# Filing at a Glance

Company: The Doctors Company, an Interinsurance Exchange

Product Name: Physicians, Surgeons and Ancillary Healthcare Providers Professional Liability Insurance Program

SERFF Tr Num: DCTR-125460884

State: District of Columbia

TOI: 11.1 Medical Malpractice - Claims Made Only

SERFF Status: Closed-APPROVED

State Tr Num:

Sub-TOI: 11.1000 Med Mal Sub-TOI Combinations

Co Tr Num: 2008-DC-01

State Status:

Filing Type: Rate/Rule

Reviewer(s): Robert Nkojo

Author: Michael O'Donohue

Disposition Date: 05/12/2008

Date Submitted: 02/28/2008

Disposition Status: APPROVED

Effective Date Requested (New): 06/01/2008

Effective Date (New):

Effective Date Requested (Renewal): 06/01/2008

Effective Date (Renewal):

State Filing Description:

# General Information

Project Name: District of Columbia Rate and Rule Revision

Status of Filing in Domicile: Not Filed

Project Number:

Domicile Status Comments: rates and rules vary by state/jurisdiction

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 05/12/2008

State Status Changed:

Deemer Date:

Created By: Michael O'Donohue

Submitted By: Michael O'Donohue

Corresponding Filing Tracking Number:

Filing Description:

THE DOCTORS COMPANY, AN INTERINSURANCE EXCHANGE
PHYSICIANS, SURGEONS AND ANCILLARY HEALTHCARE PROVIDERS PROFESSIONAL LIABILITY INSURANCE PROGRAM
RATE AND RULE REVISION

We are submitting a rate and rule revision. Based on TDC’s current book of business, the overall rate level impact of this

revision for all specialties combined is -1.8% This revision consists of the following changes:

1) various changes have been made to manual rates for all specialties (See Pages 17 and 18 of Rules and Rates Manual)
2) manual rates for General Surgery (Bariatric) and Orthopedic Surgery (With Spinal) have been introduced (See Page 17 of Rules and Rates Manual)
3) prep discounts have been revised (See Page 2 of Rules and Rates Manual)
4) rate relativities for ancillaries have been reduced (See Pages 4-7 of Rules and Rates Manual)
5) vicarious liability coverage charges have been clarified (See Pages 4-7 of Rules and Rates Manual)
6) shared business entity coverage premium charge has been reduced from 4% to 2% (See Page 7 of Rules and Rates Manual)
7) separate limits business entity coverage premium charge has been reduced from 15% to 10% (See Page 7 of Rules and Rates Manual)
8) claims-free discount for various surgical specialties has been increased from 10% to 17.5% (See Page 8 of Rules and Rates Manual)
9) claims-free discount for all other specialties has been increased from 10% to 12.5% (See Page 8 of Rules and Rates Manual)
10) group size discounts have been eliminated (See Page 8 of Rules and Rates Manual)

We have also enclosed an Actuarial Memorandum that provides support for this revision. For your convenience, we have enclosed a "side-by side" comparison of our current and revised rates and rules.

## Company and Contact

### Filing Contact Information

Michael O'Donohue, Vice President-Regulatory Compliance
modonohue@thedoctors.com
185 Greenwood Road
P. O. Box 2900
Napa, CA 94558
800-421-2368 [Phone] 1318 [Ext]
707-226-0162 [FAX]

### Filing Company Information

| | | |
|---|---|---|
| The Doctors Company, an Interinsurance Exchange | CoCode: 34495 | State of Domicile: California |
| 185 Greenwood Road | Group Code: 831 | Company Type: Property & Casualty |
| P.O. Box 2900 | Group Name: Doctors Company | State ID Number: |

Insurance
Napa, CA 94558 FEIN Number: 95-3014772
(800) 421-2368 ext. 1318[Phone]

---------

## Filing Fees

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

# Correspondence Summary

### Dispositions

| Status | Created By | Created On | Date Submitted |
|---|---|---|---|
| APPROVED | Robert Nkojo | 05/12/2008 | 05/12/2008 |

# Disposition

Disposition Date: 05/12/2008
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): |
|---|---|---|---|---|---|---|---|
| The Doctors Company, an Interinsurance Exchange | -1.800% | -1.800% | $22,621 | 44 | $1,256,708 | 13.600% | -15.700% |

**Percent Change Approved:**

| **Minimum:** | % | **Maximum:** | % | **Weighted Average:** | % |
|---|---|---|---|---|---|

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

## Rate Information

Rate data applies to filing.

| | |
|---|---|
| **Filing Method:** | File and Use |
| **Rate Change Type:** | Decrease |
| **Overall Percentage of Last Rate Revision:** | 9.500% |
| **Effective Date of Last Rate Revision:** | 11/01/2004 |
| **Filing Method of Last Filing:** | File and Use |

### Company Rate Information

| Company Name: | Company Rate Change: | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | # of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where required): | Minimum % Change (where required): |
|---|---|---|---|---|---|---|---|---|
| The Doctors Company, an Interinsurance Exchange | N/A | -1.800% | -1.800% | $22,621 | 44 | $1,256,708 | 13.600% | -15.700% |

## Rate/Rule Schedule

| Schedule Item Status: | Exhibit Name: | Rule # or Page #: | Rate Action | Previous State Filing Number: | Attachments |
|---|---|---|---|---|---|
| | Rules and Rates Manual | Pages 1-18 (6/08) | Replacement | 2005-DC-MPL03 | Rules and Rates Manual-DC 6-08.pdf<br>Rules and Rates Manual-DC 6-08-changes.pdf |

**THE DOCTORS COMPANY**
**PHYSICIANS, SURGEONS AND ANCILLARY HEALTHCARE PROVIDERS**
**RULES AND RATES MANUAL**

**DISTRICT OF COLUMBIA**

**TABLE OF CONTENTS**


I. CLASSIFICATION

A. Rate
B. Year/State/Area
C. Limits of Liability
D. Prior Acts Coverage
E. Ancillaries
F. Business Entity Coverage Charge

II. DISCOUNTS

A. Discount Programs
B. "Slot" Positions

III. GENERAL RULES

A. Locum Tenens
B. Suspension of Insurance Coverage
C. Changes
D. Cancellation/Nonrenewal and Reinstatement
E. Extended Reporting Period Coverage
F. Imposed Surcharges
G. Sizable Risk Rating
H. MediGuard Coverage

IV. SCHEDULE RATING PLAN

V. MANUAL RATES

# I. CLASSIFICATION

## A. RATE

An insured is rated full-time, part-time or prep.

A part-time discount is available to insureds that practice less than full-time. The discount is either 50% or 75% depending on the number of hours or days worked per year. A 50% part-time discount is available to insureds that who work 20 hours or less per week or who work 26 weeks or less per year. A 75% "limited" part-time discount is available to those insureds that work 10 hours or less per week. The "limited" part-time discount shall not apply to any policy that does not include at least one full-time or part-time (excluding "limited" part-time) insured. Surgical specialties are not eligible for part-time or "limited" part time discounts.

For an Anesthesiologist to be eligible for the part-time discount, no more than 15 hours per week may be billable. Anesthesiologists are not eligible for a "limited' part time discount.

A discounted prep rate is available to those physicians entering private practice for the first time who purchase a claims-made policy within two (2) years upon completing an internship program, fellowship program, residency program or military service. The applicable prep discount is based on the number of years since the physician completed the program or service as follows:

50% - less than 1 year
25% - 1 year to less than 2 years
0% - 2 years or greater

Coverage for auxiliary physicians may be provided on an hourly basis. The hourly rate is determined by the application of the factor .000625 to the applicable medical specialty rate.

## B. YEAR/STATE/AREA

The number of years of claims-made coverage is calculated from the effective date with The Doctors Company (the Company) or, in the case of prior acts coverage, the retroactive date.

Physician professional liability rates differ by state, territory within state, limits of liability and specialty. See Section V-Manual Rates of this Rules and Rates Manual.

Maturation is the process of the policy aging, which is reflected in the premium rates. The policy attains maturity through premium increases occurring on the anniversary of the retroactive date. The policy is mature upon the completion of five consecutive years of claims-made coverage.

The claims-made maturity factors are as follows:

| Claims-Made Maturity Year | "Incident" Basis Factor | "Demand" Basis Factor |
|---|---|---|
| 1 | 0.35 | 0.21 |
| 2 | 0.60 | 0.45 |
| 3 | 0.80 | 0.72 |
| 4 | 0.92 | 0.88 |
| 5 | 1.000 | 1.000 |

## C. LIMITS OF LIABILITY

For all specialties except Chiropractic, the minimum limits of liability provided shall be $500,000 per claim/$1,500,000 annual aggregate. The following increased limits factors apply:

| Limits of Liability | Factor | Limits of Liability | Factor |
|---|---|---|---|
| .5M/1.5M | 0.810 | 6M/9M | 1.798 |
| 1M/3M | 1.000 | 7M/10M | 1.843 |
| 2M/5M | 1.350 | 8M/11M | 1.884 |
| 3M/6M | 1.554 | 9M/12M | 1.916 |
| 4M/7M | 1.673 | 10M/13M | 1.946 |
| 5M/8M | 1.742 | 11M/14M | 1.976 |

For Chiropractic only, the following increased limits factors apply. The minimum limits of liability provided shall be $100,000 per claim/$300,000 annual aggregate.

| Limits of Liability | Factor | Limits of Liability | Factor |
|---|---|---|---|
| .1M/.3M | 0.526 | 5M/8M | 1.742 |
| .2M/.6M | 0.684 | 6M/9M | 1.798 |
| .25M/.75M | 0.737 | 7M/10M | 1.843 |
| .5M/1.5M | 0.842 | 8M/11M | 1.884 |
| 1M/3M | 1.000 | 9M/12M | 1.916 |
| 2M/5M | 1.350 | 10M/13M | 1.946 |
| 3M/6M | 1.554 | 11M/14M | 1.976 |
| 4M/7M | 1.673 | | |

For each $1,000,000 increase in the annual aggregate limit, add 0.005 to the applicable increased limits factor.

For each $1,000,000 decrease in the annual aggregate limit, subtract 0.005 from the appropriate increased limits factor.

## D. PRIOR ACTS COVERAGE

Prior Acts Coverage (Retroactive Coverage) insures protected parties against claims for acts or omissions during the time a previous "claims-made" policy(ies) was in force. It provides coverage for those claims unreported from the initial coverage date on which the other policy(ies) began to the date the current policy became effective with the Company. Coverage will therefore be continuous. Once established, the retroactive coverage date can only be advanced at the request or written knowledge of the Named Insured. In calculating the premium, maturity is dated from the initial retroactive coverage date of the other policy(ies).

The Company requires that any claim is first reported during the policy period as stated on the Coverage Summary; that the claim and the professional services are within the coverage of the policy and not excluded by it; and that the amount paid does not exceed the Company claim aggregate limits of liability applicable to the Named Insured.

## E. ANCILLARIES

Ancillaries include (but are not limited to) Anesthesiologist Assistants, Nurses, Technicians, Physical Therapists, Perfusionists and Psychologists. These ancillaries share limits with a Named Insured. Coverage is provided at no additional charge, except for the following ratable ancillaries:

Physician Assistants
Surgeon Assistants
Certified Nurse Practitioners
Certified Nurse Midwifes
Certified Registered Nurse Anesthetists
Optometrists

1. Rating Options for Physician Assistants (PA), Surgeon Assistants (SA) and Certified Nurse Practitioners (NP)

   The Company insures PAs, SAs and NPs when employed by or independently contracting with a Named Insured. Coverage may be provided under the policy of the Named Insured in the following ways:

   a. Employed PA, SA or NP with a separate set of limits of liability

      Rate: Nurse Practitioner/Physician Assistant/Surgeon Assistant
      (Specialty Code NUR01/PHA01/SRA01)
      19% of Family/General Practice-No Surgery Rate

   b. Employed PA, SA or NP as a Protected Party

      This option provides that the PA, SA or NP share the limits of liability with the Named Insured physician.

      Rate: 25% less than the rate charged for NUR01/PHA01/SRA01
      (Specialty Code NUR02/PHA02/SRA02)

   c. Independent Contractor (Vicarious Liability Coverage for supervising Named Insured physician only)

      This option provides Vicarious Liability Coverage not to the PA, SA or NP but to a Named Insured physician for supervisory responsibilities.

      Rate: 10% of Internal Medicine Rate

2. Rating Options for Certified Nurse Midwives (CNM)

   The Company insures CNMs when employed by or independently contracting with a Named Insured. Coverage may be provided under the policy of a Named Insured in the following ways:

   a. Employed CNM with a separate set of limits of liability (Direct Supervision)

      This option provides the CNM with a separate set of limits of liability. Professional

services connected with labor and/or delivery are covered only when under the direct physical supervision and control of a Named Insured physician.

Rate: CNM- Direct Supervision (Specialty Code CNM01)
11% of Obstetrics/Gynecology Rate

b. Employed CNM with a separate set of limits of liability (Indirect Supervision)

This option provides the CNM with a separate set of limits of liability. Professional services connected with labor and/or delivery not under the direct physical supervision and control of a Named Insured physician are covered.

Rate: CNM - Indirect Supervision (Specialty Code CNM02)
22% of Obstetrics/Gynecology Rate

c. Employed CNM as a Protected Party (Direct Supervision)

This option provides that the CNM share the limits of liability with the Named Insured physician. Professional services connected with labor and/or delivery are covered only when under the direct physical supervision and control of the Named Insured physician.

Rate: CNM - Direct Supervision (Specialty Code CNM03)
25% less than the rate charged for CNM01

d. Employed CNM as a Protected Party (Indirect Supervision)

This option provides that the CNM share the limits of liability with the Named Insured physician. Professional services connected with labor and/or delivery not under the direct physical supervision and control of the Named Insured physician are covered.

Rate: CNM - Indirect Supervision (Specialty Code CNM04)
25% less than the rate charged for CNM02

e. Independent Contractor (Vicarious Liability Coverage for supervising Named Insured physician only)

This option provides Vicarious Liability Coverage not to the CMN but to a Named Insured physician for supervisory responsibilities. .

Rate: 10% of Obstetrics & Gynecology Rate

3. Rating Options for Certified Registered Nurse Anesthetists (CRNA)

The Company insures CRNAs when employed by or independently contracting with a Named

Insured. Coverage will be provided under the policy of a Named Insured in the following ways:

a. Employed or independent contractor CRNA supervised by an Anesthesiologist with a separate set of limits of liability

This option provides the CRNA with a separate set of limits and includes coverage for professional services rendered at a location supervised by a Named Insured Anesthesiologist or the Named Insured's Anesthesiology group.

Rate: CRNA - Supervised by an Anesthesiologist (Specialty Code ANE02)
19% of Anesthesiology Rate

b. Employed or independent contractor CRNA supervised by a Surgeon other than an Anesthesiologist with a separate set of limits of liability

This option provides the CRNA with a separate set of limits and includes professional services rendered at a location supervised by the Named Insured Surgeon or the Named Insured's Surgical Group.

Rate: CRNA - Supervised by a Surgeon (Specialty Code ANE03)
34% of Anesthesiology Rate

c. Employed CRNA as a Protected Party

This option provides that the CRNA share the limits of liability with the Named Insured Anesthesiologist and includes coverage for professional services rendered at a location supervised by a Named Insured Anesthesiologist or the Named Insured's Anesthesiology Group.

Rate: CRNA - Supervised by an Anesthesiologist (Specialty Code ANE04)
25% less than the rate charged for ANE02

d. Employed CRNA as a Protected Party

This option provides that the CRNA share the limits of liability with the Named Insured Surgeon and includes coverage for professional services rendered at a location supervised by a Named Insured Surgeon or the Named Insured's Surgical Group.

Rate: CRNA - Supervised by a Surgeon (Specialty Code ANES05)
25% less than the rate charged for ANES03

e. Independent Contractor (Vicarious Liability Coverage for supervising Named Insured physician only)

This option provides Vicarious Liability Coverage not to the CRNA but to the Named Insured Anesthesiologist or Surgeon for supervisor responsibilities.

Rate: 10% of Anesthesiology Rate

4. Rating Options for Optometrists

The Company insures Optometrists when employed by or independently contracting with a Named Insured. Coverage may be provided under the policy of a Named Insured in the following ways:

a. Employed Optometrists with a separate set of limits of liability

Rate: Optometrists (Specialty Code OPT01)
12% of Internal Medicine Rate

b. Employed Optometrists as a Protected Party

This option provides that the Optometrists share the limits of liability with the Named Insured physician.

Rate: 25% less than rate charged for OPT01
(Specialty Code OPT02)

c. Independent Contractor (Vicarious Liability Coverage for supervising Named Insured physician only)

This option provides Vicarious Liability Coverage not to the Optometrists but to a Named Insured physician for supervisory responsibilities.

Rate: 10% of Internal Medicine Rate

## F. BUSINESS ENTITY COVERAGE CHARGE

When a group of two or more physicians have formed a corporation, partnership or association, business entity coverage is available. Shared coverage or separate limits of liability may be provided to the business entity. The shared business entity coverage premium is 2% of each physician's premium. The separate limits business entity coverage premium is 10% of each physician's premium.

# II. DISCOUNTS

## A. DISCOUNT PROGRAMS

1. Claims-free Discount

A 17.5% or 12.5% claims-free discount shall be applied on the effective date of the policy for all Named Insureds meeting all of the following criteria:

1. Named Insured is a policyholder with the Company for at least 3 full years immediately preceding the effective date of the policy.

2. Cumulative outstanding claim reserves (indemnity and allocated loss adjustment expenses) less than $20,000.

3. Cumulative claim payments (indemnity and allocated loss adjustment expenses) less than $10,000 in the last 3 full years immediately preceding the effective date of the policy.

If the Named Insured is a policyholder with the Company less than 3 full years, the 17.5% or 12.5% claims-free discount shall also be available if the insured has cumulative outstanding claim reserves less than $20,000 (including no outstanding claim reserves with previous carrier(s)) and cumulative claim payments less than $10,000 in the last 3 full years immediately preceding the effective date of the policy. In order to receive the discount, the insured is required to submit acceptable documentation of "claims-free" experience from its previous insurance carrier(s).

A 17.5% claims-free discount applies for General Surgery (All Other), General Surgery (Bariatric), Neurosurgery, Obstetrics & Gynecology, Orthopedic Surgery (No Spinal), Orthopedic Surgery (With Spinal), Plastic Surgery and Thoracic/Cardiovascular Surgery.

A 12.5% claims-free discount applies for all other specialties.

The claims-free discount shall NOT apply to:

- any Named Insured rated under surcharge program
- part-time, "limited" part-time, prep and auxiliary physicians
- ancillary healthcare providers (e.g. Physician Assistants, Certified Nurse Practitioners, etc.) that share limits with any Named Insured
- Named Insureds rated on a "per procedure" basis
- "slotted" Named Insureds

2. Waiver of Consent to Settle Discount

A Named Insured may elect to waive his or her right to consent to settle any claim and give the Company the sole right to investigate, negotiate and settle. When a Named Insured makes such an election, a 5% discount shall be applied the Named Insured's premium.

3. Deductible Discount

A Named Insured can elect that a deductible apply on a per claim basis. The two deductible options are:

a. $5,000 deductible per claim-5% premium discount
b. $10,000 deductible per claim-10% premium discount

Regardless of limits of liability purchased, the actual deductible dollar discount shall be calculated based on the $1,000,000/$3,000,000 rate reflecting all applicable discounts/surcharges including schedule rating credits/debits.

The deductible is subject to an annual aggregate equal to three times the per claim amount. The deductible applies to damages and claims expenses. A physician may not increase, decrease or cancel his/her deductible during the course of one policy year.

4. Defense Within Limits of Liability Discount

A Named Insured may elect coverage that includes payment of defense expenses within their Limits of Liability. When a Named Insured makes this election, a 4.5% discount shall be applied to the Named Insured's premium.

The above discounts are applied in the following order and are multiplicative:

1. Claims-Free Discount
2. Waiver of Consent to Settle Discount
3. Deductible Discount
4. Defense Within Limits of Liability Discount

## B. SLOT POSITIONS

In a medical professional group situation, generally involving an employed physician, the Company has a policy provision called "slotting". Slotting of policy coverage for the physicians in a group allows for the adding and deleting of physicians in the same specialty without the need to purchase Extended Reporting Period (ERP) Coverage. Physicians are insured one at a time under the slot position rather than creating a new insurance certificate for each new physician and canceling each deleted physician with offer of ERP Coverage. Since the slot is continuous, the ERP Coverage for any deleted physician is "built-in". The slot matures based on the effective date of coverage of the first physician in the position. A slot will be active and billed premium even when not occupied by a physician. Only one active physician at a time can occupy a slot.

Slots when unoccupied are designated as "open slots". When the group cancels a slot, payment of the ERP Coverage premium covers all the employed occupants of that slot position. The ERP Coverage premium for a canceled slot position is calculated in the same manner as any canceled coverage.

## III. GENERAL RULES

### A. LOCUM TENENS

A Locum Tenens ("hold the place of") works in place of a Named Insured, never at the same time. The Company will allow Locum Tenens coverage for a maximum total of 30 days each policy year.

### B. SUSPENSION OF INSURANCE

A Named Insured can request suspension of insurance, due to a disability, pregnancy, family leave, or sabbatical leave for training. The Named Insured will not be covered for claims or suits based on an occurrence within the period of suspension. The Named Insured may report claims during the period of suspension, which arise from incidents that take place subsequent to the retroactive date, but not during the period of suspension.

Suspension can be secured for a minimum period of 90 consecutive days and for a maximum of 12 consecutive months. This option is allowed only once every four years except for reason of disability.

Any refund of premium is made that is due for that period of suspension.
Note:

1. Normal maturation of the policy continues during the period of suspension.

2. If a Named Insured's coverage is suspended because of disability, and he or she does not return to practice due to permanent and total disability, the Company will provide free Extended Reporting Period Coverage, issued retroactively to the first day of the period of suspension. Cancellation will be on the same date of the suspension if cancellation is at the Named Insured's request. If the Company cancels the policy, the Company would send proper notice of cancellation.

3. If a Named Insured coverage is suspended for reasons other than disability, and he or she does not return to practice after the period of suspension, the Company will date the cancellation, and calculate the premium for the Extended Reporting Period Endorsement, effective on the first day of the period of suspension. Premium is calculated based on the rates and rules in effect on the inception date listed in the Coverage Summary. Cancellation will be on the same date of the suspension if cancellation is at the Named Insured's request. If the Company cancels the policy, the Company would send proper notice of cancellation.

### C. CHANGES

1. Changes in Territory

   If a Named Insured moves to a different territory, the premium adjustment (if appropriate) is billed or refunded effective the date of the change. This change is computed as a Special Rate as discussed below.

2. Changes in Limits of Liability

   The Company requires a written request for changes in Limits of Liability and a "no known loss" disclaimer signed by each Named Insured under the policy. Increases in limits of liability are made at renewal and are not backdated. The Company must receive the request for the increase thirty days prior to renewal. Decreases in limits of liability are made effective immediately.

3. Changes in Specialty/Rate

Changes in specialty occur when a physician adds or drops certain procedures, such as obstetrics. Changes in rate occur when the status of the physician changes, such as from full-time to part-time.

An endorsement changing specialty/rate cancels coverage for the previous specialty/rate except for claims reported that occurred prior to the endorsement effective date.

The new premium after a change in specialty rate is computed at either the standard rate of the new coverage (a "Straight Change") or a mixed rate that is partially based on the specialty/rate of the previous coverage (a "Special Rate").

a. Straight Change

A straight change is made:

1. If the period of coverage preceding the change is six (6) months or less (eighteen (18) months or less for a "Prep" physician).

2. If the change is by Company election, such as a general rate change for a specialty, the change is only done at the renewal date with required notification.

3. If the Named Insured is over the age of 55 and has been continuously insured by the Company for at least five complete years and the change is based on semi-retirement.

In all other cases, the territory and specialty/rate changes are Special Rates.

b. Special Rate

When a Named Insured is reclassified as a result of a territory or specialty/rate change, a "mixed rate" computation is done to cover the previous exposure.

In the computation of a Special Rate, the following variables are used:

1. The specialty and rate for each previous and new scope of coverage.

2. The effective date, including prior acts coverage ("retroactive date"), with the Company and the effective date of each specialty/rate change since then ("change date(s)").

3. The period(s) of coverage to be considered (usually over a five-year period).

4. The geographical territory of medical practice.

Computing a Special Rate involves:

1. Determining the mature annual premium for the "old" and "new" classifications.

2. Application of a pro-rata factor to compute how much "old" premium and "new" premium is used within each calendar year considered.

3. The maturity of the policy that is determined by the retroactive date

4. After the Special Rate has been computed, any additional charges or discount on the policy are applied.

## D. CANCELLATION/NONRENEWAL AND REINSTATEMENT

The policy can be cancelled by requesting the cancellation in writing and stating a prospective effective date of cancellation. Any unearned premium will be refunded, less the customary short rate fee.

A policy may be canceled for non-payment of premium. The Company will give thirty (30) days advanced written notice of cancellation for non-payment of premium. If a policy has been in force thirty (30) days or less and the Company cancels for any other reason, thirty (30) days written notice of cancellation is also given. If a policy has been in force more than thirty (30) days and the Company cancels for any other reason permitted by District of Columbia laws and regulations or nonrenews a policy, thirty (30) days written notice is also given for such cancellation/nonrenewal. A pro-rata refund is made of any unearned premium. Where applicable, Extended Reporting Period Coverage will be offered.

Cancellation for non-payment of premium will not be effective if the amount due is paid before the cancellation effective date set forth in the notice of cancellation.

## E. EXTENDED REPORTING PERIOD COVERAGE

In the event of termination of the policy or a Named Insured's coverage under the policy because of cancellation or non-renewal, Extended Reporting Period Coverage may be purchased in order to cover claims reported after the termination date of the coverage, which are based on incidents which happened on or after the retroactive date and prior to the termination date of the coverage. Extended Reporting Period Coverage provides an unlimited extended reporting period.

When Extended Reporting Period Coverage is purchased, the aggregate limits of liability provided under the expiring policy will be reinstated. This aggregate limit shall be available for the entire Extended Reporting Period Coverage period and shall be reduced by any and all amounts the Company pays for damages for claims during the entire Extended Reporting Period Coverage period.

1. Premium Calculation and Payment - The premium for the Extended Reporting Period Coverage is calculated as follows:

   a. If coverage has been afforded with a retroactive date five or more years previous to the termination date, the premium for the Extended Reporting Period Coverage will be 230% ("incident" basis) or 285% ("demand" basis) of the undiscounted annual premium in effect on the termination date of the coverage.

   b. If coverage has been afforded with a retroactive date less than five years, but more than nine months previous to the termination date, the premium for the Extended Reporting Period Coverage will be 230% ("incident" basis) or 285% ("demand" basis) of the undiscounted annual premium in effect on the termination date of the coverage, which has been based on premium over the last twelve (12) months factored pro rata with regard to maturity.

   c. If the coverage has been afforded with a retroactive date nine months or less previous to the termination date, the premium for the Extended Reporting Period Coverage will be 230% ("incident" basis) or 285% ("demand" basis) of the undiscounted annual premium in effect on

the termination date of the coverage, which has been multiplied by the factor corresponding to the length of time the coverage was in effect:

| | | |
|---|---|---|
| i. | One (1) to thirty (30) days | .090 |
| ii. | Thirty-one (31) to ninety-one (91) days | .276 |
| iii. | Ninety-two (92) to one hundred eighty-two (182) days | .520 |
| iv. | One hundred eighty-three (183) to two hundred seventy-three (273) days | .760 |

d. The Extended Reporting Period Coverage must be requested and paid for within thirty (30) days of the termination or cancellation of the coverage .

Payment of the premium for the Extended Reporting Period Coverage is due prior to the issuance of the Extended Reporting Period Endorsement.

As described in (3), (4) and (5) below, premium will be waived for Extended Reporting Period Coverage under certain situations.

2. Payment

The Extended Reporting Period Coverage must be requested and paid for within thirty (30) days of the termination or cancellation of the policy. Full or appropriate partial payment of the premium for the Extended Reporting Period Coverage is due prior to the issuance of the Extended Reporting Period Endorsement.

3. Retirement

The Company will waive the premium for Extended Reporting Period Coverage if a Named Insured:

a. Has permanently and completely retired from the practice of medicine;

b. Is fifty-five (55) years of age or older; and

c. Has been continuously insured with the Company for at least five (5) years.

If such retirement later ends, the premium for the Extended Reporting Period Coverage is reinstated and due in full within 30 days.

4. Retirement-Anesthesiologist

The Company will waive the premium for Extended Reporting Period Coverage if a Named Insured anesthesiologist:

a. Has permanently and completely retired from the practice of medicine; and

b. Has been continuously insured with the Company for at least five (5) years.

If such retirement later ends, the premium for the Extended Reporting Period Coverage is reinstated and due in full within 30 days.

5. Death and Disability

The Company will waive the premium for Extended Reporting Period Coverage in the event of:

a. The death of the Named Insured while his/her policy is in force; or

b. The total and permanent disability of the Named Insured when the disability commences while the policy is in force.

If such disability later ends, the premium for the Extended Reporting Period Coverage is reinstated and due in full within 30 days.

## F. IMPOSED SURCHARGES

Mandatory surcharges may be employed in lieu of cancellation, non-renewal, or declining a risk. Surcharges are imposed as a percentage of premium. The purpose of a surcharge is to address extraordinary claims frequency or claims severity.

Only a small percentage of insureds have surcharges at any given time. Surcharges represent an alternative to cancellation/nonrenewal/declination and are accepted as such by an insured

## G. SIZABLE RISK RATING

If an individual risk, before the application of any filed credits/debits, develops an annual premium of at least $100,000 at $1,000,000/$3,000,000 limits and such individual risk presents exposures or hazards different from those contemplated in the rates and rules filed on behalf of the Company, the otherwise applicable rates and rules may be modified accordingly. However, the Company must file the rate for the individual risk with the District of Columbia Insurance Administration within 30 days after the policy effective date. The filing must include an explanation of the factors used in determining the rate for the risk.

## H. MEDIGUARD COVERAGE

Basic Limits Coverage - Included as part of medical professional liability premium - $25,000 Per Disciplinary Proceeding/$25,000 Annual Maximum for all Disciplinary Proceedings/$1,000 Deductible Per Disciplinary Proceeding

Optional Excess Limits Coverage - Basic limits coverage of $25,000/$25,000 may be optionally increased to either $50,000/$50,000, $75,000/$75,000 or $100,000/$100,000 for the following additional charges:

| | |
|---|---|
| $25,000/$25,000 Excess: | $300 per person |
| $50,000/$50,000 Excess | $550 per person |
| $75,000/$75,000 Excess: | $800 per person |

These optional excess limits may also be purchased by an entity at the applicable per person charge provided that the limits for the entity do not exceed the lowest limits purchased by any one person insured under the endorsement.

Group Aggregate Limits For Coverage under Section V, 2(iv)-Medicare/Medicaid only

This is applicable to groups only. Depending on the group size (number of physicians including the entity with separate professional liability limits on the policy) and the total limits selected, i.e., basic limit plus

optional excess for the lowest total limits amount selected among all of the group members, the following Maximum Aggregate Limit automatically applies with respect to the group as a whole for coverage under Section V, 2(iv)-Medicare/Medicaid only:

| Group Size | Selected Limits | Maximum Group Aggregate Limit For All Proceedings Under Section V, 2(iv) |
|---|---|---|
| 2 - 4 | $ 25,000/$ 25,000 | $ 50,000 |
| | $ 50,000/$ 50,000 | $100,000 |
| | $ 75,000/$ 75,000 | $125,000 |
| | $100,000/$100,000 | $175,000 |
| 5 - 9 | $ 25,000/$ 25,000 | $100,000 |
| | $ 50,000/$ 50,000 | $150,000 |
| | $ 75,000/$ 75,000 | $175,000 |
| | $100,000/$100,000 | $225,000 |
| 10-25 | $ 25,000/$ 25,000 | $150,000 |
| | $ 50,000/$ 50,000 | $250,000 |
| | $ 75,000/$ 75,000 | $375,000 |
| | $100,000/$100,000 | $500,000 |
| 26+ | $ 25,000/$ 25,000 | $250,000 |
| | $ 50,000/$ 50,000 | $500,000 |
| | $ 75,000/$ 75,000 | $750,000 |
| | $100,000/$100,000 | $1,000,000 |

If a group has mixed limits of liability, the lowest limits of the group drive the Group Coverage Aggregate Limit available. For example, in a group of 5-9 practitioners with mixed limits of liability such as four practitioners with the basic limits of $25,000/$25,000, three with $50,000/$50,000 and two with $100,000/$100,000, the Group Coverage Aggregate Limit available will be that associated with the $25,000/$25,000 limits, or $100,000.

## IV. SCHEDULE RATING PLAN

### SCHEDULE OF DEBITS AND CREDITS (+/-)

1. Claims Management……………………………………………………………25%

   - Internal Review Procedures
   - Commitment to Loss Prevention
   - Incident/Claim Reporting Procedures
   - Other

2. Risk Management ……………………………………………………….……..25%

   - Credentialing/Peer Review
   - Medical Record/Consent Form Documentation
   - Quality Assurance Procedures
   - Employee Selection, Training and Supervision
   - Participation in Risk Management Programs
   - Other

3. Factors General …………………………………………………………...……25%

   - Geographic Location (outside of an urban area)
   - Loss Experience/History
   - Hospital Staff Privileges
   - Managed Care Network Participation
   - Other

Maximum Credit/Debit ………………………………………………………….….….25%

# V. MANUAL RATES

**THE DOCTORS COMPANY**
**DISTRICT OF COLUMBIA**
**$1M/$3M Limit Mature Claims-Made Coverage**

| SPECIALTY | Territory A |
|---|---|
| **PHYSICIANS / SURGEONS** | |
| Administrative Medicine | 9,476 |
| Allergy/Immunology | 10,205 |
| Anesthesiology | 32,074 |
| Anesthesiology-Pain Management | 38,781 |
| Cardiology (Invasive) | 43,738 |
| Chiropractic | 4,374 |
| Colon & Rectal Surgery (Minor Surgery Limited to Anal Ring) | 58,317 |
| Dermatology | 17,495 |
| Dermatology (With Liposuction) | 67,064 |
| Diagnostic Radiology | 42,863 |
| Emergency Medicine | 61,233 |
| Family General Practice (No Surgery-Hospital Care) | 23,618 |
| Family General Practice (Minor Surgery-No Obstetrics) | 33,241 |
| Family General Practice (Restricted Major Surgery-No Obstetrics) | 42,280 |
| Family General Practice (With Obstetrics) | 57,734 |
| Gastroenterology | 33,241 |
| General Medicine (Restricted) | 20,411 |
| General Surgery (All Other) | 108,032 |
| General Surgery (Bariatric) | 145,792 |
| Gynecology (Major Surgery) | 61,233 |
| Gynecology (With In-Vitro Fertilization) | 91,849 |
| Hand & Foot Surgery | 35,427 |
| Internal Medicine | 29,158 |
| Internal Medicine Subspecialties* | 24,785 |
| Neonatology | 40,822 |
| Neurology | 41,551 |
| Neurosurgery | 226,269 |
| Nuclear Medicine | 13,121 |
| Obstetrics & Gynecology | 125,964 |
| Occupational Medicine | 8,748 |
| Ophthalmology (No Surgery) | 8,748 |
| Ophthalmology (Minor Surgery) | 17,349 |
| Ophthalmology (Major Surgery) | 27,263 |
| Orthopedic Surgery (No Spinal) | 77,416 |
| Orthopedic Surgery (With Spinal) | 88,933 |
| Otolaryngology (Major With No Facial Plastic) | 51,319 |
| Otolaryngology (Major With Facial Plastic) | 61,233 |
| Pathology | 26,826 |
| Pediatrics | 29,158 |
| Physical Medicine & Rehabilitation | 17,495 |
| Physical Medicine & Rehabilitation-Pain Management (Minor Procedures) | 23,327 |
| Physical Medicine & Rehabilitation-Pain Management (Major Procedures) | 38,781 |

* Internal Medicine Subspecialties include Non-Invasive Cardiology, Endocrinology, Hematology, Infectious Disease, Nephrology, Oncology and Rheumatology.

Territory A=Entire District

# V. MANUAL RATES

**THE DOCTORS COMPANY**
**DISTRICT OF COLUMBIA**
**$1M/$3M Limit Mature Claims-Made Coverage**

| SPECIALTY | Territory A |
| --- | --- |
| **PHYSICIANS/SURGEONS (CONTINUED)** | |
| Plastic Surgery | 64,440 |
| Podiatry | 18,953 |
| Psychiatry | 11,080 |
| Pulmonary Medicine | 34,990 |
| Surgical Specialty (Office with Minor Surgery) | 41,405 |
| Therapeutic Radiology | 17,495 |
| Thoracic/Cardiovascular Surgery | 102,054 |
| Urology | 45,779 |
| **PER PROCEDURE RATES** | |
| Surgicenter | 18.81 |
| Note: $1,800 minimum premium applies | |
| **DENTISTS** | |
| Dental (Local Anesthesia and Nitrous Only) | 5,832 |
| Dental (Sedation) | 11,663 |
| Oral Surgeons | 34,990 |
| Dental Anesthesiologists | 40,821 |

Territory A = Entire District

**THE DOCTORS COMPANY**
**PHYSICIANS, SURGEONS AND ANCILLARY HEALTHCARE PROVIDERS**
**RULES AND RATES MANUAL**

**DISTRICT OF COLUMBIA**

## TABLE OF CONTENTS


I. CLASSIFICATION

A. Rate
B. Year/State/Area
C. Limits of Liability
D. Prior Acts Coverage
E. Ancillaries
F. Business Entity Coverage Charge

II. DISCOUNTS

A. Discount Programs
B. "Slot" Positions

III. GENERAL RULES

A. Locum Tenens
B. Suspension of Insurance Coverage
C. Changes
D. Cancellation/Nonrenewal and Reinstatement
E. Extended Reporting Period Coverage
F. Imposed Surcharges
G. Sizable Risk Rating
H. MediGuard Coverage

IV. SCHEDULE RATING PLAN

V. MANUAL RATES

# I. CLASSIFICATION

## A. RATE

An insured is rated full-time, part-time or prep.

A part-time discount is available to insureds that practice less than full-~~-~~time. The discount is either 50% or 75% depending on the number of hours or days worked per year. A 50% part-time discount is available to insureds that who work 20 hours or less per week or who work 26 weeks or less per year. A 75% “limited” part-time discount is available to those insureds that work 10 hours or less per week. The “limited” part-time discount shall not apply to any policy that does not include at least one full-time or part-time (excluding “limited” part-time) insured. Surgical specialties are not eligible for part-time or “limited” part time discounts.

For an Anesthesiologist to be eligible for the part-time discount, no more than 15 hours per week may be billable. Anesthesiologists are not eligible for a “limited’ part time discount.

A discounted prep rate is available to those physicians entering private practice for the first time who purchase a claims-made policy within two (2~~three (3~~) years upon completing an internship program, fellowship program, residency program or military service. The applicable prep discount is based on the number of years since the physician completed the program or service as follows:

50~~75~~% - less than 1 year
25~~50~~% - 1 year to less than 2 years
0~~25~~% - 2 years ~~to less than 3 years~~
~~0% - 3 years~~ or greater

Coverage for auxiliary physicians may be provided on an hourly basis. The hourly rate is determined by the application of the factor .000625 to the applicable medical specialty rate.

## B. YEAR/STATE/AREA

The number of years of claims-made coverage is calculated from the effective date with The Doctors Company (the Company) or, in the case of prior acts coverage, the retroactive date.

Physician professional liability rates differ by state, territory within state, limits of liability and specialty. See Section V-Manual Rates of this Rules and Rates Manual.

Maturation is the process of the policy aging, which is reflected in the premium rates. The policy attains maturity through premium increases occurring on the anniversary of the retroactive date. The policy is mature upon the completion of five consecutive years of claims-made coverage.

The claims-made maturity factors are as follows:

| Claims-Made Maturity Year | “Incident” Basis Factor | “Demand” Basis Factor |
|---|---|---|
| 1 | 0.35 | 0.21 |
| 2 | 0.60 | 0.45 |
| 3 | 0.80 | 0.72 |
| 4 | 0.92 | 0.88 |
| 5 | 1.000 | 1.000 |

## C. LIMITS OF LIABILITY

For all specialties except Chiropractic, the minimum limits of liability provided shall be $500,000 per claim/$1,500,000 annual aggregate. The following increased limits factors apply:

| Limits of Liability | Factor | Limits of Liability | Factor |
|---|---|---|---|
| .5M/1.5M | 0.810 | 6M/9M | 1.798 |
| 1M/3M | 1.000 | 7M/10M | 1.843 |
| 2M/5M | 1.350 | 8M/11M | 1.884 |
| 3M/6M | 1.554 | 9M/12M | 1.916 |
| 4M/7M | 1.673 | 10M/13M | 1.946 |
| 5M/8M | 1.742 | 11M/14M | 1.976 |

For Chiropractic only, the following increased limits factors apply. The minimum limits of liability provided shall be $100,000 per claim/$300,000 annual aggregate.

| Limits of Liability | Factor | Limits of Liability | Factor |
|---|---|---|---|
| .1M/.3M | 0.526 | 5M/8M | 1.742 |
| .2M/.6M | 0.684 | 6M/9M | 1.798 |
| .25M/.75M | 0.737 | 7M/10M | 1.843 |
| .5M/1.5M | 0.842 | 8M/11M | 1.884 |
| 1M/3M | 1.000 | 9M/12M | 1.916 |
| 2M/5M | 1.350 | 10M/13M | 1.946 |
| 3M/6M | 1.554 | 11M/14M | 1.976 |
| 4M/7M | 1.673 | | |

For each $1,000,000 increase in the annual aggregate limit, add 0.005 to the applicable increased limits factor.

For each $1,000,000 decrease in the annual aggregate limit, subtract 0.005 from the appropriate increased limits factor.

## D. PRIOR ACTS COVERAGE

Prior Acts Coverage (Retroactive Coverage) insures protected parties against claims for acts or omissions during the time a previous "claims-made" policy(ies) was in force. It provides coverage for those claims unreported from the initial coverage date on which the other policy(ies) began to the date the current policy became effective with the Company. Coverage will therefore be continuous. Once established, the retroactive coverage date can only be advanced at the request or written knowledge of the Named Insured. In calculating the premium, maturity is dated from the initial retroactive coverage date of the other policy(ies).

The Company requires that any claim is first reported during the policy period as stated on the Coverage Summary; that the claim and the professional services are within the coverage of the policy and not excluded by it; and that the amount paid does not exceed the Company claim aggregate limits of liability applicable to the Named Insured.

## E. ANCILLARIES

Ancillaries include (but are not limited to) Anesthesiologist Assistants, Nurses, Technicians, Physical Therapists, Perfusionists and Psychologists. These ancillaries share limits with a Named Insured. Coverage is provided at no additional charge, except for the following ratable ancillaries:

Physician Assistants
Surgeon Assistants
Certified Nurse Practitioners
Certified Nurse Midwifes
Certified Registered Nurse Anesthetists
Optometrists

1. Rating Options for Physician Assistants (PA), Surgeon Assistants (SA) and Certified Nurse Practitioners (NP)

   The Company insures PAs, SAs and NPs when employed by or independently contracting with a Named Insured. Coverage may be provided under the policy of the Named Insured in the following ways:

   a. Employed PA, SA or NP with a separate set of limits of liability

      Rate: Nurse Practitioner/Physician Assistant/Surgeon Assistant
      (Specialty Code NUR01/PHA01/SRA01)
      19~~25~~% of Family/General Practice-No Surgery Rate

   b. Employed PA, SA or NP as a Protected Party

      This option provides that the PA, SA or NP share the limits of liability with the Named Insured physician.

      Rate: 25% less than the rate charged for NUR01/PHA01/SRA01
      (Specialty Code NUR02/PHA02/SRA02)

   c. Independent Contractor (Vicarious Liability Coverage for supervising Named Insured physician only)

      This option provides Vicarious Liability Coverage not to the PA, SA or NP but to a Named Insured physician for supervisory responsibilities.

      Rate: 10% of Internal Medicine Rate~~the physician's premium~~

2. Rating Options for Certified Nurse Midwives (CNM)

   The Company insures CNMs when employed by or independently contracting with a Named Insured. Coverage may be provided under the policy of a Named Insured in the following ways:

   a. Employed CNM with a separate set of limits of liability (Direct Supervision)

      This option provides the CNM with a separate set of limits of liability. Professional

services connected with labor and/or delivery are covered only when under the direct physical supervision and control of a Named Insured physician.

Rate: CNM- Direct Supervision (Specialty Code CNM01)
11~~15~~% of Obstetrics/Gynecology Rate

b. Employed CNM with a separate set of limits of liability (Indirect Supervision)

This option provides the CNM with a separate set of limits of liability. Professional services connected with labor and/or delivery not under the direct physical supervision and control of a Named Insured physician are covered.

Rate: CNM - Indirect Supervision (Specialty Code CNM02)
22~~30~~% of Obstetrics/Gynecology Rate

c. Employed CNM as a Protected Party (Direct Supervision)

This option provides that the CNM share the limits of liability with the Named Insured physician. Professional services connected with labor and/or delivery are covered only when under the direct physical supervision and control of the Named Insured physician.

Rate: CNM - Direct Supervision (Specialty Code CNM03)
25% less than the rate charged for CNM01

d. Employed CNM as a Protected Party (Indirect Supervision)

This option provides that the CNM share the limits of liability with the Named Insured physician. Professional services connected with labor and/or delivery not under the direct physical supervision and control of the Named Insured physician are covered.

Rate: CNM - Indirect Supervision (Specialty Code CNM04)
25% less than the rate charged for CNM02

e. Independent Contractor (Vicarious Liability Coverage for supervising Named Insured physician only)

This option provides Vicarious Liability Coverage not to the CMN but to a Named Insured physician for supervisory responsibilities. .

Rate: 10% of Obstetrics & Gynecology Rate~~the physician's premium~~

3. Rating Options for Certified Registered Nurse Anesthetists (CRNA)

The Company insures CRNAs when employed by or independently contracting with a Named

Insured. Coverage will be provided under the policy of a Named Insured in the following ways:

a. Employed or independent contractor CRNA supervised by an Anesthesiologist with a separate set of limits of liability

This option provides the CRNA with a separate set of limits and includes coverage for professional services rendered at a location supervised by a Named Insured Anesthesiologist or the Named Insured's Anesthesiology group.

Rate: CRNA - Supervised by an Anesthesiologist (Specialty Code ANE02)
19~~25~~% of Anesthesiology Rate

b. Employed or independent contractor CRNA supervised by a Surgeon other than an Anesthesiologist with a separate set of limits of liability

This option provides the CRNA with a separate set of limits and includes professional services rendered at a location supervised by the Named Insured Surgeon or the Named Insured's Surgical Group.

Rate: CRNA - Supervised by a Surgeon (Specialty Code ANE03)
34~~45~~% of Anesthesiology Rate

c. Employed CRNA as a Protected Party

This option provides that the CRNA share the limits of liability with the Named Insured Anesthesiologist and includes coverage for professional services rendered at a location supervised by a Named Insured Anesthesiologist or the Named Insured's Anesthesiology Group.

Rate: CRNA - Supervised by an Anesthesiologist (Specialty Code ANE04)
25% less than the rate charged for ANE02

d. Employed CRNA as a Protected Party

This option provides that the CRNA share the limits of liability with the Named Insured Surgeon and includes coverage for professional services rendered at a location supervised by a Named Insured Surgeon or the Named Insured's Surgical Group.

Rate: CRNA - Supervised by a Surgeon (Specialty Code ANES05)
25% less than the rate charged for ANES03

e. Independent Contractor (Vicarious Liability Coverage for supervising Named Insured physician only)

This option provides Vicarious Liability Coverage not to the CRNA but to the Named Insured Anesthesiologist or Surgeon for supervisor responsibilities.

Rate: 10% of Anesthesiology Rate ~~the physician's premium~~

4. Rating Options for Optometrists

The Company insures Optometrists when employed by or independently contracting with a Named Insured. Coverage may be provided under the policy of a Named Insured in the following ways:

a. Employed Optometrists with a separate set of limits of liability

Rate: Optometrists (Specialty Code OPT01)
12~~16~~% of Internal Medicine Rate

b. Employed Optometrists as a Protected Party

This option provides that the Optometrists share the limits of liability with the Named Insured physician.

Rate: 25% less than rate charged for OPT01
(Specialty Code OPT02)

c. Independent Contractor (Vicarious Liability Coverage for supervising Named Insured physician only)

This option provides Vicarious Liability Coverage not to the Optometrists but to a Named Insured physician for supervisory responsibilities.

Rate: 10% of Internal Medicine Rate~~the physician's premium~~

## F. BUSINESS ENTITY COVERAGE CHARGE

When a group of two or more physicians have formed a corporation, partnership or association, business entity coverage is available. Shared coverage or separate limits of liability may be provided to the business entity. The shared business entity coverage premium is 2~~4~~% of each physician's premium. The separate limits business entity coverage premium is 10~~15~~% of each physician's premium.

## II. DISCOUNTS

### A. DISCOUNT PROGRAMS

1. Claims-free Discount

A 17.5% or 12.5~~10~~% claims-free discount shall be applied on the effective date of the policy for all Named Insureds meeting all of the following criteria:

1. Named Insured is a policyholder with the Company for at least 3 full years immediately preceding the effective date of the policy.

2. Cumulative outstanding claim reserves (indemnity and allocated loss adjustment expenses) less than $20,000.

3. Cumulative claim payments (indemnity and allocated loss adjustment expenses) less than $10,000 in the last 3 full years immediately preceding the effective date of the policy.

If the Named Insured is a policyholder with the Company less than 3 full years, the 17.5% or 12.5~~10~~% claims-free discount shall also be available if the insured has cumulative outstanding claim reserves less than $20,000 (including no outstanding claim reserves with previous carrier(s)) and cumulative claim payments less than $10,000 in the last 3 full years immediately preceding the effective date of the policy. In order to receive the discount, the insured is required to submit acceptable documentation of "claims-free" experience from its previous insurance carrier(s).

A 17.5% claims-free discount applies for General Surgery (All Other), General Surgery (Bariatric), Neurosurgery, Obstetrics & Gynecology, Orthopedic Surgery (No Spinal), Orthopedic Surgery (WithSpinal), Plastic Surgery and Thoracic/Cardiovascular Surgery.

A 12.5% claims-free discount applies for all other specialties.

The claims-free discount shall NOT apply to:

- any Named Insured rated under surcharge program
- part-time, "limited" part-time, prep and auxiliary physicians
- ancillary healthcare providers (e.g. Physician Assistants, Certified Nurse Practitioners, etc.) that share limits with any Named Insured
- Named Insureds rated on a "per procedure" basis
- "slotted" Named Insureds

2. ~~Group Size Discount~~

| ~~Group Size~~ | ~~% Discount~~ |
|---|---|
| ~~10-20~~ | ~~5%~~ |
| ~~21-30~~ | ~~7.5%~~ |
| ~~31 or more~~ | ~~10%~~ |

~~This discount is based solely on the size of the group. It applies to full-time, part-time and prep Named Insureds only. It does not apply to "limited" part-time Named Insureds.~~

~~The group size discount eligibility is evaluated annually at policy renewal. Changes made to the group size during the policy period will not be reflected until the next policy renewal.~~

~~3.~~ Waiver of Consent to Settle Discount

A Named Insured may elect to waive his or her right to consent to settle any claim and give the Company the sole right to investigate, negotiate and settle. When a Named Insured makes such an election, a 5% discount shall be applied the Named Insured's premium.

3 . Deductible Discount

A Named Insured can elect that a deductible apply on a per claim basis. The two deductible options are:

a. $5,000 deductible per claim-5% premium discount
b. $10,000 deductible per claim-10% premium discount

Regardless of limits of liability purchased, the actual deductible dollar discount shall be calculated based on the $1,000,000/$3,000,000 rate reflecting all applicable discounts/surcharges including schedule rating credits/debits.

The deductible is subject to an annual aggregate equal to three times the per claim amount. The deductible applies to damages and claims expenses. A physician may not increase, decrease or cancel his/her deductible during the course of one policy year.

4~~5~~. Defense Within Limits of Liability Discount

A Named Insured may elect coverage that includes payment of defense expenses within their Limits of Liability. When a Named Insured makes this election, a 4.5% discount shall be applied to the Named Insured's premium.

The above discounts are applied in the following order and are multiplicative:

1. Claims-Free Discount
~~2. Group Size Discount~~
2. Waiver of Consent to Settle Discount
3.~~4.~~ Deductible Discount
4.~~5.~~ Defense Within Limits of Liability Discount

## B. SLOT POSITIONS

In a medical professional group situation, generally involving an employed physician, the Company has a policy provision called "slotting". Slotting of policy coverage for the physicians in a group allows for the adding and deleting of physicians in the same specialty without the need to purchase Extended Reporting Period (ERP) Coverage. Physicians are insured one at a time under the slot position rather than creating a new insurance certificate for each new physician and canceling each deleted physician with offer of ERP Coverage. Since the slot is continuous, the ERP Coverage for any deleted physician is "built-in". The slot matures based on the effective date of coverage of the first physician in the position. A slot will be active and billed premium even when not occupied by a physician. Only one active physician at a time can occupy a slot.

Slots when unoccupied are designated as "open slots". When the group cancels a slot, payment of the ERP Coverage premium covers all the employed occupants of that slot position. The ERP Coverage premium for a canceled slot position is calculated in the same manner as any canceled coverage.

# III. GENERAL RULES

## A. LOCUM TENENS

A Locum Tenens ("hold the place of") works in place of a Named Insured, never at the same time. The Company will allow Locum Tenens coverage for a maximum total of 30 days each policy year.

## B. SUSPENSION OF INSURANCE

A Named Insured can request suspension of insurance, due to a disability, pregnancy, family leave, or sabbatical leave for training. The Named Insured will not be covered for claims or suits based on an occurrence within the period of suspension. The Named Insured may report claims during the period of suspension, which arise from incidents that take place subsequent to the retroactive date, but not during the period of suspension.

Suspension can be secured for a minimum period of 90 consecutive days and for a maximum of 12 consecutive months. This option is allowed only once every four years except for reason of disability.

Any refund of premium is made that is due for that period of suspension.
Note:

1. Normal maturation of the policy continues during the period of suspension.

2. If a Named Insured's coverage is suspended because of disability, and he or she does not return to practice due to permanent and total disability, the Company will provide free Extended Reporting Period Coverage, issued retroactively to the first day of the period of suspension. Cancellation will be on the same date of the suspension if cancellation is at the Named Insured's request. If the Company cancels the policy, the Company would send proper notice of cancellation.

3. If a Named Insured coverage is suspended for reasons other than disability, and he or she does not return to practice after the period of suspension, the Company will date the cancellation, and calculate the premium for the Extended Reporting Period Endorsement, effective on the first day of the period of suspension. Premium is calculated based on the rates and rules in effect on the inception date listed in the Coverage Summary. Cancellation will be on the same date of the suspension if cancellation is at the Named Insured's request. If the Company cancels the policy, the Company would send proper notice of cancellation.

## C. CHANGES

1. Changes in Territory

   If a Named Insured moves to a different territory, the premium adjustment (if appropriate) is billed or refunded effective the date of the change. This change is computed as a Special Rate as discussed below.

2. Changes in Limits of Liability

   The Company requires a written request for changes in Limits of Liability and a "no known loss" disclaimer signed by each Named Insured under the policy. Increases in limits of liability are made at renewal and are not backdated. The Company must receive the request for the increase thirty days prior to renewal. Decreases in limits of liability are made effective immediately.

3. Changes in Specialty/Rate

Changes in specialty occur when a physician adds or drops certain procedures, such as obstetrics. Changes in rate occur when the status of the physician changes, such as from full-time to part-time.

An endorsement changing specialty/rate cancels coverage for the previous specialty/rate except for claims reported that occurred prior to the endorsement effective date.

The new premium after a change in specialty rate is computed at either the standard rate of the new coverage (a "Straight Change") or a mixed rate that is partially based on the specialty/rate of the previous coverage (a "Special Rate").

a. Straight Change

A straight change is made:

1. If the period of coverage preceding the change is six (6) months or less (eighteen (18) months or less for a "Prep" physician).

2. If the change is by Company election, such as a general rate change for a specialty, the change is only done at the renewal date with required notification.

3. If the Named Insured is over the age of 55 and has been continuously insured by the Company for at least five complete years and the change is based on semi-retirement.

In all other cases, the territory and specialty/rate changes are Special Rates.

b. Special Rate

When a Named Insured is reclassified as a result of a territory or specialty/rate change, a "mixed rate" computation is done to cover the previous exposure.

In the computation of a Special Rate, the following variables are used:

1. The specialty and rate for each previous and new scope of coverage.

2. The effective date, including prior acts coverage ("retroactive date"), with the Company and the effective date of each specialty/rate change since then ("change date(s)").

3. The period(s) of coverage to be considered (usually over a five-year period).

4. The geographical territory of medical practice.

Computing a Special Rate involves:

1. Determining the mature annual premium for the "old" and "new" classifications.

2. Application of a pro-rata factor to compute how much "old" premium and "new" premium is used within each calendar year considered.

3. The maturity of the policy that is determined by the retroactive date

4. After the Special Rate has been computed, any additional charges or discount on the policy are applied.

## D. CANCELLATION/NONRENEWAL AND REINSTATEMENT

The policy can be cancelled by requesting the cancellation in writing and stating a prospective effective date of cancellation. Any unearned premium will be refunded, less the customary short rate fee.

A policy may be canceled for non-payment of premium. The Company will give thirty (30) days advanced written notice of cancellation for non-payment of premium. If a policy has been in force thirty (30) days or less and the Company cancels for any other reason, thirty (30) days written notice of cancellation is also given. If a policy has been in force more than thirty (30) days and the Company cancels for any other reason permitted by District of Columbia laws and regulations or nonrenews a policy, thirty (30) days written notice is also given for such cancellation/nonrenewal. A pro-rata refund is made of any unearned premium. Where applicable, Extended Reporting Period Coverage will be offered.

Cancellation for non-payment of premium will not be effective if the amount due is paid before the cancellation effective date set forth in the notice of cancellation.

## E. EXTENDED REPORTING PERIOD COVERAGE

In the event of termination of the policy or a Named Insured's coverage under the policy because of cancellation or non-renewal, Extended Reporting Period Coverage may be purchased in order to cover claims reported after the termination date of the coverage, which are based on incidents which happened on or after the retroactive date and prior to the termination date of the coverage. Extended Reporting Period Coverage provides an unlimited extended reporting period.

When Extended Reporting Period Coverage is purchased, the aggregate limits of liability provided under the expiring policy will be reinstated. This aggregate limit shall be available for the entire Extended Reporting Period Coverage period and shall be reduced by any and all amounts the Company pays for damages for claims during the entire Extended Reporting Period Coverage period.

1. Premium Calculation and Payment - The premium for the Extended Reporting Period Coverage is calculated as follows:

   a. If coverage has been afforded with a retroactive date five or more years previous to the termination date, the premium for the Extended Reporting Period Coverage will be 230% ("incident" basis) or 285% ("demand" basis) of the undiscounted annual premium in effect on the termination date of the coverage.

   b. If coverage has been afforded with a retroactive date less than five years, but more than nine months previous to the termination date, the premium for the Extended Reporting Period Coverage will be 230% ("incident" basis) or 285% ("demand" basis) of the undiscounted annual premium in effect on the termination date of the coverage, which has been based on premium over the last twelve (12) months factored pro rata with regard to maturity.

   c. If the coverage has been afforded with a retroactive date nine months or less previous to the termination date, the premium for the Extended Reporting Period Coverage will be 230% ("incident" basis) or 285% ("demand" basis) of the undiscounted annual premium in effect on

the termination date of the coverage, which has been multiplied by the factor corresponding to the length of time the coverage was in effect:

| | | |
|---|---|---|
| i. | One (1) to thirty (30) days | .090 |
| ii. | Thirty-one (31) to ninety-one (91) days | .276 |
| iii. | Ninety-two (92) to one hundred eighty-two (182) days | .520 |
| iv. | One hundred eighty-three (183) to two hundred seventy-three (273) days | .760 |

d. The Extended Reporting Period Coverage must be requested and paid for within thirty (30) days of the termination or cancellation of the coverage .

Payment of the premium for the Extended Reporting Period Coverage is due prior to the issuance of the Extended Reporting Period Endorsement.

As described in (3), (4) and (5) below, premium will be waived for Extended Reporting Period Coverage under certain situations.

2. Payment

The Extended Reporting Period Coverage must be requested and paid for within thirty (30) days of the termination or cancellation of the policy. Full or appropriate partial payment of the premium for the Extended Reporting Period Coverage is due prior to the issuance of the Extended Reporting Period Endorsement.

3. Retirement

The Company will waive the premium for Extended Reporting Period Coverage if a Named Insured:

a. Has permanently and completely retired from the practice of medicine;

b. Is fifty-five (55) years of age or older; and

c. Has been continuously insured with the Company for at least five (5) years.

If such retirement later ends, the premium for the Extended Reporting Period Coverage is reinstated and due in full within 30 days.

4. Retirement-Anesthesiologist

The Company will waive the premium for Extended Reporting Period Coverage if a Named Insured anesthesiologist:

a. Has permanently and completely retired from the practice of medicine; and

b. Has been continuously insured with the Company for at least five (5) years.

If such retirement later ends, the premium for the Extended Reporting Period Coverage is reinstated and due in full within 30 days.

5. Death and Disability

The Company will waive the premium for Extended Reporting Period Coverage in the event of:

a. The death of the Named Insured while his/her policy is in force; or

b. The total and permanent disability of the Named Insured when the disability commences while the policy is in force.

If such disability later ends, the premium for the Extended Reporting Period Coverage is reinstated and due in full within 30 days.

## F. IMPOSED SURCHARGES

Mandatory surcharges may be employed in lieu of cancellation, non-renewal, or declining a risk. Surcharges are imposed as a percentage of premium. The purpose of a surcharge is to address extraordinary claims frequency or claims severity.

Only a small percentage of insureds have surcharges at any given time. Surcharges represent an alternative to cancellation/nonrenewal/declination and are accepted as such by an insured

## G. SIZABLE RISK RATING

If an individual risk, before the application of any filed credits/debits, develops an annual premium of at least $100,000 at $1,000,000/$3,000,000 limits and such individual risk presents exposures or hazards different from those contemplated in the rates and rules filed on behalf of the Company, the otherwise applicable rates and rules may be modified accordingly. However, the Company must file the rate for the individual risk with the District of Columbia Insurance Administration within 30 days after the policy effective date. The filing must include an explanation of the factors used in determining the rate for the risk.

## H. MEDIGUARD COVERAGE

Basic Limits Coverage - Included as part of medical professional liability premium - $25,000 Per Disciplinary Proceeding/$25,000 Annual Maximum for all Disciplinary Proceedings/$1,000 Deductible Per Disciplinary Proceeding

Optional Excess Limits Coverage - Basic limits coverage of $25,000/$25,000 may be optionally increased to either $50,000/$50,000, $75,000/$75,000 or $100,000/$100,000 for the following additional charges:

| | |
|---|---|
| $25,000/$25,000 Excess: | $300 per person |
| $50,000/$50,000 Excess | $550 per person |
| $75,000/$75,000 Excess: | $800 per person |

These optional excess limits may also be purchased by an entity at the applicable per person charge provided that the limits for the entity do not exceed the lowest limits purchased by any one person insured under the endorsement.

Group Aggregate Limits For Coverage under Section V, 2(iv)-Medicare/Medicaid only

This is applicable to groups only. Depending on the group size (number of physicians including the entity with separate professional liability limits on the policy) and the total limits selected, i.e., basic limit plus

optional excess for the lowest total limits amount selected among all of the group members, the following Maximum Aggregate Limit automatically applies with respect to the group as a whole for coverage under Section V, 2(iv)-Medicare/Medicaid only:

| Group Size | Selected Limits | Maximum Group Aggregate Limit For All Proceedings Under Section V, 2(iv) |
|---|---|---|
| 2 - 4 | $ 25,000/$ 25,000 | $ 50,000 |
| | $ 50,000/$ 50,000 | $100,000 |
| | $ 75,000/$ 75,000 | $125,000 |
| | $100,000/$100,000 | $175,000 |
| 5 - 9 | $ 25,000/$ 25,000 | $100,000 |
| | $ 50,000/$ 50,000 | $150,000 |
| | $ 75,000/$ 75,000 | $175,000 |
| | $100,000/$100,000 | $225,000 |
| 10-25 | $ 25,000/$ 25,000 | $150,000 |
| | $ 50,000/$ 50,000 | $250,000 |
| | $ 75,000/$ 75,000 | $375,000 |
| | $100,000/$100,000 | $500,000 |
| 26+ | $ 25,000/$ 25,000 | $250,000 |
| | $ 50,000/$ 50,000 | $500,000 |
| | $ 75,000/$ 75,000 | $750,000 |
| | $100,000/$100,000 | $1,000,000 |

If a group has mixed limits of liability, the lowest limits of the group drive the Group Coverage Aggregate Limit available. For example, in a group of 5-9 practitioners with mixed limits of liability such as four practitioners with the basic limits of $25,000/$25,000, three with $50,000/$50,000 and two with $100,000/$100,000, the Group Coverage Aggregate Limit available will be that associated with the $25,000/$25,000 limits, or $100,000.

## IV. SCHEDULE RATING PLAN

### SCHEDULE OF DEBITS AND CREDITS (+/-)

1. Claims Management……………………………………………………………25%

   - Internal Review Procedures
   - Commitment to Loss Prevention
   - Incident/Claim Reporting Procedures
   - Other

2. Risk Management ……………………………………………………….……..25%

   - Credentialing/Peer Review
   - Medical Record/Consent Form Documentation
   - Quality Assurance Procedures
   - Employee Selection, Training and Supervision
   - Participation in Risk Management Programs
   - Other

3. Factors General ………………………………………………………...……25%

   - Geographic Location (outside of an urban area)
   - Loss Experience/History
   - Hospital Staff Privileges
   - Managed Care Network Participation
   - Other

Maximum Credit/Debit ……………………………………………………….….…25%

# V. MANUAL RATES

**THE DOCTORS COMPANY**
**DISTRICT OF COLUMBIA**
**$1M/$3M Limit Mature Claims-Made Coverage**

| SPECIALTY | Territory A |
|---|---|
| **PHYSICIANS / SURGEONS** | |
| Administrative Medicine | 9,476~~060~~ |
| Allergy/Immunology | 10,205~~985~~ |
| Anesthesiology | 32,074~~304~~ |
| Anesthesiology-Pain Management | 38,781~~29,766~~ |
| Cardiology (Invasive) | 43,738~~41,602~~ |
| Chiropractic | 4,374~~527~~ |
| Colon & Rectal Surgery (Minor Surgery Limited to Anal Ring) | 58,317~~66,442~~ |
| Dermatology | 17,495~~19,631~~ |
| Dermatology (With Liposuction) | 67,064~~70,127~~ |
| Diagnostic Radiology | 42,863~~44,152~~ |
| Emergency Medicine | 61,233~~63,379~~ |
| Family General Practice (No Surgery-Hospital Care) | 23,618~~003~~ |
| Family General Practice (Minor Surgery-No Obstetrics) | 33,241~~32,473~~ |
| Family General Practice (Restricted Major Surgery-No Obstetrics) | 42,280~~43,661~~ |
| Family General Practice (With Obstetrics) | 57,734~~60,251~~ |
| Gastroenterology | 33,241~~35,864~~ |
| General Medicine (Restricted) | 20,411~~21,141~~ |
| General Surgery (All Other) | 108,032~~117,299~~ |
| General Surgery (Bariatric)~~Gynecology (Major Surgery)~~ | 145,792~~58,438~~ |
| Gynecology (Major Surgery)~~(With In-Vitro Fertilization)~~ | 61,233~~95,209~~ |
| Gynecology (With In-Vitro Fertilization)~~Hand & Foot Surgery~~ | 91,849~~40,167~~ |
| Hand & Foot Surgery~~Internal Medicine~~ | 35,427~~30,181~~ |
| Internal Medicine~~-Subspecialties*~~ | 29,158~~26,498~~ |
| Internal Medicine Subspecialties*~~Neonatology~~ | 24,785~~42,050~~ |
| Neonatology~~Neurology~~ | 40,822~~39,261~~ |
| Neurology~~Neurosurgery~~ | 41,551~~194,560~~ |
| Neurosurgery~~Nuclear Medicine~~ | 226,269~~13,893~~ |
| Nuclear Medicine~~Obstetrics & Gynecology~~ | 13,121~~1,979~~ |
| Obstetrics & Gynecology~~Occupational Medicine~~ | 125,964~~10,570~~ |
| Occupational Medicine~~Ophthalmology (No Surgery)~~ | 8,748~~9,894~~ |
| Ophthalmology (No~~Minor~~ Surgery) | 8,748~~19,027~~ |
| Ophthalmology (Minor~~Major~~ Surgery) | 17,349~~29,899~~ |
| Ophthalmology (Major~~Orthopedic~~ Surgery) | 27,263~~89,363~~ |
| Orthopedic Surgery (No Spinal)~~Otolaryngology (Major With No Facial Plastic)~~ | 77,416~~49,798~~ |
| Orthopedic Surgery (With Spinal)~~Otolaryngology (Major With Facial Plastic)~~ | 88,933~~60,402~~ |
| Otolaryngology (Major With No Facial Plastic)~~Pathology~~ | 51,319~~29,912~~ |
| Otolaryngology (Major With Facial Plastic)~~Pediatrics~~ | 61,233~~28,444~~ |
| Pathology~~Physical Medicine & Rehabilitation~~ | 26,826~~19,027~~ |
| Pediatrics ~~Physical Medicine & Rehabilitation-Pain Management (Minor Procedures)~~ | 29,158~~23,859~~ |
| Physical Medicine & Rehabilitation~~-Pain Management (Major Procedures)~~ | 17,495~~39,865~~ |
| Physical Medicine & Rehabilitation-Pain Management (Minor Procedures) | 23,327 |
| Physical Medicine & Rehabilitation-Pain Management (Major Procedures) | 38,781 |

* Internal Medicine Subspecialties include Non-Invasive Cardiology, Endocrinology, Hematology, Infectious Disease, Nephrology, Oncology and Rheumatology.

~~* Internal Medicine Subspecialties include Non-Invasive Cardiology, Endocrinology, Hematology, Infectious Disease, Nephrology, Oncology and Rheumatology.~~

Territory A=Entire District

# V. MANUAL RATES

**THE DOCTORS COMPANY**
**DISTRICT OF COLUMBIA**
**$1M/$3M Limit Mature Claims-Made Coverage**

| SPECIALTY | Territory A |
|---|---|
| **PHYSICIANS/SURGEONS (CONTINUED)** | |
| Plastic Surgery | 64,440~~70,067~~ |
| Podiatry | 18,953~~20,658~~ |
| Psychiatry | 11,080~~14,718~~ |
| Pulmonary Medicine | 34,990~~37,751~~ |
| Surgical Specialty (Office with Minor Surgery) | 41,405~~43,188~~ |
| Therapeutic Radiology | 17,495~~37,751~~ |
| Thoracic/Cardiovascular Surgery | 102,054~~99,597~~ |
| Urology | 45,779~~50,251~~ |
| **PER PROCEDURE RATES** | |
| Surgicenter | 18.81~~19.47~~ |
| Note: $1,800 minimum premium applies | |
| **DENTISTS** | |
| Dental (Local Anesthesia and Nitrous Only) | 5,832~~6,036~~ |
| Dental (Sedation) | 11,663~~12,072~~ |
| Oral Surgeons | 34,990~~36,217~~ |
| Dental Anesthesiologists | 40,821~~42,253~~ |

Territory A=Entire District

## Supporting Document Schedules

**Item Status:** **Status Date:**

**Satisfied - Item:** Cover Letter (P&C)
**Comments:**
**Attachment:**
2 28 08 cover letter.pdf

**Item Status:** **Status Date:**

**Bypassed - Item:** Consulting Authorization
**Bypass Reason:** Not Applicable
**Comments:**

**Item Status:** **Status Date:**

**Bypassed - Item:** Actuarial Certification (P&C)
**Bypass Reason:** See Actuarial Memorandum
**Comments:**

**Item Status:** **Status Date:**

**Bypassed - Item:** District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
**Bypass Reason:** See Actuarial Memorandum
**Comments:**

**Item Status:** **Status Date:**

**Bypassed - Item:** District of Columbia and Countrywide Loss Ratio Analysis

(P&C)

**Bypass Reason:** See Actuarial Memorandum

**Comments:**

**Item Status:** **Status Date:**

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

**Bypass Reason:** See Actuarial Memorandum

**Comments:**

**Item Status:** **Status Date:**

**Satisfied - Item:** Actuarial Memorandum

**Comments:**

**Attachment:**

Actuarial Memorandum.pdf

THIS FILING WAS SUBMITTED VIA SERFF

February 28, 2008

Honorable Thomas E. Hampton
Commissioner
Department of Insurance, Securities and Banking (DISB)
810 First Street North East - Suite 701
Washington, D.C. 20002-4227

Attn.: Mr. Clark Simcock

RE: The Doctors Company, an Interinsurance Exchange
NAIC Number 831-34495
Physicians, Surgeons and Ancillary Healthcare Providers Professional Liability Insurance Program
Rate and Rule Revision
Effective Date: June 1, 2008-New Business
June 1, 2008-Renewal Business
District of Columbia
Filing Number 2008-DC-01

Dear Mr. Simcock:

On behalf of The Doctors Company, an Interinsurance Exchange (TDC), we are enclosing a rate and rule revision for our Physicians, Surgeons and Ancillary Healthcare Providers Professional Liability Insurance Program. Based on our current book of business, the overall rate level impact of this revision for all specialties combined is -1.8%.

This revision consists of the following changes:

- various changes have been made to manual rates for all specialties (See Pages 17 and 18 of Rules and Rates Manual)
- manual rates for General Surgery (Bariatric) and Orthopedic Surgery (With Spinal) have been introduced (See Page 17 of Rules and Rates Manual)
- prep discounts have been revised (See Page 2 of Rules and Rates Manual)
- rate relativities for ancillaries have been reduced (See Pages 4-7 of Rules and Rates Manual)
- vicarious liability coverage charges have been clarified (See Pages 4-7 of Rules and Rates Manual)
- shared business entity coverage premium charge has been reduced from 4% to 2% (See Page 7 of Rules and Rates Manual)

185 Greenwood Road : P.O. Box 2900 : Napa, CA 94558-0900 : (707) 226-0100 : (800) 421-2368 : www.thedoctors.com

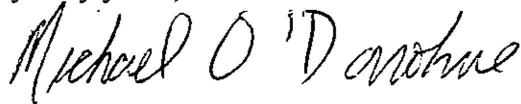
- separate limits business entity coverage premium charge has been reduced from 15% to 10% (See Page 7 of Rules and Rates Manual)
- claims-free discount for various surgical specialties has been increased from 10% to 17.5% (See Page 8 of Rules and Rates Manual)
- claims-free discount for all other specialties has been increased from 10% to 12.5% (See Page 8 of Rules and Rates Manual)
- group size discounts have been eliminated (See Page 8 of Rules and Rates Manual)

We have also enclosed an Actuarial Memorandum that provides support for this revision. For your convenience, we have enclosed a "side-by side" comparison of our current and revised rates and rules.

This revision will apply to all new and renewal policies effective on or after June 1, 2008.

If you have any questions or if I may be of further assistance, please contact me at (800) 421-2368 Ext. 1318 or email me at modonohue@thedoctors.com.

Very truly yours,



Michael O'Donohue
Vice President
Regulatory Compliance

# The Doctors Company
# District of Columbia
# Actuarial Memorandum

The Doctors Company (TDC) is revising its rates and rules for medical malpractice insurance in the District of Columbia. The indicated rate change is -1.6% statewide. With this filing, we propose the following revisions:

- Adjusting manual rates for a statewide premium impact of -1.6%. This includes revisions to physician/surgeon rates by specialty, as well as decreases to ancillary relativities.

- Introducing manual rates for General Surgery – Bariatric and Orthopedic Surgery - With Spinal.

- Adjusting TDC's discount structure by eliminating group size discounts, increasing the claim-free credit from 10.0% to 17.5% for selected surgical specialties and to 12.5% for all other specialties, lowering the separate limit entity fee from 15.0% to 10.0%, lowering the shared limit entity fee from 4.0% to 2.0%, and modifying the prep discount structure. The anticipated impact from these discount changes is -0.2%.

The overall statewide premium impact from the above changes is -1.8%.

**EXHIBIT I** provides the derivation of the indicated $1,000,000/$3,000,000 limit mature claims-made manual rate change. Detailed line notes are attached.

**EXHIBIT II** shows the calculation of the indicated pure premium.

**EXHIBIT III** displays the current and proposed $1,000,000/$3,000,000 limit manual rates by specialty.

**EXHIBIT IV** details the calculation of the permissible loss and ALAE ratio.

**EXHIBIT V** details the derivation of and support for the permissible loss and ALAE ratio.

**EXHIBIT VI** displays the required historical premium and loss information for The Doctors Company (TDC) in the District of Columbia and nationwide. Earned and written premium are calculated for calendar years 1997-2007. Claim counts, case incurred losses, and ultimate losses are calculated for report years 1997-2007.

Note that the data displayed in Exhibit VI do not reconcile to that used to calculate our indicated rate level change on Exhibit I. Exhibit VI data includes tail policy experience (on an effective year basis) and provision for incurred but not reported losses (IBNR). The ultimate loss ratio is calculated as the sum of ultimate loss and IBNR divided by earned premium.

Other comments regarding Exhibit VI and the additional data and information that must be submitted with all rate filings are as follows:

- Since TDC utilizes a pure premium approach in determining the adequacy of rates, current level factors are not used in this analysis.
- Since premiums on Exhibit VI have not been brought to current manual rate levels, losses have not been trended.
- Reported claim counts have not been developed to ultimate. The effect of this should be minimal since claim counts do not show considerable development after the completion of the report year.

Additional Required Data and Information For All Rate Filings

- The permissible loss ratio for the District of Columbia is 64.8%.
- The expense ratio for the District of Columbia is 30.2% of premium. This includes commissions, general and other acquisition expenses, DD&R, ULAE, tax, licenses, and fees.
- The target combined ratio is 95.0%. This is expected to provide a return on equity of 13.4%. Underwriting and investment income is taken into account in the determination of the expected return on equity.
- For this filing, 17% credibility is awarded to TDC experience in the District of Columbia while the remaining credibility is awarded to NCRIC loss costs. Nationwide TDC experience is assumed to be fully credible.

**The Doctors Company**
**District of Columbia**
**Exhibit I Line Notes**

(1) The trended base class (Internal Medicine), $250k/$750k limit pure premium, based on TDC and NCRIC experience (see Exhibit II).

(2) The territory rate relativity.

(3) The projected territory base class, basic limit pure premium. It is calculated by taking: [(1) x (2)].

(4) The indicated average specialty relativity is a weighted average of TDC indicated specialty relativities.

(5) The increased limit factor is the rating factor used to adjust manual rates to a $1,000,000 limit basis.

(6) The indicated average $1M/$3M limit pure premium. It is derived by taking: [(3) x (4) x (5)].

(7) The permissible loss ratio (see Exhibit IV).

(8) The current average premium discount.

(9) The indicated average $1M/$3M premium. It is derived as: [(6) / (7) / (1.0 - (8))].

(10) The current average $1M/$3M premium based on the TDC's current physician distribution.

(11) The indicated manual rate change. It is calculated by taking: [(9) / (10) - 1.0].

(12) The proposed average manual rate change.

(13) The current average discount/surcharge.

(14) The proposed average discount/surcharge.

(15) The impact of the proposed change in average discount. It is derived by taking: [1.0 – (14)] / [1.0 – (13)] - 1.0.

(16) The proposed overall rate change. It is calculated by taking: [ (1.0 + (12)) * (1.0 + (15)) ] - 1.0.

# The Doctors Company
## District of Columbia
### Indicated Physician Rate Calculation
### $1M/$3M Limit Mature Claims Made Policies
### Weighted By TDC Doctor Counts

| | | TERRITORY<br>A<br>Statewide |
|---|---|---|
| (1) | Projected $250k/$750k Base Territory Internal Medicine Pure Premium : | $9,144 |
| (2) | Territory Relativity : | 1.000 |
| (3) | Projected $250k/$750k INT01 Pure Premium :<br>= [ (1) * (2) ] | $9,144 |
| (4) | Indicated Average Specialty Relativity : | 1.216 |
| (5) | Increased Limits Factor : | 1.755 |
| (6) | Indicated Average $1M/$3M Pure Premium :<br>= [ (3) * (4) * (5) ] | $19,520 |
| (7) | Permissible Loss & ALE Ratio: | 64.8% |
| (8) | Current Average Premium Discount: | 15.0% |
| (9) | Indicated Average $1M/$3M Premium : (TDC Weighted) | $35,466 |
| (10) | Current Average $1M/$3M Premium : (TDC Weighted) | $36,040 |
| **(11)** | **Indicated Territory Manual Rate Change :**<br>= [ (9) / (10) ] - 1.0 | **-1.6%** |
| (12) | Proposed Manual Rate Change : | -1.6% |
| (13) | Current Average Discount : | 15.0% |
| (14) | Proposed Average Discount : | 15.2% |
| (15) | Impact of Change In Average Discounts :<br>=[ (1.0 - (14) ) / (1.0 - (13) ) ] -1.0 | -0.2% |
| **(16)** | **Proposed Overall Rate Change :**<br>=[ (1.0 + (12) ) * (1.0 + (15) ) ] -1.0 | **-1.8%** |

Notes: *Per Procedure, Auxiliary Physician, Hospital, Very Large Accounts and Schools omitted.*

(7) *Based on 95.0% Target Combined Ratio and 13.4% ROE. See Exhibit IV.*

# The Doctors Company
## District of Columbia
### Pure Premium Development

| | | NCRIC | TDC |
|---|---|---|---|
| (1) | Effective Date | 1/1/2004 | 4/1/2008 |
| (2) | Basic Limit | $250k | $250k |
| (3) | Base Class, Base Terr. and Basic Limit Pure Premium: | $7,358 | $9,550 |
| (4) | Increased Limit Factor (to $250k) : | 1.000 | 1.000 |
| (5) | Specialty Off Balance : | 1.174 | 1.000 |
| (6) | Maturity Off Balance : | 0.962 | 1.000 |
| (7) | Territory Off Balance : | 1.000 | 1.000 |
| (8) | Trend to 4/1/08 Effective Date (3.5%.) : | 1.090 | 1.000 |
| (9) | Trended IM, Terr A, $250k Limit Pure Premium :<br>[ (3) * (4) * (5) * (6) * (7) * (8) ] | $9,059 | $9,550 |
| (10) | TDC Claims | | 33 |
| (11) | Market Share | 55% | |
| (12) | Credibility Weight<br>TDC Credibility = [ Sqrt( (10) / 1082 ) ] | 83% | 17% |
| (13) | Cred Wtd Int Med, Terr A, $250k Limit Pure Premium : | | $9,144 |
| (14) | Decreased Limit Factor ($250k to $250k/$750k Limit Pure Premium): | | 1.000 |
| (15) | Cred Wtd Int Med, Terr A, $250k/$750k Limit Pure Premium:<br>[ (13) * (14) ] | | **$9,144** |

Notes:
(3) TDC experience period is report years 1995-2006, trended at 3.5% annual.
(8) Trended to 4/1/2007 at 3.5% and from 4/1/2007 to 4/1/2009 at 0.0%.
(12) Complement of credibility weights based on competitor market share.

# The Doctors Company

Exhibit III

## District of Columbia Current and Proposed Manual Premiums

### $1M/$3M Limit Mature Claims-Made Coverage

### TERRITORY A : Statewide

| SPECIALTY | CURRENT MANUAL PREMIUM | PROPOSED MANUAL PREMIUM | RATE CHANGE |
|---|---|---|---|
| **PHYSICIANS / SURGEONS :** | | | |
| Administrative Medicine | 9,060 | 9,476 | 4.6% |
| Allergy/Immunology | 10,985 | 10,205 | -7.1% |
| Anesthesiology | 32,304 | 32,074 | -0.7% |
| Anesthesiology - Pain Management | 29,766 | 38,781 | 30.3% |
| Cardiology (Invasive) | 41,602 | 43,738 | 5.1% |
| Chiropractor | 4,527 | 4,374 | -3.4% |
| Colon&Rectal Surg(Min/Ltd) | 66,442 | 58,317 | -12.2% |
| Dermatology | 19,631 | 17,495 | -10.9% |
| Dermatology W/ Liposuction | 70,127 | 67,064 | -4.4% |
| Diagnostic Radiology | 44,152 | 42,863 | -2.9% |
| Emergency Medicine | 63,379 | 61,233 | -3.4% |
| FGP (No Surgery) | 23,003 | 23,618 | 2.7% |
| FGP (Minor Surgery-No Ob) | 32,473 | 33,241 | 2.4% |
| FGP (Rest Maj Surg-No Ob) | 43,661 | 42,280 | -3.2% |
| FGP (With Obstetrics) | 60,251 | 57,734 | -4.2% |
| Gastroenterology | 35,864 | 33,241 | -7.3% |
| General Medicine (Restricted) | 21,141 | 20,411 | -3.5% |
| General Surgery | 117,299 | 108,032 | -7.9% |
| General Surgery (Bariatric) | 117,299 | 145,792 | 24.3% |
| Gynecology (Major Surgery) | 58,438 | 61,233 | 4.8% |
| Gynecology (w/ In-vitro Fertilization) | 95,209 | 91,849 | -3.5% |
| Hand & Foot Surgery | 40,167 | 35,427 | -11.8% |
| Internal Medicine | 30,181 | 29,158 | -3.4% |
| Internal Medicine Subspecialties* | 26,498 | 24,785 | -6.5% |
| Neonatology | 42,050 | 40,822 | -2.9% |
| Neurology | 39,261 | 41,551 | 5.8% |
| Neurosurgery | 194,560 | 226,269 | 16.3% |
| Nuclear Medicine | 13,893 | 13,121 | -5.6% |
| Obstetrics & Gynecology | 131,979 | 125,964 | -4.6% |
| Occupational Medicine | 10,570 | 8,748 | -17.2% |
| Ophthalmology (No Sur) | 9,894 | 8,748 | -11.6% |
| Ophthalmology (Min Sur) | 19,027 | 17,349 | -8.8% |
| Ophthalmology (Maj Sur) | 29,899 | 27,263 | -8.8% |
| Orthopedic Surgery (no Spinal) | 89,363 | 77,416 | -13.4% |
| Orthopedic Surgery (with Spinal) | 89,363 | 88,933 | -0.5% |
| Otolaryngology (Maj, No Facial) | 49,798 | 51,319 | 3.1% |
| Otolaryngology (Maj, Facial) | 60,402 | 61,233 | 1.4% |
| Pathology | 29,912 | 26,826 | -10.3% |
| Pediatrics | 28,444 | 29,158 | 2.5% |
| Physical Medicine & Rehab (Non-Invasive) | 19,027 | 17,495 | -8.1% |
| Physical Medicine & Rehab (Minor Proc) | 23,859 | 23,327 | -2.2% |
| Physical Medicine & Rehab (Major Proc) | 39,865 | 38,781 | -2.7% |
| Plastic Surgery | 70,067 | 64,440 | -8.0% |
| Podiatry | 20,658 | 18,953 | -8.3% |
| Psychiatry | 14,718 | 11,080 | -24.7% |
| Pulmonary Medicine | 37,751 | 34,990 | -7.3% |
| Surgical Specialty (Office,Min) | 43,188 | 41,405 | -4.1% |
| Therapeutic Radiology | 37,751 | 17,495 | -53.7% |
| Thoracic/Cardiovascular Surgery | 99,597 | 102,054 | 2.5% |
| Urology | 50,251 | 45,779 | -8.9% |
| **PER PROCEDURE RATES :** | | | |
| Surgicenter | 19.47 | 18.81 | -3.4% |
| **DENTAL RATES :** | | | |
| Dental (Local anes and nitrous ox only) | 6,036 | 5,832 | -3.4% |
| Dental (Sedation) | 12,072 | 11,663 | -3.4% |
| Oral Surgeons | 36,217 | 34,990 | -3.4% |
| Dental Anesthesiologists | 42,253 | 40,821 | -3.4% |

* Internal Medicine Subspecialties include Non-Invasive Cardiology, Endocrinology, Hematology, Infectious Disease, Nephrology, Oncology and Rheumatology.

# The Doctors Company
## District of Columbia
### Permissible Loss & ALE Ratio Calculation

| | | |
|---|---|---|
| (1) | Target Combined Ratio (13.4% ROE) : | 95.0% |
| (2) | Budgeted Expenses (% Of Premium): | |
| | Commission : | 7.5% |
| | General Expenses : | 9.0% |
| | Other Acquisition : | 1.0% |
| | Tax, License, Fees and Assessments : | 2.6% |
| | DD&R : | 3.0% |
| | Total Premium Related Expenses : | 23.1% |
| (3) | Permissible Loss & LAE Ratio :<br>= [ (1) - (2) ] | 71.9% |
| (4) | ULE to Loss & ALE Ratio : | 11.0% |
| **(5)** | **Permissible Loss & ALE Ratio :**<br>= [ (3) / (1.0 + (4)) ] | **64.8%** |

# The Doctors Company
## District of Columbia
### Permissible Loss & ALAE Ratio Derivation
### $1M/$3M Limit Mature Claims-Made Coverage

The Doctors' Company uses a **Present Value Cash Flow Return Model** to determine the **Permissible Loss & ALE Ratio.**
The derivation of the target return on equity (ROE) formula is as follows:

| | | | | |
|---|---|---|---|---|
| **TARGET ROE** | = | | | **13.4%** |
| | = | Total Return / Equity | | |
| | = | (Return from insurance operation + return from surplus) / Equity | | |
| | = | (Return from insurance operation) / Equity | + | 3.58% |
| | = | Present Value(prem - loss - expense - ULE - fed inc tax) / Equity | + | 3.58% |
| | = | (d1 x prem - d2 x loss - d3 x expense - d4 x ULE) x (1.0 - T) / E | + | 3.58% |
| | = | [prem x (d1 - d3 x V ) - loss x (d2 + d4 x U)] x (1.0 - T) x S / prem | + | 3.58% |
| | = | [(d1 - d3 x V ) - loss / prem x (d2 + d4 x U)] x (1.0 - T) x S | + | 3.58% |

This formula can be arranged to produce a permissible loss & ALE ratio (PLR) as well:

| | | | | |
|---|---|---|---|---|
| **PLR** | = | **[d1 - d3 x V - (ROE - 3.6%) / (S x (1 - T)) ] / [d2 + d4 x U]** | **=** | **64.8%** |

The Target Combined Ratio (TCR) is therefore :

| | | | | |
|---|---|---|---|---|
| **TCR** | = | **PLR + V + (U x PLR)** | **=** | **95.0%** |

| | | | | |
|---|---|---|---|---|
| where | V = | Expense to Premium Ratio | = | 0.231 |
| | U = | ULE / Loss Ratio | = | 0.110 |
| | S = | Premium to Equity Ratio | = | 1.000 |
| | T = | Federal Income Tax Rate | = | 0.350 |
| | E = | Equity | | |
| | Loss = | Indemnity plus ALE | | |
| | d1= | Premium Discount Factor | = | 1.034 |
| | d2= | Loss Reserve Discount Factor | = | 0.891 |
| | d3= | Expense Discount Factor | = | 1.031 |
| | d4= | ULE Reserve Discount Factor | = | 0.959 |

Note: All cash flows are discounted to the policy year-end.

# The Doctors Company

**Permissible Loss & ALE Ratio Derivation**
**$1M/$3M Limit Mature Claims-Made Coverage**

**NATIONWIDE EX-CALIFORNIA INCREMENTAL PATTERNS**

| | Prem & Expense | Loss & LAE | Premium | | Indemnity + ALE | | ULE | | Variable Expense | |
|---|---|---|---|---|---|---|---|---|---|---|
| Quarter | Discount Factor | Discount Factor | Percent Increment | Present Value | Percent Increment | Present Value | Percent Increment | Present Value | Percent Increment | Present Value |
| 0 | 1.055 | ---- | 25.0% | 26.4% | 0.0% | 0.0% | 0.0% | 0.0% | 30.0% | 31.7% |
| 1 | 1.041 | 1.048 | 25.0% | 26.0% | 0.5% | 0.5% | 12.8% | 13.4% | 17.5% | 18.2% |
| 2 | 1.027 | 1.034 | 25.0% | 25.7% | 0.7% | 0.8% | 12.9% | 13.3% | 17.5% | 18.0% |
| 3 | 1.013 | 1.020 | 25.0% | 25.3% | 1.6% | 1.6% | 13.3% | 13.6% | 17.5% | 17.7% |
| 4 | 1.000 | 1.007 | 0.0% | 0.0% | 2.4% | 2.5% | 13.7% | 13.8% | 17.5% | 17.5% |
| 5 | 0.987 | 0.993 | 0.0% | 0.0% | 3.9% | 3.9% | 1.9% | 1.9% | 0.0% | 0.0% |
| 6 | 0.974 | 0.980 | 0.0% | 0.0% | 5.1% | 5.0% | 2.5% | 2.5% | 0.0% | 0.0% |
| 7 | 0.961 | 0.967 | 0.0% | 0.0% | 6.1% | 5.9% | 3.1% | 3.0% | 0.0% | 0.0% |
| 8 | 0.948 | 0.954 | 0.0% | 0.0% | 6.5% | 6.2% | 3.3% | 3.1% | 0.0% | 0.0% |
| 9 | 0.935 | 0.942 | 0.0% | 0.0% | 6.9% | 6.5% | 3.4% | 3.2% | 0.0% | 0.0% |
| 10 | 0.923 | 0.929 | 0.0% | 0.0% | 6.8% | 6.3% | 3.4% | 3.2% | 0.0% | 0.0% |
| 11 | 0.911 | 0.917 | 0.0% | 0.0% | 6.4% | 5.8% | 3.2% | 2.9% | 0.0% | 0.0% |
| 12 | 0.898 | 0.904 | 0.0% | 0.0% | 5.6% | 5.1% | 2.8% | 2.5% | 0.0% | 0.0% |
| 13 | 0.887 | 0.892 | 0.0% | 0.0% | 5.2% | 4.7% | 2.6% | 2.3% | 0.0% | 0.0% |
| 14 | 0.875 | 0.881 | 0.0% | 0.0% | 5.0% | 4.4% | 2.5% | 2.2% | 0.0% | 0.0% |
| 15 | 0.863 | 0.869 | 0.0% | 0.0% | 4.4% | 3.9% | 2.2% | 1.9% | 0.0% | 0.0% |
| 16 | 0.852 | 0.857 | 0.0% | 0.0% | 3.9% | 3.3% | 1.9% | 1.7% | 0.0% | 0.0% |
| 17 | 0.840 | 0.846 | 0.0% | 0.0% | 3.5% | 3.0% | 1.8% | 1.5% | 0.0% | 0.0% |
| 18 | 0.829 | 0.835 | 0.0% | 0.0% | 3.3% | 2.8% | 1.7% | 1.4% | 0.0% | 0.0% |
| 19 | 0.818 | 0.824 | 0.0% | 0.0% | 3.2% | 2.6% | 1.6% | 1.3% | 0.0% | 0.0% |
| 20 | 0.807 | 0.813 | 0.0% | 0.0% | 3.1% | 2.5% | 1.5% | 1.2% | 0.0% | 0.0% |
| 21 | 0.796 | 0.802 | 0.0% | 0.0% | 2.7% | 2.1% | 1.3% | 1.1% | 0.0% | 0.0% |
| 22 | 0.786 | 0.791 | 0.0% | 0.0% | 2.2% | 1.8% | 1.1% | 0.9% | 0.0% | 0.0% |
| 23 | 0.775 | 0.781 | 0.0% | 0.0% | 1.8% | 1.4% | 0.9% | 0.7% | 0.0% | 0.0% |
| 24 | 0.765 | 0.770 | 0.0% | 0.0% | 1.6% | 1.2% | 0.8% | 0.6% | 0.0% | 0.0% |
| 25 | 0.755 | 0.760 | 0.0% | 0.0% | 1.3% | 1.0% | 0.7% | 0.5% | 0.0% | 0.0% |
| 26 | 0.745 | 0.750 | 0.0% | 0.0% | 1.0% | 0.8% | 0.5% | 0.4% | 0.0% | 0.0% |
| 27 | 0.735 | 0.740 | 0.0% | 0.0% | 0.8% | 0.6% | 0.4% | 0.3% | 0.0% | 0.0% |
| 28 | 0.725 | 0.730 | 0.0% | 0.0% | 0.7% | 0.5% | 0.3% | 0.2% | 0.0% | 0.0% |
| 29 | 0.716 | 0.720 | 0.0% | 0.0% | 0.6% | 0.4% | 0.3% | 0.2% | 0.0% | 0.0% |
| 30 | 0.706 | 0.711 | 0.0% | 0.0% | 0.5% | 0.4% | 0.3% | 0.2% | 0.0% | 0.0% |
| 31 | 0.697 | 0.701 | 0.0% | 0.0% | 0.5% | 0.3% | 0.2% | 0.2% | 0.0% | 0.0% |
| 32 | 0.687 | 0.692 | 0.0% | 0.0% | 0.4% | 0.3% | 0.2% | 0.1% | 0.0% | 0.0% |
| 33 | 0.678 | 0.683 | 0.0% | 0.0% | 0.4% | 0.3% | 0.2% | 0.1% | 0.0% | 0.0% |
| 34 | 0.669 | 0.674 | 0.0% | 0.0% | 0.4% | 0.2% | 0.2% | 0.1% | 0.0% | 0.0% |
| 35 | 0.660 | 0.665 | 0.0% | 0.0% | 0.3% | 0.2% | 0.1% | 0.1% | 0.0% | 0.0% |
| 36 | 0.652 | 0.656 | 0.0% | 0.0% | 0.2% | 0.2% | 0.1% | 0.1% | 0.0% | 0.0% |
| 37 | 0.643 | 0.647 | 0.0% | 0.0% | 0.2% | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% |
| 38 | 0.634 | 0.639 | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% |
| 39 | 0.626 | 0.630 | 0.0% | 0.0% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| 40 | 0.618 | 0.622 | 0.0% | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total | | | 100.0% | 103.4% | 100.0% | 89.1% | 100.0% | 95.9% | 100.0% | 103.1% |
| Present Value Factor (@Discount Rate of 5.5%) | | | | **1.034** | | **0.891** | | **0.959** | | **1.031** |

Notes: All cash flows are discounted to the end of the policy period.
Premium and Variable Expense payments made at the end of each calendar quarter.
Loss & LAE payments assumed made in the middle of each calendar quarter.

# The Doctors Company
## Medical Malpractice
## Projected Investment Income Ratio

### Nationwide Actual Investment Performance

| *(1)*<br>Calendar Year | *(2)*<br>Cash and Invested Assets | *(3)*<br>Interest, Dividends, Real Estate Income Due & Accrued | *(4)*<br>Average *(2)* Prior Year & Current Year | *(5)*<br>Net Investment Gain (Loss) | *(6)*<br>Net Investment Income Earned | *(7)*<br>Average Investment Income Yield |
|---|---|---|---|---|---|---|
| 1997 | 865,541,561 | 9,057,132 | 826,941,433 | 50,477,238 | 42,238,423 | 5.2% |
| 1998 | 967,837,096 | 10,103,340 | 916,689,329 | 60,746,709 | 42,118,453 | 4.7% |
| 1999 | 1,008,680,502 | 10,197,143 | 988,258,799 | 41,346,451 | 39,587,190 | 4.0% |
| 2000 | 904,617,225 | 8,350,016 | 956,648,864 | 47,900,068 | 40,566,274 | 4.3% |
| 2001 | 981,698,724 | 7,976,548 | 943,157,975 | 62,570,733 | 41,384,798 | 4.4% |
| 2002 | 1,158,589,135 | 7,921,249 | 1,070,143,930 | 23,042,248 | 38,479,520 | 3.6% |
| 2003 | 1,158,432,328 | 7,748,286 | 1,158,510,732 | 28,745,153 | 32,913,169 | 2.9% |
| 2004 | 1,355,160,546 | 8,512,137 | 1,256,796,437 | 48,510,613 | 34,487,835 | 2.8% |
| 2005 | 1,513,772,282 | 10,376,896 | 1,434,466,414 | 50,349,600 | 37,364,855 | 2.6% |
| 2006 | 1,597,108,969 | 10,216,872 | 1,555,440,626 | 66,558,945 | 44,970,862 | 2.9% |
| 10-Yr Avg (97-06) | | | | | | 3.5% |
| 6-Yr Avg (01-06) | | | | | | 3.1% |
| 5-Yr Avg (02-06) | | | | | | 2.9% |
| 4-Yr Avg (03-06) | | | | | | 2.8% |
| 3-Yr Avg (04-06) | | | | | | 2.8% |
| **Selected** | | | | | | 3.0% |

| *(8)*<br>Calendar Year | *(9)*<br>Net Realized Capital Gain (Loss) | *(10)*<br>*=(9)/(4)*<br>Avg Realized Capital Gain (Loss) Yield | *(11)*<br>Net Unrealized Capital Gain (Loss) | *(12)*<br>*=(11)/(4)*<br>Avg Unrealized Capital Gain (Loss) Yield | *(13)*<br>*=((6)+(9)+(11)) / (4)*<br>Combined Investment Yield |
|---|---|---|---|---|---|
| 1997 | 8,238,815 | 1.0% | 24,020,394 | 2.9% | 9.0% |
| 1998 | 18,628,256 | 2.0% | 26,707,779 | 2.9% | 9.5% |
| 1999 | 1,759,261 | 0.2% | 30,605,123 | 3.1% | 7.3% |
| 2000 | 7,333,794 | 0.8% | (39,242,760) | -4.1% | 0.9% |
| 2001 | 21,185,935 | 2.2% | (11,151,745) | -1.2% | 5.5% |
| 2002 | (15,437,272) | -1.4% | 7,879,069 | 0.7% | 2.9% |
| 2003 | (4,168,016) | -0.4% | 45,277,163 | 3.9% | 6.4% |
| 2004 | 14,022,778 | 1.1% | 24,111,468 | 1.9% | 5.8% |
| 2005 | 12,984,745 | 0.9% | 13,612,010 | 0.9% | 4.5% |
| 2006 | 21,588,083 | 1.4% | 14,105,161 | 0.9% | 5.2% |
| 10-Yr Avg (97-06) | | 0.8% | | 1.2% | 5.5% |
| 6-Yr Avg (01-06) | | 0.7% | | 1.3% | 5.0% |
| 5-Yr Avg (02-06) | | 0.4% | | 1.6% | 5.0% |
| 4-Yr Avg (03-06) | | 0.8% | | 1.8% | 5.4% |
| 3-Yr Avg (04-06) | | 1.1% | | 1.2% | 5.1% |
| **Selected** | | 1.0% | | 1.5% | **5.5%** |

Notes:
(2) TDC Annual Statement Page 2 - Line 10, Column 3
(3) TDC Annual Statement Page 2 - Line 12, Column 3
(5) TDC Annual Statement Page 4 - Line 11 - Column 1
(6) TDC Annual Statement Page 4 - Line 9, Column 1
(7) [2.0 x (6)]/[ (2)current + (2)prior + (3)current + (3)prior - (6)]
(9) TDC Annual Statement Page 4 - Line 10 - column 1
(11) TDC Annual Statement Page 4 - Line 24 - Column 1

# The Doctors Company
## District of Columbia
### Loss Ratio History

**District of Columbia Premium and Loss History**

| Year | Reported Claims | Earned Premium | Written Premium | Case Loss | Ultimate Loss | IBNR | Ultimate Loss Ratio |
|---|---|---|---|---|---|---|---|
| 1997 | 6 | $614,329 | $616,630 | $656,080 | $656,080 | $2 | 107% |
| 1998 | 5 | $474,682 | $582,523 | $2,089,866 | $2,089,866 | $0 | 440% |
| 1999 | 3 | $363,813 | $356,363 | $730,964 | $730,964 | $170 | 201% |
| 2000 | 2 | $884,938 | $1,414,310 | $23,575 | $254,327 | $57 | 29% |
| 2001 | 16 | $1,413,049 | $1,435,893 | $162,191 | $361,983 | $1,298 | 26% |
| 2002 | 15 | $1,208,041 | $708,185 | $605,008 | $790,573 | $8,613 | 66% |
| 2003 | 2 | $380,590 | $273,211 | $1,068,231 | $1,068,231 | $7,050 | 283% |
| 2004 | 0 | $363,468 | $514,432 | $0 | $0 | $11,076 | 3% |
| 2005 | 0 | $634,134 | $757,267 | $0 | $0 | $6,339 | 1% |
| 2006 | 0 | $1,107,663 | $1,197,889 | $0 | $0 | -$1,261 | 0% |
| 2007 | 6 | $1,603,193 | $1,907,371 | $694,620 | $1,411,609 | $62,978 | 92% |
| **TOTAL** | **55** | **$9,047,900** | **$9,764,075** | **$6,030,536** | **$7,363,633** | **$96,320** | **82%** |

**Nationwide Premium and Loss History**

| Year | Reported Claims | Earned Premium | Written Premium | Case Loss | Ultimate Loss | IBNR | Ultimate Loss Ratio |
|---|---|---|---|---|---|---|---|
| 1997 | 3,225 | $181,674,151 | $181,723,252 | $151,862,626 | $151,969,217 | $6,929 | 84% |
| 1998 | 3,485 | $200,692,386 | $261,461,705 | $194,259,724 | $194,331,747 | $49,253 | 97% |
| 1999 | 2,739 | $167,001,082 | $153,746,321 | $147,563,802 | $147,621,884 | $57,307 | 88% |
| 2000 | 2,510 | $156,832,669 | $165,483,747 | $166,719,887 | $166,767,046 | $136,541 | 106% |
| 2001 | 2,760 | $191,705,728 | $210,644,133 | $194,479,710 | $195,438,649 | $349,526 | 102% |
| 2002 | 3,052 | $260,575,136 | $295,588,671 | $200,650,070 | $202,889,916 | $898,782 | 78% |
| 2003 | 3,069 | $323,820,262 | $332,653,809 | $241,218,072 | $244,075,951 | $2,007,316 | 76% |
| 2004 | 2,257 | $350,899,532 | $369,760,093 | $173,614,238 | $177,393,470 | $3,545,053 | 52% |
| 2005 | 1,980 | $381,241,638 | $398,209,376 | $155,931,132 | $165,268,579 | $3,631,205 | 44% |
| 2006 | 2,062 | $407,173,008 | $422,949,498 | $183,906,208 | $195,205,539 | $4,878,410 | 49% |
| 2007 | 2,093 | $439,419,741 | $451,570,437 | $143,855,949 | $211,190,172 | $7,617,923 | 50% |
| **TOTAL** | **29,232** | **$3,061,035,332** | **$3,243,791,044** | **$1,954,061,418** | **$2,052,152,170** | **$23,178,244** | **68%** |