

SERFF Tracking Number: AGNY-125297516 State: District of Columbia  
Filing Company: American Home Assurance Company State Tracking Number:  
Company Tracking Number: AIC-07-EO-22  
TOI: 11.2 Medical Malpractice - Occurrence Only Sub-TOI: 11.2027 Psychology  
Product Name: Psychoanalysts Professional Liability Program  
Project Name/Number: Psychoanalysts Professional Liability Program/AIC-07-EO-22

## Filing at a Glance

Company: American Home Assurance Company

Product Name: Psychoanalysts Professional Liability Program SERFF Tr Num: AGNY-125297516 State: District of Columbia

TOI: 11.2 Medical Malpractice - Occurrence Only SERFF Status: Closed-APPROVED State Tr Num:

Sub-TOI: 11.2027 Psychology

Co Tr Num: AIC-07-EO-22

State Status:

Filing Type: Rate

Author: Myron Harry

Reviewer(s): Robert Nkojo

Date Submitted: 09/25/2007

Disposition Date: 02/21/2008

Disposition Status: APPROVED

Effective Date Requested (New): 12/26/2007

Effective Date (New):

Effective Date Requested (Renewal): 12/26/2007

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: Psychoanalysts Professional Liability Program

Status of Filing in Domicile:

Project Number: AIC-07-EO-22

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 02/21/2008

State Status Changed:

Deemer Date:

Created By: Myron Harry

Submitted By: Myron Harry

Corresponding Filing Tracking Number:

Filing Description:

American Home Assurance Company (the "Company") has on file with your Department its Psychoanalysts Professional Liability Program (the "Program"). The Company submits, for your review and approval, its rates to be used with this Program. Please be advised that this filing replaces the rates currently on file with your Department.

Please refer to the attached actuarial materials for information about the rates.

## Company and Contact

### Filing Contact Information

SERFF Tracking Number: AGNY-125297516 State: District of Columbia  
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Myron Harry, myron.harry@aig.com  
175 Water Street - 17th Floor 212-458-7057 [Phone]  
New York, NY 10038 212-458-7077 [FAX]

**Filing Company Information**

American Home Assurance Company CoCode: 19380 State of Domicile: New York  
70 Pine Street Group Code: Company Type:  
New York, NY 10270 Group Name: State ID Number:  
(212) 770-7000 ext. [Phone] FEIN Number: 13-5124990

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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	Robert Nkojo	02/21/2008	02/21/2008

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Psychoanalysts Professional Liability Program - AIC-07-EO-22	Note To Reviewer	Myron Harry	01/30/2008	01/30/2008
Psychoanalysts Professional Liability Program - AIC-07-EO-22	Note To Reviewer	Myron Harry	01/03/2008	01/03/2008
Psychoanalysts Professional Liability Program - AIC-07-EO-22	Note To Reviewer	Myron Harry	12/03/2007	12/03/2007
Psychoanalysts Professional Liability Program - AIC-07-EO-22	Note To Reviewer	Myron Harry	11/06/2007	11/06/2007

SERFF Tracking Number: AGNY-125297516 State: District of Columbia  
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## Disposition

Disposition Date: 02/21/2008  
 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 Home Assurance Company	%	3.000%	\$		\$	%	%
	<b>Percent Change Approved:</b>						
	<b>Minimum:</b>	%	<b>Maximum:</b>	%	<b>Weighted Average:</b>		%

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 Product Name: Psychoanalysts Professional Liability Program  
 Project Name/Number: Psychoanalysts Professional Liability Program/AIC-07-EO-22

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Cover Letter (P&C)	No	No
Supporting Document	Consulting Authorization	No	No
Supporting Document	Actuarial Certification (P&C)	No	No
Supporting Document	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)	No	No
Supporting Document	District of Columbia and Countrywide Loss Ratio Analysis (P&C)	No	No
Supporting Document	Schedule of Rates or Methodology (P&C)	No	No
Supporting Document	Explanatory Memorandum and Actuarial Exhibits	No	No
Rate	Rate Page	No	No

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Project Name/Number: Psychoanalysts Professional Liability Program/AIC-07-EO-22

**Note To Reviewer**

**Created By:**

Myron Harry on 01/30/2008 09:00 AM

**Last Edited By:**

Myron Harry

**Submitted On:**

01/30/2008 09:01 AM

**Subject:**

Psychoanalysts Professional Liability Program - AIC-07-EO-22

**Comments:**

Could we please have the status of the above-referenced filing. Thank you.

SERFF Tracking Number: AGNY-125297516 State: District of Columbia  
Filing Company: American Home Assurance Company State Tracking Number:  
Company Tracking Number: AIC-07-EO-22  
TOI: 11.2 Medical Malpractice - Occurrence Only Sub-TOI: 11.2027 Psychology  
Product Name: Psychoanalysts Professional Liability Program  
Project Name/Number: Psychoanalysts Professional Liability Program/AIC-07-EO-22

**Note To Reviewer**

**Created By:**

Myron Harry on 01/03/2008 02:30 PM

**Last Edited By:**

Myron Harry

**Submitted On:**

01/03/2008 02:31 PM

**Subject:**

Psychoanalysts Professional Liability Program - AIC-07-EO-22

**Comments:**

Could we please have the status of the above-referenced filing. Thanks.

*SERFF Tracking Number:*      *AGNY-125297516*                      *State:*                      *District of Columbia*  
*Filing Company:*              *American Home Assurance Company*              *State Tracking Number:*  
*Company Tracking Number:*      *AIC-07-EO-22*  
*TOI:*                      *11.2 Medical Malpractice - Occurrence Only*      *Sub-TOI:*                      *11.2027 Psychology*  
*Product Name:*              *Psychoanalysts Professional Liability Program*  
*Project Name/Number:*      *Psychoanalysts Professional Liability Program/AIC-07-EO-22*

**Note To Reviewer**

**Created By:**

Myron Harry on 12/03/2007 09:36 AM

**Last Edited By:**

Myron Harry

**Submitted On:**

12/03/2007 09:38 AM

**Subject:**

Psychoanalysts Professional Liability Program - AIC-07-EO-22

**Comments:**

Could we please have the status of the above-referenced filing. Thanks.

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Filing Company: American Home Assurance Company State Tracking Number:  
Company Tracking Number: AIC-07-EO-22  
TOI: 11.2 Medical Malpractice - Occurrence Only Sub-TOI: 11.2027 Psychology  
Product Name: Psychoanalysts Professional Liability Program  
Project Name/Number: Psychoanalysts Professional Liability Program/AIC-07-EO-22

**Note To Reviewer**

**Created By:**

Myron Harry on 11/06/2007 05:09 PM

**Last Edited By:**

Myron Harry

**Submitted On:**

11/06/2007 05:12 PM

**Subject:**

Psychoanalysts Professional Liability Program - AIC-07-EO-22

**Comments:**

Could we please have the status of the above-referenced filing.

SERFF Tracking Number: AGNY-125297516 State: District of Columbia  
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 Company Tracking Number: AIC-07-EO-22  
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 Product Name: Psychoanalysts Professional Liability Program  
 Project Name/Number: Psychoanalysts Professional Liability Program/AIC-07-EO-22

**Rate Information**

Rate data applies to filing.

**Filing Method:**

**Rate Change Type:** %

**Overall Percentage of Last Rate Revision:** %

**Effective Date of Last Rate Revision:**

**Filing Method of Last Filing:**

**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 Home Assurance Company	N/A	%	3.000%				%	%

SERFF Tracking Number: AGNY-125297516 State: District of Columbia  
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 Product Name: Psychoanalysts Professional Liability Program  
 Project Name/Number: Psychoanalysts Professional Liability Program/AIC-07-EO-22

## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
	Rate Page	Rate Page 1	Replacement	09-07 DC Psychoanalysts Rate Page.pdf

**AMERICAN HOME ASSURANCE COMPANY  
PSYCHOANALYSTS PROFESSIONAL LIABILITY  
DISTRICT OF COLUMBIA**

**I. PSYCHOANALYSTS PROFESSIONAL LIABILITY RATES**

LIMITS OF LIABILITY	RATE
\$200,000/\$600,000	2,567
\$1,000,000/\$1,000,000	3,495
\$1,000,000/\$3,000,000	3,829
\$2,000,000/\$2,000,000	4,136
\$2,000,000/\$3,000,000	4,251
\$2,000,000/\$4,000,000	4,366
\$2,000,000/\$5,000,000	4,481
\$2,000,000/\$6,000,000	4,596
\$3,000,000/\$3,000,000	4,593
\$3,000,000/\$4,000,000	4,708
\$3,000,000/\$5,000,000	4,823
\$4,000,000/\$4,000,000	4,953
\$4,000,000/\$5,000,000	5,068
\$5,000,000/\$5,000,000	5,263

**II. SCHOOL/INSTITUTE/SOCIETY RATES**

**A. SCHOOL/INSTITUTE**

LIMITS OF LIABILITY	RATES BASED ON OUTPATIENT VISITS
\$100,000/\$300,000	0.515 first 5,000 visits
	0.412 next 3,000 visits
	0.371 next 8000 visits and over
\$500,000/\$500,000	0.659 first 5,000 visits
	0.527 next 3,000 visits
	0.475 next 8000 visits and over
\$1,000,000/\$1,000,000	0.762 first 5,000 visits
	0.610 next 3,000 visits
	0.549 next 8000 visits and over
\$1,000,000/\$3,000,000	1.254 first 5,000 visits
	1.003 next 3,000 visits
	0.903 next 8000 visits and over

Minimum Policy Premium - \$750 for \$1,000,000/\$1,000,000  
\$1,000 for \$1,000,000/\$3,000,000

**B. SOCIETIES**

LIMITS OF LIABILITY	PREMIUM
\$500,000/\$500,000	335
\$1,000,000/\$1,000,000	515
\$1,000,000/\$3,000,000	773

**III. ADDITIONAL COVERAGES**

ECT - Electroconvulsive Therapy Coverage - An additional charge of 25%  
Part-Time Psychoanalysts- 50% for psychoanalysts practicing 20 hours or  
less per week

**IV. ADDITIONAL INSURED CHARGES:**

Landlord: 20% of the policy premium  
Corporation with Other Employees: 40% of the policy premium  
Additional Insured: 20% of the policy premium. Only applies to School/Institute/Society

**V. ADMINISTRATIVE HEARING**

INCREASED LIMITS	RATE
\$10,000	\$175
\$25,000	\$500

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## Supporting Document Schedules

	Item Status:	Status Date:
<p><b>Satisfied - Item:</b> Cover Letter (P&amp;C)  <b>Comments:</b>            Attached please find a Cover Letter.  <b>Attachment:</b>            09-07 DC Cover Letter.pdf</p>		
<p><b>Bypassed - Item:</b> Consulting Authorization  <b>Bypass Reason:</b> N/A  <b>Comments:</b></p>		
<p><b>Bypassed - Item:</b> Actuarial Certification (P&amp;C)  <b>Bypass Reason:</b> Included with Actuarial Exhibits  <b>Comments:</b></p>		
<p><b>Bypassed - Item:</b> District of Columbia and Countrywide Experience for the Last 5 Years (P&amp;C)  <b>Bypass Reason:</b> Included with Actuarial Exhibits  <b>Comments:</b></p>		
<p><b>Bypassed - Item:</b> District of Columbia and Countrywide Loss Ratio Analysis</p>		

SERFF Tracking Number: AGNY-125297516 State: District of Columbia  
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Product Name: Psychoanalysts Professional Liability Program  
Project Name/Number: Psychoanalysts Professional Liability Program/AIC-07-EO-22  
(P&C)

**Bypass Reason:** Included with Actuarial Exhibits

**Comments:**

**Item Status:**

**Status**

**Date:**

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

**Bypass Reason:** N/A

**Comments:**

**Item Status:**

**Status**

**Date:**

**Satisfied - Item:** Explanatory Memorandum and  
Actuarial Exhibits

**Comments:**

Attached please find an Explanatory Memorandum and Actuarial Exhibits.

**Attachment:**

09-07 DC Psychoanalysts Expl Memo and Actuarial Exhs.pdf



**American International Companies®**  
DBG Legal Services  
State Filings Department  
175 Water Street, 17th Floor  
New York, NY 10038  
212.458.\_\_\_\_\_ (Direct Dial)

September 25, 2007

Honorable Thomas E. Hampton  
Commissioner  
Dept. of Insurance, Securities and Banking (DISB)  
810 First Street N.E. – Suite 701  
Washington, D.C. 20002-4227  
Attn: Mr. Clark Simcock, Chief

**RE: AMERICAN HOME ASSURANCE COMPANY.**  
NAIC #012-19380, FEIN #13-5124990  
Psychoanalysts Professional Liability Program  
Rates  
Our File Number: AIC-07-EO-22

Dear Mr. Simcock:

American Home Assurance Company (the "Company") has on file with your Department its Psychoanalysts Professional Liability Program (the "Program"). The Company submits, for your review and approval, its rates to be used with this Program. Please be advised that this filing replaces the rates currently on file with your Department.

Please refer to the attached actuarial materials for information about the rates.

We wish to make this filing effective for all policies effective on or after December 26, 2007, or the earliest date permitted by your Department.

Your favorable consideration and approval are respectfully requested.

Sincerely,

Myron Harry

Filings Analyst

State Filings Department

Direct dial (212) 458-7057

Fax No.: (212) 458-7077

[myron.harry@aig.com](mailto:myron.harry@aig.com)

**American Home Assurance Company**  
**Psychoanalysts Professional Liability**

**Explanatory Memorandum**  
**DISTRICT OF COLUMBIA**

American Home Assurance Company is proposing to increase the base rates for the Psychoanalysts Professional Liability Program by 3%.

**Exhibit 1: *CALCULATION OF INDICATED RATE LEVEL CHANGE***

Ultimate developed, trended and on-level results are shown for countrywide and state loss experience for this program. Countrywide and state earned premiums have been adjusted to each state's present rate level by using the standard parallelogram method. Incurred Losses and Lae are trended to one year past the proposed effective date, in order to reflect changes in frequency and severity subsequent to the experience period. The indicated rate level change is based on a comparison of the credibility weighted loss ratio to the expected loss ratio. An offset for investment income is applied to the calculation of the target profit & contingency. The calculation of profit is based on the company's target rate of return of 15%.

**Exhibit 2: *DEVELOPMENT OF REPORTED INCURRED LOSS AND LAE TO ULTIMATE***

Countrywide and state calculation of ultimate loss and LAE ratios are shown for the most recent five years. Ratios are based on calendar year earned premiums and accident year ultimate loss and LAE, including unallocated LAE (ex. 6).

**Exhibit 3: *INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE DEVELOPMENT***

Accident Year Loss and Allocated Loss Adjustment Expense experience for Psychoanalysts Professional Liability is shown as of 6/2007, along with age to age factors and the corresponding age to ultimate development factors (exhibit 3A). These factors are then applied to the countrywide (exhibit 3A) and state (exhibit 3B) loss experience for Psychoanalysts Professional Liability.

**Exhibit 4: *TREND ANALYSIS***

Calculation of annual frequency/severity trend is based on the most recent policy year experience for Healthcare Professional Liability Programs. The least squares method has been used to measure the average change in frequency and severity. The trend period extends from the midpoint of each accident year to one year beyond the assumed effective date.

**Exhibit 5: *EXPENSE PROVISIONS AND DETERMINATION OF EXPECTED LOSS RATIO***

Expense provisions are based on the expenses found for Medical Malpractice in the American Home/National Union/ New Hampshire Group's Insurance Expense Exhibit. The commission expense is program specific. The expected loss & lae ratio is the complement of the total expenses and profit load. The profit & contingency factor has been calculated based on a target rate of return on equity of 15%.

**Exhibit 6: *DETERMINATION OF UNALLOCATED LOSS ADJUSTMENT EXPENSE FACTOR***

The unallocated loss adjustment expense provision is determined using data from the Healthcare cost statements for the five most recent years. The factor is expressed as a percentage of total incurred losses and allocated loss adjustment expense.

**Exhibit 7: *INVESTMENT INCOME EXHIBITS***

The investment income exhibits are based on American Home/ National Union/ New Hampshire Group's Annual Statement experience and incorporate the Medical Malpractice premium and program expense provisions to determine an indicated investment income offset. The calendar year method was used to determine investment income.

AMERICAN HOME ASSURANCE COMPANY  
 PSYCHOANALYSTS PROFESSIONAL LIABILITY  
 (\$ IN 000'S)  
 DETERMINATION OF RATE LEVEL INDICATION

DISTRICT OF COLUMBIA

	Accident Year	(1) Basic Limits Premium at Present Rates (Note A)	(2) Basic Limits Ultimate Loss & LAE (Exhibit 2)	(3)=(2)/(1) Ultimate Loss & LAE Ratio	(4) Trend Factor (Exhibit 4) (Note B)	(5)=(3)*(4) Trended Loss & LAE Ratio	Weight
(1)	2002	2,922	1,887	0.646	1.404	0.906	
(2)	2003	3,122	1,334	0.427	1.330	0.568	
(3)	2004	2,929	1,463 (E)	0.499	1.261	0.630	0.20
(4)	2005	2,887	1,466 (E)	0.508	1.195	0.607	0.30
(5)	2006	2,941	1,970 (E)	0.670	1.133	0.759	0.50

DISTRICT OF COLUMBIA

(1)	2002	124	0	0.000	1.404	0.000	
(2)	2003	153	0	0.000	1.330	0.000	
(3)	2004	117	44 (E)	0.376	1.261	0.474	0.20
(4)	2005	115	53 (E)	0.460	1.195	0.550	0.30
(5)	2006	119	74 (E)	0.623	1.133	0.706	0.50

DISTRICT OF COLUMBIA      CW

(6)	Weighted Average Ultimate Trended Loss and LAE Ratio	0.613	0.688
(6a)	Credibility Weights (Note C):	0.000	0.286
(6b)	Credibility Weighted Ultimate Loss & LAE Ratio (Note D):	0.732	
(7)	Target Loss & LAE Ratio [Exhibit 5]	0.694	
(8)	Indicated Rate Level Change [ (6b)/7 ] - 1	5.5%	
(9)	Selected Rate Level Change	3.0%	

NOTES:

- (A) The calculation of premium at present rates is done using the parallelogram method.  
 (B) Trend periods extend from the midpoint of each accident year to one year past the assumed effective date. (Exhibit 4).  
 (C) The credibility standard is 683 claims for the experience period.  
 State Credibility = Square Root(0/683)      CW Credibility = Square Root(56/683)  
 (D) Credibility Weighted Ultimate Loss & LAE Ratio =  
 [State(6)\*State(6a) + CW(6)\*CW(6a) + {1 - State (6a) - CW(6a)} \* Trended ELR ]  
 (E) Bornheutter-Ferguson Methodology used to develop ultimate loss & lae, i.e.,  
 Ultimate Loss & LAE=EPXELRX[1-1/LDF] + reported incurred loss & lae

**AMERICAN HOME ASSURANCE COMPANY**  
**PSYCHOANALYSTS PROFESSIONAL LIABILITY**  
(\$ IN 000'S)

Exhibit 2

DETERMINATION OF ULTIMATE LOSS AND LOSS ADJUSTMENT EXPENSE RATIOS

**DISTRICT OF COLUMBIA**

Accident Year	(1) Basic Limits Earned Premium	(2) Basic Limits Reported Incurred Loss & ALAE (Exhibit 3)	(3) Loss Development Factors (Exhibit 3A)	(4)=(2)*(3) Ultimate Loss & L.A.E. (Incl. 1.3% Unalloc L.A.E.)	(5)=(4)/(1) Ultimate Loss & L.A.E. Ratio
COUNTRYWIDE					
2002	1,840	1,255	1.485	1,887	1.026
2003	2,108	682	1.933	1,334	0.633
2004	2,339	357	2.152	777	0.332
2005	2,641	136	2.899	399	0.151
2006	2,867	135	8.888	1,216	0.424
Total	11,795	2,564		5,612	0.476

**DISTRICT OF COLUMBIA**

2002	64	0	1.485	0	0.000
2003	77	0	1.933	0	0.000
2004	85	0	2.152	0	0.000
2005	102	0	2.899	0	0.000
2006	115	0	8.888	0	0.000
Total	443	0		0	0.000

BASIC LIMITS INCURRED LOSSES & LOSS ADJUSTMENT EXPENSE AS OF 6/2007

Accident Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246	258	270	282	294	306	318	330	
1980	0	2	40	120	348	387	391	406	424	621	522	526	526	526	626	656	664	664	664	664	664	664	664	664	664	664	664	664	664
1981	0	11	90	144	182	240	396	513	495	467	466	466	466	466	466	466	466	466	466	466	466	466	466	466	466	466	466	466	466
1982	21	39	101	332	368	582	806	1,078	1,046	917	1,066	1,021	1,146	1,166	1,170	1,177	1,164	1,190	1,429	1,429	1,439	1,443	1,443	1,443	1,443	1,443	1,443	1,443	1,443
1983	2	95	190	362	570	1,207	1,303	1,329	1,338	1,478	1,509	1,997	2,222	2,238	2,258	2,402	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328
1984	7	29	384	606	832	813	1,173	1,224	1,153	1,172	1,282	1,598	1,745	1,776	1,843	1,704	2,103	2,108	2,122	2,138	2,138	2,138	2,138	2,138	2,138	2,138	2,138	2,138	2,479
1985	0	68	214	739	1,491	1,630	1,544	1,475	1,611	1,765	2,191	2,381	2,404	2,424	2,425	2,425	2,426	2,426	2,426	2,426	2,426	2,426	2,426	2,426	2,426	2,426	2,426	2,426	2,426
1986	13	19	137	351	747	962	1,146	1,047	1,166	1,455	1,692	1,632	1,634	1,836	1,812	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796
1987	0	15	58	105	266	238	387	543	513	619	670	681	780	999	1,001	1,001	1,003	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002
1988	0	1	152	238	674	1,091	1,177	1,216	1,326	1,499	1,514	1,588	1,587	1,789	1,838	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846
1989	0	75	50	212	326	274	423	529	673	686	686	686	686	761	687	687	687	687	687	687	687	687	687	687	687	687	687	687	687
1990	0	38	394	576	794	1,148	1,354	1,549	1,567	1,520	1,581	1,583	1,583	1,585	1,588	1,646	1,701	1,804											
1991	0	2	164	202	327	605	981	1,100	1,014	999	1,050	1,204	1,201	1,201	1,201	1,205	1,207												
1992	23	89	343	770	1,306	1,329	1,495	1,521	1,599	1,619	1,624	1,624	1,624	1,624	1,624	1,634	1,634												
1993	100	301	484	488	781	1,141	1,657	1,939	1,947	1,925	1,932	1,985	1,995	2,159	2,166														
1994	0	125	63	259	194	243	262	473	678	595	773	751	752	754															
1995	15	152	424	659	1,071	1,383	1,830	2,204	2,094	2,101	2,153	2,162	2,207																
1996	79	49	100	593	872	859	969	979	1,042	1,051	1,023	1,087																	
1997	0	-25	200	478	731	1,009	1,482	1,476	1,611	1,565	1,567																		
1998	7	156	137	460	499	989	1,289	1,521	1,467	1,840																			
1999	0	73	744	1,261	1,890	1,680	1,690	1,697	1,647																				
2000	0	261	237	569	814	1,063	1,332	1,414																					
2001	75	182	531	1,148	1,212	1,410	1,630																						
2002	100	339	661	724	837	1,255																							
2003	0	45	270	580	682																								
2004	0	23	303	357																									
2005	0	164	136																										
2006	0	135																											
2007	0																												

INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE DEVELOPMENT

Accident Year	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	210-222	222-234	234-246	246-258	258-270	270-282	282-294	294-306	306-318	318-330		
1980	1.000	17.472	2.992	2.901	1.113	1.010	1.037	1.045	1.464	0.841	1.007	1.000	1.000	1.191	1.047	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1981	1.000	8.397	1.600	1.265	1.317	1.651	1.297	0.965	0.942	0.998	1.000	1.000	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1982	1.862	2.574	3.297	1.108	1.581	1.386	1.338	0.970	0.877	1.162	0.958	1.122	1.018	1.003	1.006	0.989	1.022	1.201	1.000	1.007	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1983	47.628	1.998	1.905	1.573	2.117	1.080	1.019	1.007	1.105	1.021	1.324	1.112	1.007	1.009	1.064	0.969	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1984	4.459	13.257	1.577	1.374	0.977	1.442	1.044	0.942	1.016	1.093	1.247	1.092	1.018	1.038	0.924	1.234	1.003	1.006	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.160	
1985	33827.500	3.161	3.458	2.017	1.093	0.947	0.955	1.092	1.096	1.241	1.087	1.010	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1986	1.504	7.181	2.567	1.126	1.287	1.191	0.914	1.114	1.248	1.163	0.965	1.001	1.124	0.987	0.991	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1987	1.000	3.781	1.833	2.521	0.896	1.625	1.403	0.945	1.207	1.082	1.016	1.146	1.280	1.002	1.000	1.002	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1988	166.400	182.600	1.568	2.831	1.618	1.078	1.033	1.090	1.131	1.010	1.048	1.000	1.127	1.027	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1989	1.000	0.668	4.212	1.537	0.838	1.546	1.251	1.273	1.020	1.000	1.000	1.000	1.109	0.903	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1990	1.000	10.258	1.462	1.379	1.446	1.179	1.144	1.012	0.969	1.041	1.001	1.000	1.001	1.002	1.036	1.034	1.061												
1991	315.000	104.063	1.235	1.614	1.851	1.622	1.121	0.922	0.985	1.052	1.146	0.998	1.000	1.000	1.003	1.002													
1992	3.973	3.836	2.244	1.697	1.018	1.125	1.018	1.051	1.013	1.003	1.000	1.000	1.036	0.971	1.000														
1993	3.010	1.608	1.007	1.600	1.462	1.452	1.170	1.004	0.989	1.003	1.028	1.005	1.082	1.003															
1994	20784.667	0.507	4.104	0.748	1.249	1.081	1.805	1.432	0.877	1.300	0.971	1.001	1.002																
1995	10.148	2.784	1.554	1.625	1.292	1.323	1.205	0.950	1.003	1.025	1.004	1.021																	
1996	0.615	2.068	5.905	1.471	0.985	1.127	1.011	1.065	1.008	0.974	1.062																		
1997	-5038.600	-7.940	2.389	1.529	1.381	1.469	0.996	1.091	0.971	1.001																			
1998	22.286	0.878	3.352	1.084	1.984	1.302	1.180	0.964	1.255																				
1999	1.000	10.249	1.694	1.498	0.889	1.006	1.004	0.971																					
2000	1.000	0.910	2.397	1.432	1.305	1.254	1.061																						
2001	2.417	2.918	2.161	1.056	1.163	1.156																							
2002	3.389	1.949	1.097	1.156	1.499																								
2003	1.000	6.037	2.149	1.17																									

**AMERICAN HOME ASSURANCE COMPANY**  
**PSYCHOANALYSTS PROFESSIONAL LIABILITY**  
(\$ IN 000'S)

Exhibit 3B

**DISTRICT OF COLUMBIA**

**BASIC LIMITS INCURRED LOSSES & LOSS ADJUSTMENT EXPENSE AS OF 6/2007**

Accident Year	6	18	30	42	54	66	78	90	102	114
1998	6	1	1	1	1	1	1	1	1	1
1999	0	25	34	9	9	9	11	15	16	
2000	0	0	0	0	0	0	0	0		
2001	0	1	1	1	1	1	1			
2002	0	0	0	0	0	0				
2003	0	0	0	0	0					
2004	0	0	0	0						
2005	0	0	0							
2006	0	0								
2007	0									

**INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE DEVELOPMENT**

Accident Year	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114
1998	0.175	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.000	1.342	0.283	1.000	1.000	1.114	1.461	1.003	
2000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2001	1.000	1.000	1.000	1.000	1.000	1.000			
2002	1.000	1.000	1.000	1.000	1.000				
2003	1.000	1.000	1.000	1.000					
2004	1.000	1.000	1.000						
2005	1.000	1.000							
2006	1.000								
Average ex hi/lo	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
4 Yr Average	1.000	1.000	1.000	1.000	1.000	1.029			
3 Yr Average	1.000	1.000	1.000	1.000	1.000	1.038	1.154		
2 Yr Average	1.000	1.000	1.000	1.000	1.000	1.000	1.231	1.002	

**AMERICAN HOME/NATIONAL UNION/ NEW HAMPSHIRE GROUP  
HEALTH PROFESSIONAL LIABILITY PROGRAMS**

Exhibit 4

**Calculation of Annual Trend Factor**

(in \$000's)

Countrywide as of 12/2006

Total Limits Frequency Trend

(1) Policy Year	(2) Ultimate Incurred Claims	(3) Number of Policies	(2)/(3) Incurred Claims Per 100 Policies	(4) Exponential Curve of Best Fit
2001	464	18,143	2.55603	3.37024
2002	1,618	27,661	5.85101	4.49231
2003	2,320	34,095	6.80526	5.98797
2004	3,059	36,929	8.28286	7.98158
2005	3,702	39,719	9.32062	10.63894
2006	3,601	25,914	13.89431	14.18103
Average Annual Change in Claim Frequency			[ R Squared = 0.88818427 ]	33.29%

Total Limits Severity Trend

(1) Policy Year	(2) Ultimate Incurred Claims	(3) Ultimate Incurred +Lae Losses	(3)/(2) Ultimate Incurred +Lae Losses per Claim	(4) Exponential Curve of Best Fit
2001	464	31,744	68.5	49.9
2002	1,618	50,852	31.4	41.7
2003	2,320	77,795	33.5	34.7
2004	3,059	81,215	26.6	29.0
2005	3,702	75,600	20.4	24.2
2006	3,601	93,848	26.1	20.1
Average Annual Change in Claim Severity			[ R Squared = 0.67142459 ]	-16.60%

OVERALL COMBINED TREND [Frequency x Severity]

11.17%

SELECTED ANNUAL TREND

5.50%

**AMERICAN HOME ASSURANCE COMPANY  
PSYCHOANALYSTS PROFESSIONAL LIABILITY**

Exhibit 5

**Derivation of Expected Loss Ratio**

(1) Target rate of return on equity		15.0%
(2) Premium to Surplus Ratio		109.9%
(3) Target rate of return on premium [(1)/(2)]		13.6%
(4) Rate of return on premium		7.7%
(5) Target underwriting profit (loss) [(3)-(4)/.65]		9.2%
(6) Selected underwriting profit (loss)		5.0%
(7) Total Expenses		25.6%
	a. Commissions	14.50%
	b. Other Acquisition	4.99%
	c. General Expenses	1.78%
	d. Taxes, Licenses & Fees	4.36%
<hr/>		
(8) Expected Loss Ratio [1-(6)-(7)]		69.4%

**Expenses from Countrywide American Home/National Union/New Hampshire Group IEE**

(in 000's) Expense	2006		2005		2004		3 Yr. Wght. Avg. %
	\$	%	\$	%	\$	%	
<b>Written Premium</b>	142,907	----	122,052	----	134,980	----	----
<b>Other Acquisition</b>	8,079	5.65%	6,126	5.02%	5,768	4.27%	4.99%
<b>General Expenses</b>	2,480	1.74%	2,293	1.88%	2,340	1.73%	1.78%
<b>Taxes, Licenses and Fees</b>	7,636	5.34%	5,483	4.49%	4,325	3.20%	4.36%

**AMERICAN HOME/NATIONAL UNION/NEW HAMPSHIRE GROUP  
HEALTHCARE**

(000's)

Determination of Unallocated Loss Adjustment Expense Provision

(SOURCE: COMPANY COST STATEMENTS)

ITEM		2002	2003	2004	2005	2006	5-year Average
(1)	Losses Paid	186,248	241,104	271,474	175,786	206,975	216,317
(2)	Changes in Unpaid Losses	138,853	212,932	273,715	465,082	52,387	228,594
(3)	Losses Incurred (1) + (2)	325,101	454,036	545,189	640,868	259,362	444,911
(4)	Allocated Loss Adjustment Expenses	56,436	77,932	76,023	68,936	72,293	70,324
(5)	Total Loss & ALAE (3) + (4)	381,537	531,968	621,212	709,804	331,655	515,235
(6)	Unallocated Loss Adjustment Expenses	4,665	7,428	7,550	5,547	7,136	6,465
(7)	Unallocated Loss Expense Ratio (6)/(5)	1.2%	1.4%	1.2%	0.8%	2.2%	1.3%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

(Explanatory Notes)

## MEDICAL MALPRACTICE

A. UNEARNED PREMIUM RESERVE

1.	Medical Malpractice Direct Earned Premium for Calendar Year 2006			\$138,603
2.	Mean Unearned Premium Reserve [0.314* (1) ] (See Notes p. 2)			43,527
3.	Deduction for Prepaid Expenses (See notes p. 2)			
	a) Commission and Brokerage	14.50%		
	b) Taxes, Licenses and Fees	4.36%		
	c) 50% of Other Acquisition Expenses	2.50%		
	d) 50% of General Expenses	0.89%		
	e) Total	22.25%		
4.	Deduction for Federal Taxes Payable (See Notes p. 2)			7.0%
5.	Net Amount Subject to Investment Income [ (2) x (1.000 - (3) - (4) ) ]			30,796

B. DELAYED REMISSION OF PREMIUMS (Agents' Balances)

1.	Direct Earned Premium [ (A.1) ]			138,603
2.	Average Agents' Balance (See Notes pp. 2-3)			0.159
3.	Delayed Remission [ (1) x (2) ]			22,066

C. LOSS RESERVE:

1.	Direct Earned Premium [ (A.1) ]			138,603
2.	Expected Incurred Loss and L.A.E. Reserves	@ ELR:	0.694	96,143
3.	Expected Mean Loss Reserves [1.427 x (2) ] (See Notes p. 3)			137,222

D. SURPLUS

1.	Direct Written Premium			142,907
2.	Surplus Subject to Investment [(D.1)/prem to surp]			130,034

E. NET AMOUNT SUBJECT TO INVESTMENT: [ (A.5) - (B.3) + (C.3) + (D.2) ] 275,986F. AVERAGE RATE OF RETURN ON INVESTED ASSETS (See Notes p. 4) 4.56%G. INVESTMENT EARNINGS ON NET SUBJECT TO INVESTMENT [ (E) x (F) ] 12,589H. AVERAGE RATE OF RETURN (As % of Direct Earned Premium) [ (G) / (A.1) ] 9.08%I. AVERAGE RATE OF RETURN (After Federal Income Taxes) [ (H) x 0.871 ] 7.91%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
(Explanatory Notes)

MEDICAL MALPRACTICE

Line A.1

MEDICAL MALPRACTICE direct earned premium for calendar year 2006 as provided by American Home/National Union/ New Hampshire Group.

Line A.2

The mean direct unearned premium reserve is determined by multiplying the Medical Malpractice direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned premium reserve to the direct earned premium for 2006. See below for calculation of this ratio. This ratio is based on data for Medical Malpractice from page 15 of the Annual Statement for American Home/National Union/ New Hampshire Group

	(In 000's)
1. Direct Earned Premium for Calendar Year 2006	\$ 138,603
2. Direct Unearned Premium Reserve as of 12/31/05	23,287
3. Direct Unearned Premium Reserve as of 12/31/06	63,767
4. Mean Direct Unearned Premium Reserve 1/2 [(2) + (3)]	43,527
5. Ratio [ (4) / (1) ]	0.314

Line A.3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of the filed insurance coverage exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedure as shown.

Line A.4

Deduction for Federal Taxes Payable:

Taxable percentage of unearned premium reserves (Tax Reform Act of 1986):	20.0%
Corporate Tax Rate:	35.0%
Total Percentage of Unearned Premium Reserve:	7.0%

Line B.2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premiums beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. (continued)

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
(Explanatory Notes)

## MEDICAL MALPRACTICE

Line B.2 (continued)

Agents' balances or uncollected premiums for premiums due less than 90 days are calculated as follows:

	<u>(In 000's)</u>
1. Net Earned Premium for Calendar Year 2006	\$ 21,215,096
2. Net Agents' Balances as of 12/31/05	2,422,685
3. Net Agents' Balances as of 12/31/06	2,845,895
4. Mean Agents' Balances $1/2 \times [(2) + (3)]$	2,634,290
5. Ratio $[(4) / (1)]$	0.124

The above percentage must be multiplied by a factor of 1.282 to include the effect of agents' balances or uncollected premiums overdue for more than 90 days. The factor 1.282 is based on 2006 company data.

Final adjusted Agents' Balance:

0.1592

Line C.2

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing.

Line C.3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.2) by the average countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 2004 and 2005 for Medical Malpractice Insurance. This ratio is based on Annual Statement Data.

	<u>(In 000's)</u>
1. Incurred Losses and L.A.E. for Calendar Year 2005	39,477
2. Incurred Losses and L.A.E. for Calendar Year 2006	204,914
3. Loss Reserves and L.A.E. as of 12/31/04	50,628
4. Loss Reserves and L.A.E. as of 12/31/05	77,903
5. Loss Reserves and L.A.E. as of 12/31/06	482,785
6. Mean Loss Reserve 2005: $1/2 [(3) + (4)]$	64,266
7. Mean Loss Reserve 2006: $1/2 [(4) + (5)]$	280,344
8. Ratio (6) / (1)	1.628
9. Ratio (7) / (2)	1.368
10. Average Ratio $1/2 [(8) + (9)]$	1.498
11. Loss reserve for American Home/National Union/ New Hampshire Group, selected	1.500
12. Estimated Reserve Discount	13.9%
13. Federal Taxes Payable (% of Reserves): (12) x .35	0.048
14. (11) x $[1.0 - (13)]$	1.427

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
(Explanatory Notes)

## MEDICAL MALPRACTICE

Line E

The rate of return is the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends, and real estate income due and accrued).

<u>Year</u>	Net Investment Income Earned (In 000's)	Mean Cash and Invested Assets (In 000's)	Rate of Return
2005	1,958,547	48,226,323	4.06%
2006	2,207,870	57,914,122	3.81%
Total	4,166,417	106,140,446	3.94%

<u>Year</u>	Realized Capital Gains (or Losses) (In 000's)	Mean Cash and Invested Assets (In 000's)	Rate of Return
1997-2006	2,179,232	348,904,381	0.62%

Total Rate of Return:

Net Investment Income Earned and Net Realized Capital Gains (or Losses)

4.56%

Line H

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2006 for the American Home/National Union/ New Hampshire Group.

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	3.94%	0.094
Net Realized Capital Gains (or Losses)	0.62%	0.350
Total	4.56%	0.129

1.000 - Federal Income Tax Rate

0.871

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
(Explanatory Notes)

## MEDICAL MALPRACTICE

<u>Line H (continued)</u>		<u>Investment Income Earned</u>		<u>Federal Income Tax Rate</u>
<u>Bonds</u>				
Taxable	\$	208,168		0.350
<u>Non-Taxable</u>		<u>1,338,765</u>		<u>0.026</u>
Total	\$	1,546,933	(A)	0.070
<u>Stocks</u>				
Taxable	\$	168,925		0.123
<u>Non-Taxable</u>		<u>266,967</u>		---
Total	\$	435,892	(B)	0.048
<u>Mortgage Loans and Real Estate</u>				
Mortgage Loans	\$	0		
Real Estate		0		
Collateral Loans		0		
Cash on Deposit		0		
Short Term Investments		21,719		
<u>All Other</u>		<u>503,234</u>		
Sub-Total	\$	524,953		0.350
Total	\$	2,507,777		0.125
Investment Deductions	\$	299,907		0.350
Net Investment Income Earned	\$	2,207,870		0.094

(A) Assume 50% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at the full corporate income tax rate of 35%. The applicable tax rate is thus 2.6%.  $((.50 \times .15 \times .35) = .026)$

(B) 30% of dividend income is subject to the full corporate income tax rate of 35%. Assume 50% of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 12%  $((.30 \times .35) + (.50 \times .70 \times .15 \times .35) = .123)$ .