

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
233 RICHMOND STREET
PROVIDENCE, RHODE ISLAND 02903**

IN RE: Medical Malpractice Joint Underwriting	:	
Association of Rhode Island	:	
Physicians, Surgeons and Dentists	:	
Professional Liability Insurance	:	DBR No. 06-I-0033
Rate Filing	:	
	:	
	:	
(Filed: January 6, 2006)	:	
	:	

DECISION

**I.
TRAVEL**

This matter came to be heard before the Department of Business Regulation ("Department") as a result of a rate filing received by the Department on January 6, 2006 from the Medical Malpractice Joint Underwriting Association of Rhode Island ("MMJUARI"). The filing requests an overall rate level increase of 15% for Physicians, Surgeons and Dentists Program. All rates were proposed to be effective on July 1, 2006. The rates now in effect for the MMJUARI's Physicians, Surgeons and Dentists Program were approved effective February 1, 2004 pursuant to a Decision of the Department rendered in DBR No. 04-I-0114.

In accordance with the provisions of R.I. Gen. Laws § 27-9-10, 42-14-1 *et seq* and 42-35-1 *et seq*. on January 20, 2006, the Director of the Department designated Elizabeth Kelleher Dwyer, Deputy Chief of Legal Services and Paula M. Pallozzi, Chief Property & Casualty Insurance Rate Analyst, as Co-Hearing Officers in this matter. The

Department was assisted by Theodore J. Zubulake, FCAS, MAAA, FCIA, ARM and Debra Stein, ACAS, MAAA.

A pre-hearing conference was held on January 31, 2006 at which time extensive discussion ensued regarding scheduling in this matter. The Department issued a Pre-Hearing Order scheduling cut off dates for motions to intervene, discovery and filing of Regulation 39(b) statements. The public hearing was scheduled for April 24 2006 at 10:00 a.m. Notice of the public hearing appeared in the *Providence Journal* on March 14, 2006.

An Oral Motion to Intervene was filed by The Rhode Island Medical Society (“RIMS”) at the prehearing conference. Both parties indicated that they had no objection to RIMS intervention. The Motion to Intervene of RIMS was, therefore, granted in the prehearing conference order of February 2, 2006. A deadline of February 20, 2006 was established for any other motions to intervene. No other motions to intervene were filed.

On April 24 and April 25, 2006 the public hearing in this matter was held. Genevieve M. Martin, Esq., and Brenda K. Gaynor, Esq. appeared on behalf of the Attorney General; David P. Whitman, Esq. appeared on behalf of the MMJUARI; and Jeffrey Chase-Lubitz, Esq., appeared on behalf of RIMS. Scott H. Dodge, FCAS, MAAA and Kathleen Cutler testified on behalf of the MMJUARI. Michael J. Ileo, Ph. D and Anthony J. Grippa FCAS, MAAA testified on behalf of the Attorney General. Admitted as full exhibits were Attorney General Exhibits A through M and MMJUARI Exhibits 1 through 10. No public comment was offered.

II. JURISDICTION

The Department has jurisdiction in this matter pursuant to R.I. Gen. Laws §§ 27-9-10. The hearing was conducted in accordance with the provisions of the Administrative Procedures Act, R.I. Gen. Laws §§ 42-35-1 *et seq.*

III. ISSUES

- A. What Methods, Assumptions and Judgments are Appropriate in Assessing the MMJUARI's Rate Level Needs?

- B. What is the appropriate overall rate level indication?

IV. DISCUSSION

A. WHAT METHODS, ASSUMPTIONS, AND JUDGMENTS ARE APPROPRIATE IN ASSESSING THE MMJUARI'S RATE LEVEL NEEDS?

Testimony was presented throughout the hearing suggesting that the MMJUARI is not truly operating as a residual market. Evidence presented at the hearing indicated that risks do not need to be declined coverage in the voluntary market to become insured with the MMJUARI; the MMJUARI offers occurrence coverage that is not offered by all other insurers in the Rhode Island marketplace; and the MMJUARI's rates are competitive with those charged in the voluntary market. Each of these factors operates against the MMJUARI as a true residual market as each can result in population of the MMJUARI for reasons other than unavailability of coverage in the voluntary market. During the hearing other issues regarding the MMJUARI's operations were raised such as whether a profit margin should be included in the rates that are charged by the

MMJUARI, the role of the underwriting and stabilization reserve funds, whether the MMJUARI should have an experience rating plan or whether there should be a rate surcharge for the true residual market insureds.

The Department considers all of these issues to be valid concerns which warrant further discussion and consideration. However, each of these issues is beyond the scope of this rate hearing. Therefore, the Department will consider each of these issues separate from this rate filing in its ongoing regulation of the MMJUARI.

The determination of an insurance company's rate level need is subject to a considerable amount of actuarial judgment. The Attorney General takes issue with certain methods, assumptions, and judgments that MMJUARI applied in calculating the rate level indication upon which it based its proposed rate level change.

A discussion of these issues and the Department's decision and reasoning follows.

Occurrence vs. Claims-Made

The MMJUARI's filing initially included rate level indications based on its occurrence policy experience only; no consideration was given to the MMJUARI's claims-made policy experience. In response to a question raised by the Attorney General, the MMJUARI replied, "No claims-made data was included in the filing. For the experience period utilized, the bulk of insureds, approximately 90% of premium, was attributable to occurrence coverage policies." [Response to Attorney General Data Request 3-4] Subsequently, in response to Attorney General Data Request 3-5, the MMJUARI provided its rate level indication for the claims-made policy.

The Department finds that the MMJUARI's overall rate level need is to be determined based on separately developed rate level indications for its occurrence policy

and its claims-made policy. The discussion and findings that immediately follow reference the MMJUARI's occurrence policy analysis. The Department's findings as respects the MMJUARI's claims-made policy analysis are presented later in this decision.

Occurrence Policy Rate Level Indication

Loss Development Factors

In selecting loss development factors, the MMJUARI considered its Rhode Island total limits incurred loss, paid loss, and reported claim count development experience over the period 1975 through 2004 as of December 31, 2004. In so doing the MMJUARI computed four sets of averages: "Simple Average of Middle 3 of Latest 5," "Volume Weighted Average of Latest 3," "Volume Weighted Average of Latest 5," and "Volume Weighted Average of Latest 7." However, its selected factors do not directly tie to any of the averages that it presented. In response to questions raised by the Panel, Mr. Dodge indicated that the MMJUARI displayed these particular averages because "...those seemed to match what the other carriers had provided, or at least what the Board wanted to see." [Transcript of Hearing, page 160, lines 2-4] and that he considered other data points not included in the displayed averages.

The Attorney General does not agree with the incurred loss, paid loss, and reported claim count development factors selected by the MMJUARI, and it stated three reasons in its "Statement of Areas of Disagreement and Alternative Calculations, Pursuant to Insurance Regulation 39, Section 10(b)" ("Statement of Areas of Disagreement"):

1. "There is no documentation as to what analysis, if any, was performed in support of judgments made by the MMJUARI in selecting age-to-age LDFs;

2. The MMJUARI has a long history of over estimating ultimate losses. Data from the MMJUARI's Annual Statement, Schedule P – Part 2 (displayed in Exhibit AG-B, Schedule 4) indicates that by the time losses have reached a maturity of 7 years (when most medical malpractice claims are closed), estimated ultimate losses are only about 57% of the estimates of ultimate losses initially established by the MMJUARI; and

3. There is an inherent bias of overstatement of expected loss development, meaning that the MMJUARI's selected age-to-age LDFs are too high."

The Attorney General recommends as reasonable incurred loss development factors for the period spanning 24 through 288 months of development, factors that represent the arithmetic average of the following averages presented by the MMJUARI: "Simple Average of Middle 3 of Latest 5," "Volume Weighted Average of Latest 5," and "Volume Weighted Average of Latest 7." For loss development factors beyond 288 months, the Attorney General accepts the unity (i.e., 1.00) factors selected by the MMJUARI. For the 12 to 24 month period, the Attorney General recommends the 10 year weighted average for reasons of stability.

For paid loss development factors, the Attorney General recommends as reasonable for the months spanning 12 through 288, factors that represent the arithmetic average of the following averages presented by the MMJUARI: "Simple Average of Middle 3 of Latest 5," "Volume Weighted Average of Latest 5," and "Volume Weighted Average of Latest 7." For loss development factors beyond 288 months, the Attorney General accepts the unity (i.e., 1.00) factors selected by the MMJUARI.

Mr. Dodge argued that by applying this “mechanical approach” for selecting loss development factors, the Attorney General fails to consider data points that may be aberrations, or outliers. “...like I said, the mechanical approach I think would omit some of the other considerations in terms of making a selection, particularly if a point is way high or way low or just based on a very limited volume...” [Transcript of Hearing, page 157, lines 16-20]

The Department agrees with the Attorney General’s concern as to the MMJUARI’s failure to fully explain its loss development factor selections and that the factors selected by the MMJUARI may be too high in general. Indeed, in response to a question asked by the Panel, Mr. Dodge stated, that the factors he selected are “...best estimates with a conservative tint to them” [Transcript of Hearing, page 164, line 25], but that the selections are not “...as conservative” [Transcript of Hearing, page 165, lines 24-25] as the loss development factors applied in estimating the reserve needs of the MMJUARI.

Therefore, the Department accepts the recommendation from the Attorney General that a more formulaic methodology be applied in selecting loss development factors, one that produces factors that would represent the expected average as opposed to factors that are somewhat conservative.

But the Department also agrees with the MMJUARI’s point that the Attorney General’s approach does not give due consideration to outlying data points that exist in the MMJUARI’s loss development experience; only one of the averages considered by the Attorney General excludes outlying data points.

In view of the volume of the MMJUARI loss development experience, testimony by Kathleen Cutler that there have been no changes in the claim reserving practices of the MMJUARI since at least 1989 [Transcript of Hearing, page 151: 1-10], and testimony by Mr. Grippa that due to factors such as inflation, changes in statutes, and changes in the judges, "...the direct relevance to predicting future development deteriorates (over time)," [Transcript of Hearing, page 235, lines 19-25 and Transcript of Hearing, page 226, lines 1-8], the Department finds that up to 15 years of MMJUARI experience should be considered in selecting loss development factors.

The Department accepts the following methodology for selecting loss development factors:

- For the age intervals 12 months-288 months, the arithmetic (unweighted) average of the following averages: Weighted Average of the Middle 3 of Latest 5; Weighted Average of the Middle 8 of Latest 10; and Weighted Average of the Middle 13 of Latest 15.
- For the age intervals 288 months and beyond, the Department accepts the unity (1.00) factors selected by the MMJUARI and the Attorney General.

The Department also agrees with the Attorney General's position that the MMJUARI should not rely solely on a total limits loss development analysis because of the data volatility that arises due to the occurrence or non-occurrence of large claims. The Department finds that future rate filings submitted by the MMJUARI should include a methodology that considers the development of claims limited to a value such as \$250,000 or \$500,000, and providing for losses in excess of the limited value through the application of increased limit factors.

Loss Trend

The MMJUARI selected an annual loss trend rate of 6.5%. In its filing, the MMJUARI stated, “This trend rate was selected based upon the loss trend approved as part of the MMJUARI’s recent hospital rate filing and the rate approved as reasonable in the recent ProSelect Insurance Company individual medical professional liability rate filing (6.3%). [Page 1 of the Rate Filing Memorandum, MMJUARI Exhibit 1] In his testimony, Mr. Dodge acknowledged that the MMJUARI physicians, surgeons and dentists loss experience is not sufficiently credible for determining a loss trend rate, and further stated, “But it (the loss trend selected by the MMJUARI) seemed reasonable relative to the rate filings, the rate hearings that basically covered 70% of the malpractice market other than MMJUARI.” [Transcript of Hearing, page 192, lines 10-13]

The Attorney General accepts the 6.5% loss trend rate selected by MMJUARI. But in response to questions asked by Mr. Whitman, Mr. Grippa agreed that the MMJUARI physicians, surgeons, and dentists loss experience is not sufficiently credible for determining a loss trend rate, and acknowledged, “I in fact am to some degree influenced by it (the loss trend selected by the MMJUARI) because I would assume, and I may be incorrect, that his (Mr. Dodge’s) much more frequent contact with the MMJUARI, since I have zero contact, may give him some insight as to what’s happening in the MMJUARI.” [Transcript of Hearing, page 265, line 25 and page 266, lines 1-4]

The Department agrees with Mr. Dodge’s and Mr. Grippa’s view that the MMJUARI’s experience is not sufficiently credible to be used in the determination of a loss trend rate and that other information must be considered. In this case the MMJUARI considered the loss trend rate it selected in its recent hospital professional

liability rate filing (6%-7%) and the loss trend rate approved by the Department in the recent ProSelect medical malpractice rate filing (6.3%).

The Department accepts the consideration of the loss trend rate approved in the ProSelect rate filing, but notes that the 6% to 7% loss trend rate selected by the MMJUARI in its recent hospital professional liability rate filing was based in part on the MMJUARI's hospital loss data which Mr. Dodge testified as being quite limited: "We unfortunately had the same problem with data, particularly with the hospitals not quite in the – the hospitals were gone starting 1994 or so, and didn't come back until early 2000s, so they had the same limited amount of information." [Transcript of Hearing, page 192, lines 16-20]

Consistent with the "actuarial memorandum of findings" attached to the Department's decision on the MMJUARI hospital professional liability rate filing rendered September 26, 2005 which stated, "...that the amount of loss trend should not differ significantly among the various providers...", the Department finds that consideration should also be given to the 10.6% loss trend rate approved for Norcal in its most recent physician & surgeon rate filing.

The Department determines that an appropriate loss trend rate to be the arithmetic average of the 10.6% loss trend rate approved for Norcal and the 6.3% loss trend rate approved for ProSelect, which is 8.45%.

Selection of Ultimate Losses by Year

The MMJUARI selected ultimate losses by occurrence year by considering the results of two ultimate loss estimation techniques: the incurred loss development method and the paid loss development method. For all years except the 1996 and 2004

occurrence year, it selected the results of the incurred loss development method. For the 1996 occurrence year, the MMJUARI selected the average of the results produced under the incurred loss development method and the paid loss development method. For the 2004 occurrence year, the MMJUARI selected 50% of the result indicated from the incurred loss development method.

The Attorney General accepts the MMJUARI's method of selecting ultimate losses except for the 1996 and 2004 occurrence years. As respects the 1996 occurrence year, the Attorney General selects the results produced by the incurred loss development method. The Department notes that in the case of both the MMJUARI and the Attorney General, the results produced by the incurred development method and the paid development method for the 1996 year are not materially different.

As respects the 2004 occurrence year the Attorney General states in its "Statement of Areas of Disagreement..." "There is no actuarial justification for dividing the estimate by two, as compared to dividing the estimate by some other arbitrarily selected number." The Attorney General recommends that the selected ultimate losses for the 2004 occurrence year be instead based on the application of the Bornhuetter-Ferguson ultimate loss estimation technique.

Mr. Dodge explained that his reason for reducing the result of the incurred loss development method by estimate by 50% (or dividing by two) was that the 50% adjustment produced an estimate that was in line with his estimates for the other occurrence years. "Again, that will produce a high indication there as well so we selected I think half of that again based on what we had seen I think in a couple of the prior

accident years in terms of the ultimate loss volume.” [Transcript of Hearing, page 29, lines 21-25]

Mr. Dodge said that he does not find the Attorney General’s use of the Bornhuetter-Ferguson method unreasonable: “Yes. I didn’t have any problems with the use of that method....” [Transcript of Hearing, page 176, lines 12-13] But Mr. Dodge suggested that the 81.4% expected loss ratio used by the Attorney General in applying the Bornhuetter-Ferguson method may be low: “As far as the calculation, it seems reasonable. The only thing I would point out is for the 2004 year, premium volume for the MMJUARI was substantially down to the two million, two and a half million range, so that expenses really took up a much larger percentage of premium than this would indicate, because servicing carrier expenses are a function in large part of prior exposure; therefore, servicing carrier expenses, actual servicing carrier expenses for that particular year are much higher than 20%.” [Transcript of Hearing, page 178, lines 21-25 and Transcript of Hearing, page 179, lines 1-6].

Consistent with the position it has taken in prior decisions, the Department rejects the consideration of the results of the paid loss development method.

The Department agrees with both the Attorney General and the MMJUARI that the results produced by the application of the incurred loss development method (based on unlimited losses) are not reasonable for the 2004 occurrence year. Also, the Department agrees with the Attorney General’s position that the Bornhuetter-Ferguson method is appropriate in this case as it is a well accepted actuarial loss estimation method that is particularly appropriate for the most immature years and given the fact that the MMJUARI has not provided, as an alternative method, the application of the incurred

loss development method with losses limited to some value. The Bornhuetter-Ferguson method is also a less subjective means of giving consideration to estimates from older years, which Mr. Dodge did in a more judgmental manner.

As respects the expected loss ratio of 81.4% used by the Attorney General, and Mr. Dodge's view that due to what he referred to as a reduction in premium volume in 2004, the 81.4% expected loss ratio may be too high, the Department notes that: (1) the MMJUARI used the same 81.4% expected loss ratio in Exhibit A of its "Development of Loss Ratio for Complement of Credibility," (2) the MMJUARI premium volume actually increased in 2004, and (3) the servicing carrier expense percentage for 2004 as presented in Exhibit 8 of the filing is 21.9%, which is not significantly different from the 20.1% used in deriving the 81.4% expected loss ratio.

The Department accepts the following methodology for selecting ultimate losses by occurrence year:

- For all years except 2004, select the results produced by the incurred loss development method.
- For the 2004 year, select the results produced by the Bornhuetter-Ferguson method, as applied by the Attorney General, and using an expected loss ratio of 81.4%.

Selection of Total Limits Loss Ratio

The MMJUARI's initial method of selecting a total limits loss ratio is an attempt to be consistent with the systematic weighting approach accepted by the Department in prior decisions. However, as pointed out by the Attorney General, the MMJUARI did not reflect premium weight in its initial calculations. In response, the MMJUARI

submitted an alternative set of calculations dated April 21, 2006 that include consideration of premium weight. The Attorney General finds the revised method acceptable.

The Department accepts the MMJUARI's revised method of loss ratio selection, with one exception: the calculation of the responsiveness weight for occurrence year 2004. Both the MMJUARI and the Attorney General calculated the responsiveness weight for 2004 by taking the reciprocal of the incurred loss development factor they respectively selected. The Department finds more reasonable, a responsiveness weight for the 2004 occurrence year that is based on the reciprocal of the incurred loss development factor implied by the ultimate loss estimate that was selected.

Complement of Credibility Procedure

The MMJUARI determined its complement of credibility to be its selected loss trend rate compounded over the period spanning February 1, 2004 through January 1, 2007, where February 1, 2004 is the effective date of its last rate revision and January 1, 2007 is six months beyond its target effective date of July 1, 2006 for the current filing. In response to the Attorney General's "Statement of Areas of Disagreement," the MMJUARI submitted a rate level indication that results from an alternative complement of credibility procedure. But as Mr. Dodge stated in response to the Panel's question as to whether the MMJUARI stands by its initially filed procedure: "Yes. We presented that additional exhibit to show what the impact of the Attorney General's (approach) would be, but the method we had originally proposed seemed to be at least for this filing to have been accepted." [Page 183: 22-25] That is, Mr. Dodge stated that the reason why the MMJUARI used this initially filed procedure is because it is consistent with the

procedure approved by the Department in the recent ProSelect physician & surgeon rate filing.

The Attorney General disagrees with the MMJUARI's complement of credibility procedure for two reasons. First, it disagrees with the time period over which the MMJUARI compounds its selected loss trend. As it states in its "Statement of Areas of Disagreement," "Thus, the assumed starting mid-point of rate use for trend compounding in the complement of credibility calculation should be 2/1/2005. The proposed mid-point of rate use should be 7/1/2007. Thus, trend should be compounded annually for 29 months. The starting point of 2/1/04 and the ending point of 1/1/07 displayed in the Filing for trend compounding are incorrect."

The Attorney General also disagrees with the general procedure used by the MMJUARI in considering the credibility of its experience. As it further states in its "Statement of Areas of Disagreement," "In the Filing, the MMJUARI introduces 'complement of credibility' to determine a weighted average indicated rate change in a manner that results in applying compounded trend to expense provisions and discount factors that underlie current approved rates, which is incorrect....The appropriate 'complement of credibility' is the loss ratio underlying current rates, adjusted to current level by the proposed annual trend, compounded for the number of years between the mid-point of proposed rate use for the Filing underlying current rates to the mid-point of rate use for the proposed rates."

The Panel asked Mr. Grippa if he found the alternative complement of credibility calculation procedure submitted by the MMJUARI acceptable. Mr. Grippa stated, "And Exhibit 9 continues to have similar problems with it. They've inserted the loss ratio, but

the trend line – the length of compounding - is incorrect, and seeking to recoup some desired rate change in the past is incorrect, so I still disagree with both exhibits (Exhibit 8 and Exhibit 9).” [Transcript of Hearing, page 227, lines 9-15]

The Department finds that the complement of credibility procedure initially used by the MMJUARI and which it continues to support is not the procedure the Department approved in the ProSelect filing. The Department agrees with the Attorney General on both areas of concern that it has raised: the trend period is not correct, and it is the loss ratio underlying the current rates to which the compounded trend rate should be applied. Further, the Department does not accept the “residual rate requirement” adjustment made by the MMJUARI in its alternative calculation because the Department did not make a finding on the full amount of the rate level indication that had been calculated by the MMJUARI at the time of its last filing. Therefore, the Department finds the consideration of loss trend only and not the prior rate level indication to be appropriate.

The Department accepts the complement of credibility procedure recommended by the Attorney General, which is to use as the complement of credibility the loss ratio underlying the MMJUARI’s current rates, with no adjustment for “residual rate requirement,” compounded by the selected loss trend rate over a period of 29 months.

However, the Department does not agree with the Attorney General’s use of the loss trend rate that was filed by the MMJUARI in this filing. The Department finds it appropriate to use the loss trend rate that it accepts for this filing, 8.45%, for the purposes of calculating the complement of credibility.

Credibility of the MMJUARI's Loss Experience

This issue concerns the amount of credibility weight assigned to the MMJUARI's experience.

Both the MMJUARI and the Attorney General accept 1,500 claim counts as the full credibility standard, consistent with prior decisions of the Department. (It is noted that the MMJUARI initially applied a standard of 683 claims, but subsequently revised its calculations to reflect the 1,500 claim standard.)

Both the MMJUARI and the Attorney General estimate the number of ultimate claims by applying the reported claim count development method; however, the Attorney General does not accept the MMJUARI's judgmentally selected claim count development factors. The Attorney General's selected factors follow the methodology it used in selecting paid loss development factors.

The Department accepts the 1,500 full credibility claim standard and the following methodology for selecting ultimate claim counts by occurrence year:

- For all age intervals, the arithmetic (unweighted) average of the following averages: Weighted Average of the Middle 3 of Latest 5; Weighted Average of the Middle 8 of Latest 10; and Weighted Average of the Middle 13 of Latest 15.

Allocated Loss Adjustment Expense ("ALAE") Percentage

The MMJUARI applied a loading of 19% to its projected losses to provide for ALAE. The 19% provision was judgmentally selected by the MMJUARI based on an analysis performed by the MMJUARI of its historical ratio of incurred ALAE to incurred loss amounts. That analysis, which, subsequent to the initial filing was corrected by the

MMJUARI, shows the historical all-year average ratio to be 20.5%, with the average over the last five years to be 37.1%. Mr. Dodge stated, “So we were looking I think more in terms of the long-term average which was in the 20 range and we had selected 19, so I guess I viewed the lower years on the exhibit as being driven by a very small underlying exposure for the MMJUARI in terms of premium, in terms of counts and so forth.” [Transcript of Hearing, page 187, lines 16-22] On page 5 of the rate filing memorandum, the MMJUARI also stated, “The selected ratio of allocated loss adjustment expense as a proportion of total limit losses is summarized on Exhibit 9 and is based on the values selected as part of the December 31, 2004 MMJUARI reserve analysis and consistent with the MMJUARI’s recent hospital rate filing.”

The Attorney General accepts the MMJUARI’s 19% provision for ALAE as reasonable. The Panel asked Mr. Grippa why he did not give more weight to the MMJUARI’s ratios of incurred ALAE to incurred losses over the last five years as it had so done in selecting loss development factors. In response, Mr. Grippa commented that the ratios over the past five years are “subject to much greater random variation” [Transcript of Hearing, page 243, line 12]. He also stated, “So, to some degree a selection of ALAE should be done with some knowledge, not only of the company’s historical way of operating as respects claim settlements, but also with knowledge about how the company intends to operate in the future, hence, I give more weight to judgment selection by the carrier for ALAE than I would for loss development factor selection....We asked the question about claim settling practices and were told that there have not been any changes in claim settling practices.” [Transcript of Hearing, page 245, lines 6-14, 20-22]

Mr. Grippa also said that the “Insurance Expense Exhibit Compilations, Countrywide Experience” compiled by ISO supports 19% as a reasonable ratio. [Transcript of Hearing, page 243, lines 20-21] However, he later retracted this statement in his response to one of the Panel’s interrogatories.

Also, in response to a hypothetical question asked by the Panel that had the MMJUARI selected a ratio of 23% instead of 19%, would he have found that ratio to be reasonable in light of the MMJUARI’s experience, Mr. Grippa stated, “...I think I would have accepted that number as well.” [Transcript of Hearing, page 244, lines 13-14]

The Department agrees with both parties that excessive weight should not be placed on the MMJUARI’s ratios of incurred ALAE to incurred losses over the past five years. The Department accepts the 19% ratio selected by the MMJUARI.

Unallocated Loss Adjustment Expense (“ULAE”) Percentage

The MMJUARI applied a loading of 9.5% to its projected losses to provide for unallocated loss adjustment expenses. The 9.5% provision was judgmentally selected by the MMJUARI based on an analysis performed of its historical ratio of paid ULAE to paid loss amounts. That analysis showed the all-year average ratio to be 6.72%. Mr. Dodge stated, “Well, you don’t have the prior report. I mean we had been moving this number up over time. I believe the last filing or the last year-end reserve review was somewhere around 8.5%, so recognizing that it has been going upward, we moved it up, I believe, a point this time and certainly the 9.5% is in the range of the latest four, latest five (data points).” [Transcript of Hearing, page 188, lines 15 - 22]

The Attorney General does not accept the historical averages presented by the MMJUARI in support of the selected 9.5% ULAE provision, but nevertheless accepts the

provision of 9.5% because it has no material effect on the calculation of the rate level indication. Mr. Grippa stated, “They (the historical ratios of paid ULAE to paid loss) are current, so you’ve got a mismatch, so I really don’t give any material credibility to the averages, and because whatever selected total there is, my understanding is if we change it, given that the whole total has to match the servicing carriers dollars spent, if we raise the 9.5%, we need to lower the fixed expense provision. If we lower the 9.5%, we need to raise the fixed expense provision. We are not getting any place.” [Transcript of Hearing, page 247, lines 16-24]

The Department agrees with the Attorney General’s assessment of the MMJUARI’s selected provision and accepts the MMJUARI’s provision of 9.5% for ULAE.

XPL/ECO Load

Consistent with the Decision issued in *In Re ProSelect* DBR No. 05-I-0111 (“ProSelect Decision”), MMJUARI included a 2% provision for its potential liability for losses in excess of policy limits and extra-contractual obligations (XPL/ECO). At the prehearing conference the Department requested that the parties brief the applicability of R.I.G.L. § 27-7-2.3. MMJUARI filed a brief indicating its position that R.I.G.L. § 27-7-2.3, which was enacted in 1981 - 18 years prior to the decision in *Asermely v. Allstate Ins. Co.*, 728 A.2d 461 (R.I. 1999) (“Asermely”), specifically refers to and must be interpreted as limited to application of R.I.G.L. § 27-7-2.2 related to prejudgment interest on awards. The Attorney General filed a motion to disallow the XPL/ECO load putting forth three legal arguments which it asserts support the disallowance of the requested load. First, the Attorney General cites three cases decided since *Asermely*, in which the

insurer was not held liable in excess of policy limits outside of the interest calculation of R.I.G.L. § 27-7-2.2. Second, the Attorney General argues that R.I.G.L. § 27-7-2.2 prohibits the inclusion since it prohibits retroactive recovery of prejudgment interest and, therefore, prospective inclusion violates the intent of the statute. Third, that there is little danger that MMJUARI would pay in excess of its policy limits as long as it did not engage in bad faith conduct.

The Department accepts the argument of MMJUARI that the intent of R.I.G.L. § 27-7-2.2 was not directed to the *Asermely* situation upon which the requested load is based and, therefore, does not prohibit the request. The Attorney General's arguments, as outlined below, are interesting and are raised in this case for the first time. First, the Attorney General looks to the post *Asermely* cases and correctly points out that the *dicta* in *Asermely* has not resulted in any verdicts. While each of these cases addresses interest payments in excess of policy limits, none addresses an appeal of a trial court decision consistent with the *dicta* in *Asermely* upon which the load is based. While the Attorney General's arguments are persuasive that the type of verdict made possible by the *dicta* in *Asermely* may not be appropriate, the fact remains that the Supreme Court has not directly addressed the issue. The Attorney General's second and third arguments are predicated on a finding that an *Asermely* verdict will not occur.

MMJUARI indicated that there is currently a case pending before the Rhode Island Supreme Court that could bring some clarity to the *Asermely* issue. The Attorney General argues that the most likely outcome of this case is a mere awarding of interest on the judgment under R.I.G.L. § 27-7-2.2 but not full payment of the judgment over policy limits. Since the two competitive carriers in the market have included a 2% load in the

rates, the Department is hesitant to deny this load to the MMJUARI thus placing the statutory residual market in a disadvantageous position relative to competitive carriers. As indicated in the *ProSelect* and *Norcal Decisions*, the Department will continue to monitor the development with regard to an insurer's potential liability under *Asermely*. However, for this filing, the Department will approve the 2% load requested, consistent with the *ProSelect* and *Norcal Decisions*.

In reference to the requested XPL/ECO factor, MMJUARI is referred to the discussions in the *ProSelect Decision* and the *Norcal Decision* with regard to this issue. MMJUARI should seriously consider, prior to its next filing, whether any development has occurred in this area with regard to *Asermely* and, therefore, whether the factor continues to be warranted.

Profit and Consideration of Investment Income

As the MMJUARI is considered to be a not-for-profit entity, it did not include a profit provision in the calculation of its rate level needs. Mr. Dodge stated, that as respects the profit loading, "I think it has been the MMJUARI's long-standing position that the idea of loading a profit into a nonprofit MMJUARI was inconsistent... The idea had come up at one of the Board meetings in terms of including a profit provision, and it was just deemed totally unreasonable. With the role the MMJUARI serves, to load a profit provision into the rates seemed inconsistent with their role."

As respects this filing, not including a profit provision in the calculation of its rate level needs means that (1) a zero percent (i.e., no) underwriting margin is included in determining the expected loss ratio, and (2) the projection of losses and loss expenses is

performed on a “discounted” basis; that is, on a basis that removes the investment income that is anticipated to be earned on the loss reserves that are carried.

The Attorney General agrees with the MMJUARI not including a profit provision in calculating its rate level needs as respects this filing. However, the Attorney General commented that in future MMJUARI filings a positive profit margin may be needed. As it states in its “Statement of Areas of Disagreement,” “ On a going-forward basis, however, the continuing incorporation in rates of a 0.00% operating profit and income tax provision will likely serve at some point in time to lower the surplus position of the MMJUARI beyond a reasonable level so as to undermine policyholder protections. Accordingly, the Attorney General recommends that, in its future filings with the DBR, the MMJUARI be required to set forth the criteria (e.g., actual versus required Reserves to Surplus Ratios) by which it has determined whether to propose a zero provision for operating profits and income taxes or some positive level.”

But while the Attorney General agrees with the MMJUARI not including a profit provision in calculating its rate level needs as respects this filing, it does not agree with the investment income rate of 5.25% and the investment income factor of .715 used by the MMJUARI to reflect the time value of money in its rate level indication calculations. The Attorney General finds an investment income rate of 5.95% and an investment income factor of .684 to be appropriate.

The 5.25% investment income rate used by the MMJUARI is based on an investment yield forecast made by the MMJUARI’s investment manager, Conning Asset Management Co. (“Conning”) The Attorney General raises several concerns with this rate: (1) The projected yield is for both the underwriting fund and the stabilization reserve

fund (SRF) combined; therefore, as the underwriting fund's historical investment performance has exceeded that of the SRF, an investment rate that is higher than the combined projected investment rate should be used; (2) "Moreover, since the PSDPL rates at issue are scheduled to become effective July 1, 2006, only the Conning yield projections after this date should be applicable in determining an appropriate investment income rate"; (3) Based on an analysis performed by Dr. Ileo, "Conning's forecasts of yields on Treasury Bonds & Notes have fallen short of actual financial market results by an average of approximately 20 basis points through the end of March 2006" ["Statement of Areas of Disagreement"]; and (4) "Due to continuing actions by the Board of Governors of the Federal Reserve System to alleviate inflationary expectations, upward pressures on interest rates are likely to continue into the foreseeable future."

The Attorney General's disagreement with the MMJUARI's investment income factor of .715 stems from its view on the MMJUARI's selected investment income rate and the MMJUARI's selected loss payment pattern.

In response to the Attorney General's position on its selected 5.25% investment rate, Mr. Dodge stated that Conning manages the underwriting fund only and, therefore, Conning's investment yield forecast is appropriate for the underwriting fund. "Your understanding (is that) the underwriting fund is managed by Conning; correct? Yes. And the stabilization reserve fund is managed by some other entity? Yes." [Transcript of Hearing, page 51, lines 8-13]

As respects the time period over which the selected investment rate is to apply, Mr. Dodge acknowledged the inconsistency noted by Dr. Ileo: "I saw in the letter that was submitted in February that the time period wasn't exactly the same as I had discussed

with Conning but the interest rate there was 5.35%. We took that number and incorporated it into our analysis at face value. We did not try to check things out to see the money manager's assumptions as to the new money rate." [Transcript of Hearing, page 51, lines 16-25]

Mr. Dodge also commented on the Attorney General's third and fourth points: "The only other point I would make is that in the Attorney General's response, they were able to do a comparison of earned interest rates versus Conning's projection using information through March 30th of 2006. Again, keep in mind the information available at the time we made the filing was only through mid-December of 2005 so we've got the benefit of three months of hindsight there so, again, it wasn't available to me at the time I made the filing." "It (the Attorney General) does a comparison of what Conning's projection was and determined that they were low by 20 basis points. I guess that's true at 3/31, but who's to say where they'll be six months, nine months down the road as it's one data point." [Transcript of Hearing, page 53, lines 4-10]

Mr. Dodge also commented on the MMJUARI's reliance on the Conning projections: "Is that something that actuaries usually do, take investment advice of the investment manager for a particular entity?" "They're certainly in a better position to forecast that number than I would be." [Transcript of Hearing, page 52, lines 9-13]

The Department finds an investment income rate of 5.55% and an investment income factor of .715 to be appropriate. The Department agrees with the Attorney General's position on the need to better match Conning's investment rate projection with the time period the proposed rates are to be in effect. But the Department agrees with the MMJUARI's position on the other three points raised by the Attorney General. That is,

the Department does not accept the Attorney General's (1) adjustment to reflect differences in investment yield performance between the underwriting fund and the SRF, (2) consideration of information that became available after the date the filing was prepared, and (3) adjustment based on a hindsight review of the accuracy of Conning's projections based on a single valuation point, March 31, 2006.

The 5.55% investment income rate is calculated from the Attorney General's Table E.1, Row 4 and Row 7 ["Statement of Areas of Disagreement"], using the following calculation: $[(2)/(1a)] \times (1b) - (7)$. The .715 investment factor is based on the 5.55% investment rate and the occurrence paid loss development factors selected by the Department. It is a coincidence that the Department's calculation of the investment income factor results in the same factor proposed by the MMJUARI.

The Department further notes that while it is appropriate for the MMJUARI to rely on the advice of its investment manager in selecting an investment income rate to be used in calculating its rate level need, it is quite appropriate for the Attorney General and the Department to review the projected investment income rate for reasonableness. In this case, the Department accepts Conning's projection subject to the adjustment discussed above.

Expenses

The MMJUARI initially included the following expense provisions in deriving its rate level indications:

Servicing Carrier:	15.0%
Commissions:	4.3%
Other:	<u>3.0%</u>

Total 22.3%

The MMJUARI also separated the total expense provision of 22.3% into variable expenses and fixed expenses as follows:

Variable Expense Ratio (Commission): 4.3%

Fixed Expense Ratio (including ULAE): 18.0%

The MMJUARI assumed, based on information from its servicing carrier, that approximately one half of all fixed expenses are attributable to ULAE; as discussed above, the MMJUARI included the assumed ULAE cost with losses, leaving its provision for other fixed expenses at 9.0% of premium.

During the hearing, the MMJUARI acknowledged a calculation error and amended its 4.3% commission provision to 3.45%. Also during the hearing, Mr. Dodge acknowledged that the 3.0% other expense provision incorrectly included a small provision for premium tax.

In its "Statement of Areas of Disagreement", the Attorney General raised several concerns with the MMJUARI's selected expense provisions.

As respects the variable expense provision, the Attorney General disagreed with the MMJUARI's initial provision of 4.3%, but accepts the amended provision of 3.45%.

Another concern initially raised by the Attorney General was with the inclusion of a provision for premium taxes, but during the hearing the Attorney General agreed that such a provision should not be included in the rate level indication calculation.

The Attorney General also believes that the MMJUARI should reduce its provision for variable expenses by 0.31% to recognize the finance charges it collects.

The Attorney General's recommended total variable expense ratio is 3.14%.

As respects the MMJUARI's selected fixed expense provision of 9.0%, the Attorney General finds a provision of 8.2% to be appropriate for the following reasons stated in its "Statement of Areas of Disagreement":

- "... Various expense categories of the MMJUARI are inappropriately expressed in terms of Total Underwriting Revenue instead of written premium."
- The MMJUARI should subtract investment expense, premium tax expense, and premium deficiency reserve expense from the fixed expense provision.

The correct procedure according to the Attorney General results in a total fixed expense ratio, including ULAE, of 16.39%.

As respects the splitting of the 16.39% into ULAE and other fixed expenses, the Attorney General states in its "Statement of Areas of Disagreement", "...the 9% fixed expense ratio proposed by the MMJUARI results from applying a purported factor of 50% to a selected total fixed expense ratio of 18%. The Attorney General has repeatedly requested documentation to support the use of this 50% factor in this, and prior, MMJUARI rate filings, but none has been provided by the MMJUARI... The Attorney General has reluctantly accepted for purposes of this case the MMJUARI's wholly unsupported premise of utilizing a 50% factor for separating ULAE from fixed expenses." Application of the 50% factor for ULAE to the 16.39% total fixed expense ratio results in a fixed expense provision calculated by the Attorney General of 8.2%.

As respects the variable expense ratio, the only point of disagreement between MMJUARI and the Attorney General is with respect to the billed finance charges. In its "Statement of Areas of Disagreement", the Attorney General states, "Income statements

of the MMJUARI further establish that, in conjunction with the collection of premium, it receives finance charge revenue from policyholders.” The Attorney General believes that these charges, which amount to 0.31% of premium, should be subtracted from the total variable expense provision. In its “Statement of Areas of Disagreement”, the Attorney General further states, “Hence, the Attorney General recommends that an offset for Billed Finance Charges of -0.31% be incorporated within the Variable Expense Ratio approved by the DBR in this proceeding.” The MMJUARI believes that these charges should not be subtracted. The MMJUARI states, “It is really sort of a substitution of the money that MMJUARI does not have in its accounts to earn investment income. It is making up for it by a billed finance charge.” [Transcript of Hearing, page 49, lines 13-17]

The Department finds that the Attorney General’s approach of subtracting the billed finance charges without making an adjustment to the investment income factor does not recognize investment income lost due to delays in premium payments. However, the Department also finds that the MMJUARI’s approach of not subtracting the billed finance charges assumes that the billed finance charges exactly match the lost investment income due to premium payment delays; but the MMJUARI did not show this to be the case.

The Department finds it reasonable to offset for billed finance charges by an amount that is one-half of the Attorney General’s provision, or 0.16%, with no adjustment to the investment income factor. Therefore, the Department accepts a variable expense ratio of 3.29% (3.45%-0.16%).

The reasons for the differences between the Attorney General and the MMJUARI on the fixed expense ratio are not entirely clear. In fact, Mr. Dodge acknowledged this

to be the case and further acknowledged that the differences are not material when he responded to a question on the MMJUARI's use of written premium: "In terms of one percent, again, our number was based on a premium estimate after discussions with the MMJUARI so there's certainly some uncertainty around that number in terms of the written premium volume. So I didn't give it significance: 8.2% vs. 9%." [Transcript of Hearing, page 50, lines 9-15]

As the Department finds merit in the respective positions of both the MMJUARI and the Attorney General, and given the relatively small difference in the provisions selected by each party, the Department accepts a fixed expense provision that is mid-way between the MMJUARI and Attorney General's provisions, or 8.6%.

Occurrence Policy Rate Level Indication

The Department finds the MMJUARI's rate level indication for occurrence policies to be +8.7%.

Claims-Made Policy Rate Level Indication

The MMJUARI calculated its claims-made policy rate level indication using the same methodology it used in developing its occurrence policy rate level indication (as revised on February 23, 2006), with the following exceptions:

- the selected ultimate losses for claims-made year 2004 is the ultimate losses indicated by the incurred loss development method
- the incurred loss development factors are based on incurred loss and ALAE loss development experience for occurrence policies (re-configured to a claims-made basis) and claims-made policies combined

- the paid loss development factors are based on paid loss and ALAE experience for occurrence (re-configured to a claims-made basis) and claims-made data combined
- reported claim counts are not developed
- the selected ratio of ALAE to loss is based on the ratio of incurred ALAE to incurred loss (undeveloped) from claims-made years 1992-2004 evaluated as of September 30, 2005

The Department's findings related to the calculation of the occurrence policy rate level indication apply to the calculation of the claims-made policy rate level indication.

Claims-Made Policy Rate Level Indication

The Department finds the MMJUARI's rate level indication for claims-made policies to be +11.0%.

B. OVERALL RATE LEVEL INDICATION

The Department determines the appropriate weights to apply to the separate rate level indications developed for occurrence policies and claims-made policies to be 85% and 15%, respectively based on the 2004 earned premium at current rate level. The result of applying these weights is an overall rate level indication of +9.1%.

What is the MMJUARI's Rate Level Need?

As detailed in the analysis above, the Department finds that rates that are not excessive, inadequate or unfairly discriminatory can only be calculated by making adjustments to the MMJUARI's proposal. In addition to the issues resolved as indicated above, the Department finds that the following alterations to the MMJUARI's request are necessary:

- The Department finds that an overall rate level increase of 9.1% for MMJUARI's Physicians, Surgeons and Dentists Professional Liability Program will result in rates that are not excessive, inadequate or unfairly discriminatory. The Department orders that MMJUARI is authorized to issue medical malpractice insurance in Rhode Island based on the rate level change established in accordance with the attached rate calculations, applied uniformly to occurrence and claims-made rates.

V. FINDINGS OF FACT

1. On January 6, 2006 the MMJUARI filed a request to increase rates for its Physicians, Surgeons and Dentists Program.
2. The filing requests an overall rate level increase of 15%. All rates are proposed to be effective on July 1, 2006. The rates now in effect for the MMJUARI were approved effective February 1, 2004.
3. The Attorney General disagrees with the MMJUARI's requested rate level increase of 15% and recommends a rate level change of -4.8%.
4. The findings and recommendations in this Decision are based upon judgments and assumptions used by the Department in order to ascertain the appropriate rate relief. Insurers should not rely on the findings in this filing for future rate requests since conditions and situations may change depending on the credibility of the data provided by the filer. Clearly, the Department could have reached a different decision had the parties presented the Department with more credible and relevant data and other information for consideration. It is important to note that the Department relied on and accepted the data contained in the filing without independent audit.

5. The Department finds that the MMJUARI's overall rate level need is to be determined by separately determining a rate level indication for occurrence policies and for claims-made policies and then averaging the two indications by applying weights of 85% and 15%, respectively.

6. The Department accepts the following methodology for selecting incurred loss, paid loss, and claim count development factors:

- For the age intervals 12 months-288 months, the arithmetic (unweighted) average of the following averages: Weighted Average of the Middle 3 of Latest 5; Weighted Average of the Middle 8 of Latest 10; and Weighted Average of the Middle 13 of Latest 15.

- For the age intervals 288 months and beyond, the Department accepts the unity (1.00) factors selected by the MMJUARI and the Attorney General.

7. The Department determines an appropriate loss trend rate to be 8.45%.

8. The Department accepts the following methodology for selecting ultimate losses by occurrence year:

- For all years except 2004, select the results produced by the incurred loss development method.

- For the 2004 year, select the results produced by the Bornhuetter-Ferguson method, as applied by the Attorney General, and using an expected loss ratio of 81.4%.

9. The Department accepts the MMJUARI's revised method of loss ratio selection, with one exception: the calculation of the stability weight for 2004, which is to be calculated by taking the reciprocal of the incurred loss development factor implied by the selected ultimate loss estimate.

10. The Department accepts the complement of credibility procedure recommended by the Attorney General, which is to use as the complement of credibility the loss ratio underlying the MMJUARI's current rates, with no adjustment for "residual rate requirement," compounded by the selected loss trend over a period of 29 months. The loss trend rate selected by the Department to be used is 8.45%.

11. The Department accepts the 1,500 full credibility claim standard selected by the MMJUARI.

12. The Department accepts the 19% ALAE ratio selected by the MMJUARI.

13. The Department accepts the MMJUARI's provision of 9.5% for ULAE.

14. With regard to the XPL/ECO Load, the Department, following its decision in the *Proselect and Norcal Decisions*, has included a 2% provision for the XPL/ECO liability. As indicated in the *ProSelect and Norcal Decisions*, the Department will monitor further developments with regard to an insurer's potential liability under *Asermely* and these developments will be taken into account in the establishment or elimination of this provision in the future.

15. The Department accepts not including a profit provision.

16. The Department finds an investment income rate of 5.55% and an investment income factor of .715 to be appropriate.

17. The Department accepts a variable expense ratio of 3.29%.

18. The Department accepts a fixed expense provision of 8.6%.

19. Any conclusion of law which is also a finding of fact is hereby adopted as a finding of fact.

20. The Department finds that future rate filings submitted by the MMJUARI should include a methodology that considers the development of claims limited to a value such as \$250,000 or \$500,000, and providing for losses in excess of the limited value through the application of increased limit factors.

VI. CONCLUSIONS OF LAW

1. The MMJUARI's request for rate relief was filed at the Department of Business Regulation in accordance with the applicable statutes and regulations pertaining thereto.

2. The Department of Business Regulation has jurisdiction in this proceeding in accordance with R.I. Gen. Laws §§ 27-9-10, 42-14-1 *et seq.* and 42-35-1 *et seq.*

3. The standard of review under which this filing is to be evaluated is to determine whether the rate request is excessive, inadequate or unfairly discriminatory.

4. The definition of "excessive" to be applied in the Department's review is whether the requested rate is likely to produce an underwriting profit that is unreasonably high for the class of business or if expenses are unreasonably high in relation to services rendered.

5. R.I.G.L. § 27-7-2.3 does not prevent the inclusion of a factor for potential liability under *Asermely*.

5. An overall rate level increase of 9.1% will result in rates that are not excessive, inadequate or unfairly discriminatory.

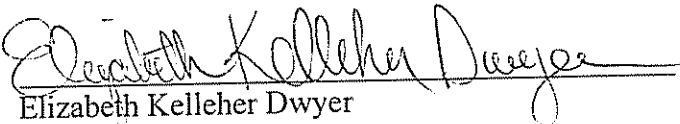
6. The filed changes shall be effective on July 1, 2006.


7. Any finding of fact that is also a conclusion of law is hereby adopted as a conclusion of law.

**VII.
RECOMMENDATIONS**

In accordance with the Findings of Fact and Conclusions of Law set forth above, we find that the overall rate level change of +9.1% will result in rates that are not excessive, inadequate or unfairly discriminatory.

This 6th day of June, 2006.


Elizabeth Kelleher Dwyer
Co-Hearing Officer


Paula M. Pallozzi
Co-Hearing Officer

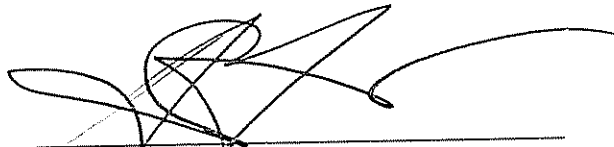
ORDER AND DECISION

I have read the Hearing Officers' Decision and Recommendation in this matter, and I hereby

 ADOPT
 REJECT
 MODIFY

the Decision and Recommendation.

ENTERED AS AN ADMINISTRATIVE ORDER OF THE DEPARTMENT OF
BUSINESS REGULATION THIS 6th DAY OF JUNE, 2006.



A. Michael Marques
Director and Insurance Commissioner
Department of Business Regulation

THIS DECISION CONSTITUTES A FINAL DECISION OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO RHODE ISLAND GENERAL LAWS TITLE 42, CHAPTER 35. AS SUCH, THIS DECISION MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE DATE OF THIS ORDER. SUCH APPEAL, IF TAKEN, MAY BE COMPLETED BY FILING A PETITION FOR REVIEW IN SAID COURT.

EXHIBIT 1
 SHEET 1

PHYSICIANS, SURGEONS & DENTISTS - OCCURRENCE COVERAGE
 Total Limit Indications
 (\$000)

Accident Year	Ultimate Losses excl LAE (2)	Trend Factor (3)	Projected Losses excl LAE (4)	Total Limit Earned at Present Rate Level (5)	Projected Loss Ratio (6)	Responsiveness Weights (7)	Stability Weights (8)	Product (9)	Normalized Weights (10)
1990	\$15,927	3.971	\$41,404	\$31,899	1.301	0	100.20%	\$0	0.00%
1991	15,125	3.662	28,188	24,019	1.174	0	100.00%	0	0.00%
1992	10,624	3.376	23,575	22,492	1.048	0	100.20%	0	0.00%
1993	10,208	3.113	18,965	21,152	0.888	0	101.10%	0	0.00%
1994	15,701	2.871	26,954	16,632	1.621	0	101.80%	0	0.00%
1995	4,811	2.647	10,573	6,907	1.187	1	102.30%	9.112	7.42%
1996	3,458	2.441	6,737	5,075	1.328	2	103.80%	10,515	8.96%
1997	4,500	2.251	7,965	3,656	2.187	3	104.50%	11,462	9.33%
1998	2,442	2.075	5,088	2,934	1.727	4	107.10%	12,569	10.23%
1999	468	1.914	695	2,531	0.347	5	108.00%	13,939	11.35%
2000	923	1.764	1,628	2,234	0.704	6	109.20%	14,743	12.00%
2001	2,326	1.627	3,516	2,223	1.382	7	92.20%	14,346	11.68%
2002	777	1.500	1,165	2,311	0.504	8	89.50%	12,849	10.46%
2003	1,555	1.365	2,289	2,697	0.849	9	38.80%	9,417	7.67%
2004	4,140	1.276	5,280	4,067	1.290	10	34.18%	13,903	11.32%
Total	\$93,381		\$183,712	\$152,950	1.201			\$122,859	100.00%

- (11) Projected Ultimate Undiscounted Total Limit Loss Ratio
- (12) Full Credibility Standard
- (13) Ultimate Claims for Accident Years 1995-2004
- (14) Credibility Weight
- (15) Complement of Credibility (Undiscounted expected loss ratio)
- (16) Credibility Weighted Loss Ratio
- (17) XP/LECO Load
- (18) LAE Load
- (19) Investment Income Factor at 5.55%
- (20) Adjusted Loss and LAE Ratio
- (21) Fixed Expenses
- (22) Variable Expenses
- (23) Indicated Rate Change

- Notes:
- (1) From Exhibit 2, Sheet 1, Column (8)
 - (2) Based upon selected trend of 8.45%
 - (3) (2) x (1); losses reflect adjustment for policy limit
 - (4) From Exhibit 11, Column (3)
 - (5) (4) / (3)
 - (6) Reciprocals of LDFs from Exhibit 4A, Sheet 2; 2004 reciprocal of Exhibit 2, Sheet 2, Row (6)
 - (7) (5) x (7) x (6)
 - (8) (9) / (8)
 - (9) Column (6) weighted by Column (10)
 - (10) Consistent with prior Decisions of the Department

- (13) From Exhibit 5, Sheet 4, Column (5)
- (14) [(13) / (12)] * 5
- (15) From Exhibit 1, Sheet 2, Row (10)
- (16) [(11) x (14)] + [(15) x (1 - (14))]
- (17) Exhibit 9, Selected + Exhibit 10, Selected
- (18) From Exhibit 7, Column (5)
- (19) (16) x [1 + (17)] x [1 + (18)] x (19)
- (20) From Exhibit 8, Selected
- (21) From Exhibit 8, Selected
- (22) [(20) + (21)] / (1 - (22)) - 1

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 1
Sheet 2

Physicians, Surgeons & Dentists - Occurrence Coverage
Complement of Credibility

(1) Variable Expenses including P&C, in current rates	4.1%
(2) Fixed Expenses(as a % of premium), in current rates	20.1%
(3) Provision for loss and LAE in current rates-Discounted	75.6%
(4) Provision in current rates for LAE as % of Indemnity	27.4%
(5) Provision for indemnity in Current Rates-Discounted	59.5%
(6) Investment Income Factor (Average of 4.5% and 5%) in Current Rates	73.1%
(7) Provision for indemnity in Current Rates-Undiscounted	81.4%
(8) Annual Trend	8.45%
(9) Trend from midpoint of Rates Effective 2/1/04 to midpoint of rates proposed Effective 7/1/05	21.7%
(10) Complement of Credibility(Trended Undiscounted Expected Loss Ratio)	99.0%

Totals:	
(1)-(2)-(4),(6) From JANUARY'S 6/5/03 filing	
(3) 100% - (1) - (2)	
(5) (3) / (1) + (4)	
(7) (5) / (6)	
(9) (1 + (8)) * (29/12) - 1	
(10) (7) x (1 + (9))	

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 2
Sheet 1

Physicians, Surgeons & Dentists - Occurrence Coverage
Estimated Ultimate Losses Using Development Technique
(\$500)

Accident Year	Inurred Losses excl ALAE	Inurred Factor to Ultimate	Estimated Ultimate Losses excl ALAE	Paid Losses excl ALAE	Paid Factor to Ultimate	Estimated Ultimate Losses excl ALAE	Selected Ultimate Losses excl ALAE as of 9/30/2005
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1975	\$1,937	1.000	\$1,937	\$1,937	1.000	\$1,937	\$1,937
1976	5,478	1.000	5,478	5,478	1.000	5,478	5,478
1977	4,326	1.000	4,326	4,326	1.000	4,326	4,326
1978	3,410	1.000	3,410	3,410	1.000	3,410	3,410
1979	6,877	1.000	6,877	6,877	1.000	6,877	6,877
1980	14,751	1.000	14,751	14,511	1.000	14,511	14,751
1981	10,184	1.000	10,184	10,184	1.000	10,184	10,184
1982	17,687	1.000	17,687	17,687	1.000	17,687	17,687
1983	13,609	1.000	13,609	13,609	1.000	13,609	13,609
1984	11,089	1.000	11,089	11,084	1.000	11,084	11,089
1985	17,027	0.998	17,010	17,027	1.000	17,027	17,027
1986	16,325	0.998	16,292	16,125	1.000	16,125	16,292
1987	11,143	1.000	11,143	11,143	1.000	11,143	11,143
1988	19,246	1.000	19,246	19,246	1.000	19,246	19,246
1989	15,827	1.000	15,827	15,827	1.000	15,827	15,827
1990	13,314	1.000	13,314	13,314	0.999	13,301	13,314
1991	15,059	0.998	15,125	15,059	1.003	15,351	15,027
1992	10,646	1.000	10,624	10,208	1.022	9,658	10,624
1993	16,218	0.989	16,107	15,109	1.033	10,545	10,208
1994	15,984	0.982	15,701	15,109	1.059	15,954	15,701
1995	4,922	0.979	4,811	4,002	1.072	4,289	4,811
1996	3,581	0.965	3,456	3,181	1.112	3,538	3,456
1997	5,121	0.957	4,800	4,046	1.159	4,688	4,900
1998	2,015	0.934	2,442	1,090	1.276	1,391	2,442
1999	505	0.926	488	80	1.582	127	488
2000	900	0.942	823	75	2.577	193	823
2001	2,145	1.005	2,326	895	4.405	3,043	2,326
2002	540	1.439	777	32	6.289	203	777
2003	642	2.577	1,655	80	10.209	928	1,555
2004	1,415	5.650	7,894	0	N/A	0	4,140
Total	\$256,609		\$263,469	\$244,509		\$252,037	\$256,753

Notes:
 (2),(5) From Exhibit 3, Columns (7) and (8)
 (3),(6) From Exhibit 4A, Sheet 2 and Exhibit 4B, Sheet 2
 (4) (2) x (3)
 (7) (5) x (6)
 (9) Selected: 2004 from Exhibit 2, Sheet 2, Row (7)

**MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND**

Physicians, Surgeons & Dentists - Occurrence Coverage
 Bombardier - Ferguson (B-F) Method for Accident Year 2004
 (\$000)

Exhibit 2
 Sheet 2

(1) Total Limit Earned Premium at Present Rate Level	\$4,097
(2) Expected Loss Ratio	0.814
(3) Expected Losses	3,311
(4) Expected % of Unreported Ultimate Indemnity Losses	0.823
(5) Expected Unreported Indemnity Losses	2,725
(6) Reported Indemnity Losses	1,415
(7) Estimated Ultimate Indemnity Losses	4,140
(8) Implied Factor to ULI for AY 2004	2.926

Notes:	
(1) From Exhibit 1, Sheet 1, Column (5) for AY 2004	
(2) From Exhibit 1, Sheet 2, Row (7)	
(3) (1) x (2)	
(4) 1 - Reciprocal of AY 2004 LDF in Exhibit 4A, Sheet 2	
(5) (3) x (4)	
(6) From Exhibit 3, Column (7) for AY 2004	
(7) (5) + (6)	
(8) (7) / (5)	

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Physicians, Surgeons & Dentists - Occurrence Coverage
Losses as of 6/30/2005

Exhibit 3

Accident Year	Total Incurred Losses & ALAE	Paid Expense	Outstanding Expense	Paid Loss	Outstanding Loss	Incurred Loss (000's)	Paid Loss (000's)	Incurred ALAE (000's)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1975	\$2,160,427	\$229,758	\$0	\$1,936,669	\$0	\$1,937	\$1,937	\$230
1976	6,109,642	631,512	0	5,478,130	0	5,478	5,478	632
1977	5,339,708	1,013,808	0	4,325,900	0	4,326	4,326	1,014
1978	4,176,442	769,897	0	3,406,545	0	3,410	3,410	767
1979	8,022,860	1,146,232	0	6,876,628	0	6,877	6,877	1,146
1980	16,376,692	1,609,453	25,197	14,511,042	240,000	14,751	14,511	1,628
1981	12,206,464	2,022,926	0	10,183,537	0	10,184	10,184	2,023
1982	19,948,182	2,260,746	0	17,687,435	0	17,687	17,687	2,261
1983	16,159,304	2,739,906	0	13,608,699	0	13,609	13,609	2,547
1984	13,832,704	3,257,792	4,724	11,064,074	28,000	11,089	11,064	2,744
1985	20,284,571	3,276,045	2,971	17,028,776	0	17,027	17,027	3,259
1986	19,604,041	3,525,718	0	16,123,025	200,000	16,325	16,125	3,279
1987	14,689,317	3,189,968	0	11,482,999	0	11,443	11,443	3,189
1988	22,438,328	2,870,589	0	19,246,360	0	19,248	19,248	2,871
1989	16,184,689	3,323,855	0	13,314,110	0	13,314	13,314	3,319
1990	19,215,475	2,325,236	53,392	15,258,228	600,000	15,858	15,258	2,871
1991	17,451,119	2,158,098	0	15,059,540	65,000	15,125	15,060	2,327
1992	12,822,434	1,808,074	67,736	8,445,610	1,200,000	10,646	9,446	2,227
1993	12,051,134	2,574,525	25,035	10,208,025	10,000	10,218	10,208	1,833
1994	18,041,374	1,166,521	83,348	15,108,500	875,000	15,984	15,109	2,858
1995	6,171,320	722,759	83,299	4,001,500	400,000	4,622	4,002	1,250
1996	4,337,229	1,187,554	33,970	3,180,500	1,073,000	5,121	3,181	757
1997	6,338,254	1,187,554	30,200	4,045,500	1,525,000	2,615	4,046	1,218
1998	3,444,727	786,459	48,998	1,099,300	425,000	900	1,099	829
1999	839,011	276,528	57,085	80,420	805,000	505	80	334
2000	1,219,460	184,225	48,459	895,000	1,250,000	2,145	895	239
2001	2,361,081	167,622	48,459	32,200	587,500	540	32	216
2002	872,259	51,501	46,505	90,000	552,000	642	90	133
2003	740,069	51,119	50,240	0	1,415,000	1,415	0	98
2004	1,516,359	0	93,009	0	475,000	475	0	101
2005	570,000	0	0	0	0	0	0	95
Total	\$305,976,943	\$47,919,355	\$885,951	\$244,509,237	\$12,004,500	\$267,174	\$244,509	\$48,803

Notes:
(2)-(9) Provided by MAJLURI
(7) (5) * (9) / 1,000
(8) (5) / 1,000
(9) (3) * (4) / 1,000

DATE	DESCRIPTION	AMOUNT	BALANCE
1/1/19	OPENING BALANCE	1000.00	1000.00
1/15/19	SALES	100.00	1100.00
1/20/19	PAYROLL	(50.00)	1050.00
1/25/19	RENT	(200.00)	850.00
1/30/19	SALES	150.00	1000.00
2/5/19	PAYROLL	(50.00)	950.00
2/10/19	RENT	(200.00)	750.00
2/15/19	SALES	100.00	850.00
2/20/19	PAYROLL	(50.00)	800.00
2/25/19	RENT	(200.00)	600.00
2/28/19	SALES	150.00	750.00
3/5/19	PAYROLL	(50.00)	700.00
3/10/19	RENT	(200.00)	500.00
3/15/19	SALES	100.00	600.00
3/20/19	PAYROLL	(50.00)	550.00
3/25/19	RENT	(200.00)	350.00
3/28/19	SALES	150.00	500.00
3/31/19	PAYROLL	(50.00)	450.00
4/3/19	RENT	(200.00)	250.00
4/7/19	SALES	100.00	350.00
4/10/19	PAYROLL	(50.00)	300.00
4/14/19	RENT	(200.00)	100.00
4/17/19	SALES	150.00	250.00
4/21/19	PAYROLL	(50.00)	200.00
4/24/19	RENT	(200.00)	0.00
4/27/19	SALES	100.00	100.00
4/30/19	PAYROLL	(50.00)	50.00
5/3/19	RENT	(200.00)	(150.00)
5/7/19	SALES	150.00	0.00
5/10/19	PAYROLL	(50.00)	(50.00)
5/14/19	RENT	(200.00)	(250.00)
5/17/19	SALES	100.00	(150.00)
5/21/19	PAYROLL	(50.00)	(200.00)
5/24/19	RENT	(200.00)	(400.00)
5/27/19	SALES	150.00	(250.00)
5/30/19	PAYROLL	(50.00)	(300.00)
5/31/19	RENT	(200.00)	(500.00)

Month	LDF	Month	LDF	Month	LDF	Month	LDF	Month	LDF	Month	LDF
0	0.921	78	0.921	156	0.932	234	0.939	312	1.000		
1	0.923	79	0.923	157	0.933	235	0.939	313	1.000		
2	0.924	80	0.924	158	0.934	236	0.939	314	1.000		
3	0.926	81	0.926	159	0.935	237	0.939	315	1.000		
4	0.928	82	0.928	160	0.935	238	0.939	316	1.000		
5	0.929	83	0.929	161	0.935	239	0.939	317	1.000		
6	0.931	84	0.931	162	0.937	240	0.939	318	1.000		
7	0.932	85	0.932	163	0.937	241	0.939	319	1.000		
8	0.933	86	0.933	164	0.938	242	0.939	320	1.000		
9	0.934	87	0.934	165	0.938	243	0.939	321	1.000		
10	0.934	88	0.934	166	0.939	244	0.939	322	1.000		
11	0.934	89	0.934	167	0.939	245	0.939	323	1.000		
12	0.934	90	0.934	168	1.000	246	0.939	324	1.000		
13	0.934	91	0.934	169	1.000	247	0.939	325	1.000		
14	0.934	92	0.934	170	1.000	248	0.939	326	1.000		
15	0.934	93	0.934	171	1.000	249	0.939	327	1.000		
16	0.935	94	0.935	172	1.001	250	1.000	328	1.000		
17	0.935	95	0.935	173	1.001	251	1.000	329	1.000		
18	0.936	96	0.936	174	1.001	252	1.000	330	1.000		
19	0.937	97	0.937	175	1.001	253	1.000	331	1.000		
20	0.937	98	0.937	176	1.000	254	1.000	332	1.000		
21	0.937	99	0.937	177	1.000	255	1.000	333	1.000		
22	0.937	100	0.937	178	1.000	256	1.000	334	1.000		
23	0.937	101	0.937	179	1.000	257	1.000	335	1.000		
24	0.937	102	0.937	180	1.000	258	1.000	336	1.000		
25	0.937	103	0.937	181	1.000	259	1.000	337	1.000		
26	0.937	104	0.937	182	1.000	260	1.000	338	1.000		
27	0.937	105	0.937	183	1.000	261	1.000	339	1.000		
28	0.937	106	0.937	184	1.000	262	1.000	340	1.000		
29	0.937	107	0.937	185	1.000	263	1.000	341	1.000		
30	0.937	108	0.937	186	1.000	264	1.000	342	1.000		
31	0.937	109	0.937	187	1.000	265	1.000	343	1.000		
32	0.937	110	0.937	188	1.000	266	1.000	344	1.000		
33	0.937	111	0.937	189	1.000	267	1.000	345	1.000		
34	0.937	112	0.937	190	1.000	268	1.000	346	1.000		
35	0.937	113	0.937	191	1.000	269	1.000	347	1.000		
36	0.937	114	0.937	192	1.000	270	1.000	348	1.000		
37	0.937	115	0.937	193	1.000	271	1.000	349	1.000		
38	0.937	116	0.937	194	1.000	272	1.000	350	1.000		
39	0.937	117	0.937	195	1.000	273	1.000	351	1.000		
40	0.937	118	0.937	196	1.000	274	1.000	352	1.000		
41	0.937	119	0.937	197	1.000	275	1.000	353	1.000		
42	0.937	120	0.937	198	1.000	276	1.000	354	1.000		
43	0.937	121	0.937	199	1.000	277	1.000	355	1.000		
44	0.937	122	0.937	200	1.000	278	1.000	356	1.000		
45	0.937	123	0.937	201	1.000	279	1.000	357	1.000		
46	0.937	124	0.937	202	1.000	280	1.000	358	1.000		
47	0.937	125	0.937	203	1.000	281	1.000	359	1.000		
48	0.937	126	0.937	204	1.000	282	1.000	360	1.000		
49	0.937	127	0.937	205	1.000	283	1.000	361	1.000		
50	0.937	128	0.937	206	1.000	284	1.000	362	1.000		
51	0.937	129	0.937	207	1.000	285	1.000	363	1.000		
52	0.937	130	0.937	208	1.000	286	1.000	364	1.000		
53	0.937	131	0.937	209	1.000	287	1.000	365	1.000		
54	0.937	132	0.937	210	1.000	288	1.000	366	1.000		
55	0.937	133	0.937	211	1.000	289	1.000	367	1.000		
56	0.937	134	0.937	212	1.000	290	1.000	368	1.000		
57	0.937	135	0.937	213	1.000	291	1.000	369	1.000		
58	0.937	136	0.937	214	1.000	292	1.000	370	1.000		
59	0.937	137	0.937	215	1.000	293	1.000	371	1.000		
60	0.937	138	0.937	216	1.000	294	1.000	372	1.000		
61	0.937	139	0.937	217	1.000	295	1.000	373	1.000		
62	0.937	140	0.937	218	1.000	296	1.000	374	1.000		
63	0.937	141	0.937	219	1.000	297	1.000	375	1.000		
64	0.937	142	0.937	220	1.000	298	1.000	376	1.000		
65	0.937	143	0.937	221	1.000	299	1.000	377	1.000		
66	0.937	144	0.937	222	1.000	300	1.000	378	1.000		
67	0.937	145	0.937	223	1.000	301	1.000	379	1.000		
68	0.937	146	0.937	224	1.000	302	1.000	380	1.000		
69	0.937	147	0.937	225	1.000	303	1.000	381	1.000		
70	0.937	148	0.937	226	1.000	304	1.000	382	1.000		
71	0.937	149	0.937	227	1.000	305	1.000	383	1.000		

72	0.926	156	0.916	229	1.000	306	1.000	384	1.000
73	0.923	151	0.917	229	1.000	307	1.000	385	1.000
74	0.921	152	0.918	230	1.000	308	1.000	386	1.000
75	0.920	153	0.919	231	0.999	309	1.000	387	1.000
76	0.920	154	0.920	232	0.999	310	1.000	388	1.000
77	0.920	155	0.921	233	0.999	311	1.000	389	1.000

DBI
Development
Columbia

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11/17/11

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MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Physicians, Surgeons & Dentists - Occurrence Coverage
Practice Development Factor (LDF) Interpretation Using Cyclic Option Method

Month	LDF	Month	LDF	Month	LDF	Month	LDF	Month	LDF	Month	LDF
0		77	1.621	154	1.031	231	1.068	308	1.090		
1		78	1.754	155	1.030	232	1.000	309	1.060		
2		79	1.602	156	1.028	233	1.000	310	1.050		
3		80	1.634	157	1.027	234	1.000	311	1.050		
4		81	1.582	158	1.026	235	1.000	312	1.050		
5		82	1.530	159	1.025	236	1.000	313	1.050		
6		83	1.497	160	1.024	237	1.000	314	1.050		
7		84	1.460	161	1.024	238	1.000	315	1.050		
8		85	1.428	162	1.022	239	1.000	316	1.050		
9		86	1.401	163	1.022	240	1.000	317	1.050		
10		87	1.376	164	1.022	241	1.000	318	1.050		
11		88	1.355	165	1.022	242	1.000	319	1.050		
12		89	1.335	166	1.022	243	1.000	320	1.050		
13		90	1.318	167	1.022	244	1.000	321	1.050		
14		91	1.302	168	1.022	245	1.000	322	1.050		
15		92	1.289	169	1.022	246	1.000	323	1.050		
16		93	1.276	170	1.022	247	1.000	324	1.050		
17		94	1.263	171	1.021	248	1.000	325	1.050		
18		95	1.252	172	1.021	249	1.000	326	1.050		
19		96	1.241	173	1.021	250	1.000	327	1.050		
20		97	1.220	174	1.020	251	1.000	328	1.050		
21		98	1.220	175	1.020	252	1.000	329	1.050		
22		99	1.209	176	1.019	253	1.000	330	1.050		
23		100	1.189	177	1.018	254	1.000	331	1.050		
24		101	1.189	178	1.018	255	1.000	332	1.050		
25		102	1.162	179	1.017	256	1.000	333	1.050		
26		103	1.174	180	1.016	257	1.000	334	1.050		
27		104	1.166	181	1.015	258	1.000	335	1.050		
28		105	1.159	182	1.014	259	1.000	336	1.050		
29		106	1.152	183	1.012	260	1.000	337	1.050		
30		107	1.147	184	1.010	261	1.000	338	1.050		
31		108	1.142	185	1.009	262	1.000	339	1.050		
32		109	1.136	186	1.007	263	1.000	340	1.050		
33		110	1.129	187	1.005	264	1.000	341	1.050		
34		111	1.122	188	1.003	265	1.000	342	1.050		
35		112	1.122	189	1.002	266	1.000	343	1.050		
36		113	1.122	190	1.002	267	1.000	344	1.050		
37		114	1.120	191	1.001	268	1.000	345	1.050		
38		115	1.117	192	1.000	269	1.000	346	1.050		
39		116	1.115	193	0.999	270	1.000	347	1.050		
40		117	1.112	194	0.999	271	1.000	348	1.050		
41		118	1.110	195	0.999	272	1.000	349	1.050		
42		119	1.107	196	0.999	273	1.000	350	1.050		
43		120	1.104	197	0.999	274	1.000	351	1.050		
44		121	1.101	198	0.999	275	1.000	352	1.050		
45		122	1.098	199	0.999	276	1.000	353	1.050		
46		123	1.094	200	0.999	277	1.000	354	1.050		
47		124	1.088	201	0.999	278	1.000	355	1.050		
48		125	1.085	202	1.000	279	1.000	356	1.050		
49		126	1.082	203	1.000	280	1.000	357	1.050		
50		127	1.079	204	1.000	281	1.000	358	1.050		
51		128	1.074	205	1.000	282	1.000	359	1.050		
52		129	1.072	206	1.000	283	1.000	360	1.050		
53		130	1.068	207	1.000	284	1.000	361	1.050		
54		131	1.066	208	1.000	285	1.000	362	1.050		
55		132	1.064	209	1.000	286	1.000	363	1.050		
56		133	1.062	210	1.000	287	1.000	364	1.050		
57		134	1.060	211	1.000	288	1.000	365	1.050		
58		135	1.059	212	1.000	289	1.000	366	1.050		
59		136	1.058	213	1.000	290	1.000	367	1.050		
60		137	1.057	214	1.000	291	1.000	368	1.050		
61		138	1.057	215	1.000	292	1.000	369	1.050		
62		139	1.057	216	1.000	293	1.000	370	1.050		
63		140	1.056	217	1.000	294	1.000	371	1.050		
64		141	1.056	218	1.000	295	1.000	372	1.050		
65		142	1.055	219	1.000	296	1.000	373	1.050		
66		143	1.054	220	1.000	297	1.000	374	1.050		
67		144	1.053	221	1.000	298	1.000	375	1.050		
68		145	1.052	222	1.000	299	1.000	376	1.050		
69		146	1.049	223	1.000	300	1.000	377	1.050		
70		147	1.047	224	1.000	301	1.000	378	1.050		
71		148	1.045	225	1.000	302	1.000	379	1.050		

72	2,252	149	1,043	226	1,000	303	1,000	383	1,000
73	2,155	150	1,041	227	1,000	304	1,000	381	1,000
74	2,092	151	1,038	228	1,000	305	1,000	382	1,000
75	1,976	152	1,036	229	1,000	306	1,000	383	1,000
76	1,894	153	1,033	230	1,000	307	1,000	384	1,000

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 5
Sheet 3

Physicians, Surgeons & Dentists - Occurrence Coverage
Incurred Count Development Factor (CDF) Interpolations Using Growth Method

Month	CDF	Month	CDF	Month	CDF	Month	CDF
0		50	0.385	100	0.676	150	0.940
1		51	0.385	101	0.686	151	0.942
2		52	0.385	102	0.695	152	0.944
3		53	0.386	103	0.705	153	0.946
4		54	0.386	104	0.714	154	0.948
5		55	0.386	105	0.724	155	0.950
6		56	0.386	106	0.735	156	1.000
7		57	0.387	107	0.745	157	0.954
8		58	0.387	108	0.755	158	0.958
9		59	0.387	109	0.760	159	0.958
10		60	0.388	110	0.764	160	0.960
11		61	0.394	111	0.769	161	0.962
12		62	0.401	112	0.774	162	0.964
13	0.942	63	0.408	113	0.778	163	0.966
14	0.915	64	0.415	114	0.783	164	0.968
15	0.888	65	0.422	115	0.788	165	0.970
16	0.862	66	0.429	116	0.792	166	0.972
17	0.837	67	0.436	117	0.797	167	0.974
18	0.813	68	0.444	118	0.802	168	1.000
19	0.789	69	0.452	119	0.807	169	0.977
20	0.766	70	0.459	120	0.812	170	0.977
21	0.744	71	0.467	121	0.817	171	0.978
22	0.722	72	0.475	122	0.822	172	0.978
23	0.701	73	0.481	123	0.827	173	0.979
24	0.681	74	0.487	124	0.832	174	0.979
25	0.661	75	0.493	125	0.838	175	0.980
26	0.642	76	0.499	126	0.843	176	0.980
27	0.623	77	0.506	127	0.848	177	0.981
28	0.605	78	0.512	128	0.854	178	0.982
29	0.588	79	0.518	129	0.859	179	0.982
30	0.571	80	0.525	130	0.865	180	1.000
31	0.554	81	0.532	131	0.870		
32	0.538	82	0.538	132	0.875		
33	0.522	83	0.545	133	0.880		
34	0.507	84	0.552	134	0.884		
35	0.492	85	0.559	135	0.889		
36	0.478	86	0.566	136	0.893		
37	0.469	87	0.572	137	0.897		
38	0.461	88	0.580	138	0.902		
39	0.453	89	0.587	139	0.906		
40	0.444	90	0.594	140	0.910		
41	0.436	91	0.601	141	0.915		
42	0.428	92	0.609	142	0.919		
43	0.421	93	0.616	143	0.924		
44	0.413	94	0.624	144	0.928		
45	0.406	95	0.631	145	0.930		
46	0.398	96	0.639	146	0.932		
47	0.391	97	0.648	147	0.934		
48	0.384	98	0.657	148	0.936		
49	0.384	99	0.666	149	0.938		

**MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND**

Exhibit 5
Sheet 4

**Physicians, Surgeons & Dentists - Occurrence Coverage
Calculation of Ultimate Claim Counts**

Accident Year (1)	Reported Claim Counts as of 9/30/2005 (2)	Development Factor to Ultimate (3)	Projected Ultimate Claim Counts (4)	Indicated Credibility (6)
1983	108	1.000	108	
1984	95	1.000	95	
1985	85	1.000	85	
1986	86	1.000	86	
1987	65	1.000	65	
1988	70	1.000	70	
1989	63	1.000	63	
1990	76	1.000	76	
1991	49	1.000	49	
1992	46	0.978	45	
1993	33	0.956	32	
1994	55	0.834	51	
1995	24	0.809	21	
1996	16	0.827	13	
1997	21	0.769	16	
1998	13	0.666	9	
1999	7	0.572	4	
2000	8	0.493	4	
2001	11	0.408	5	
2002	13	0.385	5	
2003	12	0.443	6	
2004	10	0.823	6	
2005	10	0.888	17	
Total (5)			80	0.243
Accident Years 1995-2004			134	0.298
Accident Years 1994-2003				
Selected				0.243

Notes:
 (2) Provided by MMJJAARI
 (3) Based on policy year selected pattern from Exhibit 5, Sheet 3
 (4) (2) x (3)
 (5) Totals from Column (4)
 (6) Square Root of (5) / 1,500

**MEDICAL PRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND**
Physicians, Surgeons & Dentists - Occurrence Coverage
Calculation of Losses Available

ENL148
Sheet 1

Accident Year	Term	8.45%	1,000,000/125	Claim Value	Total Settlement	Value Returned to Member	Value Added to Reserve
1982	1/1	1.007	\$142,772	\$142,900	\$142,900	\$142,900	\$1,000,000
1983	6/4	8.481	154,732	155,000	155,000	155,000	1,000,000
1984	6/5	9.037	161,651	162,000	162,000	162,000	1,000,000
1985	9/05	9.605	169,478	169,500	169,500	169,500	1,000,000
1987	4/87	4.870	214,411	214,500	214,500	214,500	1,000,000
1988	4/87	4.937	222,253	222,500	222,500	222,500	1,000,000
1989	3/88	3.882	273,121	273,500	273,500	273,500	1,000,000
1991	3/78	3.375	298,184	299,000	299,000	299,000	1,000,000
1992	3/11	3.113	311,208	312,000	312,000	312,000	1,000,000
1993	2/84	2.841	317,269	318,000	318,000	318,000	1,000,000
1995	2/44	2.441	409,708	410,000	410,000	410,000	1,000,000
1997	2/51	2.511	444,319	445,000	445,000	445,000	1,000,000
1999	2/05	2.051	521,563	522,000	522,000	522,000	1,000,000
1999	1/94	1.794	564,752	565,000	565,000	565,000	1,000,000
2000	1/87	1.847	614,943	615,000	615,000	615,000	1,000,000
2001	1/80	1.800	662,262	663,000	663,000	663,000	1,000,000
2002	1/80	1.800	710,820	711,000	711,000	711,000	1,000,000
2004	1/78	1.718	783,991	784,000	784,000	784,000	1,000,000
2005	1/85	1.385	928,219	929,000	929,000	929,000	1,000,000
AT 1981							
Private		\$271,000	\$2	\$271,000	\$271,000	\$271,000	\$1,000,000
Private		315,000	\$2	315,000	315,000	315,000	1,000,000
Private		315,000	F	315,000	315,000	315,000	1,000,000
Private		815,000	D	815,000	815,000	815,000	1,000,000
Private		1,000,000	D	1,000,000	1,000,000	1,000,000	1,000,000
Private		1,000,000	F	1,000,000	1,000,000	1,000,000	1,000,000
Private		400,000	D	400,000	400,000	400,000	1,000,000
Private		440,000	F	440,000	440,000	440,000	1,000,000
Private		520,000	D	520,000	520,000	520,000	1,000,000
Private		1,000,000	D	1,000,000	1,000,000	1,000,000	1,000,000
Private		899,150	G	899,150	899,150	899,150	1,000,000
Private		419,500	D	419,500	419,500	419,500	1,000,000
AT 1982							
Private		748,000	D	748,000	748,000	748,000	1,000,000
Private		1,000,000	D	1,000,000	1,000,000	1,000,000	1,000,000
Private		1,000,000	D	1,000,000	1,000,000	1,000,000	1,000,000
Private		709,000	D	709,000	709,000	709,000	1,000,000
Private		999,500	D	999,500	999,500	999,500	1,000,000
Private		452,000	D	452,000	452,000	452,000	1,000,000
Private		1,000,000	D	1,000,000	1,000,000	1,000,000	1,000,000
Private		400,000	F	400,000	400,000	400,000	1,000,000
Private		450,000	F	450,000	450,000	450,000	1,000,000
Private		1,000,000	D	1,000,000	1,000,000	1,000,000	1,000,000
Private		1,000,000	D	1,000,000	1,000,000	1,000,000	1,000,000
Private		1,375,145	D	1,375,145	1,375,145	1,375,145	1,000,000
Private		900,000	D	900,000	900,000	900,000	1,000,000
AT 1983							
Private		500,000	D	500,000	500,000	500,000	1,000,000
Private		500,000	D	500,000	500,000	500,000	1,000,000
Private		500,000	D	500,000	500,000	500,000	1,000,000
Private		500,000	D	500,000	500,000	500,000	1,000,000
Private		1,000,000	D	1,000,000	1,000,000	1,000,000	1,000,000
Private		600,000	F	600,000	600,000	600,000	1,000,000
Private		430,000	F	430,000	430,000	430,000	1,000,000
Private		500,000	D	500,000	500,000	500,000	1,000,000
Private		700,000	D	700,000	700,000	700,000	1,000,000
AT 1985							
Private		318,000	D	318,000	318,000	318,000	1,000,000
Private		450,000	F	450,000	450,000	450,000	1,000,000
Private		1,000,000	D	1,000,000	1,000,000	1,000,000	1,000,000
Private		440,000	D	440,000	440,000	440,000	1,000,000
Private		1,000,000	D	1,000,000	1,000,000	1,000,000	1,000,000

PMH 1,000,000
PMH 1,000,000
PMH 500,000

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1,000,000
500,000
2,500,000

1,250,000
1,250,000
500,000

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1,000,000
1,000,000
9,000,000

Medical Malpractice Joint Underwriting Association
 of Rhode Island
 Corporate, Financial & Director - Officers Reports
 Corporation of Rhode Island

Exhibit B
 Sheet 1

Line of Business	Resident Policy	Resident Claims	Field Claims	Value Exposed Prior to Transfer	Value At Risk Transfer
AY 1984	P/MS	\$200,000	\$200,000	\$200,000	\$1,000,000
	Pro	\$200,000	\$200,000	\$200,000	\$1,000,000
	P/MS	\$200,000	\$200,000	\$200,000	\$1,000,000
	P/MS	\$200,000	\$200,000	\$200,000	\$1,000,000
AY 1985	P/MS	\$210,000	\$210,000	\$210,000	\$1,000,000
	Pro	\$210,000	\$210,000	\$210,000	\$1,000,000
	P/MS	\$210,000	\$210,000	\$210,000	\$1,000,000
	P/MS	\$210,000	\$210,000	\$210,000	\$1,000,000
AY 1986	P/MS	\$220,000	\$220,000	\$220,000	\$1,000,000
	Pro	\$220,000	\$220,000	\$220,000	\$1,000,000
	P/MS	\$220,000	\$220,000	\$220,000	\$1,000,000
	P/MS	\$220,000	\$220,000	\$220,000	\$1,000,000
AY 1987	P/MS	\$230,000	\$230,000	\$230,000	\$1,000,000
	Pro	\$230,000	\$230,000	\$230,000	\$1,000,000
	P/MS	\$230,000	\$230,000	\$230,000	\$1,000,000
	P/MS	\$230,000	\$230,000	\$230,000	\$1,000,000
AY 1988	P/MS	\$240,000	\$240,000	\$240,000	\$1,000,000
	Pro	\$240,000	\$240,000	\$240,000	\$1,000,000
	P/MS	\$240,000	\$240,000	\$240,000	\$1,000,000
	P/MS	\$240,000	\$240,000	\$240,000	\$1,000,000
AY 1989	P/MS	\$250,000	\$250,000	\$250,000	\$1,000,000
	Pro	\$250,000	\$250,000	\$250,000	\$1,000,000
	P/MS	\$250,000	\$250,000	\$250,000	\$1,000,000
	P/MS	\$250,000	\$250,000	\$250,000	\$1,000,000
AY 1990	P/MS	\$260,000	\$260,000	\$260,000	\$1,000,000
	Pro	\$260,000	\$260,000	\$260,000	\$1,000,000
	P/MS	\$260,000	\$260,000	\$260,000	\$1,000,000
	P/MS	\$260,000	\$260,000	\$260,000	\$1,000,000
AY 1991	P/MS	\$270,000	\$270,000	\$270,000	\$1,000,000
	Pro	\$270,000	\$270,000	\$270,000	\$1,000,000
	P/MS	\$270,000	\$270,000	\$270,000	\$1,000,000
	P/MS	\$270,000	\$270,000	\$270,000	\$1,000,000
AY 1992	P/MS	\$280,000	\$280,000	\$280,000	\$1,000,000
	Pro	\$280,000	\$280,000	\$280,000	\$1,000,000
	P/MS	\$280,000	\$280,000	\$280,000	\$1,000,000
	P/MS	\$280,000	\$280,000	\$280,000	\$1,000,000
AY 1993	P/MS	\$290,000	\$290,000	\$290,000	\$1,000,000
	Pro	\$290,000	\$290,000	\$290,000	\$1,000,000
	P/MS	\$290,000	\$290,000	\$290,000	\$1,000,000
	P/MS	\$290,000	\$290,000	\$290,000	\$1,000,000
AY 1994	P/MS	\$300,000	\$300,000	\$300,000	\$1,000,000
	Pro	\$300,000	\$300,000	\$300,000	\$1,000,000
	P/MS	\$300,000	\$300,000	\$300,000	\$1,000,000
	P/MS	\$300,000	\$300,000	\$300,000	\$1,000,000
AY 1995	P/MS	\$310,000	\$310,000	\$310,000	\$1,000,000
	Pro	\$310,000	\$310,000	\$310,000	\$1,000,000
	P/MS	\$310,000	\$310,000	\$310,000	\$1,000,000
	P/MS	\$310,000	\$310,000	\$310,000	\$1,000,000
AY 1996	P/MS	\$320,000	\$320,000	\$320,000	\$1,000,000
	Pro	\$320,000	\$320,000	\$320,000	\$1,000,000
	P/MS	\$320,000	\$320,000	\$320,000	\$1,000,000
	P/MS	\$320,000	\$320,000	\$320,000	\$1,000,000
AY 1997	P/MS	\$330,000	\$330,000	\$330,000	\$1,000,000
	Pro	\$330,000	\$330,000	\$330,000	\$1,000,000
	P/MS	\$330,000	\$330,000	\$330,000	\$1,000,000
	P/MS	\$330,000	\$330,000	\$330,000	\$1,000,000
AY 1998	P/MS	\$340,000	\$340,000	\$340,000	\$1,000,000
	Pro	\$340,000	\$340,000	\$340,000	\$1,000,000
	P/MS	\$340,000	\$340,000	\$340,000	\$1,000,000
	P/MS	\$340,000	\$340,000	\$340,000	\$1,000,000
AY 1999	P/MS	\$350,000	\$350,000	\$350,000	\$1,000,000
	Pro	\$350,000	\$350,000	\$350,000	\$1,000,000
	P/MS	\$350,000	\$350,000	\$350,000	\$1,000,000
	P/MS	\$350,000	\$350,000	\$350,000	\$1,000,000
AY 2000	P/MS	\$360,000	\$360,000	\$360,000	\$1,000,000
	Pro	\$360,000	\$360,000	\$360,000	\$1,000,000
	P/MS	\$360,000	\$360,000	\$360,000	\$1,000,000
	P/MS	\$360,000	\$360,000	\$360,000	\$1,000,000
AY 2001	P/MS	\$370,000	\$370,000	\$370,000	\$1,000,000
	Pro	\$370,000	\$370,000	\$370,000	\$1,000,000
	P/MS	\$370,000	\$370,000	\$370,000	\$1,000,000
	P/MS	\$370,000	\$370,000	\$370,000	\$1,000,000
AY 2002	P/MS	\$380,000	\$380,000	\$380,000	\$1,000,000
	Pro	\$380,000	\$380,000	\$380,000	\$1,000,000
	P/MS	\$380,000	\$380,000	\$380,000	\$1,000,000
	P/MS	\$380,000	\$380,000	\$380,000	\$1,000,000
AY 2003	P/MS	\$390,000	\$390,000	\$390,000	\$1,000,000
	Pro	\$390,000	\$390,000	\$390,000	\$1,000,000
	P/MS	\$390,000	\$390,000	\$390,000	\$1,000,000
	P/MS	\$390,000	\$390,000	\$390,000	\$1,000,000
AY 2004	P/MS	\$400,000	\$400,000	\$400,000	\$1,000,000
	Pro	\$400,000	\$400,000	\$400,000	\$1,000,000
	P/MS	\$400,000	\$400,000	\$400,000	\$1,000,000
	P/MS	\$400,000	\$400,000	\$400,000	\$1,000,000
AY 2005	P/MS	\$410,000	\$410,000	\$410,000	\$1,000,000
	Pro	\$410,000	\$410,000	\$410,000	\$1,000,000
	P/MS	\$410,000	\$410,000	\$410,000	\$1,000,000
	P/MS	\$410,000	\$410,000	\$410,000	\$1,000,000

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 7

Physicians, Surgeons & Dentists - Occurrence Coverage
Calculation of Investment Income Factor
Investment Rate 5.35%

Period (1)	Percent Paid in Period (2)	Percent Unpaid at Beginning of Period (3)	Present Value of Payments in Period (4)	Average Discount Factor for Remaining Payments at Beginning of Period (5)
1	0.05%	100.00%	0.045%	71.50%
2	0.03%	99.95%	0.788%	
3	11.58%	99.12%	10.121%	
4	4.27%	87.54%	3.535%	
5	9.07%	83.27%	7.110%	
6	18.00%	74.20%	13.818%	
7	24.09%	55.80%	16.958%	
8	12.14%	31.51%	8.003%	
9	7.02%	19.38%	4.435%	
10	2.92%	12.59%	1.745%	
11	3.49%	6.44%	1.979%	
12	0.94%	5.95%	0.504%	
13	2.31%	5.01%	1.174%	
14	0.54%	2.71%	0.259%	
15	0.58%	2.17%	0.265%	
16	1.57%	1.59%	0.880%	
17	0.01%	0.02%	0.005%	
18	0.01%	0.01%	0.003%	
19	0.00%	0.00%	0.000%	
	100.000%		71.50%	

Notes:
One period represents one year.
Column (2) Derived from Exhibit 4B, Sheet 1

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 8

Physicians, Surgeons & Dentists - Occurrence Coverage
Selection of Fixed Expense Ratio and Variable Expense Ratio

	Expense Percentages										
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1999	2000
Servicing Carrier	3.0%	3.0%	3.0%	5.7%	7.0%	9.7%	11.4%	14.7%	18.3%	27.1%	
Commissions	3.6%	3.3%	3.1%	3.0%	3.1%	3.2%	3.3%	3.2%	2.5%	2.8%	
Other	1.8%	1.4%	1.7%	2.1%	2.6%	3.0%	4.1%	4.9%	7.0%	11.8%	
TOTAL	9.2%	8.5%	8.7%	10.8%	13.3%	16.5%	18.8%	22.8%	27.8%	41.7%	

	Expense Percentages										
	1997	1998	1998	2000	2001	2002	2003	2004	2005 *	Selected	
Servicing Carrier	38.6%	43.4%	88.7%	75.1%	64.1%	48.7%	36.1%	21.0%	16.3%	15.0%	
Commissions	2.9%	2.7%	3.9%	4.2%	4.4%	4.7%	4.5%	4.2%	3.5%	3.45%	
Other	10.4%	11.5%	21.4%	22.2%	20.6%	18.8%	11.7%	7.2%	3.2%	3.0%	
Billied Finance Charges										-0.10%	
TOTAL	51.9%	57.6%	94.0%	101.5%	89.1%	72.3%	52.3%	33.3%	23.0%	21.3%	

Expected Loss & Loss Adjustment Ratio

Fixed Expense Ratio, Selected (Average of MMLJARI Selected 8% and AG Selected 8.2%)

Variable Expense Ratio, Selected (Commissions and Billied Finance Charges)

78.7%
8.6%
3.30%
* estimated

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION OF RHODE ISLAND Exhibit 9

Physicians, Surgeons & Dentists - Occurrence Coverage
 Selection of ALAE / Loss Ratio

Accident Year (1)	Incurred ALAE / Incurred Loss (2)	Estimated Ultimate ALAE / Ultimate Loss (3)
1980	0.110	0.110
1981	0.199	0.199
1982	0.128	0.128
1983	0.187	0.187
1984	0.247	0.249
1985	0.191	0.192
1986	0.201	0.202
1987	0.316	0.320
1988	0.166	0.166
1989	0.216	0.218
1990	0.213	0.217
1991	0.154	0.159
1992	0.209	0.215
1993	0.179	0.182
1994	0.166	0.172
1995	0.254	0.269
1996	0.211	0.229
1997	0.236	0.270
1998	0.317	0.352
1999	0.691	0.829
2000	0.244	0.395
2001	0.101	0.177
2002	0.246	1.011
2003	0.153	0.511
2004	0.071	0.516

Average All Years:	0.191	0.205
Average Excluding High/Low:	0.191	0.209
Average Latest 7 Years:	0.221	0.384
Average Latest 5 Years:	0.138	0.371

Selected: 19.00%

Notes:
 (2), (3) Provided by AMJUNAR

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 10

Physicians, Surgeons & Dentists - Occurrence Coverage
Selection of U/LAE / Loss Ratio

Calendar Year	Calendar Yr. U/LAE Payments (000's)	Calendar Yr. Loss Payments (000's)	Ratio U/LAE/Loss (1)/(2)
(1)	(1)	(2)	(3)
1988	5828	\$11,388	5.53%
1989	1,345	12,448	10.81%
1990	918	18,829	5.47%
1991	975	12,872	7.57%
1992	1,129	23,558	4.78%
1993	1,114	20,078	5.55%
1994	1,185	21,379	5.94%
1995	1,175	14,817	7.93%
1996	1,142	15,789	7.23%
1997	1,063	21,828	4.87%
1998	947	16,074	5.80%
1999	898	15,978	6.26%
2000	881	14,072	5.90%
2001	844	14,305	14.33%
2002	852	5,945	14.25%
2003	880	6,176	11.25%
2004	955	8,577	

Total All Years:	\$16,934	\$251,884	6.72%
Total Latest 5 Years:	4,422	49,075	9.07%
Total Latest 4 Years:	3,541	35,003	10.12%
Total Latest 3 Years:	2,897	20,688	13.03%
Total Latest 2 Years:	1,895	14,753	12.51%

Selected: 9.50%

Notes:	
(1) Provided by MALUARI	
(2) Provided by MALUARI	
(3) (1)/(2)	

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 11

Physicians, Surgeons & Dentists - Occurrence Coverage
Development of Premium at Present Rate
Premium as of 12/31/2004

Effective Date	Historical Rate Change	Cumulative Rate Change
7/1/1979	0.7%	1.097
7/1/1980		1.097
7/1/1981	12.7%	1.236
7/1/1982	23.1%	1.522
7/1/1983	24.0%	1.887
7/1/1984	30.1%	2.455
7/1/1985	40.2%	3.653
7/1/1986		3.963
7/1/1987	36.1%	4.986
7/1/1988	19.9%	5.978
7/1/1989		5.978
7/1/1990		5.978
7/1/1991		5.978
7/1/1992		5.978
7/1/1993		5.978
7/1/1994		5.978
7/1/1995		5.978
7/1/1996		5.764
7/1/1997		5.764
7/1/1998		5.764
7/1/1999		5.764
7/1/2000		5.764
7/1/2001		5.764
7/1/2002		5.764
4/1/2003	20.0%	6.917
7/1/2003		6.917
2/1/2004		8.162
7/1/2004	18.0%	8.162
7/1/2005		8.162

Accident Year	Actual Occurrence Premium (\$000) (1)	Current Level Adjustment Factor (2)	Occurrence Premium at Current Level (\$000) (3)
1983	6,870	5.328	36,635
1984	0,279	4.288	35,335
1985	12,586	3.220	40,559
1986	17,184	2.324	39,026
1987	19,942	2.132	42,518
1988	25,982	1.851	42,896
1989	28,337	1.394	38,502
1990	23,302	1.365	31,889
1991	17,280	1.390	24,019
1992	14,464	1.555	22,402
1993	13,337	1.586	21,152
1994	10,648	1.502	16,032
1995	6,207	1.435	8,907
1996	3,584	1.418	5,075
1997	2,592	1.418	3,658
1998	2,972	1.416	2,934
1999	1,823	1.416	2,981
2000	1,634	1.416	2,314
2001	1,570	1.416	2,223
2002	1,532	1.416	2,311
2003	2,011	1.416	2,697
2004	3,591	1.341	4,067
2005		1.102	
Total	225,093		430,329

Notes:
(1) Provided by MALUARI
(2) Provided by MALUARI
(3) (1) x (2)

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION OF RHODE ISLAND

Exhibit 1
Sheet 1

Physicians, Surgeons & Dentists - Claims Made Coverage
Total Limit Indications
(\$500)

Report Year	Ultimate Losses excl ALAE (2)	Trend Factor (3)	Projected Losses excl ALAE (4)	Total Limit Earned Premium at Present Rate Level (5)	Projected Loss Ratio (6)	Responsiveness Weights (7)	Stability Weights (8)	Product (9)	Normalized Weights (10)
1990	\$0	3.971	\$0	\$246	0.000	0	100.00%	\$0	0.00%
1991	0	3.662	0	753	0.000	0	100.00%	0	0.00%
1992	403	3.376	1,502	1,124	1.390	0	100.00%	0	0.00%
1993	690	3.113	1,610	1,461	1.087	0	100.10%	0	0.00%
1994	1,286	2.871	1,660	1,476	0.718	0	100.00%	0	0.00%
1995	915	2,647	1,437	986	1.457	2	100.80%	997	3.81%
1996	425	2,441	1,037	646	1.607	2	100.20%	1,302	4.75%
1997	66	2,251	346	489	0.275	3	101.20%	1,810	5.92%
1998	0	2,075	0	477	0.000	4	101.80%	1,989	5.92%
1999	72	1,914	137	455	0.288	5	104.50%	2,493	9.12%
2000	230	1,764	441	474	0.979	6	108.20%	2,951	10.80%
2001	785	1,627	1,277	474	2.692	7	113.70%	3,775	13.82%
2002	1,211	1,500	1,317	489	2.695	8	115.60%	4,518	16.53%
2003	482	1,383	667	548	1.218	9	103.79%	5,119	18.73%
2004	140	1,276	179	731	0.248	10	35.72%	2,574	9.42%
Total	\$6,800		\$10,871	\$10,897	0.999			\$27,325	100%

- (11) Projected Ultimate Undiscounted Total Limit Loss Ratio
- (12) Full Credibility Standard
- (13) Ultimate Claims for Report Years 1995-2004
- (14) Credibility Weight
- (15) Complement of Credibility (Undiscounted expected loss ratio)
- (16) Credibility Weighted Loss Ratio
- (17) Xp/ECD Load
- (18) LAE Load
- (19) Investment Income Factor at 5.55%
- (20) Adjusted Loss and LAE Ratio
- (21) Fixed Expenses
- (22) Variable Expenses
- (23) Indicated Rate Change

Notes:

(2) From Exhibit 2, Sheet 1, Column (6)	(13) From Exhibit 5, Column (5)
(3) Based upon selected trend of 8.45%	(14) [(13) / (12)] * 5
(4) (2) x (3); losses reflect adjustment for policy limit	(15) From Exhibit 1, Sheet 2, Row (10)
(5) From Exhibit 11, Column (3)	(16) [(11) x (14)] + [(15) x (1 - (14))]
(6) (4) / (5)	(18) Exhibit 9, Selected + Exhibit 10, Selected
(8) Reciprocals of LDFs from Exhibit 4A, Sheet 2, 2004 reciprocal of Exhibit 2, Sheet 2, Row (8)	(19) From Exhibit 7, Column (5)
(9) (5) x (7) x (8)	(20) (16) x (1) + (17) x (1) + (18) x (19)
(10) (9) / (9Total)	(21) From Exhibit 8, Selected
(11) Column (6) weighted by Column (10)	(22) From Exhibit 8, Selected
(12) Consistent with prior Decisions of the Department	(23) [(20) + (21)] / (1 - (22)) - 1

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Physicians, Surgeons & Dentists - Claims Made Coverage
Complement of Credibility

Exhibit 1
Sheet 2

(1) Variable Expenses including P.A.C. in current rates	4.1%
(2) Fixed Expenses (as a % of premium), in current rates	20.1%
(3) Provision for less and L.A.E. in current rates-Discounted	75.8%
(4) Provision in current rates for L.A.E. as % of indemnity	27.4%
(5) Provision for Indemnity in Current Rates-Discounted	59.5%
(6) Investment Income Factor (Average of 4.5% and 5%) in Current Rates	82.9%
(7) Provision for Indemnity in Current Rates-Undiscounted	71.8%
(8) Annual Trend	0.45%
(9) Trend from midpoint of Rates Effective 2/1/04 to midpoint of rates proposed Effective 7/1/05	21.7%
(10) Complement of Credibility (Trended Undiscounted Expected Loss Ratio)	87.3%

Notes:	
(1),(2),(4) From MMJUAR's 8/5/03 filing	
(3) $100\% - (1) - (2)$	
(5) $(3) / 11 * (4)$	
(6) Based on payment pattern in MMJUAR's 8/5/03 filing	
(7) (5) / (6)	
(9) $11 + (8) * (29/12)-1$	
(10) $(7) * 11 + (8)$	

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 2
Sheet 1

Physicians, Surgeons & Dentists - Claims Made Coverage
Estimated Ultimate Losses using Development Technique
Losses as of 6/30/2005
(\$000)

Report Year	Incurred Losses	Incurred Factor to Ultimate	Estimated Ultimate Losses	Paid Losses	Paid Factor to Ultimate	Estimated Ultimate Losses	Selected Ultimate Losses as of 6/30/2005
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1975	\$0	1.000	\$0	\$0	1.000	\$0	\$0
1976	0	1.000	0	0	1.000	0	0
1977	0	1.000	0	0	1.000	0	0
1978	0	1.000	0	0	1.000	0	0
1979	0	1.000	0	0	1.000	0	0
1980	0	1.000	0	0	1.000	0	0
1981	0	1.000	0	0	1.000	0	0
1982	0	1.000	0	0	1.000	0	0
1983	0	1.000	0	0	1.000	0	0
1984	0	1.000	0	0	1.000	0	0
1985	0	1.000	0	0	1.000	0	0
1986	0	1.000	0	0	1.000	0	0
1987	0	1.000	0	0	1.000	0	0
1988	0	1.000	0	0	1.000	0	0
1989	0	1.000	0	0	1.000	0	0
1990	0	1.000	0	0	1.000	0	0
1991	0	1.000	0	0	1.000	0	0
1992	483	1.000	483	463	1.000	483	483
1993	690	0.998	695	696	1.000	696	696
1994	1,288	1.000	1,286	1,286	1.001	1,287	1,286
1995	915	0.999	914	915	1.002	917	915
1996	425	0.992	422	425	1.004	427	425
1997	65	0.988	64	65	1.009	65	65
1998	0	0.982	0	0	1.020	0	0
1999	75	0.957	72	0	1.079	0	72
2000	250	0.924	231	250	1.178	284	250
2001	893	0.880	785	518	1.389	719	785
2002	1,480	0.855	1,211	1,000	2.188	2,188	1,211
2003	590	0.954	482	0	4.132	0	482
2004	50	1.211	61	0	13.699	0	140
Total	\$7,027		\$0,890	\$5,627		\$7,067	\$5,800

Notes:
 (2), (6) From Exhibit 3, Columns (7) and (8)
 (3), (6) From Exhibit 4A, Sheet 2 and Exhibit 4B, Sheet 2
 (4) (2) x (3)
 (7) (5) x (6)
 (8) Selected; 2004 from Exhibit 2, Sheet 2, Row (7)

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 2
Sheet 2

Physicians, Surgeons & Dentists - Claims Made Coverage
Bomheuler - Ferguson (B-F) Method for Report Year (RY) 2004
Losses as of 9/30/2005
(\$000)

(1) Total Limit Earned Premium at Present Rate Level	\$721
(2) Expected Loss Ratio	0.718
(3) Expected Losses	517
(4) Expected % of Unreported Ultimate Indemnity Losses	0.174
(5) Expected Unreported Indemnity Losses	90
(6) Reported Indemnity Losses	50
(7) Estimated Ultimate Indemnity Losses	140
(8) Implied Factor to Uilt for RY 2004	2.600

Notes:	
(1)	From Exhibit 1, Sheet 1, Column (5) for RY 2004
(2)	From Exhibit 1, Sheet 2, Row (7)
(3)	(1) x (2)
(4)	1 - Reciprocal of RY 2004 LDF in Exhibit 4A, Sheet 2
(5)	(3) x (4)
(6)	From Exhibit 3, Column (7) for RY 2004
(7)	(5) + (6)
(8)	(7) / (8)

EXHIBIT 3
 MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
 OF RHODE ISLAND

Physicians, Surgeons & Dentists - Claims Made Coverage
 Losses as of 9/30/2005

Report Year	Total Incurred Loss & ALAE (1)	Paid Expense (3)	Outstanding Expense (4)	Paid Loss (5)	Outstanding Loss (6)	Inurred Loss (000's) (7)	Paid Loss (000's) (8)	Inurred ALAE (000's) (9)
1975	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1976	0	0	0	0	0	0	0	0
1977	0	0	0	0	0	0	0	0
1978	0	0	0	0	0	0	0	0
1979	0	0	0	0	0	0	0	0
1980	0	0	0	0	0	0	0	0
1981	0	0	0	0	0	0	0	0
1982	0	0	0	0	0	0	0	0
1983	0	0	0	0	0	0	0	0
1984	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0
1992	572,559	109,809	10,209	402,750	0	463	463	110
1993	817,624	121,624	2,500	696,000	0	696	696	122
1994	1,562,183	256,183	41,046	1,289,000	0	1,289	1,289	256
1995	1,098,574	183,574	35,034	915,000	0	915	915	184
1996	455,087	30,087	34,038	425,000	0	425	425	30
1997	156,331	91,331	0	65,000	0	65	65	91
1998	39,047	39,047	0	0	0	0	0	39
1999	135,000	49,781	10,209	0	75,000	75	0	80
2000	287,475	34,975	2,500	250,000	0	250	250	37
2001	1,129,249	198,703	41,046	517,500	0	893	518	237
2002	1,548,857	113,823	35,034	1,000,000	0	1,400	1,000	149
2003	552,309	18,271	34,038	0	500,000	500	0	52
2004	77,960	15,704	12,256	0	50,000	50	0	28
2005	200,000	9,953	31,047	0	180,000	180	0	49
Total	\$8,822,237	\$1,268,857	\$168,130	\$5,827,250	\$1,560,000	\$7,187	\$5,827	\$1,435

Notes:
 (2)-(6) Provided by MAJULARI
 (7) (8) + (9) / 1,000
 (9) (5) / 1,000
 (9) (3) + (4) / 1,000

71	0.931	147	0.939	223	1.000	299	1.000	375	1.000
72	0.935	148	0.939	224	1.000	300	1.000	376	1.000
73	0.938	149	0.939	225	1.000	301	1.000	377	1.000
74	0.941	150	0.939	226	1.000	302	1.000	378	1.000
75	0.943	151	0.939	227	1.000	303	1.000	379	1.000

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

ENHANCED
SHEET 2

Physicians, Surgeons & Dentists (GPI & OCC)
Paid Loss Development Factor (LDF) Interpretations Using Cyclic System Method

Month	LDF	Month	LDF	Month	LDF	Month	LDF	Month	LDF	Month	LDF
0		76	1.122	152	1.000	228	1.000	304	1.000		
1		77	1.114	153	1.000	229	1.000	305	1.000		
2		78	1.106	154	1.000	230	1.000	306	1.000		
3		79	1.098	155	1.000	231	1.000	307	1.000		
4		80	1.090	156	1.000	232	1.000	308	1.000		
5		81	1.079	157	1.000	233	1.000	309	1.000		
6		82	1.072	158	1.000	234	1.000	310	1.000		
7		83	1.064	159	1.000	235	1.000	311	1.000		
8		84	1.057	160	1.000	236	1.000	312	1.000		
9		85	1.052	161	1.000	237	1.000	313	1.000		
10		86	1.046	162	1.000	238	1.000	314	1.000		
11		87	1.041	163	1.000	239	1.000	315	1.000		
12	47.619	88	1.035	164	1.000	240	1.000	316	1.000		
13	41.637	89	1.032	165	1.000	241	1.000	317	1.000		
14	35.714	90	1.029	166	1.000	242	1.000	318	1.000		
15	31.250	91	1.026	167	1.000	243	1.000	319	1.000		
16	27.077	92	1.022	168	1.000	244	1.000	320	1.000		
17	23.256	93	1.020	169	1.000	245	1.000	321	1.000		
18	20.403	94	1.018	170	1.000	246	1.000	322	1.000		
19	17.657	95	1.016	171	1.000	247	1.000	323	1.000		
20	15.025	96	1.015	172	1.000	248	1.000	324	1.000		
21	13.099	97	1.014	173	1.000	249	1.000	325	1.000		
22	12.195	98	1.012	174	1.000	250	1.000	326	1.000		
23	10.153	99	1.012	175	1.000	251	1.000	327	1.000		
24	9.915	100	1.011	176	1.000	252	1.000	328	1.000		
25	8.621	101	1.010	177	1.000	253	1.000	329	1.000		
26	7.692	102	1.010	178	1.000	254	1.000	330	1.000		
27	6.944	103	1.009	179	1.000	255	1.000	331	1.000		
28	6.289	104	1.009	180	1.000	256	1.000	332	1.000		
29	5.714	105	1.009	181	1.000	257	1.000	333	1.000		
30	5.236	106	1.008	182	1.000	258	1.000	334	1.000		
31	4.831	107	1.008	183	1.000	259	1.000	335	1.000		
32	4.464	108	1.008	184	1.000	260	1.000	336	1.000		
33	4.132	109	1.007	185	1.000	261	1.000	337	1.000		
34	3.811	110	1.007	186	1.000	262	1.000	338	1.000		
35	3.510	111	1.006	187	1.000	263	1.000	339	1.000		
36	3.401	112	1.006	188	1.000	264	1.000	340	1.000		
37	3.295	113	1.005	189	1.000	265	1.000	341	1.000		
38	3.046	114	1.005	190	1.000	266	1.000	342	1.000		
39	2.802	115	1.004	191	1.000	267	1.000	343	1.000		
40	2.747	116	1.004	192	1.000	268	1.000	344	1.000		
41	2.518	117	1.004	193	1.000	269	1.000	345	1.000		
42	2.500	118	1.003	194	1.000	270	1.000	346	1.000		
43	2.307	119	1.003	195	1.000	271	1.000	347	1.000		
44	2.208	120	1.002	196	1.000	272	1.000	348	1.000		
45	2.099	121	1.002	197	1.000	273	1.000	349	1.000		
46	2.052	122	1.002	198	1.000	274	1.000	350	1.000		
47	2.012	123	1.002	199	1.000	275	1.000	351	1.000		
48	1.972	124	1.002	200	1.000	276	1.000	352	1.000		
49	1.948	125	1.002	201	1.000	277	1.000	353	1.000		
50	1.848	126	1.002	202	1.000	278	1.000	354	1.000		
51	1.773	127	1.002	203	1.000	279	1.000	355	1.000		
52	1.639	128	1.002	204	1.000	280	1.000	356	1.000		
53	1.577	129	1.002	205	1.000	281	1.000	357	1.000		
54	1.524	130	1.002	206	1.000	282	1.000	358	1.000		
55	1.473	131	1.001	207	1.000	283	1.000	359	1.000		
56	1.429	132	1.001	208	1.000	284	1.000	360	1.000		
57	1.389	133	1.001	209	1.000	285	1.000	361	1.000		
58	1.353	134	1.001	210	1.000	286	1.000	362	1.000		
59	1.321	135	1.001	211	1.000	287	1.000	363	1.000		
60	1.295	136	1.001	212	1.000	288	1.000	364	1.000		
61	1.272	137	1.001	213	1.000	289	1.000	365	1.000		
62	1.253	138	1.001	214	1.000	290	1.000	366	1.000		
63	1.238	139	1.001	215	1.000	291	1.000	367	1.000		
64	1.224	140	1.001	216	1.000	292	1.000	368	1.000		
65	1.212	141	1.001	217	1.000	293	1.000	369	1.000		
66	1.202	142	1.001	218	1.000	294	1.000	370	1.000		
67	1.193	143	1.001	219	1.000	295	1.000	371	1.000		
68	1.185	144	1.001	220	1.000	296	1.000	372	1.000		
69	1.178	145	1.001	221	1.000	297	1.000	373	1.000		

70	1,171	146	1,000	222	1,000	298	1,000	374	1,000
71	1,164	147	1,000	223	1,000	299	1,000	375	1,000
72	1,158	148	1,000	224	1,000	300	1,000	376	1,000
73	1,146	149	1,000	225	1,000	301	1,000	377	1,000
74	1,140	150	1,000	226	1,000	302	1,000	378	1,000
75	1,131	151	1,000	227	1,000	303	1,000	379	1,000

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 5

Physicians, Surgeons & Dentists - Claims Made Coverage
Calculation of Ultimate Claim Counts

Report Year	Reported Claim Counts as of 9/30/2005	Development Factor to Ultimate	Projected Ultimate Claim Counts	Indicated Credibility
(1)	(2)	(3)	(4)	(5)
1983	0	1,000	0	
1984	0	1,000	0	
1985	0	1,000	0	
1986	0	1,000	0	
1987	0	1,000	0	
1988	0	1,000	0	
1989	0	1,000	0	
1990	0	1,000	0	
1991	0	1,000	0	
1992	4	1,000	4	
1993	7	1,000	7	
1994	3	1,000	3	
1995	3	1,000	3	
1996	1	1,000	1	
1997	1	1,000	1	
1998	0	1,000	0	
1999	1	1,000	1	
2000	2	1,000	2	
2001	3	1,000	3	
2002	5	1,000	5	
2003	5	1,000	5	
2004	2	1,000	2	
2005	6	1,000	6	
			<u>Total</u>	
			(5)	(6)
		Report Years	23	0.124
		1995-2004	24	0.125
		1994-2003		
		Selected		0.124

Notes:
 (2) Provided by K&M/J&B
 (3) No development with Claims Made claim counts
 (4) (2) x (3)
 (5) Totals from Column (4)
 (6) Square Root of (5) / 1500

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit B
Sheet 1

Physicians, Surgeons & Dentists - Claims Made Coverage
Calculation of Large Loss Adjustment

Report Year (1)	Trend 8.45% (2)	1,000,000 (2) (3)	Claim Limitation Value (4)	Removed Prior to Trending	Added After Trending
1982	7,007	\$142,722	\$143,000		
1983	6,481	154,782	155,000		
1984	5,957	167,691	168,000		
1985	5,493	182,045	182,000		
1986	5,055	197,428	197,000		
1987	4,670	214,111	214,000		
1988	4,307	232,203	232,000		
1989	3,971	251,824	252,000		
1990	3,682	273,103	273,000		
1991	3,376	296,181	296,000		
1992	3,113	321,208	321,000		
1993	2,871	348,350	348,000		
1994	2,647	377,786	378,000		
1995	2,441	409,708	410,000		
1996	2,251	444,329	444,000		
1997	2,075	481,875	482,000		
1998	1,914	522,593	523,000		
1999	1,764	566,752	567,000		
2000	1,627	614,643	615,000		
2001	1,509	665,588	667,000		
2002	1,393	722,966	723,000		
2003	1,278	783,891	784,000		
2004	1,176	850,239	850,000		
2005	1,095	922,994	922,000		
RY 1990	\$ 273,000	\$0	\$0	\$0	\$0
RY 1991	296,000	0	0	0	0
RY 1992	321,000	0	130,000	0	0
Phys	130,000	0	225,000	0	0
Phys	225,000	0	355,000	0	0
RY 1993	348,000	0	500,000	500,000	1,000,000
Phys	500,000	0	500,000	500,000	1,000,000
RY 1994	378,000	0	825,000	825,000	1,000,000
Phys	825,000	0	450,000	450,000	0
Phys	450,000	0	450,000	450,000	0

1,275,000

1,275,000

1,000,000

**MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND**

Exhibit B
Sheet 2

Physicians, Surgeons & Dentists - Claims Made Coverage
Calculation of Large Loss Adjustment

<u>Line of Business</u>	<u>Indemnity Paid</u>	<u>Indemnity Outstanding</u>	<u>Total Indemnity</u>	<u>Value Removed Prior to Trending</u>	<u>Value Added After Trending</u>
RY 1995	\$ 410,000				
Phys	750,000	\$0	\$750,000	\$750,000	\$1,000,000
Phys	125,000	0	125,000	0	0
			875,000	750,000	1,000,000
RY 1996	444,000				
Phys	425,000	0	425,000	0	0
			425,000	0	0
RY 1997	482,000				
			0	0	0
RY 1998	523,000				
			0	0	0
RY 1999	567,000				
			0	0	0
RY 2000	616,000				
Phys	250,000	0	250,000	0	0
			250,000	0	0
RY 2001	667,000				
Phys	500,000	0	500,000	0	0
			500,000	0	0
RY 2002	723,000				
Phys	1,000,000	0	1,000,000	1,000,000	1,000,000
			1,000,000	1,000,000	1,000,000
RY 2003	784,000				
			0	0	0
RY 2004	850,000				
			0	0	0

FY 2005

922,000

0

0

0

**MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND**

Exhibit 7

Physicians, Surgeons & Dentists - Claims Made Coverage
Calculation of Investment Income Factor
Investment Rate 5.55%

Period (1)	Percent Paid in Period (2)	Percent Unpaid at Beginning of Period (3)	Present Value of Payments in Period (4)	Average Discount Factor for Remaining Payments at Beginning of Period (5)
1	2.09%	100.00%	2.001%	80.88%
2	0.34%	97.94%	7.687%	
3	19.04%	89.01%	16.038%	
4	22.45%	70.50%	18.844%	
5	25.36%	48.11%	19.897%	
6	9.21%	22.75%	6.845%	
7	8.13%	13.54%	5.724%	
8	3.92%	5.41%	2.611%	
9	0.74%	1.50%	0.468%	
10	0.51%	0.75%	0.303%	
11	0.10%	0.25%	0.056%	
12	0.09%	0.15%	0.049%	
13	0.01%	0.08%	0.007%	
14	0.03%	0.04%	0.010%	
				80.88%

Notes:
One period represents one year.
Column (2) Derived from Exhibit 4B, Sheet 1

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit B

Physicians, Surgeons & Dentists - Claims Made Coverage
Selection of Fixed Expense Ratio and Variable Expense Ratio

	Expense Percentages									
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1999
Servicing Carrier	3.0%	3.0%	3.9%	5.7%	7.6%	9.7%	11.4%	14.7%	18.3%	27.1%
Commissions	3.0%	3.3%	3.1%	3.0%	3.1%	3.2%	3.3%	3.2%	2.5%	2.8%
Other	1.8%	1.4%	1.7%	2.1%	2.0%	3.0%	4.1%	4.9%	7.0%	11.8%
TOTAL	9.2%	8.5%	8.7%	10.8%	13.3%	16.5%	18.8%	22.8%	27.8%	41.7%

	Expense Percentages									
	1997	1998	1999	2000	2001	2002	2003	2004	2005 *	Standard
Servicing Carrier	38.6%	43.4%	68.7%	75.1%	64.1%	48.7%	36.1%	21.9%	16.3%	15.0%
Commissions	2.9%	2.7%	3.9%	4.2%	4.4%	4.7%	4.5%	4.2%	3.5%	3.45%
Billed Finance Charges										-0.16%
Other	10.4%	11.5%	21.4%	22.2%	20.6%	18.6%	11.7%	7.2%	3.2%	3.0%
TOTAL	51.9%	57.6%	94.0%	101.5%	89.1%	72.3%	52.3%	33.3%	23.0%	21.3%

Expected Loss & Loss Adjustment Ratio

Fixed Expense Ratio, Selected (Average of ANNUARI Selected 9% and AG Selected 8.2%)

Variable Expense Ratio, Selected (Commissions and Billed Finance Charges)

* estimated

76.7%
8.6%
3.36%

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

EXHIBIT 9

Physicians, Surgeons & Dentists - Claims Made Coverage
Selection of ALAE/LOSS Ratio

Report Year	Incurred ALAE / Incurred Loss (%)
1980	
1991	
1992	
1993	
1994	
1995	
1996	
1997	
1998	
1999	
1990	
1991	
1992	0.238
1993	0.175
1994	0.198
1995	0.201
1996	0.071
1997	1.490
1998	0.000
1999	0.800
2000	0.148
2001	0.235
2002	0.106
2003	0.104
2004	0.580

Average All Years:	0.168
Average Excluding High/Low:	0.182
Average Latest 7 Years:	0.150
Average Latest 5 Years:	0.163

Selected: 0.150

Notes:
(1) Provided by AMALJARI

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

Exhibit 10

Physicians, Surgeons & Dentists - Claims Made Coverage
Selection of U/LAE/Loss Ratio

Calendar Year	Calendar Yr. U/LAE Payments (000's)	Calendar Yr. Loss Payments (000's)	Ratio U/LAE / Loss (1)/(2)
(1)	(2)	(3)	
1988	\$629	\$11,386	5.53%
1989	1,345	12,440	10.81%
1990	970	16,628	5.47%
1991	975	12,872	7.57%
1992	1,128	23,550	4.78%
1993	1,114	20,076	5.55%
1994	1,185	21,379	5.54%
1995	1,175	14,817	7.93%
1996	1,142	15,788	7.23%
1997	1,053	21,829	4.87%
1998	947	16,074	5.89%
1999	898	15,878	5.62%
2000	881	14,072	6.28%
2001	844	14,305	5.88%
2002	852	5,945	14.33%
2003	880	6,176	14.25%
2004	955	8,577	11.25%
Total All Years:	\$18,834	\$251,894	6.72%
Total Latest 5 Years:	4,422	48,075	9.01%
Total Latest 4 Years:	3,541	35,003	10.12%
Total Latest 3 Years:	2,597	20,098	13.03%
Total Latest 2 Years:	1,945	14,759	12.51%

Selected 9.50%

Notes:
(1) Provided by MMLUAR1
(2) Provided by MMLUAR1
(3) (1) / (2)

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION
OF RHODE ISLAND

EXHIBIT 11

Physicians, Surgeons & Dentists - Claims Made Coverage
Development of Premium at Present Rate
Premium as of 12/31/2004

Effective Date	Historical Rate Change	Cumulative Rate Change
7/1/1979	9.7%	1.097
7/1/1980	12.7%	1.097
7/1/1981	23.1%	1.236
7/1/1982	24.0%	1.522
7/1/1983	30.1%	1.897
7/1/1984	49.2%	2.455
7/1/1985		3.693
7/1/1986		3.693
7/1/1987	39.1%	4.966
7/1/1988	19.9%	5.978
7/1/1989		5.978
7/1/1990		5.147
7/1/1991	-13.9%	5.147
7/1/1992		5.147
7/1/1993	12.0%	5.764
7/1/1994		5.764
7/1/1995		5.764
7/1/1996		5.764
7/1/1997		5.764
7/1/1998		5.764
7/1/1999		5.764
7/1/2000		5.764
7/1/2001		5.764
7/1/2002	20.0%	6.917
4/1/2003		6.917
7/1/2003		6.917
2/1/2004	18.0%	8.162
7/1/2004		8.162
7/1/2005		8.162

Report Year	Actual Claims Made Premium (\$000) (1)	Current Level Adjustment Factor (2)	Claims Made Premium at Current Level (\$000) (3)
1983		5.328	\$246
1984		4.298	753
1985		3.220	1,124
1986		2.324	1,481
1987		2.132	1,476
1988		1.651	986
1989		1.394	646
1990	\$180	1.305	532
1991	542	1.380	489
1992	723	1.555	477
1993	934	1.586	474
1994	945	1.592	489
1995	887	1.435	548
1996	456	1.416	721
1997	376	1.416	
1998	345	1.416	
1999	357	1.416	
2000	321	1.416	
2001	335	1.416	
2002	345	1.416	
2003	409	1.341	
2004	654	1.102	
Total	\$7,589		\$10,997

Notes:
(1) Provided by KKKUJARI
(2) Provided by MMJUAH
(3) (1) x (2)