

SERFF Tracking Number: CNAC-126855621 State: District of Columbia  
Filing Company: American Casualty Company of Reading - PA State Tracking Number:  
Company Tracking Number: 10-00121-L  
TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0010 Nurse - Anesthetists  
Made/Occurrence  
Product Name: Nurse Anesthetist Professional Liability Program  
Project Name/Number: MAGAW Healthcare Professionals Purchasing Group Association/2010090087

## Filing at a Glance

Company: American Casualty Company of Reading - PA

Product Name: Nurse Anesthetist Professional Liability Program SERFF Tr Num: CNAC-126855621 State: District of Columbia

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

Made/Occurrence

Sub-TOI: 11.0010 Nurse - Anesthetists

Co Tr Num: 10-00121-L

State Status:

Filing Type: Rule

Author: John Lockhart

Reviewer(s): Robert Nkojo

Date Submitted: 10/12/2010

Disposition Date: 12/14/2010

Disposition Status: APPROVED

Effective Date Requested (New): 12/01/2010

Effective Date (New):

Effective Date Requested (Renewal): 12/01/2010

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: MAGAW Healthcare Professionals Purchasing Group Association

Status of Filing in Domicile: Pending

Project Number: 2010090087

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 12/14/2010

State Status Changed:

Deemer Date:

Created By: John Lockhart

Submitted By: John Lockhart

Corresponding Filing Tracking Number:

Filing Description:

Commissioner, Dept. of Insurance, Securities and Banking

District Of Columbia Department of Insurance Securities and Banking

Insurance Products Division

810 1st St NE Ste 701

Washington DC 20002

RE: American Casualty Company of Reading, PA NAIC#218-20427 FEIN#23-0342560

Magaw Healthcare Professionals Purchasing Group Association

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Certified Registered Nurses Anesthetists Professional Liability Insurance  
Rule Filing  
Our Filing No.: 10-00121-L

Honorable Commissioner:

On behalf of American Casualty Company of Reading, PA we hereby submit for your review and approval the attached forms and rules for use with our Certified Registered Nurses Anesthetists Professional Liability Program currently on file with your department.

Attached for your review are:

- The revised 2010 CW manual pages that reflect changes as reflected in the Actuarial Memorandum; and
- The Actuarial memorandum.

These changes will become applicable to all policies effective on or after December 1, 2010, or the earliest date permitted by your state.

Sincerely,  
JC Lockhart

## Company and Contact

### Filing Contact Information

John Lockhart, Regulatory Filings Technician john.lockhart@cna.com  
40 Wall Street 877-269-3277 [Phone] 3270 [Ext]  
9th Floor 212-440-2877 [FAX]  
New York, NY 10005

### Filing Company Information

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

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Casualty Company of Reading - PA	\$0.00		

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Robert Nkojo	12/14/2010	12/14/2010

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## Disposition

Disposition Date: 12/14/2010  
 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):
American Casualty Company of Reading - PA	0.000%	0.000%	\$0	0	\$24,267	0.000%	0.000%
<b>Percent Change Approved:</b>							
	<b>Minimum:</b>	%	<b>Maximum:</b>	%	<b>Weighted Average:</b>		%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	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
Rate	CRNA COMPANY PAGES		Yes

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**Rate Information**

Rate data applies to filing.

**Filing Method:** File and use  
**Rate Change Type:** Neutral  
**Overall Percentage of Last Rate Revision:** 3.000%  
**Effective Date of Last Rate Revision:** 08/15/2007  
**Filing Method of Last Filing:** Prior Approval

**Company Rate Information**

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Casualty Company of Reading - PA	N/A	0.000%	0.000%	\$0	0	\$24,267	0.000%	0.000%

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## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
	CRNA COMPANY PAGES	1-8	Replacement	USPH-6LRNJ7189/00 CRNA Company Pages 2010.pdf

**COMPANY PAGES**  
**MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION**  
**AMERICAN CASUALTY COMPANY OF READING, PA**

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**I. APPLICATION OF MANUAL RULES**

- A. The rules contained in these pages shall govern the writing of professional liability policies for Certified Registered Nurse Anesthetists, CRNA, or nurse anesthetist.
- B. The rules, rates, rating plans and forms filed on behalf of the Company and not in conflict herewith, shall govern in all cases not specifically provided for herein.

**II. POLICY TERM**

Policies may be written for a term of one year, and renewed annually thereafter.

**III. PREMIUM COMPUTATION**

- A. Compute the premium at policy inception using the rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Prorate the premium when a policy is issued for other than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

**IV. FACTORS OR MULTIPLIERS**

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

**V. WHOLE DOLLAR RULE**

In the event the rating procedure does not result in a whole dollar:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

**VI. ADDITIONAL PREMIUM CHARGES**

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

**VII. RETURN PREMIUM**

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

**VIII. PREMIUM PAYMENT PLAN**

The Company may, at its discretion, offer to the named insured various premium payment options, ranging from monthly to annual payment plans. Some of the premium payment plans may result in a service fee.

**IX. POLICY CANCELLATIONS**

Return premium will be computed pro-rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period.

**COMPANY PAGES**  
**MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION**  
**AMERICAN CASUALTY COMPANY OF READING, PA**

**X. COVERAGE**

The following describes coverage that will be provided:

- A. Professional Liability on an occurrence or claims-made basis;
- B. Disciplinary Hearing or Proceedings reimbursement for legal defense costs, wage loss, travel, food and lodging;
- C. Defendant Expense Benefit; including wage loss, travel, food and lodging reimbursement; and
- D. Deposition Representation; for attorney fees.

**XI. BASIC LIMITS OF LIABILITY**

The basic limits of liability for individual nurse anesthetists are described below. When eligible, professional liability limits can be increased applying an increased limit factor, listed separately in these pages. The disciplinary hearings & proceedings, defendant expense benefit and deposition representation limits of liability are not subject to increase, and are as follows:

Coverage	Limits of Liability	
Professional Liability	\$ 100,000 each claim	\$ 300,000 aggregate
Disciplinary Hearings & Proceedings	\$ 10,000 per proceeding	\$ 25,000 aggregate
Defendant Expense Benefit	\$	\$ 10,000 aggregate
Deposition Representation	\$ 2,500 per deposition	\$ 5,000 aggregate

**XII. INCREASED LIMITS OF PROFESSIONAL LIABILITY**

Professional Liability base rates are derived using the claims made \$100,000/\$300,000 rate. When higher limits are requested, and available, the following factors will be applied to the base rate:

Limits of Liability	Increased Limit Factor
\$100,000/\$300,000	1.00
\$200,000/\$600,000	1.26
\$250,000/\$750,000	1.37
\$500,000/\$1,000,000	1.74
\$1,000,000/\$1,000,000	2.06
\$1,000,000/\$3,000,000	2.17
\$1,000,000/\$5,000,000	2.24

**XIII. RESTRICTIONS OF COVERAGE OR INCREASED RATE**

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

**XIV. CALCULATION OF CLAIMS-MADE PREMIUM**

- A. The annual claims made base rate for each nurse anesthetist is stated on the applicable State Rate page.

**COMPANY PAGES**  
**MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION**  
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- B. The claims made step factor for each nurse anesthetist shall be determined as follows:
1. If the nurse anesthetist is just entering practice, or the nurse anesthetist has continuously been insured under an occurrence policy, enter the step rate factor from the table at the year one (1) level.
  2. If the nurse anesthetist has been insured under a claims-made policy, for one or more years immediately preceding the effective date of this coverage, or for reasons acceptable to the Company, had been uninsured, the following procedure shall apply:
    - a. determine the number of years in which the nurse anesthetist was covered under such claims-made policy(ies);
    - b. determine the number of years in which the nurse anesthetist was uninsured;
    - c. the sum of years developed in a. and b. shall be the base exposure. Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;
    - d. the sum of years developed in c. above shall be the Years of Prior Exposure. The table is entered at the total prior Years of Exposure, plus one.

The factors in the following table shall be applied to the full time rate, found on the State Page:

<b>Step Rate Factors</b>				
Year 1	Year 2	Year 3	Year 4	Year 5
.55	.80	.95	.99	1.00

- C. Claims made premium is the result of (claims made base rate) X (increased limit factor) X (Step Rate Factor).

**XV. CALCULATION OF OCCURRENCE PREMIUM**

- A. The claims made annual base rate for each nurse anesthetist is stated on the applicable State Rate Page.
- B. A factor of **1.02** will be applied to the claims made rate to derive an occurrence rate when the occurrence coverage form is used.
- C. Occurrence premium is the result of (claims made base rate) X (increased limit factor) X (1.02).

**XVI. ISO CLASSIFICATION CODES**

Medical Specialty: Certified Registered Nurse Anesthetist  
 Specialty Code: 80960

**XVII. EXTENDED REPORTING PERIOD COVERAGE (Claims Made Only)**

If this policy is cancelled or non-renewed and subject to the following provisions, an extension period, for the purpose of reporting a claim, will be provided automatically for 60 days, and may be extended beyond that as governed by the following rules:

- A. The limits of liability may not exceed those afforded under the terminating policy.
- B. Extended Reporting Period Coverage will be available to the named insured shown on the certificate of insurance.

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- C. Should the named insured terminate coverage under this policy, and desire Extended Reporting Period Coverage beyond the automatic 60 days, notice must be given to the Company, along with payment of the applicable premium, within 60 days.
- D. The factor of **1.00** will be applied to the claims made rate in effect at the beginning of the current policy period to determine the ERP charge.
- E. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.
- F. Upon termination of coverage under this policy by reason of disability by the named insured, Extended Reporting Period Coverage will be granted for no additional charge provided that, during the policy period, total and permanent disability occurs.
- F. Upon termination of coverage under this policy by reason of retirement, the named insured will be granted ERP at a discounted rate, subject to the ERP provisions of this policy and per the following schedule, provided that during the policy period, the named insured:
  - 1. retires; and
  - 2. is 55 years of age or older and has been consecutively insured by this Company for at least 1 year of claims-made coverage

<b>Consecutive Years of Coverage</b>	<b>Discount</b>
1	20%
2	40%
3	60%
4	80%
5	FREE

- G. The prior acts date of coverage with this Company will determine the years of prior exposure for Extended Reporting Period Coverage.
- H. Premium must be paid promptly when due.
- I. In the event the policy is canceled, any return premium due the named insured shall be credited toward the premium for Extended Reporting Period Coverage, if the named insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the named insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period Coverage.
- J. There is no right to any extended reported period coverage if this policy is cancelled for non payment of premium, non compliance with any of the terms and condition of this policy or for any misrepresentation or omission in the application for this policy.
- K. When an individual nurse anesthetist chooses to change their practice from full time to part time, a conversion charge, equal to 50% of the extended reporting charge, will apply.

**XVIII. PRIOR ACTS COVERAGE (Occurrence only)**

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

- A. The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously provided under a claims made policy,

**COMPANY PAGES**  
**MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION**  
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nor shall limits of liability exceed those of the claims-made policy or the occurrence policy to which the prior acts endorsement shall be applied.

- B. The premium for Prior Acts Coverage is a one time only charge calculated by applying the applicable factor from the table shown below to the \$100,000/300,000 non discounted base rate from the State Rate Page applicable to this policy.
- C. If the limit of liability under this coverage is other than \$100,000/300,000 claims made, premium developed under B above shall be adjusted by the appropriate increased limits factor and occurrence if applicable.
- D. The premium can be charged annually, but calculated in advance:
  - 1. Enter the Table at the appropriate Prior Acts Period; and
  - 2. Apply factor which corresponds to the desired number of years prior acts to the premium calculated above.

<b>Prior Acts Period</b>	<b>1<sup>st</sup> Year</b>	<b>2<sup>nd</sup> Year</b>	<b>3<sup>rd</sup> Year</b>	<b>Prepaid Factors</b>
1 year prior	.36	.19	.10	.62
2 years prior	.48	.25	.14	.82
3 years prior	.51	.27	.15	.88
4 years prior	.53	.28	.15	.90
More than 4 years	.54	.28	.16	.92

- E. The prior acts charge will be waived when the insured chooses to convert an in-force claims-made policy to an occurrence policy subject to the following:
  - 1. No professional liability claims reported during the five years immediately preceding the effective date of occurrence coverage; and
  - 2. Any lapse in professional liability coverage with the Company does not exceed one year; and
  - 3. Payment in full of the applicable annual occurrence renewal premium.

**XIX. RATE MODIFICATIONS**

When a nurse anesthetist qualifies for more than one of the following rate modifications, the modification which results in the largest rate benefit to the nurse anesthetist should typically be applied. It is not the intent for more than one of the following rate modifications to be applied to the same insured during any single policy period.

**A. Employed Coverage**

Individual nurse anesthetists working solely for, or on behalf of their employer, are eligible for restricted coverage, and a rate credit of 33% of their applicable base rate. This credit is not available to entities.

**B. Entity Coverage**

It shall be permissible to provide coverage for eligible entities (sole proprietorship, partnership, corporation, S corporation, professional association or professional corporation) for liability arising from the practice of member nurse anesthetists insured by the Company. Such coverage may be provided either:

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

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1. On a shared limit liability basis with the nurse anesthetist, in which case no additional premium shall be charged; or
2. On a separate limit of liability basis. The limit of liability shall be equal to the highest limits provided to any one individual nurse practitioner. Additional premium shall be 10% of the total developed professional liability premium for each nurse anesthetist.

**C. Locum Tenens**

Coverage may be available to temporarily substitute for an insured nurse anesthetist, at shared limits of liability, for no additional premium charge.

**D. Moonlighting**

Individual nurse anesthetists, who are employed full time and performing their professional services in a non employed capacity less than 1001 hours annually, may be eligible for an exclusion of coverage for their employed activities at a reduced premium.

The credit would be applied as follows:

Up to 500 hours annually in a non employed capacity	65% credit
Up to 1000 hours annually in a non employed capacity	50% credit

**E. Multiple State Practice**

If a nurse anesthetist works in up to four (4) different states during the policy period, rates will be calculated as follows to determine a blended rate:

1. Determine the percentage of practice in each state;
2. Multiply the applicable state rate to the percentage of practice;
3. Add the result to determine the blended rate.

When a nurse anesthetists works in five (5) or more states, or when countrywide coverage is requested by the nurse anesthetist that allows the nurse anesthetist to waive notice to Company regarding state specific practice information, a flat rate will be assessed equal to the highest nurse anesthetist rate the Company has on file in any US jurisdiction.

**F. New Graduate Discount**

An individual nurse anesthetist, who has completed post graduate training within the previous twelve (12) months, and who is first entering full time practice is eligible for a discount as follows:

Year1: 50% credit  
Year2: 25% credit

The above credit does not apply if part time credit is also given.

**G. Part Time**

Individual nurse anesthetists working 20 or fewer hours per week (less than 1001 hours annually) may be eligible for a rate reduction of 50%.

**H. Leave of Absence**

Individual nurse anesthetists who must interrupt their practice but maintain an active license for a period of three (3) to twelve (12) months may be eligible for an 80% premium credit for the interruption period. The reduced rate may be applied retroactively to the first day of practice interruption if the Company is notified within ten (10) days. If the Company is notified

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at a later date, the discount may be applied as of the date the Company receives notice. This credit will not apply to entities.

**I. Slot Rating**

An entity may use multiple nurse anesthetists contiguously to fill a single full time position, 2000 hours or less annually. A slot rate is equivalent to one full time rate. All of the individuals included in a single slot share a common retroactive date and share a single set of limits. A maximum of ten (10) individuals can be named within a single slot.

**J. Schedule Rating**

Based on the following risk characteristics, the maximum debit or credit produced by the addition of the debit and/or credit will not exceed 25%.

	<u>CREDIT</u>	<u>DEBIT</u>
1. Procedure Mix	0 – 25%	0 - 25%
Applicable to insureds whose procedures or practice specialties are primarily concentrated in areas other than their practice classification and/or specialty.		
2. Exposure Modification	0 - 25%	0 - 25%
Applicable to those insureds who have an increased or reduced exposure.		
3. Unusual Risk Characteristics	0 - 25%	0 – 25%

**K. Vicarious Liability**

An individual or entity may be eligible for vicarious professional liability coverage, on a shared limit basis, subject to a rate of 10% - 40% of the policy's professional liability premium.

**L. Surcharges**

A surcharge of the developed premium, before credits and debits, will apply when any of the following practice characteristics are present. The total of all surcharges will not exceed 25%.

1. Non Hospital Setting – A surcharge will apply to any individual or entity when a percentage of professional services are provided in a non hospital setting, as follows:

1% to 25%	10% surcharge
26% to 50%	15% surcharge
51% and greater	25% surcharge

2. High Risk Procedures – A surcharge will apply to any individual or entity when a percentage of the following high risk procedures are performed in a non hospital setting as follows:

Plastic/Cosmetic procedures to 25%	10% surcharge
Plastic/Cosmetic procedures 26% to 50%	15% surcharge
Plastic/Cosmetic procedures exceed 50%	25% surcharge
OB/GYN Services to 50%	15% surcharge
OB/GYN Services exceed 50%	25% surcharge

3. Practice Locations - A surcharge will apply to any individual or entity when professional services are provided in more than a single practice location as follows:

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2 Locations	5% surcharge		5 Locations	20% surcharge
3 Locations	10% surcharge		6 or more locations	25% surcharge
4 Locations	15% surcharge			

4. Designated Recovery Area - A surcharge of 25% will apply to any individual or entity that indicates professional services are provided in a non hospital setting with no designated recovery area.
5. Background Review – A surcharge of 25% will apply to any individual or entity that indicates a history of license or certification issues, claims experience or chemical/substance abuse.

**M. Convertible Option Rating Plan**

Insured shall be provided this option, subject to underwriting guidelines, to convert from standard claims-made to occurrence coverage. The insured shall be eligible for conversion after the following conditions have been met:

1. Payment to the company of the applicable premium for a minimum of two claims-made policies.
2. Achieve two years of continuous claims-made coverage under this plan with no claims\* attributed to the insured.

\* A claim under this plan shall not be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.

At the time the aforementioned conditions are met, and the insured elects to purchase occurrence coverage, the Company will issue an extension contract, covering services subsequent to the retroactive date and prior to the expiration of the claims-made policy, and will waive any premium that would normally be due for such extension.

The applicable premium under this plan shall be equal to the 100% of the manual occurrence premium that would otherwise be derived for the insured under this program. Should the insured be unable to meet the conditions for conversion, the insured may elect to purchase an extension contract subject to policy provisions. Refer to section XVII (Extended Reporting Period) to determine the applicable premium.

**N. Safe Practice Credit**

Individual nurse anesthetists will be eligible for a 5% credit when electing not to reuse needles, syringes or any parenteral device or supply used to inject medication or administer substance in contravention of the manufacturer's instruction or pertinent guidelines promulgated by the Center for Disease Control and Prevention or other state or federal agency or governmental authority.

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## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Consulting Authorization		
<b>Bypass Reason:</b> No third party		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Actuarial Certification (P&C)		
<b>Comments:</b>		
<b>Attachment:</b> DC Certification Form 2010.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		
<b>Comments:</b>		
<b>Attachments:</b> CRNA Actuarial Memo 2010.pdf Company Pages Marked copy.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> District of Columbia and Countrywide Loss Ratio Analysis (P&C)		
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		

# DISTRICT OF COLUMBIA

## DEPARTMENT OF INSURANCE SECURITIES & BANKING

### INSURANCE RATE AND RULE FILING CERTIFICATION

A. Name of company or rating organization and mailing address  
American Casualty Company of Reading, PA  
CNA Insurance Companies, 333 S. Wabash Ave.  
Chicago, IL 60604

B. Date of Filing 10/8/2010

C. Line of Business 11.0 Proposed Effective Date 12/1/2010

Notes: N/A A Premium Survey Form must be attached to every private passenger auto filing  
X All information shall be for the District of Columbia only, unless otherwise specified  
X Provide a filing memorandum which fully states the purpose of the filing

D. Is this an independent filing Yes or a "me too" filing \_\_\_\_\_ or a filing related to the approved filing of a rating organization \_\_\_\_\_?

If not an independent filing, specify approval date and reference number (if applicable) of the related filing

E. List all rate level changes for the District of Columbia policies for the last five years:

<u>Effective Date</u>	<u>Overall Rate Level Change</u>
<u>8/15/2007</u>	<u>3.00%</u>
<u>8/15/2006</u>	<u>3.00%</u>
<u>8/1/2005</u>	<u>6.0%</u>
_____	_____
_____	_____

F. Show the change in the number of policies in force in the District of Columbia over the last five years:

## Mandatory

Number of Policies in Force (as December 31st)

	Voluntary		Assigned Risk	Grand Total	Percent Growth
	<u>New</u>	<u>Renewal</u>			
5th Prior Year	<u>11</u>	<u>4</u>	<u>0</u>	<u>15</u>	<u>xxxx</u>
4th Prior Year	<u>4</u>	<u>10</u>	<u>0</u>	<u>14</u>	<u>-6.7%</u>
3rd Prior Year	<u>3</u>	<u>7</u>	<u>0</u>	<u>10</u>	<u>-28.6%</u>
2nd Prior Year	<u>4</u>	<u>7</u>	<u>0</u>	<u>11</u>	<u>10.0%</u>
1st Prior Year	<u>5</u>	<u>7</u>	<u>0</u>	<u>12</u>	<u>9.1%</u>

- G. Show the maximum and minimum rate level effect of this filing by coverage. These effects shall illustrate the maximum increase (or smallest decrease) and minimum increase (or largest decrease), which will result to any one insured from the proposed changes to rates and/or rating factors.

The calculation of these effects shall be: the proposed change in the base rate, times the maximum (or minimum) change to each rating factor affecting coverage.

Percentage Minimum	Rate Level Maximum	Changes
N/A	N/A	N/A
_____	_____	_____
_____	_____	_____
_____	_____	_____

- H. Please provide information on the actuarial supporting data:

(1)	Calendar Year	_____	Basic Limits	_____
	Accident Year	_____	Total Limits	_____
	Policy year	N/A		
	Other (Specify)	_____		

If total limits data has been provided, specify the part of the filing that illustrates how large losses have been considered.

[We have not provided loss support because we consider this a rule change and not a rating change.](#)

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- (2) All rate filings shall mathematically consider investment income, pursuant to D.C. Code Section 31-2703(6), 2001 Edition (as amended).  
Specify the part of the filing which mathematically determines investment income:

[We have not provided loss support because we consider this a rule change and not a rating change.](#)

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- (3) Please provide a chart showing the number of earned exposures for each coverage and each year of experience.

Coverage is not applicable for this product. Please see the earned exposures ( ) below:

	<u>policy counts</u>	<u>Written Premium</u>
2005	11	17,719
2006	15	26,336
2007	12	33,001
2008	11	22,244
2009	12	23,896

- (4) Please provide a chart showing the actual written premium by coverage, which was used to calculate the overall percentage rate change.

[Not applicable because there is no rate change. Written premium is shown above.](#)

I. The following data for the District of Columbia should be submitted from page 15 of the Annual Statement for the most recent two years.

<u>Coverage</u>	<u>Most Recent Year (2009 )</u>			
	<u>Direct Premium</u>		<u>Direct Losses</u>	
	<u>Written</u>	<u>Earned</u>	<u>Paid</u>	<u>Incurred</u>
Medical Malpractice	<u>275,766</u>	<u>246,518</u>	<u>57,625</u>	<u>-88,851</u>

<u>Coverage</u>	<u>Prior Year (2008 )</u>			
	<u>Direct Premium</u>		<u>Direct Losses</u>	
	<u>Written</u>	<u>Earned</u>	<u>Paid</u>	<u>Incurred</u>
Medical Malpractice	<u>224,724</u>	<u>23,953</u>	<u>0</u>	<u>-1,983,129</u>

Most Recent Year (2009 )

Underwriting Income/Earned Premium 81.96%

As an authorized representative of the Company or rating organization, I hereby certify that to the best of my knowledge and belief the attached filing complies with all applicable laws, regulations and bulletins of the District of Columbia.

Jennifer Kowall, FCAS  
 NAME OF AUTHORIZED REPRESENTATIVE

*Jennifer Kowall*  
 SIGNATURE (REQUIRED)

Actuarial Manager, Healthpro Pricing  
 TITLE

312/822-2188  
 TELEPHONE NUMBER

Jennifer.Kowall@cna.com  
 E-MAIL ADDRESS

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

Actuarial Memorandum  
2010 Filing

American Casualty Company of Reading, Pennsylvania (“CNA”) proposes the following changes to the Nurse Anesthetist Professional Liability Program (“the Program”) in order to remain market competitive.

These changes will not result in a **rate impact**.

- Page 5, section XVIII - E (Prior Acts Coverage):

This subsection is added to offer prior acts coverage to qualifying insureds who wish to switch from a claims-made policy to an occurrence policy at no additional charge.

- Page 8, section XIX – M (Rate Modifications):

We are adding a convertible option rating plan for those insureds who wish to switch from claims-made to occurrence coverage but do not qualify for the rule added on page 5, section XVIII – E. This section is identical to a previously approved competitor filing from The Medical Protective Company, Fort Wayne Indiana.

- Page 8, section XIX – N (Rate Modifications):

This safe practices credit is new. The 5% optional credit is identical to a previously approved competitor filing from The Medical Protective Company, Fort Wayne Indiana. When selected, form GSL21566XX will be attached.

The proposed countrywide rate manual has been attached. It is dated 09/2010.

Actuarial Contact Information:

Jennifer Kowall, FCAS  
312-822-2188  
Jennifer.Kowall@CNA.com

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

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**I. APPLICATION OF MANUAL RULES**

- A. The rules contained in these pages shall govern the writing of professional liability policies for Certified Registered Nurse Anesthetists, CRNA, or nurse anesthetist.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, shall govern in all cases not specifically provided for herein.

**II. POLICY TERM**

Policies may be written for a term of one year, and renewed annually thereafter.

**III. PREMIUM COMPUTATION**

- A. Compute the premium at policy inception using the rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Prorate the premium when a policy is issued for other than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

**IV. FACTORS OR MULTIPLIERS**

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

**V. WHOLE DOLLAR RULE**

In the event the rating procedure does not result in a whole dollar:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

**VI. ADDITIONAL PREMIUM CHARGES**

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

**VII. RETURN PREMIUM**

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

**VIII. PREMIUM PAYMENT PLAN**

The Company may, at its discretion, offer to the named insured various premium payment options, ranging from monthly to annual payment plans. Some of the premium payment plans may result in a service fee.

**IX. POLICY CANCELLATIONS**

Return premium will be computed pro-rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period.

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**X. COVERAGE**

The following describes coverage that will be provided:

- A. Professional Liability on an occurrence or claims-made basis;
- B. Disciplinary Hearing or Proceedings reimbursement for legal defense costs, wage loss, travel, food and lodging;
- C. Defendant Expense Benefit; including wage loss, travel, food and lodging reimbursement; and
- D. Deposition Representation; for attorney fees.

**XI. BASIC LIMITS OF LIABILITY**

The basic limits of liability for individual nurse anesthetists are described below. When eligible, professional liability limits can be increased applying an increased limit factor, listed separately in these pages. The disciplinary hearings & proceedings, defendant expense benefit and deposition representation limits of liability are not subject to increase, and are as follows:

Coverage	Limits of Liability	
Professional Liability	\$ 100,000 each claim	\$ 300,000 aggregate
Disciplinary Hearings & Proceedings	\$ 10,000 per proceeding	\$ 25,000 aggregate
Defendant Expense Benefit	\$	\$ 10,000 aggregate
Deposition Representation	\$ 2,500 per deposition	\$ 5,000 aggregate

**XII. INCREASED LIMITS OF PROFESSIONAL LIABILITY**

Professional Liability base rates are derived using the claims made \$100,000/\$300,000 rate. When higher limits are requested, and available, the following factors will be applied to the base rate:

Limits of Liability	Increased Limit Factor
\$100,000/\$300,000	1.00
\$200,000/\$600,000	1.26
\$250,000/\$750,000	1.37
\$500,000/\$1,000,000	1.74
\$1,000,000/\$1,000,000	2.06
\$1,000,000/\$3,000,000	2.17
\$1,000,000/\$5,000,000	2.24

**XIII. RESTRICTIONS OF COVERAGE OR INCREASED RATE**

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

**XIV. CALCULATION OF CLAIMS-MADE PREMIUM**

- A. The annual claims made base rate for each nurse anesthetist is stated on the applicable State Rate page.

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- B. The claims made step factor for each nurse anesthetist shall be determined as follows:
1. If the nurse anesthetist is just entering practice, or the nurse anesthetist has continuously been insured under an occurrence policy, enter the step rate factor from the table at the year one (1) level.
  2. If the nurse anesthetist has been insured under a claims-made policy, for one or more years immediately preceding the effective date of this coverage, or for reasons acceptable to the Company, had been uninsured, the following procedure shall apply:
    - a. determine the number of years in which the nurse anesthetist was covered under such claims-made policy(ies);
    - b. determine the number of years in which the nurse anesthetist was uninsured;
    - c. the sum of years developed in a. and b. shall be the base exposure. Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;
    - d. the sum of years developed in c. above shall be the Years of Prior Exposure. The table is entered at the total prior Years of Exposure, plus one.

The factors in the following table shall be applied to the full time rate, found on the State Page:

<b>Step Rate Factors</b>				
Year 1	Year 2	Year 3	Year 4	Year 5
.55	.80	.95	.99	1.00

- C. Claims made premium is the result of (claims made base rate) X (increased limit factor) X (Step Rate Factor).

**XV. CALCULATION OF OCCURRENCE PREMIUM**

- A. The claims made annual base rate for each nurse anesthetist is stated on the applicable State Rate Page.
- B. A factor of **1.02** will be applied to the claims made rate to derive an occurrence rate when the occurrence coverage form is used.
- C. Occurrence premium is the result of (claims made base rate) X (increased limit factor) X (1.02).

**XVI. ISO CLASSIFICATION CODES**

Medical Specialty: Certified Registered Nurse Anesthetist  
 Specialty Code: 80960

**XVII. EXTENDED REPORTING PERIOD COVERAGE (Claims Made Only)**

If this policy is cancelled or non-renewed and subject to the following provisions, an extension period, for the purpose of reporting a claim, will be provided automatically for 60 days, and may be extended beyond that as governed by the following rules:

- A. The limits of liability may not exceed those afforded under the terminating policy.
- B. Extended Reporting Period Coverage will be available to the named insured shown on the certificate of insurance.

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- C. Should the named insured terminate coverage under this policy, and desire Extended Reporting Period Coverage beyond the automatic 60 days, notice must be given to the Company, along with payment of the applicable premium, within 60 days.
- D. The factor of **1.00** will be applied to the claims made rate in effect at the beginning of the current policy period to determine the ERP charge.
- E. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.
- F. Upon termination of coverage under this policy by reason of disability by the named insured, Extended Reporting Period Coverage will be granted for no additional charge provided that, during the policy period, total and permanent disability occurs.
- F. Upon termination of coverage under this policy by reason of retirement, the named insured will be granted ERP at a discounted rate, subject to the ERP provisions of this policy and per the following schedule, provided that during the policy period, the named insured:
  - 1. retires; and
  - 2. is 55 years of age or older and has been consecutively insured by this Company for at least 1 year of claims-made coverage

<b>Consecutive Years of Coverage</b>	<b>Discount</b>
1	20%
2	40%
3	60%
4	80%
5	FREE

- G. The prior acts date of coverage with this Company will determine the years of prior exposure for Extended Reporting Period Coverage.
- H. Premium must be paid promptly when due.
- I. In the event the policy is canceled, any return premium due the named insured shall be credited toward the premium for Extended Reporting Period Coverage, if the named insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the named insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period Coverage.
- J. There is no right to any extended reported period coverage if this policy is cancelled for non payment of premium, non compliance with any of the terms and condition of this policy or for any misrepresentation or omission in the application for this policy.
- K. When an individual nurse anesthetist chooses to change their practice from full time to part time, a conversion charge, equal to 50% of the extended reporting charge, will apply.

**XVIII. PRIOR ACTS COVERAGE (Occurrence only)**

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

- A. The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously provided under a claims made policy,

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nor shall limits of liability exceed those of the claims-made policy or the occurrence policy to which the prior acts endorsement shall be applied.

- B. The premium for Prior Acts Coverage is a one time only charge calculated by applying the applicable factor from the table shown below to the \$100,000/300,000 non discounted base rate from the State Rate Page applicable to this policy.
- C. If the limit of liability under this coverage is other than \$100,000/300,000 claims made, premium developed under B above shall be adjusted by the appropriate increased limits factor and occurrence if applicable.
- D. The premium can be charged annually, but calculated in advance:
  - 1. Enter the Table at the appropriate Prior Acts Period; and
  - 2. Apply factor which corresponds to the desired number of years prior acts to the premium calculated above.

Prior Acts Period	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	Prepaid Factors
1 year prior	.36	.19	.10	.62
2 years prior	.48	.25	.14	.82
3 years prior	.51	.27	.15	.88
4 years prior	.53	.28	.15	.90
More than 4 years	.54	.28	.16	.92

- E. The prior acts charge will be waived when the insured chooses to convert an in-force claims-made policy to an occurrence policy subject to the following:
  - 1. No professional liability claims reported during the five years immediately preceding the effective date of occurrence coverage; and
  - 2. Any lapse in professional liability coverage with the Company does not exceed one year; and
  - 3. Payment in full of the applicable annual occurrence renewal premium.

**XIX. RATE MODIFICATIONS**

When a nurse anesthetist qualifies for more than one of the following rate modifications, the modification which results in the largest rate benefit to the nurse anesthetist should typically be applied. It is not the intent for more than one of the following rate modifications to be applied to the same insured during any single policy period.

**A. Employed Coverage**

Individual nurse anesthetists working solely for, or on behalf of their employer, are eligible for restricted coverage, and a rate credit of 33% of their applicable base rate. This credit is not available to entities.

**B. Entity Coverage**

It shall be permissible to provide coverage for eligible entities (sole proprietorship, partnership, corporation, S corporation, professional association or professional corporation) for liability arising from the practice of member nurse anesthetists insured by the Company. Such coverage may be provided either:

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1. On a shared limit liability basis with the nurse anesthetist, in which case no additional premium shall be charged; or
2. On a separate limit of liability basis. The limit of liability shall be equal to the highest limits provided to any one individual nurse practitioner. Additional premium shall be 10% of the total developed professional liability premium for each nurse anesthetist.

**C. Locum Tenens**

Coverage may be available to temporarily substitute for an insured nurse anesthetist, at shared limits of liability-, for no additional premium charge.

**D. Moonlighting**

Individual nurse anesthetists, who are employed full time and performing their professional services in a non employed capacity less than 1001 hours annually, may be eligible for an exclusion of coverage for their employed activities at a reduced premium.

The credit would be applied as follows:

Up to 500 hours annually in a non employed capacity	65% credit
Up to 1000 hours annually in a non employed capacity	50% credit

**E. Multiple State Practice**

If a nurse anesthetist works in up to ~~three (3)~~four (4) different states during the policy period, rates will be calculated as follows to determine a blended rate:

1. Determine the percentage of practice in each state;
2. Multiply the applicable state rate to the percentage of practice;
3. Add the result to determine the blended rate.

When a nurse anesthetists works in ~~four (4)~~five (5) or more states, ~~determine the blended rate as describe above. The remaining percentage should be multiplied~~ or when countrywide coverage is requested by the highest rate of all states in which the nurse anesthetist practices. This result should be added to the blended rated determined above to calculate a total base rate for this that allows the nurse anesthetist to waive notice to Company regarding state specific practice information, a flat rate will be assessed equal to the highest nurse anesthetist rate the Company has on file in any US jurisdiction.

**F. New Graduate Discount**

An individual nurse anesthetist, who has completed post graduate training within the previous twelve (12) months, and who is first entering full time practice is eligible for a discount as follows:

Year1: 50% credit  
Year2: 25% credit

The above credit does not apply if part time credit is also given.

**G. Part Time**

Individual nurse anesthetists working 20 or fewer hours per week (less than 1001 hours annually) may be eligible for a rate reduction of 50%.

**H. Leave of Absence**

Individual nurse anesthetists who must interrupt their practice but maintain an active license for a period of three (3) to twelve (12) months may be eligible for an 80% premium credit for

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the interruption period. The reduced rate may be applied retroactively to the first day of practice interruption if the Company is notified within ten (10) days. If the Company is notified at a later date, the discount may be applied as of the date the Company receives notice. This credit will not apply to entities.

**I. Slot Rating**

An entity may use multiple nurse anesthetists contiguously to fill a single full time position, 2000 hours or less annually. A slot rate is equivalent to one full time rate. All of the individuals included in a single slot share a common retroactive date and share a single set of limits. A maximum of ten (10) individuals can be named within a single slot.

**J. Schedule Rating**

Based on the following risk characteristics, the maximum debit or credit produced by the addition of the debit and/or credit will not exceed 25%.

	<u>CREDIT</u>	<u>DEBIT</u>
1. Procedure Mix	0 – 25%	0 - 25%
Applicable to insureds whose procedures or practice specialties are primarily concentrated in areas other than their practice classification and/or specialty.		
2. Exposure Modification	0 - 25%	0 - 25%
Applicable to those insureds who have an increased or reduced exposure.		
3. Unusual Risk Characteristics	0 - 25%	0 – 25%

**K. Vicarious Liability**

An individual or entity may be eligible for vicarious professional liability coverage, on a shared limit basis, subject to a rate of 10% - 40% of the policy's professional liability premium.

**L. Surcharges**

A surcharge of the developed premium, before credits and debits, will apply when any of the following practice characteristics are present. The total of all surcharges will not exceed 25%.

1. Non Hospital Setting – A surcharge will apply to any individual or entity when a percentage of professional services are provided in a non hospital setting, as follows:

1% to 25%	10% surcharge
26% to 50%	15% surcharge
51% and greater	25% surcharge

2. High Risk Procedures – A surcharge will apply to any individual or entity when a percentage of the following high risk procedures are performed in a non hospital setting as follows:

Plastic/Cosmetic procedures to 25%	10% surcharge
Plastic/Cosmetic procedures 26% to 50%	15% surcharge
Plastic/Cosmetic procedures exceed 50%	25% surcharge
OB/GYN Services to 50%	15% surcharge
OB/GYN Services exceed 50%	25% surcharge

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3. Practice Locations - A surcharge will apply to any individual or entity when professional services are provided in more than a single practice location as follows:

2 Locations	5% surcharge		5 Locations	20% surcharge
3 Locations	10% surcharge		6 or more locations	25% surcharge
4 Locations	15% surcharge			

4. Designated Recovery Area - A surcharge of 25% will apply to any individual or entity that indicates professional services are provided in a non hospital setting with no designated recovery area.
5. Background Review – A surcharge of 25% will apply to any individual or entity that indicates a history of license or certification issues, claims experience or chemical/substance abuse.

**M. Convertible Option Rating Plan**

Insured shall be provided this option, subject to underwriting guidelines, to convert from standard claims-made to occurrence coverage. The insured shall be eligible for conversion after the following conditions have been met:

1. Payment to the company of the applicable premium for a minimum of two claims-made policies.
2. Achieve two years of continuous claims-made coverage under this plan with no claims\* attributed to the insured.

\* A claim under this plan shall not be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.

At the time the aforementioned conditions are met, and the insured elects to purchase occurrence coverage, the Company will issue an extension contract, covering services subsequent to the retroactive date and prior to the expiration of the claims-made policy, and will waive any premium that would normally be due for such extension.

The applicable premium under this plan shall be equal to the 100% of the manual occurrence premium that would otherwise be derived for the insured under this program. Should the insured be unable to meet the conditions for conversion, the insured may elect to purchase an extension contract subject to policy provisions. Refer to section XVII (Extended Reporting Period) to determine the applicable premium.

**N. Safe Practice Credit**

Individual nurse anesthetists will be eligible for a 5% credit when electing not to reuse needles, syringes or any parenteral device or supply used to inject medication or administer substance in contravention of the manufacturer's instruction or pertinent guidelines promulgated by the Center for Disease Control and Prevention or other state or federal agency or governmental authority.