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March 12, 2012

**2010 ANNUAL REPORT ON LOSS-PREVENTION AND CONTROL
PROGRAMS OF MEDICAL PROFESSIONAL LIABILITY INSURERS
PURSUANT TO NRS 690B.370**

BACKGROUND

Section 690B.370 of the Nevada Revised Statutes mandates the Commissioner of Insurance to produce an annual report on loss-prevention and control programs for medical professional liability insurance. This is the seventh such annual report. Each authorized insurer that issued a policy of professional liability insurance to a medical doctor (MD) or to a doctor of osteopathic medicine (DO) is required to complete a survey addressing loss-prevention and control programs and submit it to the Commissioner. The survey was sent to all insurers that reported Nevada medical professional liability physician premium on Supplement A to Schedule T of the annual financial statement. A copy of the survey is attached as Exhibit 1.

NRS 690B.330 requires authorized medical professional liability insurers to offer qualified risk-management systems. Medical practitioners that implement such programs are eligible for a premium discount. The purpose of this report is to measure the impact of the legislation on program availability and participation.

For the second year, we requested statistics on claim frequency and severity in relation to risk-management programs as part of the survey. The legislation that required physicians' professional liability insurers to offer risk-management programs became effective July 1, 2003. Since it typically takes several years for claims to emerge, develop, and ultimately settle, and since participation rates were relatively low when the programs were initially offered, the volume of post-implementation claims data available to evaluate the programs is still relatively small.

It is suspected that the characteristics of physicians electing to participate in voluntary risk-management programs differ from those who choose not to participate. This makes any comparison of claim frequencies or severities difficult to interpret since the differing characteristics of the physicians electing to participate in the risk-management programs are not fully controlled for or known.

INTRODUCTION

Twenty surveys were distributed. This figure includes one survey to each company that reported Nevada direct written physician medical professional liability premium to the National Association of Insurance Commissioners (NAIC) for calendar year 2010 and that is either an authorized insurer or a Nevada domiciled risk-retention group (RRG). Previously, the survey had been sent to all medical professional liability insurers, including those that did not insure physicians. The response rate from non-physician insuring entities was very low. Since the main focus of the law mandating risk-management programs is physicians, the survey was sent only to the physician insurers.

Two companies, Ace American Insurance Company and General Insurance Company of America, indicated they “do not write any primary coverage for physicians in the state of Nevada.” The Division received responses from the following authorized physician insurance underwriters and domestic risk-retention groups:

American Casualty Company of Reading, Pennsylvania;
Darwin National Assurance Company;
Doctors Company an Interinsurance Exchange, The;
Emergency Physicians Insurance Company, Risk-Retention Group;
First Professionals Insurance Company;
General Star National Insurance Company;
Health Care Indemnity, Inc.;
Hudson Insurance Company;
Independent Nevada Doctors Insurance Exchange;
Medical Protective Company;
Medicus Insurance Company;
National Union Fire Insurance Company of Pittsburgh, PA;
Nevada Doctors Medical Risk Retention Group, Inc.;
Nevada Mutual Insurance Company, Inc.;
Premier Physicians Insurance Company, Inc., a Risk Retention Group;
ProAssurance Insurance Wisconsin Insurance Company (formerly known as
Physicians Insurance Company of Wisconsin, Inc.);
Scrubs Mutual Assurance Company RRG; and
Urgent Care Assurance Company Risk Retention Group, Inc.

The questions and responses from the physician insurers are provided in the “Insurer Responses” section of this report. When soliciting responses, the Division agreed to keep the identity of each respondent confidential. To achieve this, the responding companies are identified by number rather than by name. The respondent

numbers are independent from the numbers assigned in last year's survey. The names of the responding companies and other identifying information were redacted. Apart from the redactions, the companies' responses are listed verbatim in this report and have not been edited by the Division.

SUMMARY OF RESULTS

Prior to the legislation requiring physician professional liability insurers to offer risk-management programs, only about half of the authorized insurers offered risk-management programs, and only one offered risk-management credits. Each of the authorized carriers now offers risk-management programs for credit as required by NRS 690B.330. The risk-management programs range from Internet-based training to seminars. Many of the programs qualify for continuing medical education credit.

More physicians are participating in risk-management programs. In the first year's survey, the respondents indicated that 238 out of 2,044 physicians (11.64 percent) received risk-management credits. In the 2008 survey, the respondents indicated that 1,067 out of 3,883 physicians and individually insured ancillary personnel (27.48 percent) received risk-management credits. In the 2009 survey, the respondents indicated that 1,178 out of 3,405 physicians and individually insured ancillary personnel (34.60 percent) received risk-management credits. In this 2010 survey, the respondents indicated that 1,733 out of 3,646 physicians and individually insured ancillary personnel (47.53 percent) received risk-management credits. Also, 2010 was the first year for which the *majority* of the premium (57.25 percent) in the companies surveyed was associated with policies to which risk-management credits apply. Therefore, it appears that participation in risk-management programs in Nevada is increasing both in absolute terms and as a percentage of the insured market. This indicates significant success in fulfilling the intent of NRS 690B.330.

The overall numbers of practitioners included in the survey have decreased from 2008 in large part because of increasing numbers of physicians who are opting to obtain their coverage through risk-retention groups. Only domestic risk-retention groups were surveyed. Some risk-retention groups do not offer risk-management credits, and the data from those risk-retention groups were excluded from the analysis of risk-management program participation.

Physicians in Carson City had the highest risk-management program participation rate (64.12 percent) followed by physicians in Clark County (49.46 percent) and physicians in Washoe County (42.73 percent). The average premium for physicians participating in risk-management programs was \$18,741 (a 16.39% decrease from the 2009 figure of \$22,416) versus \$12,678 (a 6.03% decrease from the 2009 figure of \$13,491) for physicians not participating. The premium differential was observed in both Clark County and outside of Clark County. This indicates that physicians in higher-premium specialties were more likely to participate in risk-management programs, but the difference in premiums among insureds who do and insureds who do not participate in such programs appears to be narrowing. The average premium for physicians receiving

risk-management credits would have been \$20,122 had they not received credits instead of \$18,741. The risk-management discounts resulted in an average savings of \$1,253 or 7.36 percent. The average participating Clark County physician saved \$1,742 (7.67 percent), and the average participating physician outside of Clark County saved \$875 (6.15 percent) by participating in the risk-management programs.

Insurers indicated that they use various methods to evaluate their risk-management programs. Most of the insurers indicated that they monitor claims activity to gauge the programs' effectiveness. Several of the insurers indicated that they perform site surveys to evaluate program implementation. Many of the respondents indicated that risk-management participants are surveyed for feedback to assess the effectiveness of the risk-management programs.

The effects of risk-management programs on claims experience are uncertain. The volume of data is small, and not all claims are fully developed. The data indications vary from year to year with regard to the effect of risk-management programs on claim frequency and severity, and no definitive conclusions can be drawn at this time. Furthermore, based upon the company responses, it is difficult to determine whether insureds that receive risk-management credits are being re-evaluated on the basis of their subsequent loss or claim experience. However, future years' surveys may be designed to request insurers to indicate whether an insured's eligibility for risk-management credits can depend on that insured's loss or claim experience.

ANALYSIS OF PHYSICIAN PARTICIPATION

This analysis was developed on the basis of insurer responses to Question 2 of the survey, which was phrased as follows: *"Summarize risk management participation and credit activity for policies in force as of December 31, 2010 in the following format. Exclude any premiums rated on a per procedure basis or any rating basis other than per doctor. If any premiums were excluded, disclose the amount and reason for excluding in a footnote. Add additional rows to the table, if necessary."*

For Question 2, insurers were asked to fill out the exhibit template below:

With Risk Management	Territory	City or County	Number of Practitioners	Premium Charged \$\$	Risk Mgmt Credit \$\$	Number of Incurred Claims	Monetary Amount of Incurred Claims
Specialty							

Without Risk Management	Territory	City or County	Number of Practitioners	Premium Charged \$\$	Risk Mgmt Credit \$\$	Number of Incurred Claims	Monetary Amount of Incurred Claims
Specialty							

Question 2 survey responses are summarized in Exhibits 2, 3, 4, 5 and 6.

Approximately 47.53% of Nevada physicians participate in risk-management programs offering premium credits. The participating physicians are more likely to live in urban areas and are more likely to practice in classifications with higher-than-average premiums. Carson City, Clark County and Washoe County were ranked first, second, and third for participation rates.

For classifications with at least 50 practitioners included in the survey, cardiovascular surgery ranked first with an 83.10% participation rate. Diagnostic radiology ranked second with a 66.22% participation rate, followed closely by anesthesiology, which had a 66.15% participation rate. Anesthesiology ranked first in number of participants (213), followed by family/general practice (172) and internal medicine (145).

ANALYSIS OF CLAIM EXPERIENCE

This analysis was developed on the basis of insurer responses to Question 3 of the survey, which was phrased as follows: *“Summarize incurred claim activity for Nevada policyholders with and without participation in your company’s risk management initiatives between January 1, 2007 and December 31, 2010, in the following format. [See Exhibit 1 for the survey template for Question 3.] For a claim that has been incurred but not closed, report the case reserve plus any payments for that claim as the amount of the incurred claim. Add any clarifications and supplemental information as footnotes, if necessary.”*

Question 3 survey responses are summarized in Exhibit 7.

No clear relationships can be inferred between risk-management participation and claim frequency or severity. While the Division’s previous report observed that risk-management participation is correlated favorably with incurred claim severity, this has been observed not to be the case for claim data from two of the four time periods studied in the present report. It is suspected that the small size of the Nevada market for medical professional liability results in significant volatility of claim experience. Several large claims can significantly affect the observed loss experience of either the segment of insureds that participates in risk-management programs, or the segment that does not participate. Furthermore, many of the claims reported by the insurers are likely not yet closed. Therefore, the incurred claim severities are subject to changes as the claims develop. The “noise” surrounding claim volatility and development therefore likely obscures any “signal” in the data that might result from participation in risk-management programs.

The relationship between risk-management participation and claim frequency is also unclear. For older time periods (2007 and 2008), it appears that insureds who participate in risk-management programs had a much smaller number of claims (albeit larger claim sizes). However, the percentage of incurred claim counts, relative to total claim counts, increased significantly in both 2009 and 2010 for insureds who participate

in risk-management programs – though still not reaching a majority of the incurred claim counts.

The claims incurred for occurrences from January 1, 2010, to December 31, 2010, correspond roughly to the most recent survey in which about 47.53 percent of physicians received risk management credits. The participating physicians for this time period incurred approximately 43.45 percent of the claims. Likewise, the claims incurred for occurrences between January 1, 2009, and December 31, 2009, correspond to the policies reported in the 2009 survey in which about 35 percent of physicians received risk-management credits. Participating physicians for this time period incurred approximately 39.26 percent of the claims. The claims incurred for occurrences between January 1, 2008, and December 31, 2008, correspond to the policies reported in the 2008 survey in which about 28 percent of physicians received risk-management credits. Participating physicians for this time period incurred approximately 12.67 percent of the claims. The claims incurred for occurrences between January 1, 2007, and December 31, 2007, correspond to the premiums reported on the 2007 survey in which 40 percent of physicians received risk-management credits. Participating physicians for this time period incurred approximately 9.84 percent of the claims. No clear correlation between risk-management participation and claim frequency can be ascertained from this survey.

The claims data are heterogeneous with respect to territory, classification, and open/closed status. We did not collect details concerning the claims data since the volume of claims is relatively small.

The Division welcomes questions or comments regarding this report.

Table of Exhibits	
Exhibit 1	Survey of Insurers
Exhibit 2	Credits by County
Exhibit 3	Practitioners by County
Exhibit 4	Credits by Specialty
Exhibit 5	Practitioners by Specialty
Exhibit 6	Company Summary
Exhibit 7	Loss Experience

Exhibit 1

Survey of Insurers

BRIAN SANDOVAL
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STATE OF NEVADA

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March 25, 2011

**NEVADA DIVISION OF INSURANCE
2010 ANNUAL REPORT ON LOSS PREVENTION AND CONTROL
PROGRAMS OF PROFESSIONAL LIABILITY INSURERS**

This is the seventh annual report on loss prevention and control programs required pursuant to NRS 690B.370 and NAC 690B.570. **Each authorized insurer and each domestic risk retention group that issues a policy of professional liability insurance to a practitioner licensed pursuant to chapter 630 or 633 of NRS must submit to the Commissioner an annual report on its loss prevention and control programs.** The legislation requiring such companies to offer risk management programs was effective July 1, 2003. This report will attempt to measure the impact of the legislation on program availability and participation as well as to measure the effectiveness of the risk management programs at reducing the frequency and severity of losses.

This report is due to the Commissioner no later than May 1, 2011. The Commissioner's staff will compile and analyze the reports. The Commissioner will then submit a summary report to the Director of the Legislative Counsel Bureau for transmittal to members of the Legislature. The summary report may be posted on the Division's web site after it is provided to the Director of the Legislative Counsel Bureau. The Commissioner will make every effort to keep the identity of the particular respondent to a question confidential, but reserves the right to include detailed company responses in the summary without identifying the responding company. Because the number of responding companies will be small, it may be inferred which company authored a particular response even if the name of the company is not disclosed.

Please submit the report via electronic mail in Microsoft Word format to facilitate the compilation. Please contact Janice Moskowitz at (775) 687-0767 or jmoskowi@doi.state.nv.us if you did not receive an electronic version of the report or if you have any questions regarding the report.

Company Name	
Person Responsible for Completing Report	
Responsible Party's Phone Number	
Responsible Party's E-Mail Address	

1. a) What risk management activities does your company currently offer?

Please classify these activities, to the best of your ability, under any of the following categories that apply:

- I. Self-study programs and/or self assessments
- II. Seminars
- III. Clinical audits and/or site assessments
- IV. Other (any other kind of risk management)

Please note that the above categories are intended simply for information gathering purposes, and there is no normative expectation that each company have some manner of risk management initiatives that fit into *each* of the four categories. You may leave your response to any one of the above categories blank if your company does not offer risk management services of that sort.

Self-study programs and/or self assessments:

Seminars

Clinical audits and/or site assessments

Others – Include Descriptions of Type of Programs

- b) Are programs available to all policyholders? Describe which programs, if any, require policyholders to make any kind of payment, and which, if any, are available without charge.

c) Is participation ever mandatory? If so, under what circumstances is it mandatory?

d) How much risk management premium credit is offered? Please specify premium credit by risk management activity. If possible, specify premium credit by risk management activity in accordance with the categories of risk management programs listed in Question a).

2. Summarize risk management participation and credit activity for policies in force as of December 31, 2010 in the attached spreadsheet format. Exclude any premiums rated on a per procedure basis or any rating basis other than per doctor. If any premiums were excluded, disclose the amount and reason for excluding in a footnote. Add additional rows to the table, if necessary.

Please see attached spreadsheets

3. Summarize incurred claim activity for Nevada policyholders with and without participation in your company's risk management initiatives between January 1, 2007 and December 31, 2010 in the attached spreadsheet format. For a claim that has been incurred but not closed, report the case reserve plus any payments for that claim as the amount of the incurred claim. Add any clarifications and supplemental information as footnotes, if necessary.

Please see attached spreadsheets

4. Describe how you monitor the effectiveness of your risk management programs.

5. Please discuss the impact of the risk management programs. If participation was mandatory for any providers, separately discuss the impact of the risk management programs for those providers.

EXHIBIT 2: Credits by County								
	<u>Premium by Presence or Absence of Risk-</u> <u>Management Credit</u>			<u>Percentage of Premium by</u> <u>Presence or Absence of Risk-</u> <u>Management Credit</u>		<u>Dollar Amount of</u> <u>Risk-</u> <u>Management</u> <u>Credit</u>	<u>Average %</u> <u>Savings to</u> <u>Practitioners</u> <u>That Participate</u>	<u>Average</u> <u>%</u> <u>Savings</u> <u>Overall</u>
County	Credit Present	Credit Absent	Grand Total	Credit Present	Credit Absent			
Carson City	\$1,067,181.00	\$531,079.70	\$1,598,260.70	66.77%	33.23%	\$141,333.00	11.69%	8.12%
Churchill	\$67,332.00	\$301,772.42	\$369,104.42	18.24%	81.76%	\$3,544.00	5.00%	0.95%
Clark	\$25,723,683.13	\$17,747,633.61	\$43,471,316.74	59.17%	40.83%	\$2,138,057.40	7.67%	4.69%
Douglas	\$63,641.00	\$312,168.39	\$375,809.39	16.93%	83.07%	\$3,038.00	4.56%	0.80%
Elko	\$125,934.00	\$567,479.28	\$693,413.28	18.16%	81.84%	\$7,652.00	5.73%	1.09%
Humboldt	\$0.00	\$70,435.80	\$70,435.80	0.00%	100.00%	\$0.00	N/A	0.00%
Lander	\$0.00	\$24,472.74	\$24,472.74	0.00%	100.00%	\$0.00	N/A	0.00%
Lyon	\$0.00	\$10,681.00	\$10,681.00	0.00%	100.00%	\$0.00	N/A	0.00%
Nye	\$10,132.00	\$85,834.00	\$95,966.00	10.56%	89.44%	\$824.00	7.52%	0.85%
Storey	\$0.00	\$4,089.00	\$4,089.00	0.00%	100.00%	\$0.00	N/A	0.00%
Washoe	\$5,420,919.22	\$4,597,412.89	\$10,018,332.11	54.11%	45.89%	\$286,384.04	5.02%	2.78%
Total	\$32,478,822.35	\$24,253,058.83	\$56,731,881.18	57.25%	42.75%	\$2,580,832.44	7.36%	4.35%

EXHIBIT 3: Practitioners by County

	<u>Number of Practitioners by Presence or Absence of</u>			<u>Percentage of Practitioners by Presence or</u>	
	<u>Risk-Management Credit</u>			<u>Absence of Risk-Management Credit</u>	
	<u>Credit Present</u>	<u>Credit Absent</u>	<u>Grand Total</u>	<u>Credit Present</u>	<u>Credit Absent</u>
County					
Carson City	109	61	170	64.12%	35.88%
Churchill	2	5	7	28.57%	71.43%
Clark	1227	1254	2481	49.46%	50.54%
Douglas	7	27	34	20.59%	79.41%
Elko	7	36	43	16.28%	83.72%
Humboldt	0	4	4	0.00%	100.00%
Lander	0	2	2	0.00%	100.00%
Lyon	0	3	3	0.00%	100.00%
Nye	5	16	21	23.81%	76.19%
Storey	0	1	1	0.00%	100.00%
Washoe	376	504	880	42.73%	57.27%
Total	1733	1913	3646	47.53%	52.47%

EXHIBIT 4: Credits by Specialty								
Specialty	Premium by Presence or Absence of Risk-			% of Premium by		Dollar Amount	Average %	Average %
	Management Credit			Presence or Absence of Risk-Management Credit		of Risk-	Savings to	Savings
	Credit Present	Credit Absent	Grand Total	Credit Present	Credit Absent	Credit Management	Practitioners That Participate	Overall
Allergy/Immunology	\$8,114.00	\$70,160.80	\$78,274.80	10.37%	89.63%	\$541.00	6.25%	0.69%
Anesthesiology	\$2,380,580.59	\$1,495,652.69	\$3,876,233.28	61.41%	38.59%	\$186,462.38	7.26%	4.59%
Cardiology	\$1,174,984.16	\$960,947.00	\$2,135,931.16	55.01%	44.99%	\$64,439.84	5.20%	2.93%
Certified Nurse Midwife	\$0.00	\$30,351.50	\$30,351.50	0.00%	100.00%	\$0.00	N/A	0.00%
Dentistry	\$11,587.00	\$142,203.00	\$153,790.00	7.53%	92.47%	\$672.00	5.48%	0.44%
Dermatology	\$220,716.00	\$423,513.58	\$644,229.58	34.26%	65.74%	\$17,265.00	7.25%	2.61%
Emergency Medicine	\$663,643.00	\$354,236.00	\$1,017,879.00	65.20%	34.80%	\$36,171.00	5.17%	3.43%
Endocrinology	\$145,281.00	\$57,364.00	\$202,645.00	71.69%	28.31%	\$14,596.38	9.13%	6.72%
Endodontics	\$0.00	\$13,073.00	\$13,073.00	0.00%	100.00%	\$0.00	N/A	0.00%
Entity	\$408,430.00	\$353,756.00	\$762,186.00	53.59%	46.41%	\$36,284.00	8.16%	4.54%
Family/General Practice	\$1,562,116.39	\$2,110,528.84	\$3,672,645.23	42.53%	57.47%	\$98,409.15	5.93%	2.61%
Family/General Practice with OB	\$0.00	\$57,984.80	\$57,984.80	0.00%	100.00%	\$0.00	N/A	0.00%
Forensic Medicine	\$5,850.00	\$36,026.00	\$41,876.00	13.97%	86.03%	\$363.00	5.84%	0.86%
Gastroenterology	\$496,453.00	\$477,602.00	\$974,055.00	50.97%	49.03%	\$30,181.00	5.73%	3.01%
Geriatrics	\$20,896.00	\$58,378.00	\$79,274.00	26.36%	73.64%	\$1,100.00	5.00%	1.37%
Gynecology	\$519,326.00	\$288,628.56	\$807,954.56	64.28%	35.72%	\$37,397.00	6.72%	4.42%
Hematology	\$50,184.00	\$93,402.14	\$143,586.14	34.95%	65.05%	\$1,098.00	2.14%	0.76%
Hospitalist	\$372,418.00	\$84,487.00	\$456,905.00	81.51%	18.49%	\$21,005.00	5.34%	4.40%
Hyperbaric Medicine	\$0.00	\$6,616.00	\$6,616.00	0.00%	100.00%	\$0.00	N/A	0.00%
Infectious Disease	\$165,521.00	\$131,827.00	\$297,348.00	55.67%	44.33%	\$10,399.00	5.91%	3.38%
Intensive Care Medicine	\$0.00	\$25,170.00	\$25,170.00	0.00%	100.00%	\$0.00	N/A	0.00%
Internal Medicine	\$1,537,925.00	\$3,036,499.46	\$4,574,424.46	66.38%	33.62%	\$101,838.75	3.24%	2.18%
Medical Student	\$0.00	\$1,100.00	\$1,100.00	0.00%	100.00%	\$0.00	N/A	0.00%
Neonatology	\$47,866.00	\$0.00	\$47,866.00	100.00%	0.00%	\$7,180.00	13.04%	13.04%
Nephrology	\$352,516.00	\$262,151.00	\$614,667.00	57.35%	42.65%	\$11,685.00	3.21%	1.87%
Neurology	\$366,545.00	\$397,507.76	\$764,052.76	47.97%	52.03%	\$21,188.00	5.46%	2.70%
Nurse Anesthetist	\$40,402.00	\$25,328.00	\$65,730.00	61.47%	38.53%	\$7,156.00	15.05%	9.82%
Nurse Practitioner or Physician's or Surgeon's Assistant	\$176,832.41	\$258,985.51	\$435,817.92	40.57%	59.43%	\$22,324.89	11.21%	4.87%
OB/GYN	\$6,547,286.00	\$1,182,621.29	\$7,729,907.29	84.70%	15.30%	\$615,124.91	8.59%	7.37%
Oncology	\$28,489.00	\$404,150.00	\$432,639.00	6.58%	93.42%	\$1,933.00	6.35%	0.44%
Ophthalmology	\$179,605.00	\$322,545.79	\$502,150.79	35.77%	64.23%	\$14,088.00	7.27%	2.73%
Optometry	\$0.00	\$973.00	\$973.00	0.00%	100.00%	\$0.00	N/A	0.00%
Orthodontistry	\$0.00	\$7,137.00	\$7,137.00	0.00%	100.00%	\$0.00	N/A	0.00%
Orthopedics	\$458,488.00	\$19,782.00	\$478,270.00	95.86%	4.14%	\$148,809.00	24.50%	23.73%
Otorhinolaryngology	\$477,936.10	\$200,396.00	\$678,332.10	70.46%	29.54%	\$34,465.98	6.73%	4.84%
Pathology	\$12,413.00	\$291,552.84	\$303,965.84	4.08%	95.92%	\$1,728.00	12.22%	0.57%
Pediatrics	\$921,266.00	\$938,720.71	\$1,859,986.71	49.53%	50.47%	\$69,659.09	7.03%	3.61%
Perinatology	\$858,768.00	\$40,666.00	\$899,434.00	95.48%	4.52%	\$68,856.00	7.42%	7.11%
Periodontology	\$467.00	\$15,516.00	\$15,983.00	2.92%	97.08%	\$234.00	33.38%	1.44%
Physical Medicine	\$134,914.00	\$354,403.30	\$489,317.30	27.57%	72.43%	\$6,409.00	4.54%	1.29%
Physician NOC	\$0.00	\$17,788.00	\$17,788.00	0.00%	100.00%	\$0.00	N/A	0.00%
Podiatry	\$26,053.00	\$12,884.00	\$38,937.00	66.91%	33.09%	\$2,982.00	10.27%	7.11%
Preventive Medicine	\$87,415.00	\$0.00	\$87,415.00	100.00%	0.00%	\$10,978.00	11.16%	11.16%
Prosthodontics	\$1,215.00	\$0.00	\$1,215.00	100.00%	0.00%	\$174.00	12.53%	12.53%
Psychiatry	\$106,542.00	\$576,100.41	\$682,642.41	15.61%	84.39%	\$5,444.00	4.86%	0.79%
Psychotherapy	\$0.00	\$6,755.00	\$6,755.00	0.00%	100.00%	\$0.00	N/A	0.00%
Pulmonology	\$178,512.00	\$419,014.00	\$597,526.00	29.88%	70.12%	\$12,261.00	6.43%	2.01%
Radiology	\$726,522.00	\$1,244,956.00	\$1,971,478.00	36.85%	63.15%	\$108,620.00	13.01%	5.22%
Radiology, Diagnostic	\$709,299.00	\$348,805.86	\$1,058,104.86	67.03%	32.97%	\$75,535.00	9.62%	6.66%
Radiology, Interventional	\$17,442.00	\$0.00	\$17,442.00	100.00%	0.00%	\$918.00	5.00%	5.00%
Radiology, Therapeutic	\$77,985.00	\$88,920.00	\$166,905.00	46.72%	53.28%	\$3,767.00	4.61%	2.21%
Rheumatology	\$5,317.00	\$63,584.84	\$68,901.84	7.72%	92.28%	\$914.00	14.67%	1.31%
Sports Medicine	\$0.00	\$3,150.00	\$3,150.00	0.00%	100.00%	\$0.00	N/A	0.00%
Surgery, Cardiovascular	\$1,143,358.76	\$620,770.00	\$1,764,128.76	64.81%	35.19%	\$84,993.24	6.92%	4.60%
Surgery, Colorectal	\$17,020.00	\$50,067.00	\$67,087.00	25.37%	74.63%	\$1,135.00	6.25%	1.66%
Surgery, Gastroenterological	\$43,702.00	\$243,694.00	\$287,396.00	15.21%	84.79%	\$2,972.00	6.37%	1.02%
Surgery, General	\$2,501,960.00	\$1,509,207.38	\$4,011,167.38	62.37%	37.63%	\$148,804.00	5.61%	3.58%
Surgery, Gynecological	\$193,966.00	\$437,831.21	\$631,797.21	30.70%	69.30%	\$12,264.00	5.95%	1.90%
Surgery, Hand	\$219,118.00	\$45,830.00	\$264,948.00	82.70%	17.30%	\$16,971.00	7.19%	6.02%
Surgery, Hematological	\$0.00	\$10,840.00	\$10,840.00	0.00%	100.00%	\$0.00	N/A	0.00%
Surgery, Neurological	\$1,350,697.00	\$299,653.00	\$1,650,350.00	81.84%	18.16%	\$105,362.00	7.24%	6.00%
Surgery, Oral/Maxillofacial	\$17,519.00	\$122,979.00	\$140,498.00	12.47%	87.53%	\$1,095.00	5.88%	0.77%
Surgery, Orthopedic	\$2,580,372.00	\$1,679,231.78	\$4,259,603.78	60.58%	39.42%	\$138,159.00	5.08%	3.14%
Surgery, Other, NOC	\$8,397.00	\$8,922.00	\$17,319.00	48.48%	51.52%	\$442.00	5.00%	2.49%
Surgery, Pediatric	\$55,864.00	\$18,058.00	\$73,922.00	75.57%	24.43%	\$4,284.00	7.12%	5.48%
Surgery, Plastic	\$746,766.94	\$1,177,607.78	\$1,924,374.72	38.81%	61.19%	\$43,895.84	5.55%	2.23%
Surgery, Pulmonological	\$0.00	\$11,503.00	\$11,503.00	0.00%	100.00%	\$0.00	N/A	0.00%
Surgery, Thoracic	\$136,587.00	\$50,408.00	\$186,995.00	73.04%	26.96%	\$7,188.00	5.00%	3.70%
Surgery, Urological	\$183,317.00	\$142,126.00	\$325,443.00	56.33%	43.67%	\$16,571.00	8.29%	4.85%
Surgery, Vascular	\$366,628.00	\$0.00	\$366,628.00	100.00%	0.00%	\$20,407.00	5.27%	5.27%
Urology	\$629,429.00	\$0.00	\$629,429.00	100.00%	0.00%	\$65,633.00	9.44%	9.44%
Weight Loss	\$0.00	\$10,429.00	\$10,429.00	0.00%	100.00%	\$0.00	N/A	0.00%
Total	\$32,478,822.35	\$24,253,058.83	\$56,731,881.18	57.25%	42.75%	\$2,580,832.45	7.36%	4.35%

EXHIBIT 5: Practitioners by Specialty

Specialty	Number of Practitioners by Presence or Absence of			% of Practitioners by Presence or Absence of	
	Risk-Management Credit			Risk-Management Credit	
	Credit Present	Credit Absent	Grand Total	Credit Present	Credit Absent
Allergy/Immunology	1	9	10	10.00%	90.00%
Anesthesiology	213	109	322	66.15%	33.85%
Cardiology	68	51	119	57.14%	42.86%
Certified Nurse Midwife	0	2	2	0.00%	100.00%
Dentistry	4	49	53	7.55%	92.45%
Dermatology	24	42	66	36.36%	63.64%
Emergency Medicine	18	15	33	54.55%	45.45%
Endocrinology	13	6	19	68.42%	31.58%
Endodontics	0	5	5	0.00%	100.00%
Entity	39	71	110	35.45%	64.55%
Family/General Practice	172	242	414	41.55%	58.45%
Family/General Practice with OB	0	3	3	0.00%	100.00%
Forensic Medicine	1	8	9	11.11%	88.89%
Gastroenterology	43	27	70	61.43%	38.57%
Geriatrics	2	8	10	20.00%	80.00%
Gynecology	16	10	26	61.54%	38.46%
Hematology	5	3	8	62.50%	37.50%
Hospitalist	32	8	40	80.00%	20.00%
Hyperbaric Medicine	0	1	1	0.00%	100.00%
Infectious Disease	12	10	22	54.55%	45.45%
Intensive Care Medicine	0	2	2	0.00%	100.00%
Internal Medicine	145	252	397	36.52%	63.48%
Medical Student	0	4	4	0.00%	100.00%
Neonatology	2	0	2	100.00%	0.00%
Nephrology	33	30	63	52.38%	47.62%
Neurology	21	33	54	38.89%	61.11%
Nurse Anesthetist	12	6	18	66.67%	33.33%
Nurse Practitioner or Physician's or Surgeon's Assistant	80	159	239	33.47%	66.53%
OB/GYN	129	25	154	83.77%	16.23%
Oncology	3	44	47	6.38%	93.62%
Ophthalmology	20	23	43	46.51%	53.49%
Optometry	0	2	2	0.00%	100.00%
Orthodontistry	0	3	3	0.00%	100.00%
Orthopedics	20	5	25	80.00%	20.00%
Otorhinolaryngology	23	13	36	63.89%	36.11%
Pathology	3	26	29	10.34%	89.66%
Pediatrics	85	91	176	48.30%	51.70%
Perinatology	15	1	16	93.75%	6.25%
Periodontology	1	4	5	20.00%	80.00%
Physical Medicine	14	32	46	30.43%	69.57%
Physician NOC	0	5	5	0.00%	100.00%
Podiatry	4	2	6	66.67%	33.33%
Preventive Medicine	3	0	3	100.00%	0.00%
Prosthodontics	1	0	1	100.00%	0.00%
Psychiatry	15	96	111	13.51%	86.49%
Psychotherapy	0	1	1	0.00%	100.00%
Pulmonology	13	42	55	23.64%	76.36%
Radiology	51	68	119	42.86%	57.14%
Radiology, Diagnostic	49	25	74	66.22%	33.78%
Radiology, Interventional	1	0	1	100.00%	0.00%
Radiology, Therapeutic	8	8	16	50.00%	50.00%
Rheumatology	1	8	9	11.11%	88.89%
Sports Medicine	0	1	1	0.00%	100.00%
Surgery, Cardiovascular	59	12	71	83.10%	16.90%
Surgery, Colorectal	1	3	4	25.00%	75.00%
Surgery, Gastroenterological	3	15	18	16.67%	83.33%
Surgery, General	53	65	118	44.92%	55.08%
Surgery, Gynecological	10	17	27	37.04%	62.96%
Surgery, Hand	8	2	10	80.00%	20.00%
Surgery, Hematological	0	2	2	0.00%	100.00%
Surgery, Neurological	21	4	25	84.00%	16.00%
Surgery, Oral/Maxillofacial	1	7	8	12.50%	87.50%
Surgery, Orthopedic	85	49	134	63.43%	36.57%
Surgery, Other, NOC	1	1	2	50.00%	50.00%
Surgery, Pediatric	1	1	2	50.00%	50.00%
Surgery, Plastic	20	35	55	36.36%	63.64%
Surgery, Pulmonological	0	1	1	0.00%	100.00%
Surgery, Thoracic	4	1	5	80.00%	20.00%
Surgery, Urological	14	7	21	66.67%	33.33%
Surgery, Vascular	8	0	8	100.00%	0.00%
Urology	29	0	29	100.00%	0.00%
Weight Loss	0	1	1	0.00%	100.00%
Total	1733	1913	3646	47.53%	52.47%

EXHIBIT 6: Company Summary		
Company (Randomly Assigned Number)	% of Practitioners With Risk-Management Credit	% of Practitioners Without Risk-Management Credit
1	0.00%	100.00%
2	30.35%	69.65%
3	2.68%	97.32%
4	60.27%	39.73%
5	0.00%	100.00%
6	85.32%	14.68%
9	45.94%	54.06%
12	43.36%	56.64%
13	0.00%	100.00%
16	0.00%	100.00%
17	20.22%	79.78%
19	79.18%	20.82%
Total	47.53%	52.47%

Note: Only 12 companies reported usable data.

EXHIBIT 7: Loss Experience

	<u>Date of Occurrence: January 1, 2007 -</u> <u>December 31, 2007</u>			<u>Date of Occurrence: January 1, 2008 -</u> <u>December 31, 2008</u>		
	Number of Incurred Claims	Dollar Amount of Incurred Claims	Average Severity	Number of Incurred Claims	Dollar Amount of Incurred Claims	Average Severity
Risk-Management Participation						
Yes	66	\$2,326,731.08	\$35,253.50	76	\$2,450,772.16	\$32,247.00
No	605	\$8,376,921.72	\$13,846.15	524	\$8,234,941.91	\$15,715.54
Total	671	\$10,703,652.80	\$15,951.79	600	\$10,685,714.07	\$17,809.52

Risk-Management Participation	% of Incurred Claims	% of Dollar Amount of Incurred Claims	Relative Severity	% of Incurred Claims	% of Dollar Amount of Incurred Claims	Relative Severity
Yes	9.84%	21.74%	2.21	12.67%	22.94%	1.81
No	90.16%	78.26%	0.87	87.33%	77.06%	0.88
Total	100.00%	100.00%	1.00	100.00%	100.00%	1.00

	<u>Date of Occurrence: January 1, 2009 -</u> <u>December 31, 2009</u>			<u>Date of Occurrence: January 1, 2010 -</u> <u>December 31, 2010</u>		
	Number of Incurred Claims	Dollar Amount of Incurred Claims	Average Severity	Number of Incurred Claims	Dollar Amount of Incurred Claims	Average Severity
Risk-Management Participation						
Yes	128	\$1,662,336.76	\$12,987.01	63	\$743,713.31	\$11,804.97
No	198	\$9,490,009.70	\$47,929.34	82	\$1,496,946.00	\$18,255.44
Total	326	\$11,152,346.46	\$34,209.65	145	\$2,240,659.31	\$15,452.82

Risk-Management Participation	% of Incurred Claims	% of Dollar Amount of Incurred Claims	Relative Severity	% of Incurred Claims	% of Dollar Amount of Incurred Claims	Relative Severity
Yes	39.26%	14.91%	0.38	43.45%	33.19%	0.76
No	60.74%	85.09%	1.40	56.55%	66.81%	1.18
Total	100.00%	100.00%	1.00	100.00%	100.00%	1.00

<u>TOTAL</u>			
Risk-Management Participation	Number of Incurred Claims	Dollar Amount of Incurred Claims	Average Severity
Yes	333	\$7,183,553.31	\$21,572.23
No	1409	\$27,598,819.33	\$19,587.52
Total	1742	\$34,782,372.64	\$19,966.92

Risk-Management Participation	% of Incurred Claims	% of Dollar Amount of Incurred Claims	Relative Severity
Yes	19.12%	20.65%	1.08
No	80.88%	79.35%	0.98
Total	100.00%	100.00%	1.00

INSURER RESPONSES

Insurer responses are shown below.

1. a) What risk management activities does your company currently offer?

Please classify these activities, to the best of your ability, under any of the following categories that apply:

Self-study programs and/or self assessments

<p>The Company provides an office practice risk management self-assessment workbook to all insureds, seminar attendees, and staff members.</p> <p>The Company also offers a DVD self-study program, accredited by the UNSOM for CME credits and giving insureds a 5% premium discount on their next annual renewal.</p>
<p>The Company currently requires all members to implement risk monitoring and quality control measures as outlined by the Company. A risk control person will be designated in each member's office and will be responsible for interfacing between the member, patients and the Company for any perceived adverse response to treatment as part of an early prevention program. The Company does have a risk management committee that meets three times per year with the members.</p>
<p>The Company offers a variety of risk management activities to its policyholders. These include self-study programs and self-assessments; seminars; and, clinical audits and/or site assessments. These are described below.</p> <p>We provide internet based continuing medical education (CME) programs. Upon successful completion, the policyholder is eligible for CME credits. There are a total of twenty-three programs addressing the following subject matters:</p> <p>The Disclosure of Unanticipated Outcomes Teamwork in a Labor and Delivery Setting Using Systems Theory to Understand Errors Preventing Errors and Injury in Healthcare Responding to Adverse events and Errors Changing Systems Coordination of Patient Care The Telephone in Clinical Practice Safe Prescribing Practices Liability in Surgery EFM in the Intrapartum Period</p>

Office-based Risk
Liability in Breast Care
Liability in Shoulder Dystocia
Informed Consent in Breast Cancer
Reporting Errors: Learning from the Experience
Liability in Medications
Liability in Laparoscopic Cholecystectomy
The Nature and Causes of Errors and Injuries in Healthcare
The Risk of Poor Communications
Liability of Colorectal Cancer
Documentation Makes the Difference
Managing a Medical Malpractice Case

Self-assessment questionnaires (SAQ) are provided, as well. There are thirty-four individual SAQs, addressing the following areas:

Anesthesia Department
Backup Systems and Procedures
Bloodborne Pathogens Policies and Procedures
Bomb Threats and "No-Threat" Bombs
Corporate Compliance
Corporate Compliance: Long-Term Care Facilities and Home Health Agencies
Critical Care Patient Safety
Dialysis
Discharge Planning for Outpatient Surgery
Electrical Safety
Emergency Department
Falls
Flash Sterilization
General Surgical Services
Hazardous Materials Management
Home Health Services
Hospital Security
Infusion Therapy
Laser Safety
Lockout/Tagout
Managing Extremely Obese Patients in the Healthcare Setting
Medical Staff Credentialing
Medical Technology Management
Medication Safety
Obstetrics
Patient Safety
Physician Practice Risk Management
Preventing and Responding to Infant Abductions
Preventing Sharps Injuries
Psychiatric Treatment

<u>Radiology</u> <u>Safety Management</u> <u>Violence Prevention</u> <u>Wandering and Elopement</u>
N/A
We offer self-study courses through an accredited CME provider. The courses are offered in hard copy and online.
We partner with Medical Risk Management, Inc. to provide a specific risk management educational program for psychiatrists at a discounted fee. CMEs are provided for successful completion of the program and post test.
Medical and dental practice self-assessments are offered as requested by the insured practitioner or by an agent on behalf of a practitioner. Specialty specific assessments are available for high-risk specialties, such as obstetrics, bariatric surgery and hospital medicine.
<p>As in years past, the Company provides medical liability insurance to hospitals, but also to a small number of physician practitioners in Nevada.</p> <p>The goal of the Company risk management resources is to support the loss prevention efforts of risk managers in every insured location. Specific examples of current risk management activities in the category of self study or self assessment are:</p> <ul style="list-style-type: none"> • Computer based fundamental risk management and clinical training for insured physicians from external web-based vendors MedRisk and Law & Medicine. Completion of Law & Medicine courses totaling 10 continuing education hours can earn a physician a 10% premium discount. • Computer based training for emergency department physicians on the highest risk clinical patient complaints. Courses are part of a larger emergency services loss prevention initiative supported by an external vendor The Sullivan Group. • Hospital risk and quality managers are provided access to the on-line ECRI Institute Healthcare Risk Control tool as a resource for risk information on policies, protocols, etc. The resource also includes user-friendly risk assessment tools. • A comprehensive suicide risk assessment tool has been developed and is available for both acute care and behavioral health facilities to identify and help prioritize environmental conditions that increase the risk of suicide. • A financial incentive is offered for hospitals that utilize the Institute for Safe Medication Practices (ISMP) medication safety assessment tool. • Hospitals are awarded a premium credit if the Risk Manager successfully completes the requirements for certification as a Certified Professional in Healthcare Risk Management (CPHRM) from the American Society for Healthcare Risk Management (ASHRM).
The board of directors has approved a program to encourage members to have each Physician complete 1 online session per month with The Sullivan Group. Copies of the available courses in emergency medicine are enclosed. In addition members are encouraged to create a physician incentive program based on patient satisfaction interviews and supervisor chart reviews.

<p><i>Risk Management Strategies for the Physician Office</i>, published in 2008, may be utilized as a self-study and/or self-assessment tool by physician assistants. A PDF version of this publication is enclosed with our transmittal to the Nevada Division of Insurance.</p>
<p>On-line risk management courses qualifying for CME's.</p>
<p>In lieu of attending an in-person seminar, insureds can complete a Self Evaluation Tool (SET) composed of case studies and questions designed to educate insureds on the various risk management issues encountered in psychiatric practice. Satisfactory completion of a post-test is required.</p> <p>Additionally, insureds are sent a self-audit tool to assess their utilization of risk management strategies to decrease liability risk related to malpractice topics.</p>
<p>On-line self study loss prevention programs are available to all policy holders.</p>
<p>We provide office self assessments on a variety of topics, communication, customer service, safety, HIPPA. To that we provide pamphlets from the American Society of Healthcare Risk Managers to our insured's.</p>
<p>The Company offers a fully online patient safety/risk management exam that also awards 2 free hours of continuing medical education (CME) upon successful completion (85% passing score required). This exam is initiated by our member physicians and is completely self-study and completed independently. This online exam completion satisfies the state requirement for an approved risk management program and the members receives the resulting 5% discount on premium after successfully completing the exam, subject to the filing language noted below under item 1.d. We have informed our members of this exam in a variety of ways including email blasts, notes in our periodic publications, and a direct letter on this subject sent to all Nevada members.</p>
<p>Company Intranet -The Company intranet is a practical communication tool for insured groups and brokers. This is a private, customized intranet that provides resources and tools that serve and build our company community. Resources include clinical updates, a repository of email alerts on high-risk topics, examples of protocols/pathways, whitepapers, and shared practices.</p> <p>Company E-Mail Alert E-mail alerts are sent to insured providers and posted on the Company intranet on a bi-monthly basis. The alerts are brief, informational overviews of selected topics in emergency medicine. The purpose of the alerts is to provide timely information on hot topics, high-risk clinical concerns, communicate lessons learned through claim and incident review, risk reduction issues and resources.</p> <p>Education Web based programs are available through the Sullivan Group and the Company intranet. There are nine courses with CME/CEU:</p> <ul style="list-style-type: none"> • Emerging Risks in the ED and EMTALA podcast – 1.5 CME • LEAN and Value Stream Analysis webcast – 1.5 CME (optional) • Teamwork and Communication in Emergency Medicine webcast – 1.5 CME

<p>(optional)</p> <ul style="list-style-type: none"> • The Dilemma of the Psychiatric Patient in the ED webcast – 1.5 CME (optional) • Pulmonary Embolism Part 1: Medical Error and Risk Reduction – 2 CME • Cognitive Errors in Medicine Part 1: Medical Error and Risk Reduction – 2 CME • Myocardial Infarction 1: Medical Error and Risk Reduction - CME (2hours) • Myocardial Infarction 2: Medical Error and Risk Reduction - CME (2hours) <p>Separate courses are offered to our pediatric groups which include:</p> <ul style="list-style-type: none"> • Cognitive Errors in Medicine Part 2: Medical Error and Risk Reduction – 2 CME • Pediatric Infections – 2 CME
<p>These educational components are available both on-line and in paper text format. Healthcare professionals can review and select courses or assessments by visiting the Company's website. They can also purchase programs by contacting the Company's Risk Management Department. Self study programs are accredited to provide CME/CDE and insureds who successfully complete these programs qualify for premium credits. Self assessments can be accessed through the same means. They provide opportunities for doctors and their staffs to review and update their risk management programs. Self assessments do not offer Continuing Education and their use does not qualify practitioners for premium credits.</p> <p>The Company has forged a number of collaborate relationships with respected groups and organizations that share the Company's risk reduction philosophy. Examples of these programs include: a) CME-accredited learning components that focus on the risk challenges of practitioners who offer obstetric services; b) a CME-accredited series for doctors who specialize in emergency medicine; and c) CME-accredited educational modules for physicians and CRNA's practicing in the field of anesthesiology.</p>
N/A

Seminars

<p>The Company conducts a series of risk management seminars during the year in Reno and Las Vegas. The seminar program is combined with CME accreditation and continuing education credits (including ethics) through the University of Nevada-School of Medicine so as to encourage attendance and participation.</p> <p>We also conduct staff risk management programs which we present in Reno and Las Vegas and in individual offices.</p>
N/A
<p>The Company provided a regional (Reno) seminar on October 2, 2010, that was open to all Nevada physicians and hospital staff, whether the Company's</p>

<p>policyholders or not. The title was “Physician Risk Management: What You Must Do”, and was presented by Dr. Robert Pendrak, MD.</p> <p>Three additional seminars were provided to hospital policyholders. Topics and dates included:</p> <p style="padding-left: 40px;">Privacy/Security Breach Notification and Reporting: Keys to Compliance; January 22, 2010</p> <p style="padding-left: 40px;">From Risk To Resilience: Shaping Positive Physician Behavior During Challenging Times; April 15, 2010</p> <p style="padding-left: 40px;">Advance Directives in Nevada; October 20, 2010</p>
N/A
Our Vice President of Medical Relations offers seminars that doctors can attend in Nevada.
We participate in the annual American Academy of Child & Adolescent Psychiatry and numerous American Psychiatric Association conferences by providing risk management panel presentations.
The Company offers a variety of CME approved risk management and loss prevention programs for physicians and health care practitioners, including “Prevention of Medical Errors,” “Assessing HIPAA Compliance” and “Effective Patient Communications.” Risk management and patient safety programs, targeting ancillary health care members, are also offered.
<p>Specific examples of current risk management activities in the category of seminars are:</p> <ul style="list-style-type: none"> • Opportunity to attend the national educational conferences offered through the American Society of Healthcare Risk Managers (ASHRM), the National Patient Safety Foundation (NPSF), the Association for Professionals in Infection Control (APIC) and the Institute for Healthcare Improvement (IHI). Attendance is incented through the use of premium credits which serve to remove barriers to participation. • Participation in the Agency for Healthcare Research and Quality’s (AHRQ) TeamSTEPPS training in high reliability principles. • A series of on line education seminars presented by national experts from the Harty, Springer & Mattern lawfirm cover essential elements of credentialing, privileging and peer review for executive and medical staff leaders. • Internally produced webcasts or “webinars” on a variety of clinical and operational subjects.
N/A
<p>The Company offers seminars, with classes available on a complimentary basis for the Company’s policyholders and their employees. A copy of these programs is being provided with our hard copy transmittal to the Nevada Division of Insurance, as well as in a PDF version for electronic transmittal. Upon request, the Company’s Risk Control consultants will develop and deliver tailored services for these healthcare professionals. Our risk control team also provides educational programs at industry association meetings, upon request.</p>
Risk Management seminars on risk management techniques and procedures.
National in-person risk management seminars that qualify for AMA PRA

<p>Category I Credit are available to insureds free-of-charge. The content of these seminars always includes high-risk activities, communication skills, documentation techniques, informed consent, litigation management topics and additional topics that are applicable to the medical specialty of psychiatry. Insureds are notified about seminars via direct mail, the quarterly risk management newsletter (<i>Rx for Risk</i>), notices in renewal packages, advertisements on the website and other mailings.</p> <p>Additionally, a 4.5 CME hour on-line risk management course is available on demand.</p>
N/A
<p>We have held several seminars on “Malpractice 101” where we take our insured’s through the life of a malpractice claims from date of report to final resolution.</p>
<p>The Company offers a wide variety of education for members. We conduct ad-hoc training and seminars for individual medical practice groups and their support staff. We also offer live seminars for groups composed of members with different policies. Additionally, we offer national webinars that our member physicians and their support staff can attend.</p>
<p>Focused Risk Management Support – Each insured group has a risk management plan created each year based on their individual needs. Examples of elements of the risk management plan include:</p> <ul style="list-style-type: none"> • In-depth risk assessment, with clinical audit focus • Educational programs • Claims analysis and focused risk reduction planning • Tools and resources • Medical record audits <p>Company Regional Meeting and Annual Meetings Regional meetings are held each year in areas central to company insured groups. Business and educational updates are shared. The annual meeting is also held each September; group leadership is invited to attend and participate in the company’s annual meeting and the committee meetings. The venue also provides an opportunity for networking and education announcements.</p> <p>On-site Audit Help Groups whose audit results seem skewed based on interpretation receive on-site audit training, where the Company Risk Management Liaison assists the groups in auditing their records. In this way we assure that all groups are interpreting the audit questions the same.</p>
<p>Numerous hotel-based seminars are offered throughout the country each year for physicians and dentists. Specialty-specific programs can also be arranged for professional groups. These programs provide Continuing Education and successful completion of the home study materials that accompany the seminars qualifies the participants for premium credits.</p> <p>Medical/dental practitioners may also purchase specialty-focused learning components that have been designed to address their specific risk issues.</p>

These programs may include specialty-specific case examples.
N/A

Clinical audits and/or site assessments

Office audits are available to individual and group practices. They follow the information in the self-assessment workbook plus other areas specific to the individual practice.
The risk management committee implemented the use of a standardized release form that all members must use. An audit was done of each member to ensure the form was being used properly.
The Company routinely provides clinical and site assessments, upon request of the policyholder or at the direction of the Underwriter.
The Company utilizes a third party vendor called Medical Risk Management, Inc. to provide risk management education for insureds in Nevada. This service is offered at no charge to all insured physicians, surgeons (M.D. or D.O.), and podiatrists in the State of Nevada. This web-based service consists of modular, self-study courses that can also be used for CME credits. Medical Risk Management, Inc. is accredited by the Accreditation Council for Continuing Medical Education (ACCME). This service includes general courses such as “Focus on Patient Privacy – The HIPPA Privacy Rule” for all insureds and specialty courses such as “Risk Management Rounds: Emergency Medicine.
N/A
None
Comprehensive on-site assessments are conducted by experienced health care risk management consultants as requested by the insured practitioner, by an agent on behalf of a practitioner or as deemed appropriate by the Company in response to claims activity or prospectively to facilitate underwriting a new account. Recommendations for improvement, along with the rationale, are provided to the practice, in a written report of findings. As with the self-assessments, specialty specific on-site assessments are available for high-risk specialties, such as obstetrics, bariatric surgery and hospital medicine.
<ul style="list-style-type: none"> • Audits of a facility’s practice in timely reassessing patients who must wait in the emergency services area. These audits are systematized and results are reported in quarterly operational reports to facility leadership. • A web-based audit of practitioners’ documentation practices and patient assessment skills in the highest risk patient presentations in the emergency department – chest pain, abdominal pain, headache and fractures. Participation and success in this audit process is supported with premium credit. This is a cyclical process that has been in place since 2003. • Numerous other internal audits of medical charts are undertaken by clinicians at the local facilities as part of the monitoring and measurement of the Company’s loss prevention activities. • On-site risk assessments are undertaken when circumstances warrant –

adverse events, an adverse claim trend, etc. These assessments are intended to be specific to the issues giving rise to the events and assist the local leadership in implementing solutions.
As part of our Best Practice program supervisory file audits are recommended on a monthly basis.
The Company's risk management department has the technical skills and competencies to perform onsite assessments and clinical audits on various clinical services. Each member of our risk control team has earned the designation of Certified Professional in Healthcare Risk Management.
On-site risk management services for group practices and, where needed due to exposure issues, to individual physicians.
N/A
On-site risk management assessments are provided at the request of underwriting or the policy holders.
We have internal and external risk managers periodically assessing office practice for compliance with OSHA and HIPPA.
The Company offers and performs a wide variety of on-site clinical audits and site assessments. We utilize the results of the outcomes to address areas in the member's practice site which may have weaknesses in risk management and patient safety. Our focus on specific areas that are identified enables the member to correct any deficiencies and eliminate process defects.
<p>Risk Management Assessments and Risk Profile score A pre-insurance risk assessment is conducted as part of the underwriting process. This assessment focuses on high- risk areas in emergency medicine, specifically:</p> <ul style="list-style-type: none"> • Operations/leadership/committee participation • Environment/security • Teamwork, communication and handoffs • Clinical systems and patient care • Technology • Staffing/training/orientation • Peer review and quality improvement • Throughput • Patient satisfaction and customer service • Transfer/EMTALA • Risk and claims management • Medication safety • Psychiatric patients • Nursing services • Medical record review – outcomes <p>A risk assessment post insurance action plan is created for all insured groups and PSRS staff supports the implementation process with quarterly contacts with the physician leaders. This includes a risk profile score which is a measure of potential risk exposure and is used to track improvements.</p> <p>Clinical Audits and Performance Improvement Clinical audits of high risk areas are conducted each year. The Company Risk Management and</p>

<p>Patient Safety Committee determined the area for review in 2010 based on claims activities and trends. The area of focus was patients treated for chest pain and discharged.</p> <p>The expected outcome of the clinical audit(s) is to reduce misdiagnosis, improve adherence to the standard-of-practice, enhance the ability to defend claims through documentation of key elements, and to involve physicians in the audit process to heighten awareness of the diagnostic/treatment/documentation elements.</p> <p>Aggregate results of audits direct future risk management programs through identification of the areas of greatest opportunity.</p>
<p>Healthcare professionals may access consulting services in several ways. As a free service to its insureds, the Company provides business-hour access to the expertise of knowledgeable risk managers who answer insureds' questions, help them respond to consumer complaints, and provide one-to-one reinforcement of risk management principles and strategies. On-site assessments and review of risk management protocols are also available.</p>
<p>The Company is authorized by COPIC Insurance of Colorado to utilize their site assessment survey. For most practice-based offices, consists of compliance with the development of policies and procedures enumerated on page 3 of their Site Assessment Survey Document. In addition to the COPIC program, we have developed an Anesthesia Record audit and database to qualify practices which are unique to anesthesia-related adverse incidents, especially as they relate to the likelihood of subsequent malpractice claims.</p>

Other (any other kind of risk management)

<p>We now also conduct risk management workshops to individual offices, working with physicians and staff in tandem.</p>
<p>N/A</p>
<p>The Company routinely provides inservice presentations upon the request of the policyholder. Topics presented in 2010 included Advance Directives, privacy and security, medical record documentation and effective patient communication.</p>
<p>N/A</p>
<p>N/A</p>
<p>Our risk management hotline provides our policyholders with direct and immediate access to risk management information when the need arises, even beyond traditional business hours.</p>
<p>The Company provides resource publications including: <u>Risk Management for the Medical Practice</u>, <u>Risk Management for the Dental Practice</u>, <u>Reducing Liability: HIPAA Compliance Guide</u>, <u>Anesthesiology Preventive Action and Loss Prevention Plan</u>, <u>Physician Home Care Practice Liability: Preventive Action and Loss Reduction Plan</u>, <u>Disaster and Recovery Plan – Physician Office Practice</u>, <u>Physician Extender Liability: Preventive Action and Loss</u></p>

<p><u>Reduction Plan</u>, and <u>Reducing Obstetrical Liability</u> series which includes booklets on VBAC, Shoulder Dystocia, Preeclampsia/Eclampsia, Indications for Placental Examination, Ectopic Pregnancy, Amniocentesis, Cervical Cancer and Breast Cancer.</p>
<p>Other examples of current risk management activities include:</p> <ul style="list-style-type: none"> • Analysis of claim and other clinical data sources to benchmark and identify loss prevention priorities • A risk management newsletter • An educational resource library on an intra-net platform • Consultation services on-site or via phone or e-mail • Loss prevention programs around the high-risk areas of emergency services, obstetrics, infection control, patient falls, prevention of so-called “never events” such as wrong site surgeries, retained foreign bodies, surgical burns; etc. • A quarterly <i>Metrics</i> report identifies insured hospital locations deemed to have an increased susceptibility to liability in the high-risk areas. • A broad initiative to imbed high reliability organization principles in specific focus areas within each participating hospital (e.g. the surgery area to reduce the incidence of wrong site, wrong patient adverse events.) • Adoption of Airstrip OB – technology that delivers real-time wave form fetal heart monitor strips to a physician’s cell phone or mobile device; addresses the need for better communication between nurses and doctors regarding the well-being of the baby.
N/A
<p>The company issues publications entitled, <i>Vantage Point</i>, <i>inBrief</i>, and <i>Alert Bulletin</i>. The <i>inBrief</i> publication specifically focuses on allied health care professionals and entities, addressing, among other topics, various risk management concepts. The first issue was published and distributed September 2005 and is published three times per year. In addition, our managing general underwriter, Affinity Insurance Services, through which our Healthcare Provider Services Organization professional liability insurance is issued, publishes a newsletter, <i>Risk Advisor</i>, that is sent to allied health care providers. Our web site includes risk management information on general liability insurance, professional liability insurance, employment practices liability insurance, and directors’ and officers’ liability insurance. Through our health care risk management unit, the web site also addresses health care risk management issues, including materials on emergency preparedness and claims studies relating to various business segments. Educational programs and telephone consultations are available upon client request. All publications and risk management resources are posted to the company’s web site, with access available at no charge. Finally, the company’s School of Risk Control Excellence offers risk control educational courses to our insureds and insurance producers as a complimentary service at no additional cost. The company’s the company’s risk consultants provide educational services to numerous national, regional, state and local industry associations through faculty appointments and presentations to these organizations.</p>

Premium credit for the cost of qualifying risk management programs, software or other clinical tools used by physicians
<p>The toll-free Risk Management Consultation Service (RMCS) helpline is also available free-of-charge. This service provides one-on-one risk management advice to insureds as potential liability situations arise in their practice.</p> <p>A quarterly newsletter, Rx for Risk, is available free-of-charge to insureds. This publication contains risk management articles, information, resources and tips designed specifically for psychiatrists and other behavioral healthcare practitioners.</p> <p>A website with numerous risk management resources is available free-of-charge to insureds. Available materials include a library of risk management articles, archives of the quarterly newsletter, a risk management manual, HIPAA Help manual and other manuals.</p> <p>Online risk management education is also available free-of-charge to insureds. The online tutorials on selected risk management topics include CME as well as non-CME components.</p>
<p>Individualized loss prevention seminars tailored to the needs of the practice are provided at the request of the policyholder.</p> <p>Loss prevention publications are available to all policyholders and include: The Medical Risk Management Advisor (news for physicians published three times per year) <i>Vital Signs</i> news letter (Case Studies of Medical Liability Suits, by Specialty) Risk Management Guidelines for Our Insured Physicians Pod casts discussing timely risk management issues</p>
We provide on line CME's for our insured's to they can get continuing medical education as needed.
Much of our contact with members is telephonic providing answers to urgent & immediate issues. From these calls, we are able to resolve minor issues or arrange for on-site assessments and training for more in-depth issues. We frequently develop tailored education for members or can utilize existing training for more common applications.
<p>Claims Analysis Claims analysis is conducted on an on-going basis. The process is focused on individual claims, group claims and company trends. Results are used to support defense strategies and to determine risk reduction activities.</p> <p>Stuart Fleming Award The Stuart Fleming award is intended to reward a Company group that has demonstrated outstanding outcomes and/or progress in risk management. Criterion for the award includes:</p> <ol style="list-style-type: none"> 1. Overall participation in the risk management program: action items implemented from the risk assessment during eligibility time period. 100%

<p>participation with quarterly calls for risk action plan reviews, resources shared, committee involvement</p> <ol style="list-style-type: none"> 2. 100% participation in education modules 3. Participation with the audits and timely submission of data 	<p>Company insureds are encouraged to contact their regional risk management consultants with any questions or concerns of a risk management nature. By offering customized consulting services to its insureds, the Company supports development of a relationship with the individual that will address their specific issues and hopefully help them incorporate risk management strategies as a valuable aspect of practice management.</p> <p>Through its website, the Company helps healthcare providers access a library of free risk management and quality improvement articles and self-assessment materials. The company also publishes the nation's oldest risk management publication, <i>Protector</i>, first published in 1913. Every insured receives a free subscription of three issues each year. As an inducement to encourage Company insureds to increase their risk management knowledge, the Company has recently announced a <i>Protector</i> Continuing Education readership program that provides CEs to insureds who read the articles and answer test questions that can be accessed at the Company website. Insureds who participate in a series of readership tests can also qualify for premium credits, in approved states.</p> <p>The Company produces a series of risk-focused webinars each year. Webinars are typically offered to medical and dental office staff while other webinars are made available to administrative staff of our insured hospitals.</p> <p>Three on-line versions of The Company's <i>Clinical Risk Management Reference Manual</i> are also available to policyholders: 1) a version for practice-based physicians; 2) a version for hospital-based physicians; and 3) a version for dentists. The company also provides a litigation support booklet for healthcare professionals who have been sued. This booklet was designed for two purposes: first, to help healthcare professionals understand the defense team's role in management of a lawsuit and, second, to help insureds identify and manage the emotional challenges that often accompany a lawsuit.</p> <p>The Company also distributes two separate electronic communications to insureds on a regular basis. <i>Risk Tips</i> is a bi-monthly publication that provides risk updates and resources to healthcare facilities. <i>Risk Management Review</i> is an email series providing physicians with in-depth risk analysis of closed professional liability lawsuits.</p>
	<p>The Company also employs a Radiologist program which revolves around recognizing situations that are likely to lead to adverse outcomes.</p>

- b) Are programs available to all policyholders? Describe which programs, if any, require policyholders to make any kind of payment, and which, if any, are available without charge.

Seminars are available to all insured physicians at \$50 per person inclusive. The Company has opened up attendance at these seminars to all physicians in the state for a charge of \$100 per person. Medical school students and administrators can attend for free. Office audits are available to all insureds. Fees vary and some are gratis.
Company management has plans to implement various risk management programs once initial membership in the Company has been completed. The Company plans to implement programs which would fully integrate the system of risk management, and quality control whereby there exists direct interface between the Members, the Company, the Company's third-party administrators, the Company's underwriter and the Company's defense counsel which would be available to all members.
The Company's programs are made available to all policyholders and all are free of charge.
The program is open to all insureds and is provided without charge.
All insureds are eligible to participate. The online and hard copy continuing medical education courses require a payment. The seminars offered by our medical advisor are free.
Programs are available to all insured psychiatrists. The hotline as described above is provided free of charge. The CME programs are offered at a discounted fee.
All programs are available to all policyholders at no charge. Additionally, the Company provides CME programs for medical societies, hospital medical staff, and professional associations upon request. The sponsoring organization may charge a fee for those programs, but the Company does not collect a speaker's fee.
Programs are available to all insureds, depending on the scope of services offered at the local healthcare facility. Many loss prevention programs are supported with financial incentives ("premium credit") intended to remove cost barriers to compliance. Some of these programs do require a financial payment by the insured facility to an external service vendor, however, each of those programs are associated with specific financial incentives that more than offset the financial outlay for the insured facilities that successfully implement and comply with the expectations.
Yes
Programs are available to all policyholders through the risk control school and through our certified health care risk control consultants. Upon request, risk control information may be accessed at any time via the Company's web site. Also attached with our electronic transmittal is a PDF version of the Risk Control Services available through the Company, as well as information regarding the risk control school.
Programs are available to all policyholders, although onsite risk management

is not promoted to individual physicians due to cost considerations (though used with individual physicians where dictated by adverse claim experience).
These risk management programs and resources are available free-of-charge to all insureds.
All programs and publications are available to all policyholders at no charge.
At this point they are all provided at no cost to our insured's.
Yes, all patient safety and risk management programs are available to all policyholders. Additionally, all policyholders have unlimited access to risk management and patient safety publications and resources on our website on both the public domain as well as our member's only area that is restricted to policyholder access. There is never a fee for any of our programs for Nevada members.
Yes, all of the Company's Risk Management programs described above are available without charge to insured members.
Risk management services, products, and programs are available to all insured physicians, dentists, and other healthcare professionals, and, in some instances, to their staff members as well e.g., webinars and some of the seminars and self study components. Continuing Education programs are available for a nominal fee. Some custom-designed programs may include honoraria to cover certain development or administrative expenses, e.g., faculty travel. Information-focused materials, manuals, library, and self-assessment components are free to Company insureds. Telephone consultation with risk managers is free.
The Company does not offer risk management activities. They are mandatory! Each applicant prior to binding of coverage is personally met with and surveyed on their willingness to participate in risk management activities. Only those applicants willing to participate freely are considered for final underwriting approval and binding of coverage. There are no additional charges for ANY risk management activity participation as it is not voluntary.

c) Is participation ever mandatory? If so, under what circumstances is it mandatory?

Participation of the audits is sometimes mandatory, based on underwriting considerations. Participation in the seminars is not mandatory.
Currently participation in any risk management program adopted by the Company is considered mandatory for all members.
Participation may be mandatory under certain situations such as a history of above average frequency or severity of claims.
While it has not been exercised to date, an underwriter could request that a given insured participate in the loss control coverage as a condition of providing coverage, or renewing coverage when deemed necessary to potentially enhance the quality of the risk.
Yes. Participation is mandatory for insureds that are under our Secured Protection Program only. These insureds are required to take 10 hours of Risk Management yearly.
Participation is not mandatory.

Participation is mandatory only for a site assessment requested by the Company on behalf of an insured practitioner in response to an adverse activity (claims history or sanctioning by a licensing board).
<p>While loss prevention activities are typically not mandatory, there are at least two strong motivators for active participation:</p> <ul style="list-style-type: none"> • The common corporate lineage that the Company enjoys with its insureds brings with it strong management support and enforcement leverage for performance improvement programs, and • Premium credit incentives have powerful senior leadership support with a clear expectation for not only participation but 100% achievement.
No
Participation is not mandatory.
Participation is not mandatory.
Risk management participation is highly recommended but is not mandatory.
<p>Participation in on-line loss prevention seminars is voluntary.</p> <p>Participation in underwriting requested on-site risk identification assessments are mandatory. Underwriting will request an on-site assessment for a variety of reasons which may include: claims frequency or severity, addition of office based procedures, and employee supervision, documentation and patient tracking system issues.</p>
No, but since the doctors are the owners we get good participation.
Participation in any of our patient safety and risk management programs is voluntary and not required for any policyholder.
Yes, participation of full time physicians is mandatory.
In some cases, participation in a risk management program may be requested as a condition of renewal. For other insureds, educational programs and/or risk evaluations are highly recommended when the insured may need assistance with specific risk-related issues, but is still considered an insurable risk from the Company's perspective. Insureds are free to utilize any healthcare risk-consulting group of their choosing and are not required to engage only Company employees or agents for these services. To date, no Company insured in Nevada has been required to complete a risk management program as a condition of renewal.
As stated above, participation is mandatory.

d) How much risk management premium credit is offered? Please specify premium credit by risk management activity. If possible, specify premium credit by risk management activity in accordance with the categories of risk management programs listed in Question a).

Physicians receive a 5% premium credit at their policy renewal following their participation in a seminar or audit. The credit lasts for one policy year. The limit is one 5% credit per policy year. The credit is not cumulative if multiple programs are selected.

The Company does not offer a risk management premium credit at this time.			
Policyholders are given five percent credit for completing one or more CME courses per policy year. In 2010, the five percent credit was also given to all policyholders who attended the regional seminar in Reno on October 2, 2010.			
<p>The underwriter will evaluate the procedures in place within the practice, including adherence to any prior loss control recommendations. The underwriter also evaluates the use of the Company sponsored risk management service at renewal.</p> <p>A credit or debit of 0 to 5% has been filed for this program</p>			
<p>Up to 5% of Risk Management premium credit per policy per year is available to an insured.</p> <p>A seminar led by our Vice President of Medical Relations qualifies an insured participant for 2 CME credits and a 5% premium credit.</p> <p>Courses vary from 5 CME credits to 1 CME credit. Each CME credit is equivalent to a 1% premium credit.</p>			
An annual 5% premium credit is given for psychiatrists who receive 5 CMEs of risk management.			
No risk management premium credit is offered.			
Credit Element	Category	Credit Up to...	
RM education via external professional organizations	II	\$5,000	
RM education conducted within facility	IV	1.0%	
Certification of risk manager (CPHRM designation)	I	\$5,000	
Meeting minimum risk management staffing guideline	IV	1.5%	
Subscription to ECRI Institute RM resource tool	I	\$3,000	
Participation by eligible new risk managers in orientation	II	\$2,000	
Computer based training for Emergency physicians & nurses	I	Credit/course	
Participation in cyclical Emergency Services Risk Audit	III	2.0%	
Patient reassessment audits	III	none	
Airstrip OB subscription for mobile patient monitoring	IV	\$228/phy/mo	
Creation of a postpartum hemorrhage response cart	IV	0,75%	
Adoption of a magnesium sulfate policy for neonatal neuroprotection	IV	0.5%	
Completion of Suicide Prevention protocols	I & IV	1.5%	
Completion of Radiation Safety protocols	IV	2.5%	
Completion of Infection Prevention expectations	IV	\$5,000	

We offer a 5% premium credit to accredited members of the Company Association.
No risk management premium credit is offered.
<p>I Self-study programs and/or self assessments: On-line risk management courses provide credits up to 5% depending upon the course taken.</p> <p>II Seminars: Risk management seminars provide 3% credit. That credit can be expanded to 5% by bringing a risk manager or office manager with risk management responsibilities to the seminar.</p> <p>III Clinical audits and/or site assessments: An on-site Risk management survey in conjunction with a risk management seminar or other risk management tool which shows effective compliance provides a credit of 2%.</p> <p>IV Others – Include Descriptions of Type of Programs: A maximum of 5% credit is available for actual cost of risk management tools.</p> <p>The risk management maximum credit is 5% plus credit given for “others” up to a maximum of 10%</p>
There is a 5% risk management premium credit for insureds who have either completed a risk management seminar (either in-person or online) of at least four hours or who have successfully completed the Self Evaluation Tool (SET) post-test. This credit remains in effect for three years from the effective date of the credit.
<p>I. Self-study on-line loss prevention programs- A maximum 5% premium discount is applied to the renewing premium if physicians successfully complete available on-line risk management programs at least 90 days prior to renewal. Office practice on-line self assessment-0 premium credit</p> <p>II. Clinical audits and/or site assessment-0 premium credit</p> <p>III. Any other type of risk management activities such as publications and other resources-0 premium credit.</p>
We can credit between 5% and 15% for risk management. Credits are based upon our initial office/clinical assessment, chart audits, office protocols, utilization of patient arbitration forms, secondary self-assessments, and participation in our voluntary CME programs and seminars.
A 5% premium discount is offered to Nevada policyholders for the successful completion of a risk management/patient safety exam. The following risk management discount rule has been filed with the Nevada Division of Insurance:

A risk management discount of 5% shall be applied on the effective date of the policy if all Named Insureds on the policy have completed a risk management program approved by the Company no earlier than 12 months but no later than 60 days prior to the renewal effective date. The Nevada Division of Insurance must approve any risk management program offered by the Company.

The risk management discount shall NOT apply to:

- ancillary healthcare providers (e.g., Physician Assistant, Certified Nurse Practitioner, etc.) that share limits with any Named Insured
- healthcare professionals rated on a “per procedure” basis
- “slotted” healthcare professionals

Effective January 1, 2006, the online risk management/patient safety exam was available with immediate grading. In September, 2006, we also started providing 2 free Category I CME credit hours to each physician successfully completing the exam. This exam was updated for more current content as of January, 2009. All Nevada policyholders can also take a paper version of the exam that we grade manually if they are unable to complete the exam online.

Additionally, as noted above, we sent a letter to all Nevada policyholders reminding them of the opportunity to complete the online exam to receive a 5% premium discount on their next renewal, subject to the filing parameters listed above.

The Company’s overall pricing allows up to 25% credit or debit per policy. However, the credits/debits are not solely based on the risk management activities as previously listed. The allocation of credits or debits is subjective and includes, but is not limited to the groups’ overall claims history and experience in the field of emergency medicine, such as group leadership, residency training in Emergency Medicine, etc.

Typically, premium credit is offered for completion of a minimum of seven Continuing Education hours in order to qualify for a five percent premium credit for each of the three successive policy years.

I. Self-study programs offer the potential for premium credits. Self assessments do not. Doctors who complete a qualified component earn a five percent premium credit for up to three years. Risk management modules must include a minimum of two hours of approved education that focuses on: a) risk management; b) quality and performance improvement; c) enhanced communication skills or other topics that may be approved by the Clinical Risk Management Department. For a minimum of two CEs, a doctor may earn a five percent premium reduction for one year. For a minimum of four CEs, a doctor may earn a five percent premium reduction for two years.

II. Seminars provide the opportunity for premium credits.

III. Clinical audits and/or site assessments do not offer premium credits.

<p>IV. Within the category of “other,” the Company offers a 2.5 percent premium credit for policyholders who use an Electronic Health Records system that meets specific criteria for utilization as a risk reduction tool. The Company requires the insured to complete a questionnaire and submit specific supporting documentation to determine if the insured meets the criteria. Once approved, the doctor receives the 2.5 percent credit for three years.</p>
<p>Credit is not offered as participation is the rational for out rate structure. A 25 % Debit is applied to any Insured not completing the assigned Risk Management Training in a timely manner. To date, no Insured has failed to complete this training.</p>

2. See the “Analysis of Physician Participation” section on page 4 of this report.

3. See the “Analysis of Claim Experience” section on page 5 of this report. Some companies provided footnotes concerning question 3. The following footnotes were provided (in an order unrelated to the presentation of responses to other questions):

<p>There has not been any claim activity to date. Only one clinic policy with two insureds has been written in Nevada.</p>
<ul style="list-style-type: none"> • All insureds in Nevada participate in loss prevention activities. • HCI’s coverage in Nevada as of 12-31-10 is excess of a substantial self-insured retention. Claim data reported above includes claims within the retention as well as those that potentially trigger the HCI excess coverage. • The valuation date for the claim data above is 4/29/2011.
<p>We currently do not have any Nevada policy holders or claims.</p>
<p>As we noted all of our insured’s participate in risk management activities. If not through seminars it is through quarterly visits by our risk management specialists. We are not capable with our present system to track those that participate and use the information that we provide. I know of few carriers who can track accurately how risk management hits the bottom line. We are looking at a new policyholder system that may in the future be able to differentiate between those insured’s who embrace risk management and those who do not but we simply do not have that capability at this time. Thus we used the same numbers in questions regarding losses.</p>

4. Describe how you monitor the effectiveness of your risk management programs.

<p>The Company monitors the effectiveness of the risk management programs in a number of ways. We try to correlate risk management participation to claims frequency and severity (longitudinal study). After a claim has been filed, we look to see if defendability has been improved due to our risk management efforts. We analyze physician self-reports of effectiveness and we analyze local, regional, and national claims trends to try to determine what additional risk management programs should be implemented. We get feedback from our claims personnel and defense attorneys.</p>
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The Company is still within its initial startup phase (with limited membership), therefore has not fully implemented risk management activities and has not had enough activity to require monitoring.
The Company periodically audits the claims history for Nevada policyholders. The audit includes an analysis of any claims trends, based on identified risk management concerns and/or allegations. This assists with identifying the relevance of subject matter currently available through the CME program.
<p>The effectiveness of the risk management program will be evaluated based on participation, as well and, ultimately, either a reduction in claim activity or increased defensibility of claims made against our insureds.</p> <p>As mentioned, this program is relatively new, so it is too soon to make a serious evaluation of the overall viability. We do intend to continue to promote the utilization of our risk management offerings to the existing base of insureds and to get our producers to encourage participation early on for newly bound physician risks.</p>
Risk Management is an inherently difficult program to monitor. Further our company is relatively new and our experience is immature. Our insureds continue to request new ways to reduce thier risk of loss and we work to provide ways to help them. We believe our programs educate and inform our insureds to run better practices of medicine and improve our loss experience in the long run. Our Risk Management programs are very well attended in Nevada. Our loss ratios are also good. Overall, it is difficult to draw a direct correlation or causation, but we feel our Risk Management programs are successful in Nevada.
The effectiveness of our risk management programs is monitored through regular and periodic review of claims. This is done in an effort to identify both severe claims or claim trends.
<p>Program effectiveness of the assessment process is monitored by the results of an on-site re-assessment focusing on implementation of risk reduction measures recommended during an initial assessment and by on-going monitoring of loss trends for insured practitioners and groups. Written participant evaluations of educational programs, including an appraisal of changes that will be implemented in the practice, evaluate the effectiveness of educational offerings.</p> <p>Physician and agent feedback of programs and risk management offerings are also instrumental in evaluating the effectiveness of risk management activities.</p>
<p>Program effectiveness is monitored through on-going review of many claims statistics and other clinical metrics. These include claims frequency and severity rates, experience factors, satisfaction scores, audit scores, surgical complication rates, patient fall rates, etc. Specific examples include:</p> <ul style="list-style-type: none"> • On-going claims analysis. • An annual report called Issues In Review analyzes claims on a report-year basis by hospital department, risk issue, etc. and drives decisions around loss

<p>prevention activities and resource allocation. It also is used to benchmark claims experience from one year to the next.</p> <ul style="list-style-type: none"> • The Company participates in the Aon Benchmarking project which identifies claim trends and compares claims experience with external peers. • The quarterly Metrics report process identifies insured hospital locations deemed to have an increased susceptibility to liability in the high-risk areas. This report is an on-going assessment of key risk metrics across all insured locations. Performance improvement plans from the insureds are part of the process as is telephonic follow up with the business leaders. • On-going site assessments measure progress toward risk mitigation and compliance with recommendations for clinical performance changes. • Scores from the Emergency Department Risk Audit provide on-going evidence of progress in improving practitioners' patient assessment skills. • Ad-hoc requests for insured location claims analysis. • Internal management reports and "scorecards" measuring key departmental performance statistics.
<p>We monitor our claims through monthly updated loss runs provided by our TPA. We then calculate our loss ratio based off those loss runs and judge accordingly.</p>
<p>The effectiveness of risk management programs is monitored through a review of loss activity and survey evaluations from educational seminars. Following each telephone consultation, the Insured is queried as to whether the information provided in the consultation has responded to the inquiry posed and fulfilled the expectation of the querier.</p> <p>In 2010, a randomized survey of the company's clients was conducted to determine the needs and emerging issues of the various insured business segments.</p> <p>In addition, the company's strategic initiatives include an analysis of the factors that contribute to loss drivers in the various business segments served. With this information, we develop products and services to create awareness about these loss drivers. We will continue to monitor these factors to determine whether they remain dispositive and require additional resources.</p> <p>We also have a task force in place to identify emerging exposures in order to predict, prevent and manage future losses. A strategy to monitor this activity is effected in order to determine whether new initiatives must be implemented.</p>
<p>Effectiveness is monitored by</p> <ol style="list-style-type: none"> 1. claims experience 2. presence or absence of addressed risk management issues in incurred claims, and 3. monitoring the implementation of risk management procedures by onsite surveys.
<p>a) Insureds who attend in-person and online risk management seminars are required to complete an activity evaluation providing feedback about the effectiveness of the activity and how it will influence the use of risk management in their</p>

practices.
<p>b) Insureds' answers from the Self-Evaluation Tool (SET) post-test are graded to ensure satisfactory completion.</p> <p>c) A bi-annual audit of insureds is conducted in order to assess the degree to which they are incorporating and utilizing risk management strategies and procedures presented in seminars, in written resources and provided through the one-on-one Risk Management Consultation Services Helpline (RMCS).</p> <p>d) Additionally, the number and type of calls to the RMCS are reviewed.</p>
<p>The collection and monitoring of various data assists us in tracking the effectiveness of these programs. Efforts include:</p> <ul style="list-style-type: none"> • Monitoring the frequency and severity of claims on an ongoing basis. • Periodic claim studies to identify the primary cause of loss and medical specialties involved in claims. • Analysis of reported incidents. • Surveying physicians who participate in our educational activities regarding changes made to their practice as a result of the activity. • Monitoring and analyzing consulting questions received and assessments performed. <p>The collection and monitoring of the above listed data also assist us in completing a quantitative analysis of our program's effectiveness. Physicians participating in risk management programs show fewer number of incurred claims; compared to those physicians who do not participate in risk management programs.</p> <p>In addition, the results of this analysis influence the development and modifications to our educational programs.</p>
<p>It is difficult to monitor the effectiveness of any malpractice risk management program as there will be errors despite our best efforts. Historically we look at our loss ratios over time and hope that they stay at a minimum stable and at best trending downward.</p>
<p>The patient safety/risk management measures for the Company are intended to assist with behavior changes that will eventually decrease frequency or lessen the severity of the injury or ideally eliminate risks altogether. Although claims will continue to occur even after patient safety/risk management education has taken place, due to delays in the legal system, eventually these improvements will become evident. When an office practice makes those system changes that will help to protect patients, claims will decrease, and, most importantly, patients will be exposed to safer practice environments. When the physician or other healthcare providers learn to recognize events that may lead to litigation, corrective action can be taken to lessen the anger that is the main trigger of a lawsuit.</p>

Monitoring is done in various ways. For example, prior to the policy renewal period, an analysis of both claims and patient safety/risk management services is performed to determine whether the services should be re-evaluated with the emphasis placed on other risks. This analysis can also occur mid-term in the policy period if claim trends or the practice profile indicates an area where more time-sensitive intervention is necessary or if intervention is indicated as a result of a telephonic or live consultation with our staff.

Monitoring the effectiveness of the exam occurs when the risk manager compares the exam results to the practice's site-survey. The exam is also updated for currency and relevance.

As another example, actual numbers and types of claims are evaluated before and after the patient safety/risk management intervention. The impact on frequency, severity and claim types can then easily be evaluated. In addition, we can track the time lapse between the date of occurrence and date of report. If this time gap diminishes, then we will consider the efforts effective as the policyholder is now recognizing the events as they occur and can take corrective action more quickly to avoid litigation.

Physician participation, changes in behavior, process/system/operational improvements, development of best practices, audit results and improvements, claims benchmarking and claims outcomes, risk assessment improvements, feedback from groups and individual providers and improved risk profile scores.

The Company recognizes the importance of its risk management function as a means of supporting patient safety and litigation reduction. Effective education modules and consultative services can help insureds reduce liability in two ways. First, physicians and dentists who are more knowledgeable about the causes of malpractice lawsuits can implement changes in their practices that will improve patient safety and satisfaction, hopefully decreasing the odds of a patient complaint or lawsuit. Second, even in circumstances where a lawsuit may be inevitable, doctors who have implemented risk management strategies into their practices are more likely to provide improved support to their defense. The Company uses a variety of methods to measure the effectiveness of its risk management program.

Claims data analysis: On an annual basis, the Company provides defense services for more than 4000 professional liability claims. Analysis of data accumulated during the management of these cases provides trending information the Company uses to fine-tune its risk management information, education and consulting services.

Risk management analysis: From a risk management perspective, the Company is able to identify clinical issues, problematic business processes (including communication and documentation), regulatory and compliance

variances, and human resources factors that can be used as the basis for educational components. These factors are identified as contributors to the legal action or complaint process.

Feedback from defense counsel: Working closely with expert defense counsel, the Company benefits from the feedback of in-the-trenches attorneys who provide astute commentary about the risk issues inherent in the cases they handle. This feedback, in combination with assessment of closed claims, validates the specific topics or issues around which educational components are designed.

Direct contact with insured physicians and dentists: As part of its commitment to insured doctors, the Company abides by national accrediting guidelines established by the Accreditation Council for Continuing Medical Education (ACCME) for physicians and the Academy for General Dentistry (AGD) for dentists. These guidelines are used in the development of educational components that offer choices of topics, clearly-stipulated learning goals and objectives, and an opportunity for every participant to evaluate and to suggest ideas and topics for future educational offerings. As part of every educational component, participating doctors' feedback is an important element in the ongoing needs assessment process.

The Company insureds are encouraged to contact the Risk Management Department whenever they have questions or concerns about day-to-day quality/ performance improvement or risk-related topics. The substance of conversations with expert risk management staff can also be used to identify potential education topics.

In addition to the practice-based activities, we are developing an active patient feedback program which we will be offering to the entire medical community once fully implemented. Obviously, with the Company still in its infancy, we can not begin to assess the effectiveness of our program on any basis. We plan to monitor closely the type of claims we encounter to better formulate our risk management activities. Fortunately, we are basing our program on the maturity of the COPIC effort which spans the last 20 years. In addition to the monitor on actual claims and reported incidents, we plan to closely monitor our patient feedback instruments.

5. Please discuss the impact of the risk management programs. If participation was mandatory for any providers, separately discuss the impact of the risk management programs for those providers.

<p>Company insureds have seen a reduction in claims frequency and severity, resulting in lower premiums, which is a benefit to both physicians and patients in Nevada. It is difficult to tell whether this is the result of tort reform, loss prevention efforts, improved underwriting, a combination, or something else. Physicians who have attended the seminars usually comment that they feel the information is helpful and they plan to improve their recordkeeping and patient communications as a result. We believe that educating physicians and their staff in ways to provide better for their patients is the hallmark of risk management and our company would offer these services irrespective of our legal responsibility to do so.</p> <p>There has been no mandatory participation of insureds to date.</p>
<p>The Company is still within its initial startup phase (with limited membership), therefore has not fully implemented risk management programs at this time.</p>
<p>The impact of our risk management programs is evaluated by analyzing the reported claims on an on-going basis.</p> <p>While many of the physician-related claims allege failures or delays in diagnosis or treatment, there was no overall pattern or trend as to type of diagnosis.</p> <p>Hospital-related claims are very low in frequency (number of claims) as well as severity (indemnity paid per claim). No other patterns or trends were noted.</p> <p>The CME programs were first utilized by Nevada insured physicians in August, 2004. The frequency of claims decreased slightly from 2004 to 2007, while the severity from 2004 to 2007 reflects the national trend of higher indemnity awards. 2008 through 2010 data are too undeveloped at this point to draw conclusions.</p> <p>While the recent data are still preliminary we will continue to monitor these trends. Analysis indicates that the Company's risk management programs are having a positive impact on frequency (number of claims) while keeping severity (indemnity paid per claim) consistent with national trends.</p> <p>It is important to note that the Company has responded to those physician claims alleging failures or delays in diagnosis or treatment. We have identified and contracted with a new CME vendor (as of April 1, 2011) that offers more diagnostic related courses for physicians, specifically in the areas where the Company has noted claims. We believe this expanded curriculum will impact positively the physician claims.</p>

N/A																														
Risk Management has not been mandatory in the past, however now we require it for doctors who are in our Secure Protection Program. Currently the Company has no Nevada insureds that are required to take a Risk Management course. We believe that offering quality risk management programs will lead to better insurance programs for the physicians and surgeons in Nevada.																														
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<p>As stated, these loss prevention programs are typically not mandatory, but participation and compliance is nearly 100% because of the “captive” nature of the company, the strong support from the insureds’ leadership team and significant financial incentives for successful participation.</p> <p>The following are key claims experience indicators and are based on the number of reported claims (“frequency”). Claim trends are for the Company’s experience overall (not just Nevada) for the period 2004 to 2009. The data is compiled by Aon Global Risk Consulting, a branch of Aon Corporation, a leading global provider of risk management services, insurance and reinsurance brokerage. This analysis includes data from 1,800 hospitals. The term OBE in the table below refers to Occupied Bed Equivalents – a measure of risk exposure. The term “industry” as used below refers to the non-Company-insured hospitals in the study.</p> <table border="1"> <thead> <tr> <th>Risk Area</th><th>Claim Frequency</th><th>Company</th><th>Industry</th><th>Key Company Strategies</th></tr> </thead> <tbody> <tr> <td rowspan="2">Overall</td><td>2004-2009 Trend</td><td>Down 11.4%</td><td>Up 4.3%</td><td rowspan="2"> <ul style="list-style-type: none"> Overall strategy to address highest risk issues, having the greatest leverage for impact </td></tr> <tr> <td>Claims per 1,000 OBE’s in 2009</td><td>19.4 claims</td><td>19.5 claims</td></tr> <tr> <td rowspan="2">Obstetric</td><td>2004-2009 Trend</td><td>Down 21.2%</td><td>Up 28.9%</td><td rowspan="2"> <ul style="list-style-type: none"> Fetal Heart Monitoring training for physicians and nurses Evidence-based guidelines for high risk meds and procedures </td></tr> <tr> <td>Claims per 10,000 births in 2009</td><td>5.14 claims</td><td>7.45 claims</td></tr> <tr> <td>Emergency Services</td><td>2004-2009 Trend</td><td>Down 26.8%</td><td>Up 3.0%</td><td> <ul style="list-style-type: none"> Use of documentation </td></tr> </tbody> </table>					Risk Area	Claim Frequency	Company	Industry	Key Company Strategies	Overall	2004-2009 Trend	Down 11.4%	Up 4.3%	<ul style="list-style-type: none"> Overall strategy to address highest risk issues, having the greatest leverage for impact 	Claims per 1,000 OBE’s in 2009	19.4 claims	19.5 claims	Obstetric	2004-2009 Trend	Down 21.2%	Up 28.9%	<ul style="list-style-type: none"> Fetal Heart Monitoring training for physicians and nurses Evidence-based guidelines for high risk meds and procedures 	Claims per 10,000 births in 2009	5.14 claims	7.45 claims	Emergency Services	2004-2009 Trend	Down 26.8%	Up 3.0%	<ul style="list-style-type: none"> Use of documentation
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				<p>presentations</p> <ul style="list-style-type: none"> • Computer based education for clinicians
<p>The Company underwrites only Company Medical clinics. As a class of business our incidences of claims is very low and thus have not seen the need to make mandatory these recommended programs. Having said that most members readily embrace these programs as this is a relatively new medical specialty, they are anxious for guidance in best practices.</p>				
<p>The impact of the risk management programs is reviewed by examining the frequency and severity of claims.</p> <p>We also examine client satisfaction with our services, including both our insureds and our producers, in order to assess the value of our programs and service offerings.</p>				
<p>We have seen reduced claim frequency and severity which may be contributed to by risk management programs in addition to the impact of Tort Reform and other social/legal factors. We are unable to determine the specific impact of risk management due to the number of other factors which may contribute to the specific results currently seen. For example, we have not seen the reduction in frequency we expected due possibly to the naming of more defendants as a result of the several vs joint liability addressed by Tort Reform.</p> <p>We have seen dramatic change in risk management compliance in a handful of accounts where risk management was mandated resulting in our willingness to continue coverage and stabilize or reduce pricing.</p>				
<p>During 2010, no insureds utilized the RMCS service.</p> <p>A risk management self audit tool was sent to all insureds in the fall of 2010.</p>				
<p>Approximately 20% of our active NV MPL policyholders participated in our on-line risk management programs and received a 5% premium discount during this reporting period.</p> <p>In reviewing the effectiveness of our programs, we have found the program evaluations completed by the participants to be favorable and will enhance their professional effectiveness. Many of the participants felt that the courses were organized and contain pertinent information and the “real-world” case studies illustrate the importance of incorporating risk mitigating strategies into their daily practice.</p> <p>There appears to be a decrease in the number of incurred claims for those participating in risk management programs. This could also be a reflection of an overall industry report of decreased claims activity. We will continue to evaluate this information.</p>				

<p>Our programs are not mandatory but we get good support from our insured's. Our seminar this year was entitled "Malpractice 101" and we got excellent feedback from our doctor's and our doctor's' office staff. It was informative and let them know what to expect should they be sued. It also guided them on the steps to protect them by using good documentation at all times. Communication was stressed as the key for all to avoid litigation.</p> <p>We attempt to meet with each of our insured's at least four times a year to touch bases with them and provide office self assessments for their use. Again we get good feedback about the office assessments and that they are helpful keeping the office and staff up to date with any changes in the law.</p>
<p>As mentioned previously, the impact of patient safety/risk management approaches cannot be determined immediately following the completion of the program due to legal system delays. However, the Patient Safety Department of Company monitors both the effectiveness and impact of our programs throughout the policy period and when claims are initially reported. Tangible results of our impact can be realized by the evaluation of claim volume and type over time following our intervention and regular site visits.</p> <p>We would note, however, that more immediate impact of improved patient safety and risk management techniques can be seen through fewer clinical incidents, near misses and other undesirable clinical outcomes that may or may not materialize into a claim.</p>
<p>The impact of the RM program has resulted in many changes:</p> <ol style="list-style-type: none"> 1. Benchmarking of the risk profile scores indicates improved risk management programs in insured EDs 2. Identification of the greatest areas in need of improvement 3. Clinical audits and comparative data analysis has resulted in over a 50 % improvement in high risk areas; practice and documentation 4. Customized risk management plans for select groups 5. Focused claims analysis to drive action for risk reduction 6. Shared practices between ED groups 7. Incorporation of performance improvement indicators and measurement 8. Heightened awareness in the high risk clinical areas; development of protocols, algorithms and order sets, reducing practice variation 9. Completion of educational modules targeted on the high risk areas in ED from a claims perspective, which is changing practice and behavior <p>Participation is considered mandatory for all insured groups.</p>
<p>The Company's risk management philosophy reinforces the importance of risk management education as an important component in patient safety and satisfaction. The Company utilizes a variety of educational approaches to help physicians, dentists, and healthcare organizations select topics and formats that will be most beneficial to them. In addition to professional Continuing Education credits, the Company also offers premium credits as an additional incentive for participation in risk management education.</p>

In 2010, the Company provided risk management education programs or services for more than 10,000 healthcare providers. The goal of the Clinical Risk Management Department is to: a) provide a core level of understanding of risk management principles and tools to help doctors, regardless of their practice environment, build more effective relationships with patients and with other members of the healthcare team and b) conduct ongoing research and analysis to ensure a proactive response to emerging risk issues. Healthcare professionals who participate in risk management education accrue benefits beyond the Continuing Education hours and the premium credits. While these are valuable introductory incentives, doctors' program evaluations acknowledge that the program content is truly effective in helping them identify and address a variety of risk-related challenges. In 2010, the overall satisfaction ratings doctors gave to the Company risk management programs was a score of 97 percent. In addition, doctors who are proactive about reducing their liability risk become better risks from an insurance perspective.

To date, no Company insured in Nevada has been required to complete a risk management program as a condition of renewal.

It is too early to assess the impact of any risk management efforts. The mandatory nature of our risk management participation will make any comparison within our program impossible.