findings of Fact, Conclusions of Law and Order is not an acknowledgment of wrong doing nor an admission to the violations herein to follow.

The Superintendent enters the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. Based on a market conduct examination of Continental, the following violations were cited:
 - A. The provisions of D.C. Code Section 35-1706 (f), by applying increased limits factors prior to filing them and getting them approved (1 Violation).
 - B. The provisions of D.C. Code Section 35-1706 (f), by applying physician increased limits factors to anesthesiologists (15 violations).
 - C. The provisions of D.C. Code Section 35-1706 (f), by applying an incorrect corporate liability factor (9 violations).
 - D. The provisions of D.C. Code Section 35-1706 (f), by applying physicians increased limits factors to nurse anesthetists (29 violations).
 - E. The provisions of D.C. Code Section 35-1706 (f), by applying schedule rating factors which do not appear applicable to professional liability (77 Violations).
 - F. The provisions of D.C. Code Section 35-1706 (f), by applying incorrect base rates or step factors (6 violations).
 - G. The provisions of D.C. Code Section 35-1706 (f), by applying a deviation filing for increased limits factors prior to approval and after a request by Insurance Administration staff to not apply it (1 violation).
 - H. The provisions of D.C. Code Section 35-1706 (f), by applying increased limits factors for surgeons which were incorrect (4 violations).
2. The above listed violations were not intentionally committed by Continental. Moreover, on or about December 9, 1992, Continental submitted a form and rate and rule filing to the Administration, establishing an independent medical professional liability insurance program for Continental, which superceded previous filings which were the subject of the herein mentioned market conduct examination.

CONCLUSIONS OF LAW

The Superintendent has jurisdiction over Continental and the matters involved. The Superintendent has authority to dispose of this matter pursuant to D.C. Code Section 35-1506(b).

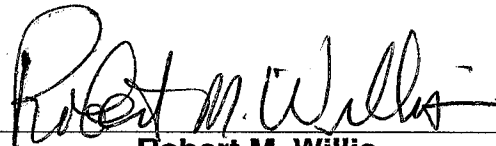
ORDER

Continental having admitted the jurisdiction of the Superintendent to enter the Order set forth herein, having waived notice of hearing and having consented to the entry of the Order set forth herein, and there being no just reason for delay:

IT IS HEREBY ORDERED THAT:

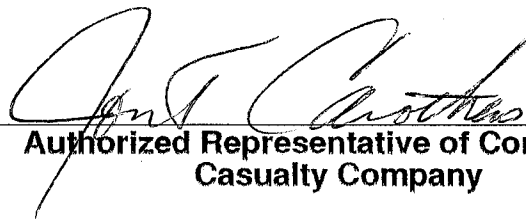
1. Prior to the expiration of their respective policies during calendar year 1993 only, Continental shall promptly rate the Associated Anesthesiologists, Child Cardiology Associates and Metropolitan Radiology groups for the upcoming policy year and shall, not less than 90 days prior to expiration of each policy, file sufficient information with the Superintendent to demonstrate how Continental arrived at the premium charges for each of the aforesaid risks. The rates, as submitted to the Administration, shall constitute Continental's premium quote for the upcoming policy year for each of the said risks. Provided there is a variation in exposure from that used as a basis for the original premium quote, at the request of an insured, Continental shall have the right to rerate said risks. Any variation from previously filed rates shall be filed with the Superintendent and approved before use. Continental understands that its premium quotations pursuant to this Order shall become a public record available for examination by its competitors.
2. Continental shall pay a civil penalty in the amount of One Hundred Thousand (\$100,000) dollars to the Administration with a check made payable to the D.C. Treasurer within 30 days of the execution of this Order by all parties.

It is so ORDERED this 28th day of JULY, 1993.



Robert M. Willis
Superintendent of Insurance

AGREED and Consented to this 27th day of July, 1993.



Authorized Representative of Continental
Casualty Company