



WYOMING HEALTHCARE COMMISSION

***PHYSICIANS AND SURGEONS
RISK RETENTION GROUP STUDY***

Prepared by:

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Milliman

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November 15, 2004

T. Chris Muirhead
Chairman
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PO Box 2760
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Subject: Physicians and Surgeons Risk Retention Group Study

Dear Chris:

Milliman is pleased to enclose five copies of the above-captioned final report. The final report has been revised from the second draft version to include minor editorial changes suggested made by the Wyoming Healthcare Commission.

We appreciate this opportunity to provide consulting actuarial services to the Wyoming Healthcare Commission regarding the important medical malpractice reform issues under consideration by the Wyoming legislature. We further appreciate the cooperation and information provided by the Wyoming Healthcare Commission and the Wyoming Department of Insurance during the course of our analysis. We are available if there are any questions regarding this report or if we may provide any additional information.

Sincerely,

Richard B. Lord
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Christian Morency
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RBL:mes
Enclosure

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INTRODUCTION

Milliman, Inc. (Milliman) was engaged by the Wyoming Healthcare Commission (WHCC) to study the feasibility of establishing a risk retention group (RRG)¹ to provide professional liability insurance coverage to physicians and surgeons in Wyoming to address potential availability and affordability limitations of this coverage in the state.

Milliman reviewed the rates and rating structures of several insurance carriers currently providing this coverage in Wyoming. We developed a model for a Wyoming RRG (Model RRG) using the current average rates, and representative rating factors and classification system from other carriers in Wyoming, and other relevant information.

In performing this analysis we relied upon publicly available data from the Wyoming Department of Insurance, the National Practitioners Data Bank, the Wyoming Legislative Office (LSO), and industry sources of medical professional liability data. We did not audit any of this data or other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis will be affected.

Milliman is an independent consulting firm, which is wholly owned by its senior consultants. Our clients include insurance companies, regulators and government agencies, consumer groups, and industry associations. This report was prepared for the Wyoming Healthcare Commission and the State of Wyoming and not any other third party. We understand this report may be further distributed, but require that it be distributed in its entirety. We further recommend that any third party receiving our report consult with a qualified professional.

We acknowledge and appreciate the cooperation received from the Wyoming Healthcare Commission and the Wyoming Department of Insurance during the course of our analysis.

¹ A risk retention group (RRG) is a liability insurance company owned by its members. The 1981 Risk Retention Act permitted companies to form an insurance carrier to write insurance for products liability. The 1986 Liability Risk Retention Act Amendments (LRRRA) broadened the 1981 Risk Retention Act, permitting RRGs for medical professional liability insurance.

EXECUTIVE SUMMARY

Using publicly available rate filings, financial statements and other information for insurers operating in the state, we have developed a model for a Wyoming RRG. This model includes a mature claims-made base rate, physician specialty rating factors, claims-made step factors, increased limits factors, and representative rating factors and classification system from other carriers in Wyoming, and other relevant information.

Table 1 presents representative annual mature claims-made rates per specialty class with policy limits of \$1 million per occurrence/\$3 million annual aggregate (\$1M/\$3M). For reasons discussed further in this Executive Summary, the rates that would apply in practice for a RRG would have to be adjusted to reflect the actual underwriting expenses of the RRG and the means of repaying the initial capitalization. Furthermore, these results assume that the environment in Wyoming is unchanged in 2005 with respect to tort reform. The specialty classes are presented in the supporting Exhibits 5, pages 1 through 3.

Table 1: Policy Year 2005 Wyoming Mature Claims-Made Rate @ Policy Limits \$1M/\$3M¹

Class	Specialty²	Mature Claims-Made Rates @ \$1M/\$3M
0	Dermatology - no surgery	\$15,769
1A	Family/General Physicians - no surgery	\$16,567
1B	Internal Medicine - no surgery	\$19,961
2	Internal Medicine - minor surgery	\$22,157
3A	Anesthesiology	\$22,356
3	Surgery - Urological	\$31,937
4	Emergency Medicine - No Major Surgery	\$37,726
5	Surgery - General	\$59,483
6	Surgery - Cardiac	\$62,078
7	Surgery - Obstetrics - Gynecology	\$82,039
8	Surgery - Neurology - Including Children	\$122,360
<p>Notes:</p> <ol style="list-style-type: none"> 1. Policy limits are \$1M per occurrence/\$3M annual aggregate. 2. For a complete list of specialties in each class, please refer to Exhibit 5, pages 1 through 3. 		

The following table compares the average rate of the model RRG to that of the carriers providing coverage in the state. This comparison includes the Doctor’s Company (TDC), The Medical Protective Company (Med Pro), and Utah Medical Insurance Association (UMIA), but excludes OHIC Insurance Company (OHIC), which is not currently renewing policies in Wyoming. The comparison is based on “average rates”, which is the average of the specialty rates in the above table and for the respective carriers, weighted by the distribution of Wyoming physicians across specialties.

Table 2: Comparison of Policy Year 2005 Average Wyoming Mature Claims-Made Rate @ Policy Limits
\$1M/\$3M

Class of Specialty	Average Mature Claims-Made Rates
Model RRG	\$32,331
TDC	\$33,873
Med Pro	\$38,743
UMIA	\$28,578

The associated claims-made step factors and other rating factors are shown in Exhibits 7 through 9. Based on the comparison above, we conclude that an RRG would not significantly disrupt the current market shares, and for purposes of our modeling assumed it would write business at the market share level of the exiting carrier, OHIC. We have assumed the OHIC market share to be 43% of licensed physicians in Wyoming (817)². A description of the other key assumptions underlying these rates follows.

We have assumed the RRG will not experience adverse selection. Adverse selection occurs when either asymmetrical information is available to the parties to an insurance contract, or if one party is prohibited from using all available information for legal or other reasons. The result of adverse selection can be inadequate premiums, and thus the need for rate increases and decreasing participation among good insurance risks. Our assumption that the RRG will not experience adverse selection from the pool of Wyoming physicians is based on the observation that we have constructed a similar set of recommended rating classes, class rating factors and other adjustments as to what is currently offered in the Wyoming market. The rates for the higher rated classes such as for surgery and obstetrics are less than those of TDC, which may

² This assumption is used for consistency with previous Milliman analyses in Wyoming, although the actual number of practicing physicians in the state changes over time and is not known with certainty. According to an October, 2004 report by Wyoming Health Resources Network, Inc., there were 836 physicians in Wyoming providing direct patient care in September 2004, 108 of whom worked part time. Given these numbers, we feel the assumptions used in this report are reasonable for the purposes of this analysis.

mean that an RRG would be attractive to physicians in higher risk specialties. However, this does not constitute adverse selection in and of itself as our evaluation indicates that the Model RRG rates for this specialty are adequate, as discussed below, and are in fact considerably higher than those charged by OHIC for these classes. Instead, the rate difference may represent a desire by other carriers in this market to be more competitive in other specialty classes.

A capital contribution will be required to support the premiums written by the RRG and the held loss reserves. The recommended premium rates and capital contribution assumptions contained in this report are based on a target net written premium to capital ratio of 1.25:1. In our judgment this is a reasonable target, and for comparison purposes we note that the net written premium to surplus ratio in calendar year 2002 for The Doctors Company (TDC) was 1.23:1 (source: *A.M. Bests Aggregates and Averages*).

The capital in our pro forma financial statements (Expected Level) assumes an \$8.2 million capital loan repaid with interest over a five or ten-year period. This capital loan may take several forms; including a government loan or private investment. In the calculations in this report, we assume an interest rate at prime (4.5%), which is more likely to be consistent with a government loan than with the return that would be demanded by private investors. We do not express in this report an opinion as to the appropriate means of capitalizing the fund, the appropriate means of repayment, or the appropriate interest rate; we believe this is a decision for the Wyoming legislature.

The rates presented for the Model RRG in this Executive Summary include a contribution to policyholder surplus provision to offset the repayment under the illustrative assumptions in this report. Should a different capital funding arrangement be implemented, the contribution to policyholder surplus would need to be adjusted accordingly.

Furthermore, as the volume of business would not be known in advance, the capital contribution would best be structured as a guaranteed maximum. If premium writings were less than expected, it would be more efficient to capitalize the RRG at a level commensurate with the volume of business written.

We have evaluated what might constitute a minimum “critical mass” of business in order for the RRG to be viable. There were 24 physician RRG’s operating in 2003, with total premiums of \$134.4 million (source: *Risk Retention Reporter*, October, 2004). This implies an average annual premium of \$5.6 million per physician RRG. At the average premium levels calculated in this report, that would comprise approximately 175 physicians. Clearly this would be a viable number as it is consistent with the industry average. RRG’s for certain other industries that provide similar coverages operate at considerably lower premium volume. For example, the average nursing home professional liability RRG premium in 2003 was \$900 thousand. We would not consider this viable for the Model RRG contemplated in this report, as average policy limits are expected to be \$1 million per occurrence/\$3 million aggregate and nursing home liability limits are typically less than that. If we assume that a conservative minimum initial capital would be equal to the policy annual aggregate, this would imply participation by approximately 100 physicians. However, it is important to note that the physicians RRG market is a rapidly growing phenomenon. The number of physician RRG’s grew from 24 at year-end 2003 to 33 by September, 2004. Due to the long-term nature of physician liabilities and the length of property and casualty insurance underwriting cycles, the long-term viability of RRG’s as an alternative to traditional insurance coverage will not be known with certainty for some time.

We include two scenarios of capital loan repayment. The first is shown in a five-year pro forma financial statement that assumes the capital is repaid with interest in four level annual payments beginning at the end of the first year (Exhibit A-1, page 1). The second is shown in a ten-year pro forma financial statement that assumes the capital is repaid with interest in nine level annual payments beginning at the end of the first year (Exhibit A-1, page 2).

For the five-year pro forma financial statement, the loss and ALAE³ reserve to surplus leverage ratio approaches 1.70 at year 5 after the capital contribution has been repaid. This is an acceptable ratio from a regulatory standpoint. Consulting the same source of information as used

³ The expenses associated with the defense of medical malpractice claims. These include defense attorneys’ fees, expert witness fees, and other defense related expenses.

to calculate the premium to surplus ratio for TDC, we calculate a loss and ALAE reserve to surplus ratio of 1.90:1 for TDC for the 2002 policy year. Thus, the Model RRG is reasonable in comparison.

If we assume the capital loan is repaid over a longer period of time as shown in the ten-year pro forma financial statement, the contribution to policyholder surplus in the Model RRG insurance rates that is needed to maintain a reserve to surplus ratio of approximately 1.70 decreases after year five from 15% to approximately 11%.

The other underwriting expense provisions are assumed to be equal to industry averages, as shown in Exhibit 6. To the extent that actual expenses are expected to differ from industry averages, the rates should be adjusted accordingly. The Model RRG would need to obtain services from a third party for operations, claims handling, underwriting and other services. These expenses might be either more or less than industry averages.

The rates presented in this report are on a mature claims-made basis. We assume that prior acts coverage would be provided by the RRG, and that coverage for retroactive coverage dates of less than mature claims-made coverage would be priced according to the schedule of claims-made step factors as if the insured was under renewing coverage with the RRG.

The Model RRG rates have been adjusted for rate adequacy, RRG expense provision assumptions and trended forward to be applicable for the prospective period 1/1/2005 through 12/31/2005 assuming a 5% loss cost trend. Our analysis concludes that 2004 policy year rates are adequate and not excessive. This determination was made by compiling statewide loss experience, excluding the exiting carrier, OHIC, which appeared to have inadequate rates considerably below market level. If we include OHIC's loss data in this calculation and assume that their premium levels were identical to TDC, the indication is the same. Therefore, we conclude that OHIC's rate inadequacy did not result from loss experience worse than the market average, but instead resulted from premium rates that were below market.

The implicit assumption inherent in these rates is that underwriting standards employed by the RRG would be consistent with the major insurance carriers in the industry as a whole. To the extent underwriting practices differed for the RRG, for example, if they were compelled to “take all comers”, the rates would have to be adjusted to accommodate a non-standard mix of insureds.

CONCLUSIONS

All else being equal, establishing a RRG in the Wyoming market would not fundamentally impact the underlying liability costs in and of itself; total system costs should be expected to be comparable under a system that includes such an alternative coverage provider and one that does not. The RRG will primarily add value to the extent that it can increase the affordability or availability of purchasing coverage by correcting market deficiencies resulting from too few market participants. This condition may result from OHIC retiring from the market, effective October 1, 2004. As RRG’s are typically designed to serve a niche markets, in this case, Wyoming physicians, it is also possible that the rates would be less susceptible to external forces, thus more stable over time. Conversely, with an RRG there is less spread of risk, thus rates may be more volatile if the underlying conditions in the Wyoming medical malpractice tort environment are such.

We conclude that the overall average market rates in Wyoming for this line of business are adequate. This conclusion excludes the exiting carrier OHIC, which appears to have inadequate rates. The recommended Model RRG rates are similar to the average market rates. This is not unexpected if the market rates are deemed adequate on average and the Model RRG uses the underlying experience of the market as a basis, and the contribution to policyholder surplus needed for the RRG to maintain an adequate surplus is comparable to average profit loads in the market rates.

Given that the resulting rates are comparable with existing market rates, we do not expect any major market shifts in premium writings. If the Model RRG rates were high relative to the market, we would expect a situation where it becomes an insurer of last resort with rate increases

needed to maintain adequate capital. Conversely, if the Model RRG rates were low relative to the market, we would expect a situation where they gain increased market share and over time write a majority of the market.

Information and results in this report are meant to provide a basis for making an informed decision regarding establishing an RRG, along with providing recommended rates, rating factors, rating plans and start-up capitalization. All else being equal, establishing an RRG does not fundamentally impact the underlying liability costs in and of itself; total system costs should be expected to be comparable under a system that includes an additional provider of insurance and one that does not. The RRG will primarily add value to the extent that it can increase the affordability or availability of purchasing coverage.

It is possible that in any event new entrants to the market will pick up the share left by the exiting carrier. If the WHCC concludes that this is the case, there is unlikely any need for an RRG to be established; however, the market until recently had only two major participants, and at present we are aware of only three carriers actively pursuing business in the state, TDC, UMIA and Med Pro, which does not imply an unconcentrated market. Therefore, even if coverage availability remains for all doctors in the state, an RRG would likely increase competition and add stability to the marketplace.

There are numerous other considerations beyond the cost of providing coverage when determining whether establishing an RRG would best suit the needs of various Wyoming physicians and patients, each of whom may benefit differently from either alternative. While our analysis provides an objective review of the pros and cons and the recommended premium rates and capital recommendations, consideration regarding the balancing of costs and benefits must be made by the WHCC and the Wyoming Legislature.

METHODOLOGY AND ASSUMPTIONS

Our estimates are based on all available claims data from the Wyoming Insurance Department, insurance company public rate filings, insurer statutory annual financial statements, and other relevant data sources. The methodology and assumptions associated with our analysis is detailed in the following discussion, presented in Exhibits A-1 through A-8 and Exhibits 1 through 13.

We surveyed the filed rates and rating plans of all major physician insurers in Wyoming to determine the average rate levels; coverages provided; available limits and associated increased limits factors; and rating plans including group credits, claims-made step factors, and other relevant credits and surcharges.

Exhibits A-1 through A-8 present the pro forma financial statement for an RRG alternative along with supporting Exhibits. Exhibits 1 through 13 derive and present claims-made mature pure premium per class of specialty and all other rating variables.

Unless stated otherwise, all rates and pure premiums presented in this report are mature claims-made and limited at \$1M per occurrence / \$3M annual aggregate.

Pro Forma Financial Statement

Exhibits A-1 and A-2. Exhibit A-1, page 1 presents a five-year pro forma financial statement derived for a risk retention group with policy limits \$1M / \$3M. Exhibit A-1, page 2 is a ten-year pro forma, otherwise similar to page 1. Exhibit A-2 presents a similar pro forma as in Exhibit A-1, page 1 but including a 90th percentile loss in year 1. The purpose of Exhibit A-2 is showing that a 90th percentile loss in year 1 does not impair long-term viability of the RRG.

The pro forma income statement and balance sheet contain future projections of net income, total assets, liabilities, and capital/surplus amounts that are dependent on certain key parameter

assumptions as discussed below. Unless noted otherwise, these key assumptions apply specifically to Exhibit A-1.

Capital. Beginning capital for year 1 is set to achieve a maximum of 1:1.25 premium to capital ratio over time. Also, additional paid in capital in subsequent years is set to pay off the initial capital over the next several years. The net annual rate of interest on a capital loan is assumed to be 4.5%, as recommended by WHCC. Milliman expresses no opinion regarding the appropriate net annual rate of interest.

Net Written Premium. The net written premium is the average mature claims-made market rate per physicians with policy limits \$1M / \$3M times the expected number of participants. The number of participants in 2005 (year 1) is assumed to be equal to the OHIC share of the market in 2003 and is trended forward assuming a conservative flat annual observed trend in statewide physicians of 1.2% based on data presented in the October 13, 2004 Milliman report (Exhibit 12).

For the five-year pro forma, the following years' mature claims-made market rates are assumed to vary proportionally to the expected change in prospective underlying pure premium. In other words, we assume rate adequacy. In addition, we assume that the distribution of physicians by specialty does not vary over time.

For the ten-year pro forma, we have adjusted mature claims-made market rates in years 6 through 10 to achieve a level reserves to capital ratio over time.

Expense assumptions. The years' underwriting and other expenses are assumed a constant percentage to loss, which serves as a good proxy to reflect expense inflation. For the next several years, no economies of scale are assumed. The expense percentage is derived based on expenses of other insurance carriers in the state.

Ultimate loss and ALAE. The ultimate loss and ALAE payments per year are a function of the underlying ultimate loss and ALAE average pure premium at the expected level and 90% probability level (Exhibit A-2, year 1), and the expected number of participants.

Net unpaid loss and ALAE. The unpaid loss and ALAE estimates equal cumulative loss and ALAE to date less the estimated cumulative payments.

Net Investment Income. For all years, we have applied an assumed net annual yield of 2.8% to average investable assets per year. Investable assets are a function of total assessment, administrative expenses including ULAE (unallocated loss adjustment expense), capital, and losses paid out during the year.

We have assumed payments were made as a lump sum in the middle of the policy year – in turn, this assumes a uniform payout pattern. Similarly, we have assumed assessments to be received as a lump sum in the middle of the policy year. Finally, we have assumed that premiums are paid in full in the middle of the year.

Financial ratios. We have calculated the net written premium to capital ratio and expected leverage ratio. The expected leverage ratio is calculated as the ratio of reserves (line 10) to capital (line 15).

Derivation of Pro Forma

Exhibit A-3. Exhibit A-3 compiles the ultimate loss and ALAE for 2005 and each of the subsequent nine report years at the expected level, and at the 80% and 90% probability level, for each of the subsequent four years. The ultimate loss and ALAE at the expected level is obtained from Exhibit 4, line (2). For other probability levels, we multiply these results by the appropriate probability level factor (PLF) (Exhibit A-8).

Exhibit A-4. Exhibit A-4 shows the present value of expected loss and ALAE over the next ten report years (2005 through 2014). Page 1 shows the expected level while Page 2 shows the 90%

probability level. The undiscounted expected loss and ALAE for each report year is paid out in each subsequent calendar year based on the incremental payout pattern from Exhibit A-7. The aggregate of the present value of each of these future payments produce the present value of expected loss and ALAE payments for each report year. These results are shown in column (17). The selected net discount rate of 2.8% represents the rate of interest on US T-bill with maturity equal to duration of expected liabilities. Milliman expresses no opinion regarding the appropriate net discount rate assumption. Also shown in this exhibit are the expected calendar year loss and ALAE payments for each of the next 10 years.

Exhibit A-5. Exhibit A-5 shows the undiscounted expected loss and ALAE. It is obtained by multiplying the expected undiscounted average mature claims-made pure premium (loss and ALAE) by the number of expected participants in the RRG. The number of participants in year 2005 is assumed to be equal to the OHIC share of the market in 2003 and is trended forward assuming a conservative flat annual observed trend in statewide physicians of 1.2% based on data presented in the October 13, 2004 Milliman report (Exhibit 12). The number of physicians in Wyoming was assumed to be 817 in 2004 as per “Wyoming Legislative Service Office, Research Memo”.

We have made no attempt to assess the impact of a change in the physician distribution by specialty in future years. This results in an implicit assumption that the physician distribution by specialty in the future will be the same as the 2004 and prior levels. The undiscounted loss and ALAE is also shown at the 80% and 90% probability level.

Exhibit A-6. Page 2 shows the development of mature claims-made rate for class 1B to apply to prospective period 1/1/2005 through 12/31/2005. The unadjusted selected loss and ALAE mature claims-made pure premium for class 1B is shown on Exhibit 1. In Exhibit A-6, the pure premium is adjusted for market rate adequacy. The derivation of this adjustment factor is shown on Exhibits 10 through 12 and discussed in the next section. The result of this adjustment is shown on line (3). This selected (adjusted) loss and ALAE mature claims-made pure premium for class 1B is loaded up by all expenses including a contribution to policyholder surplus and discounted for time value of money to produce the 2005 mature claims-made rate for class 1B.

The selected expense provision is shown in Exhibit 6. Milliman expresses no opinion on the appropriateness of the expense provision.

Page 1 distributes the mature claims-made pure premiums and rates for other classes of specialty. The selected class relativities are shown and derived in Exhibit 1, page 2. The Wyoming selected statewide physician distribution is shown in Exhibit 13, page 1.

Exhibit A-7. Exhibit A-7 shows the expected ground-up payout pattern. This payout pattern was obtained from industry medical professional liability rate filings. This payout pattern is utilized in Exhibit A-4 to discount the loss and ALAE pure premium for time value of money.

Exhibit A-8. The PLFs are based on data from a stochastic simulation. This simulation uses results from the size-of-loss distribution presented in the October 13, 2004 Milliman report and frequency on claims closed with indemnity payments (CWIP frequency). The CWIP frequency was approximated using TDC's closed claim listing and assuming that TDC's experience is about one third of all claims in Wyoming.

PLFs represent the approximate percentage by which the expected value estimates must change in order to achieve the desired probability (80% or 90%) that actual experience will not exceed the indicated amounts during one program year.

Derivation of Selected Pure Premium, Class Relativity and Other Rating Factors

Exhibit 1. Selected class relativities are obtained by comparing and selecting underlying mature claims-made pure premium from four Wyoming insurance carriers: The Doctor's Company (TDC), OHIC Insurance Company (OHIC), Medical Protective Company (Med Pro) and Utah Medical Insurance Association (UMIA). These 2005 pure premiums for base class 1B are derived in Exhibit 2. They are shown by class of specialty based on each company's a priori class relativity as presented in Exhibit 3.

Exhibit 2. Pages 1 through 4 shows the development of undiscounted loss and ALAE mature claims-made pure premium for class 1B, for each of the four insurance carriers.

The 2005 undiscounted loss and ALAE mature claims-made pure premium is obtained by extracting the expense component (except ALAE) from the mature claims-made rate, then adjusting by a rate adequacy ratio and an average premium credit/debit, and trending forward to prospective period 1/1/2005 through 12/31/2005.

The expense component is shown on lines (2) and (3) and detailed in Exhibit 6, for each of the four carriers. The rate adequacy ratio is the ratio of the latest indicated rate change to the selected (approved) rate change. This assumes that the indicated pure premiums are adequate. The average premium credit/debit is extracted from the rates to obtain an underlying loss and ALAE pure premium excluding underwriting subjectivity from the rates. Finally, the 2005 selected loss and ALAE pure premium is obtained by applying a selected annual trend factor. The selected 5% annual trend factor is applied from the average incident date of policy period underlying the rates to the average incident date of prospective policy period. The annual trend was selected based on a review of medical professional rate filings in Wyoming.

Exhibit 3. A priori class relativities are obtained by distributing mature claims-made rates within the OHIC classification system. This distribution procedure is described and shown in Exhibits 4 and 5, for each of the four insurance carriers. The base class of specialty is elected to be class 1B. Page 1 shows the rate relativity factor relative to class 1B, for each of the four insurance carriers.

Exhibits 4 and 5. Most current mature claims-made rates for each of the four insurance carriers are shown in Exhibits 4 and 5. Exhibit 5 shows these rates per type of physician specialty as described in the carrier's rate filing. Also shown is a distribution of physician per type of specialty. This distribution is either directly from the rate filing and represents carrier specific physician distribution (TDC and Med Pro) or it is from the selected statewide distribution of physician (Exhibit 13, page 1), as described in a following section. The definition of a physician specialty is different from one carrier to the next. In order to be able to compare rates of

different carriers, the OHIC classification system was selected to bring the four insurance carriers on a common basis. The OHIC classification system was selected for two reasons. First, it is the most extensive classification system within the carriers that we have reviewed. Second, it is compliant with the ISO (Insurance Services Organization) classification system allowing for Wyoming medical malpractice insurance experience to, someday, be compiled and analyzed by this reputable advisory organization.

In Exhibit 4, the mature claims-made rates of each insurance carrier are classified within OHIC classification system and distributed within a class in order to produce a class rate for each of the 11 OHIC classes of physicians. A description of OHIC physician's specialty and class grouping is shown in Exhibit 5, pages 1 through 3. Sometimes, the definition of physician specialty (from TDC, Med Pro and UMIA) is ambiguous and lead to more than one match to the OHIC classes. In these cases, we have distributed the physicians based on the selected statewide distribution (Exhibit 13, page 1).

Exhibit 6. This Exhibit shows the permissible loss ratio for each of four insurance carriers. Some expenses are shown as a percentage of premiums: commission, general expenses, other acquisition costs, DD&R (charge for waiver of extended reporting premium in circumstances of death, disability and qualifying retirement), and taxes, licenses and fees. These expenses are summed and shown on line (6). DD&R is assumed to be a percentage of loss for Med Pro and UMIA but a percentage of premiums for TDC. Therefore, DD&R is not compiled on line (6) for Med Pro or UMIA. The target combined ratio on line (8) represents 1 minus underwriting profit provision net of investment income except for UMIA. For UMIA, the target combined ratio is gross of investment income. However, investment income is extracted in Exhibit 2 by dividing the permissible loss ratio by the underlying discount factor.

Thus, the permissible loss and ALAE ratio is shown as a percentage of premiums on line (9) and equal the following numerator divided by the following denominator. The numerator is the target combined ratio minus the total of all expenses as a percentage of premiums. The denominator is one plus all expenses as a percentage of loss. The expenses as a percentage of loss are ULAE only (TDC, OHIC) or ULAE plus DD&R (Med Pro, UMIA).

Exhibits 7 through 9. These Exhibits present respectively, increased limit factors (ILF), claims-made maturity factors (step factors) and type and amount of discount / surcharge offered by the four insurance carriers that we reviewed in this report.

For TDC, the ILFs are not shown for limits lower than \$0.5M per occurrence since they do not sell any policies with lower limits. For OHIC and Med Pro, the ILFs differ slightly by classes of physicians. Generally, they are increased for the hazardous classes of physicians. Finally, ILFs for UMIA differ by specialty and claims-made maturity level. Since UMIA possess a relatively low market share and the uniqueness of this structure, the 2-dimensional matrix of ILFs for UMIA is not shown.

Exhibit 8 shows the claims-made maturity factors for each of the four insurance carriers along with a selection based on prospective market share attributable to each carrier.

Exhibit 9 presents the various types and amounts of discounts / surcharges offered by the four insurance carriers. No such information was available for UMIA.

Exhibits 10 through 12. These Exhibits present the rate adequacy adjustment factor. This factor is shown on Exhibit 10, line (11). It is the ratio of the indicated on-level loss and ALAE ratio to the selected industrywide permissible loss and ALAE ratio minus one. This adjustment factor represents the estimated percentage by which rates should be adjusted in order to obtain adequate rates for the prospective period 1/1/2005 through 12/31/2005.

The indicated on-level loss and ALAE ratio is the sum of selected loss and ALAE over the last 6 years divided by the sum of on-level earned premium over the same period. The selected loss and ALAE is the sum of direct paid losses (line 5) and direct paid DCCE (Defense and costs containment expenses, line 8), over the last 6 calendar years times a trend factor. The paid losses were selected instead of incurred losses as the ultimate loss and ALAE since there appear to be anomalies since the incurred losses are, in aggregate, lower than the paid losses. The selected 5% annual trend factor is applied from the average accident date of policy period underlying the

loss experience (1/1/2001) of the last 6 years spanning from 1/1/1998 through 12/31/2003 to the average accident date of prospective policy period (1/1/2006). The annual trend was selected based on a review of medical professional rate filings in Wyoming.

The on-level earned premiums are the sum of direct earned premiums over the last 6 years times an on-level adjustment factor. The on-level adjustment factor represents the factor by which premiums need to be multiplied to be applicable to the prospective period (1/1/2005 – 12/31/2005) rate level. This adjustment factor assumes that all of the historical experience, excluding OHIC, is underwritten by TDC. The derivation of this adjustment factor is shown in Exhibit 12, pages 1 and 3. Page 3 shows the historical rate changes for TDC and OHIC, since 1998. Page 2 presents the on-level factors for TDC and OHIC. The on-level factors for each year are the current earned rate factors for the prospective period (1/1/2005 – 12/31/2005) divided by current earned rate factors for the applicable period. The current earned rate factor for a specific year is computed using the generally accepted actuarial method called the parallelogram method. The current earned rate factor represents the average rate level in that year assuming that policies started to be written on 1/1/1998. Page 1, column (5) shows the average on-level factor for premiums earned over the last 6 complete calendar years.

All loss and premium information used in these exhibits is from the latest 6 complete years of Wyoming experience (1998-2003) for medical malpractice liability, excluding the experience associated to the exiting carrier, OHIC. This information is as reported in the annual statements of insurance carriers writing medical malpractice liability insurance in Wyoming – Page 14. All data is on a calendar year basis, this excludes the need for any IBNR (incurred but not reported) loading. It assumes that the incurred loss and ALAE represents the ultimate loss and ALAE. We have assumed that the loss experience of healthcare providers other than physicians, included in page 14, would follow the loss experience of physicians and surgeons.

Exhibit 13. This Exhibit presents the selected Wyoming statewide physician distribution by the OHIC classification system. Our selection is based on the Wyoming Legislative Service Office Research Memo – Attachment A. We understand that the total number of physicians represent the number of physicians licensed to practice in Wyoming but do not necessarily practice

medicine in Wyoming. However, lacking a better source of information, the distribution per specialty is assumed to be adequate and representative of the current situation in Wyoming. On page 3, we show an alternative physician distribution coming from the 2003-2004 edition of the Physicians Characteristics and Distributions in the US.

LIMITATIONS

Although we based our results on generally accepted actuarial and statistical procedures and our professional judgment, our results also reflect numerous assumptions. Due to the uncertainty associated with these assumptions and with the prediction of future events, actual results will vary from our projections.

Reasons for this uncertainty include random statistical fluctuations, as well as unanticipated changes in claim procedures and settlement practices, legislative and judicial decisions, attitudes of claimants and the courts, social and economic inflation, and numerous other social, political, and economic factors. Data limitations also contribute significantly to the uncertainty surrounding these results.

No simple theoretical model can reflect all of the forces underlying a complex insurance process. The various parameters and probability distributions within a simulation model reflect numerous assumptions. The underlying "true" distributions of the various quantities within the model may be significantly different from the estimated distributions.

In preparing pro forma financial statements, it is necessary to project future loss payments. It is certain that actual future losses will not develop exactly as projected and may in fact vary significantly from our projections. Further, our projections make no provision for extraordinary future emergence of new classes of losses or types of losses which are not sufficiently represented in historical databases or which are not yet quantifiable.

Some of the assumptions necessary for the production of the pro forma financial statements come from fields outside the expertise of Milliman. The consultants who performed the work on this assignment are casualty actuaries. As such, we are familiar with basic statutory accounting, GAAP accounting and taxation concepts, but we are by no means experts in accounting or taxation. The results presented herein are not a substitute for the work of qualified legal, tax or accounting counsel -- nor is it intended as such.

The selection of insureds is the responsibility of the RRG. The underwriting or risk selection process is outside the scope of Milliman. We have assumed that the underwriting, loss control, and claim management programs to be implemented by the RRG will produce results similar to those anticipated under their adoption of adjusted average market rates.

Milliman did not examine the requirements of every pertinent law, regulation, insurance department bulletin, or order to ensure that the pro forma financial statements developed in this report are in compliance.

GLOSSARY OF TERMS

Actuarial – Statistics related to insurance risks and premium.

Actuarial model – A statistical representation of insurance risks and premium.

Allocated loss adjustment expenses (ALAE) – The expenses associated with the defense of medical malpractice claims. These include defense attorneys' fees, expert witness fees, and other defense related expenses.

Claim frequency – The annual number of reported claims per exposure unit, such as physicians or civilians.

Claim severity – The average cost per physician claim.

Claims made policy – Insurance that provides coverage for claims that arise from incidents that occur on or after a retroactive coverage date specified by the policy and are reported during the policy term.

Claims per occurrence – The number of claims filed as the result of a single event.

Claims with indemnity payment (CWIP) - Claims that incur an indemnity payment.

Claims without indemnity payment (CWOP) - Claims that do not incur an indemnity payment, but may include payment for ALAE.

Closed claims – Claims that have been resolved.

Combined losses and ALAE – The total amount of loss and ALAE paid on a claim.

Indemnity – The amount paid to a plaintiff to compensate for loss.

Leverage ratio – The ratio of liabilities to capital or equity.

Lognormal loss distribution – A statistical distribution commonly used by actuaries to estimate the probability of the occurrence of a claim of a given amount.

Loss payments – See “indemnity.”

Malpractice – Failure of one rendering professional services to exercise that degree of skill and learning commonly applied under all the circumstances by the average prudent reputable member of the profession with the result of injury, loss or damage to the recipient of those services or to those entitled to rely upon them.

Malpractice Premiums – The amount paid by physicians to purchase insurance covering medical malpractice exposure.

Mean – The average value of a statistical distribution or sample.

Measured claim values – Actual claim amounts collected by surveying various sources.

Medical malpractice losses – Indemnity for medical malpractice claims.

Medical malpractice occurrence – A medical incident that leads to a claim of medical malpractice

Negligence – A violation of a duty to meet an applicable standard of care.

Normalizing – The process by which a distribution of values is scaled such that the mean value equals a target mean value.

NPDB – The National Practitioner Data Bank, a government database of medical malpractice claims, including indemnity payments made on behalf of physicians exclusively for resolved claims.

Occurrence policy – Insurance that provides coverage for claims that arise from incidents that occur during policy term regardless of the report date.

OHIC – The Ohio Hospital Insurance Company, an insurer providing medical malpractice coverage to Wyoming physicians.

Pain and Suffering – Amounts awarded in a court of law for damages that do not have a specific dollar value, also known as general damages.

Parameters – The constant values that define a specific mathematical model, such as average claim size or standard deviation.

Policy limit – The maximum amount payable under an insurance policy.

Present value of loss – The discount for the time value of money to adjust future losses paid to current dollar values.

Primary layer – Layer which provides coverage from first-dollar basis up to policy limits.

Projected loss distribution – The expected spectrum of claims of a given amount and the associated probabilities of occurrence.

Statute of Limitations – A statute specifying the period of time after the occurrence of an injury—or, in some cases, after the discovery of the injury or of its cause—during which any suit must be filed.

Statutory – Relating to a law enacted by a legislature.

Stochastic Simulation Model – A statistical model used to project a loss distribution by generating a large number of random outcomes. Stochastic simulation is often used when the process being modeled is too complex to be defined by a single mathematical formula, such as may be the case when the model includes a large number of parameters, and many of the parameters are in turn described by statistical distributions.

TDC – The Doctors Company, an insurer providing medical malpractice coverage to Wyoming physicians.

Tort reform – Change in laws imposing civil liability for damage, injury, or a wrongful act done negligently or willfully.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

FIVE YEAR PRO-FORMA FINANCIAL STATEMENTS - WYOMING RISK RETENTION GROUP

Expected Level - Mature Claims-Made Policy
Policy Limits \$1M/\$3M

	Year 1	Year 2	Year 3	Year 4	Year 5
Statement of Income					
(a) Market Rate per physicians \$1M/\$3M (Exhibit A-6, pg 1)	\$ 32,331	\$ 33,947	\$ 35,645	\$ 37,427	\$ 39,298
(b) Expected Number of Participants (Exhibit A-5)	356	360	364	369	374
(1) Net Written Premium (NWP)	\$ 11,496,564	\$ 12,221,030	\$ 12,974,660	\$ 13,810,527	\$ 14,697,545
=(a)*(b)					
(2) Net Undiscounted Ultimate Loss and ALAE - Exp. Level	\$ 7,623,475	\$ 8,103,875	\$ 8,603,614	\$ 9,157,885	\$ 9,746,075
(Exhibit A-3)					
(3) Underwriting & Other Expenses	\$ 2,836,777	\$ 3,015,539	\$ 3,201,497	\$ 3,407,748	\$ 3,626,619
Additional Load of 25% of net written premium (Exhibit 6, p2)					
(4) Underwriting Margin	\$ 1,036,311	\$ 1,101,615	\$ 1,169,548	\$ 1,244,894	\$ 1,324,851
(1)-(2)-(3)					
(a) Present Value of NWP	\$ 11,338,915	\$ 12,053,446	\$ 12,796,742	\$ 13,621,148	\$ 14,496,002
(b) Underwriting & Other Expenses	\$ 2,836,777	\$ 3,015,539	\$ 3,201,497	\$ 3,407,748	\$ 3,626,619
(c) Present Value of Paid Loss and ALAE	\$ 398,504	\$ 1,829,657	\$ 3,876,750	\$ 5,683,601	\$ 7,139,565
(d) Beginning of year Capital or Addl.	\$ 8,200,000	\$ (2,285,698)	\$ (2,285,698)	\$ (2,285,698)	\$ (2,285,698)
(e) Prior Year's Total Liabilities Capital & Surplus	\$ -	\$ 16,395,300	\$ 23,773,553	\$ 29,755,780	\$ 34,621,643
(f) Average Investable Assets	\$ 16,303,634	\$ 21,317,853	\$ 27,206,351	\$ 31,999,881	\$ 36,065,763
=(a)-(b)-(c)-(d)-(e)					
(g) Interest rate assumption (T-bonds with maturity = duration on liabilities)	2.8%	2.8%	2.8%	2.8%	2.8%
(5) Net Investment Income	\$456,502	\$596,900	\$761,778	\$895,997	\$1,009,841
=(f)*(g)					
(a) Net Written Premium	\$ 11,496,564	\$ 12,221,030	\$ 12,974,660	\$ 13,810,527	\$ 14,697,545
(b) Net Investment Income	\$ 456,502	\$ 596,900	\$ 761,778	\$ 895,997	\$ 1,009,841
(c) Underwriting & Other Expenses	\$ 2,836,777	\$ 3,015,539	\$ 3,201,497	\$ 3,407,748	\$ 3,626,619
(d) Net Undiscounted Ultimate Loss and ALAE	\$ 7,623,475	\$ 8,103,875	\$ 8,603,614	\$ 9,157,885	\$ 9,746,075
=(a)+(b)-(c)-(d)	\$ 1,492,813	\$ 1,698,515	\$ 1,931,326	\$ 2,140,891	\$ 2,334,692
(e) Federal Income Taxes	35%	35%	35%	35%	35%
(6) Federal Income Taxes	\$ 522,485	\$ 594,480	\$ 675,964	\$ 749,312	\$ 817,142
=(d)*(e)					
(7) Net Income	\$ 970,329	\$ 1,104,035	\$ 1,255,362	\$ 1,391,579	\$ 1,517,550
=(4)+(5)-(6)					
Assets					
(8) Cash & Investments	\$ 16,395,300	\$ 23,773,553	\$ 29,755,780	\$ 34,621,643	\$ 38,745,703
Year 1 = (1)+(5)-(6)-(4c)-(3) + Beginning of Year Capital					
Subs. Years =(1)+(5)-(6)-(4c)-(3) + Prior Year Total Assets					
(9) Total Assets	\$ 16,395,300	\$ 23,773,553	\$ 29,755,780	\$ 34,621,643	\$ 38,745,703
=(8)					
Liabilities					
(10) Unpaid Undiscounted Losses and ALAE	\$ 7,224,971	\$ 13,499,190	\$ 18,226,054	\$ 21,700,338	\$ 24,306,848
= cumulative line (2) minus cumulative line (4c)					
(11) Total Liabilities	\$ 7,224,971	\$ 13,499,190	\$ 18,226,054	\$ 21,700,338	\$ 24,306,848
=(10)					
Capital & Surplus					
(12) Beginning of Year Capital	\$ 8,200,000	\$ 8,569,000	\$ 6,566,051	\$ 4,472,969	\$ 2,285,698
(13) Additional Paid in Capital*		\$ (2,285,698)	\$ (2,285,698)	\$ (2,285,698)	\$ (2,285,698)
(14) Policyholder Surplus	\$ 970,329	\$ 3,991,061	\$ 7,249,373	\$ 10,734,034	\$ 14,438,855
=(9)-(11)-(12)-(13)					
(15) Total Capital & Surplus	\$ 9,170,329	\$ 10,274,364	\$ 11,529,726	\$ 12,921,305	\$ 14,438,855
=(12)+(13)+(14)					
(16) Total Liabilities, Capital & Surplus	\$ 16,395,300	\$ 23,773,553	\$ 29,755,780	\$ 34,621,643	\$ 38,745,703
=(11)+(15)					
(17) Net Premium to Capital ratio -- [(1)/(15)]	1.25	1.19	1.13	1.07	1.02
(18) Expected Leverage ratio -- [(10)/(15)]	0.79	1.31	1.58	1.68	1.68

NOTES:

- "Year 1" begins January 1, 2005.
- Calculations may differ due to rounding.
- Item 12 is set to target a long term net premium to capital ratio of 1:1.25 or less.
- Loss is meant to include ALAE.
- (*) Capital is repaid in four level annual payments and assuming a 4.5% annual interest rate.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

TEN YEAR PRO-FORMA FINANCIAL STATEMENTS - WYOMING RISK RETENTION GROUP
Expected Level - Mature Claims-Made Policy
Policy Limits \$1M/\$3M

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Statement of Income										
(a) Market Rate per physicians \$1M/\$3M (Exhibit A-6, pg 1)	\$ 32,331	\$ 33,947	\$ 35,645	\$ 37,427	\$ 39,298	\$ 39,400	\$ 40,400	\$ 42,000	\$ 43,500	\$ 46,000
(b) Expected Number of Participants (Exhibit A-5)	356	360	364	369	374	379	384	389	394	399
(1) Net Written Premium (NWP) =(a)*(b)	\$ 11,496,564	\$ 12,221,030	\$ 12,974,660	\$ 13,810,527	\$ 14,697,545	\$ 14,932,600	\$ 15,513,600	\$ 16,338,000	\$ 17,139,000	\$ 18,354,000
(2) Net Undiscounted Ultimate Loss and ALAE - Exp. Level (Exhibit A-3)	\$ 7,623,475	\$ 8,103,875	\$ 8,603,614	\$ 9,157,885	\$ 9,746,075	\$ 10,370,188	\$ 11,032,348	\$ 11,734,798	\$ 12,479,913	\$ 13,270,202
(3) Underwriting & Other Expenses Additional Load of 25% of net written premium (Exhibit 6, p2)	\$ 2,836,777	\$ 3,015,539	\$ 3,201,497	\$ 3,407,748	\$ 3,626,619	\$ 3,684,619	\$ 3,827,981	\$ 4,031,402	\$ 4,229,048	\$ 4,528,850
(4) Underwriting Margin (1)-(2)-(3)	\$ 1,036,311	\$ 1,101,615	\$ 1,169,548	\$ 1,244,894	\$ 1,324,851	\$ 877,793	\$ 653,271	\$ 571,600	\$ 430,039	\$ 554,949
(a) Present Value of NWP	\$ 11,338,915	\$ 12,053,446	\$ 12,796,742	\$ 13,621,148	\$ 14,496,002	\$ 14,727,834	\$ 15,300,867	\$ 16,113,962	\$ 16,903,978	\$ 18,102,317
(b) Underwriting & Other Expenses	\$ 2,836,777	\$ 3,015,539	\$ 3,201,497	\$ 3,407,748	\$ 3,626,619	\$ 3,684,619	\$ 3,827,981	\$ 4,031,402	\$ 4,229,048	\$ 4,528,850
(c) Present Value of Paid Loss and ALAE	\$ 398,504	\$ 1,829,657	\$ 3,876,750	\$ 5,683,601	\$ 7,139,565	\$ 8,239,492	\$ 9,962,772	\$ 9,631,613	\$ 10,367,043	\$ 11,072,913
(d) Beginning of year Capital or Addl.	\$ 8,200,000	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)
(e) Prior Year's Total Liabilities Capital & Surplus	\$ -	\$ 16,395,300	\$ 23,794,621	\$ 29,798,300	\$ 34,686,005	\$ 38,832,304	\$ 42,270,809	\$ 45,539,129	\$ 48,866,872	\$ 52,170,116
(f) Average Investable Assets	\$ 16,303,634	\$ 22,475,440	\$ 28,385,006	\$ 33,199,988	\$ 37,287,712	\$ 40,507,916	\$ 43,632,812	\$ 46,861,966	\$ 50,046,648	\$ 53,542,560
(g) Interest rate assumption (T-bonds with maturity = duration on liabilities)	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
(5) Net Investment Income =(f)-(g)	\$ 456,502	\$ 629,312	\$ 794,780	\$ 929,600	\$ 1,044,056	\$ 1,134,222	\$ 1,221,719	\$ 1,312,135	\$ 1,401,306	\$ 1,499,192
(a) Net Written Premium	\$ 11,496,564	\$ 12,221,030	\$ 12,974,660	\$ 13,810,527	\$ 14,697,545	\$ 14,932,600	\$ 15,513,600	\$ 16,338,000	\$ 17,139,000	\$ 18,354,000
(b) Net Investment Income	\$ 456,502	\$ 629,312	\$ 794,780	\$ 929,600	\$ 1,044,056	\$ 1,134,222	\$ 1,221,719	\$ 1,312,135	\$ 1,401,306	\$ 1,499,192
(c) Underwriting & Other Expenses	\$ 2,836,777	\$ 3,015,539	\$ 3,201,497	\$ 3,407,748	\$ 3,626,619	\$ 3,684,619	\$ 3,827,981	\$ 4,031,402	\$ 4,229,048	\$ 4,528,850
(d) Net Undiscounted Ultimate Loss and ALAE	\$ 7,623,475	\$ 8,103,875	\$ 8,603,614	\$ 9,157,885	\$ 9,746,075	\$ 10,370,188	\$ 11,032,348	\$ 11,734,798	\$ 12,479,913	\$ 13,270,202
(e) Federal Income Taxes	\$ 1,492,813	\$ 1,730,928	\$ 1,964,329	\$ 2,174,494	\$ 2,368,907	\$ 2,012,014	\$ 1,874,990	\$ 1,883,935	\$ 1,831,345	\$ 2,054,140
	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
(6) Federal Income Taxes =(d)-(e)	\$ 522,485	\$ 605,825	\$ 687,515	\$ 761,073	\$ 829,117	\$ 704,205	\$ 656,246	\$ 659,377	\$ 640,971	\$ 718,949
(7) Net Income =(4)-(5)-(6)	\$ 970,329	\$ 1,125,103	\$ 1,276,814	\$ 1,413,421	\$ 1,539,789	\$ 1,307,809	\$ 1,218,743	\$ 1,224,558	\$ 1,190,374	\$ 1,335,191
Assets										
(8) Cash & Investments Year 1 = (1)+(5)-(9)-(4)-(3) + Beginning of Year Capital Subs. Years =(1)+(5)-(6)-(4)-(3) + Prior Year Total Assets	\$ 16,395,300	\$ 23,794,621	\$ 29,798,300	\$ 34,686,005	\$ 38,832,304	\$ 42,270,809	\$ 45,539,129	\$ 48,866,872	\$ 52,170,116	\$ 55,702,596
(9) Total Assets =(8)	\$ 16,395,300	\$ 23,794,621	\$ 29,798,300	\$ 34,686,005	\$ 38,832,304	\$ 42,270,809	\$ 45,539,129	\$ 48,866,872	\$ 52,170,116	\$ 55,702,596
Liabilities										
(10) Unpaid Undiscounted Losses and ALAE = cumulative line (2) minus cumulative line (4c)	\$ 7,224,971	\$ 13,499,190	\$ 18,226,054	\$ 21,700,338	\$ 24,306,848	\$ 26,437,544	\$ 28,487,120	\$ 30,590,306	\$ 32,703,176	\$ 34,900,464
(11) Total Liabilities =(10)	\$ 7,224,971	\$ 13,499,190	\$ 18,226,054	\$ 21,700,338	\$ 24,306,848	\$ 26,437,544	\$ 28,487,120	\$ 30,590,306	\$ 32,703,176	\$ 34,900,464
Capital & Surplus										
(12) Beginning of Year Capital	\$ 8,200,000	\$ 8,669,000	\$ 7,775,729	\$ 6,946,762	\$ 6,080,490	\$ 5,175,237	\$ 4,229,247	\$ 3,240,687	\$ 2,207,642	\$ 1,128,111
(13) Additional Paid in Capital*	\$ -	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)	\$ (1,128,111)
(14) Policyholder Surplus =(9)-(11)-(12)-(13)	\$ 970,329	\$ 2,854,542	\$ 4,924,627	\$ 7,167,015	\$ 9,573,076	\$ 11,786,139	\$ 13,950,872	\$ 16,163,990	\$ 18,387,409	\$ 20,802,132
(15) Total Capital & Surplus =(12)+(13)+(14)	\$ 9,170,329	\$ 10,295,432	\$ 11,572,245	\$ 12,985,666	\$ 14,525,456	\$ 15,833,265	\$ 17,052,008	\$ 18,276,566	\$ 19,466,941	\$ 20,802,132
(16) Total Liabilities, Capital & Surplus =(11)+(15)	\$ 16,395,300	\$ 23,794,621	\$ 29,798,300	\$ 34,686,005	\$ 38,832,304	\$ 42,270,809	\$ 45,539,129	\$ 48,866,872	\$ 52,170,116	\$ 55,702,596
(17) Net Premium to Capital ratio -- [(1)/(15)]	1.25	1.19	1.12	1.06	1.01	0.94	0.91	0.89	0.88	0.88
(18) Expected Leverage ratio -- [(10)/(15)]	0.79	1.31	1.57	1.67	1.67	1.67	1.67	1.67	1.68	1.68

NOTES:

1. *Year 1* begins January 1, 2005.
2. Calculations may differ due to rounding.
3. Item 12 is set to target a long term net premium to capital ratio of 1:1.25 or less.
4. Loss is meant to include ALAE.
5. (*) Capital is repaid in nine level annual payments and assuming a 4.5% annual interest rate.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

FIVE YEAR PRO-FORMA FINANCIAL STATEMENTS - WYOMING RISK RETENTION GROUP90% Prob. Level - Mature Claims-Made Policy
Policy Limits \$1M/\$3M

	Year 1	Year 2	Year 3	Year 4	Year 5
Statement of Income					
(a) Market Rate per physicians \$1M/\$3M (Exhibit A-6, pg 1)	\$ 32,331	\$ 33,947	\$ 35,645	\$ 37,427	\$ 39,298
(b) Expected Number of Participants (Exhibit A-5)	356	360	364	369	374
(1) Net Written Premium (NWP) =(a)*(b)	\$ 11,496,564	\$ 12,221,030	\$ 12,974,660	\$ 13,810,527	\$ 14,697,545
(2) Net Undiscounted Ultimate Loss and ALAE - 90% Prob. Level (Year 1) (Exhibit A-3)	\$ 9,865,229	\$ 8,103,875	\$ 8,603,614	\$ 9,157,885	\$ 9,746,075
(3) Underwriting & Other Expenses Additional Load of 25% of net written premium (Exhibit 6, p2)	\$ 2,836,777	\$ 3,015,539	\$ 3,201,497	\$ 3,407,748	\$ 3,626,619
(4) Underwriting Margin (1)-(2)-(3)	\$ (1,205,443)	\$ 1,101,615	\$ 1,169,548	\$ 1,244,894	\$ 1,324,851
(a) Present Value of NWP	\$ 11,338,915	\$ 12,053,446	\$ 12,796,742	\$ 13,621,148	\$ 14,496,002
(b) Underwriting & Other Expenses	\$ 2,836,777	\$ 3,015,539	\$ 3,201,497	\$ 3,407,748	\$ 3,626,619
(c) Present Value of Paid Loss and ALAE	\$ 515,687	\$ 2,243,116	\$ 4,444,980	\$ 6,143,492	\$ 7,462,373
(d) Beginning of year Capital or Addl.	\$ 8,200,000	\$ (2,285,698)	\$ (2,285,698)	\$ (2,285,698)	\$ (2,285,698)
(e) Prior Year's Total Liabilities Capital & Surplus	\$ -	\$ 17,060,597	\$ 24,029,975	\$ 29,438,296	\$ 33,830,120
(f) Average Investable Assets	\$ 16,186,450	\$ 21,569,691	\$ 26,894,542	\$ 31,222,506	\$ 34,951,432
=(a)-(b)-(c)-(d)+(e)					
(g) Interest rate assumption (T-bonds with maturity = duration on liabilities)	2.8%	2.8%	2.8%	2.8%	2.8%
(5) Net Investment Income =(f)*(g)	\$ 453,221	\$ 603,951	\$ 753,047	\$ 874,230	\$ 978,640
(a) Net Written Premium	\$ 11,496,564	\$ 12,221,030	\$ 12,974,660	\$ 13,810,527	\$ 14,697,545
(b) Net Investment Income	\$ 453,221	\$ 603,951	\$ 753,047	\$ 874,230	\$ 978,640
(c) Underwriting & Other Expenses	\$ 2,836,777	\$ 3,015,539	\$ 3,201,497	\$ 3,407,748	\$ 3,626,619
(d) Net Undiscounted Ultimate Loss and ALAE	\$ 9,865,229	\$ 8,103,875	\$ 8,603,614	\$ 9,157,885	\$ 9,746,075
=(a)+(b)-(c)-(d)	\$ (752,222)	\$ 1,705,567	\$ 1,922,596	\$ 2,119,125	\$ 2,303,491
(e) Federal Income Taxes	35%	35%	35%	35%	35%
(6) Federal Income Taxes =(d)*(e)	\$ (263,278)	\$ 596,948	\$ 672,908	\$ 741,694	\$ 806,222
(7) Net Income =(4)+(5)-(6)	\$ (488,944)	\$ 1,108,618	\$ 1,249,687	\$ 1,377,431	\$ 1,497,269
Assets					
(8) Cash & Investments Year 1 = (1)+(5)-(6)-(4c)-(3) + Beginning of Year Capital Subs. Years = (1)+(5)-(6)-(4c)-(3) + Prior Year Total Assets	\$ 17,060,597	\$ 24,029,975	\$ 29,438,296	\$ 33,830,120	\$ 37,611,091
(9) Total Assets =(8)	\$ 17,060,597	\$ 24,029,975	\$ 29,438,296	\$ 33,830,120	\$ 37,611,091
Liabilities					
(10) Unpaid Undiscounted Losses and ALAE = cumulative line (2) minus cumulative line (4c)	\$ 9,349,542	\$ 15,210,300	\$ 19,368,935	\$ 22,383,328	\$ 24,667,030
(11) Total Liabilities =(10)	\$ 9,349,542	\$ 15,210,300	\$ 19,368,935	\$ 22,383,328	\$ 24,667,030
Capital & Surplus					
(12) Beginning of Year Capital	\$ 8,200,000	\$ 8,569,000	\$ 6,566,051	\$ 4,472,969	\$ 2,285,698
(13) Additional Paid in Capital*	\$ -	\$ (2,285,698)	\$ (2,285,698)	\$ (2,285,698)	\$ (2,285,698)
(14) Policyholder Surplus =(9)-(11)-(12)-(13)	\$ (488,944)	\$ 2,536,372	\$ 5,789,009	\$ 9,259,522	\$ 12,944,061
(15) Total Capital & Surplus =(12)+(13)+(14)	\$ 7,711,056	\$ 8,819,674	\$ 10,069,361	\$ 11,446,792	\$ 12,944,061
(16) Total Liabilities, Capital & Surplus =(11)+(15)	\$ 17,060,597	\$ 24,029,975	\$ 29,438,296	\$ 33,830,120	\$ 37,611,091
(17) Net Premium to Capital ratio -- [(1)/(15)]	1.49	1.39	1.29	1.21	1.14
(18) Expected Leverage ratio -- [(10)/(15)]	1.21	1.72	1.92	1.96	1.91

NOTES:

- "Year 1" begins January 1, 2005.
- Calculations may differ due to rounding.
- Item 12 is set to target a long term net premium to capital ratio of 1:1.25 or less.
- Loss is meant to include ALAE.
- (*) Capital is repaid in four level annual payments and assuming a 4.5% annual interest rate.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

ULTIMATE PRESENT VALUE OF LOSS & ALAE PAYMENTS

Policy Limits \$1M/\$3M
Indemnity & ALAE only

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
(1) Ultimate Undiscounted Expected Loss (\$'000) (Exhibit A-4)	\$7,623	\$8,104	\$8,604	\$9,158	\$9,746	\$10,370	\$11,032	\$11,735	\$12,480	\$13,270
(2) 80% Prob. Level Ultimate Undiscounted Loss (\$'000) (1)* PLF @ 80%.	\$9,029	\$9,598	\$10,190	\$10,846	\$11,543	N/A	N/A	N/A	N/A	N/A
(3) 90% Prob. Level Ultimate Undiscounted Loss (\$'000) (2)* PLF @ 90%.	\$9,865	\$10,487	\$11,134	\$11,851	\$12,612	N/A	N/A	N/A	N/A	N/A

NOTES:**1. Assumptions**

- All physicians currently insured through OHIC participates in the RRG.
 - Expense provisions are expected to be similar to other carriers writing medical malpractice in Wyoming.
 - A pure premium annual trend of 5%.
 - Physicians are assumed to purchase the minimum policy limit required (\$1M/\$3M).
 - Rates are assumed adequate over time and mature claims-made.
2. Loss is meant to include ALAE.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

ULTIMATE PRESENT VALUE OF EXPECTED LOSS & ALAE PAYMENTS

Policy Limits \$1M/\$3M
Indemnity & ALAE only
Amounts are in (\$'000)

(1) Report Year	(2) Ultimate Undiscounted Expected Loss (Exhibit A-5)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17) Ultimate Present Value of Expected Loss Payments
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018+	
2005	\$7,623	\$404	\$1,426	\$1,959	\$1,586	\$1,113	\$656	\$221	\$76	\$122	\$46	\$0	\$0	\$0	\$0	\$6,959
2006	8,104		430	1,515	2,083	1,686	1,183	697	235	81	130	49	0	0	0	7,196
2007	8,604			456	1,609	2,211	1,790	1,256	740	250	86	138	52	0	0	7,432
2008	9,158				485	1,713	2,354	1,905	1,337	788	266	92	147	55	0	7,695
2009	9,746					517	1,823	2,505	2,027	1,423	838	283	97	156	58	7,966
2010	10,370						550	1,939	2,665	2,157	1,514	892	301	104	228	8,247
2011	11,032							585	2,063	2,835	2,295	1,611	949	320	353	8,539
2012	11,735								622	2,194	3,016	2,441	1,713	1,009	716	8,842
2013	12,480									661	2,334	3,207	2,596	1,822	1,835	9,162
2014	13,270										703	2,482	3,410	2,760	3,888	9,513
	Incremental Exp. Payout: (Exhibit A-7)	5%	19%	26%	21%	15%	9%	3%	1%	2%	1%	0%	0%	0%	0%	
	Discount Factor:	0.986	0.959	0.933	0.908	0.883	0.859	0.836	0.813	0.791	0.769	0.748	0.728	0.708	0.689	
	Expected Payments: = sum over column	\$404	\$1,855	\$3,931	\$5,763	\$7,239	\$8,354	\$9,108	\$9,766	\$10,511	\$11,227	N/A	N/A	N/A	N/A	

NOTES:

- Discount factor assumes a net discount rate of 2.8%. This represents the US T-Bill rate of interest with maturity equivalent to expected duration of liabilities.
- Expected payments shown for calendar years 2015 and subsequent are incomplete.
- Expected payout assumes that there is no retroactive date applying on the RRG i.e. claims may be reported to the RRG even though they may have occurred prior to 1/1/2005.
- Loss is meant to include ALAE.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

ULTIMATE PRESENT VALUE OF LOSS & ALAE PAYMENTS - 90 % PROB. LEVEL (YEAR 1)

Policy Limits \$1M/\$3M
Indemnity & ALAE only
Amounts are in (\$'000)

(1) Report Year	(2) Ultimate Undiscounted Loss @ 90% Prob. Level (Year 1) (Exhibit A-5)	(3) - (16) 90% Prob. Level (Year 1) Payments for Calendar Year														(17) Ultimate Present Value of Loss Payments @ 90% Prob. Level
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018+	
2005	\$9,865	\$523	\$1,845	\$2,535	\$2,052	\$1,440	\$848	\$286	\$99	\$158	\$59	\$0	\$0	\$0	\$0	\$9,005
2006	8,104		430	1,515	2,083	1,686	1,183	697	235	81	130	49	0	0	0	7,196
2007	8,604			456	1,609	2,211	1,790	1,256	740	250	86	138	52	0	0	7,432
2008	9,158				485	1,713	2,354	1,905	1,337	788	266	92	147	55	0	7,695
2009	9,746					517	1,823	2,505	2,027	1,423	838	283	97	156	58	7,966
	Incremental Exp. Payout: (Exhibit A-7)	5%	19%	26%	21%	15%	9%	3%	1%	2%	1%	0%	0%	0%	0%	
	Discount Factor:	0.986	0.959	0.933	0.908	0.883	0.859	0.836	0.813	0.791	0.769	0.748	0.728	0.708	0.689	
	Payments @ 90% Prob. Level: = sum over column	\$523	\$2,274	\$4,507	\$6,229	\$7,566	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

NOTES:

1. Discount factor assumes a net discount rate of 2.8%. This represents the US T-Bill rate of interest with maturity equivalent to expected duration of liabilities.
2. Expected payments shown for calendar years 2010 and subsequent are incomplete.
3. Expected payout assumes that there is no retroactive date applying on the RRG i.e. claims may be reported to the RRG even though they may have occurred prior to 1/1/2005.
4. Loss is meant to include ALAE.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

ULTIMATE UNDISCOUNTED EXPECTED LOSS & ALAE**Policy Limits \$1M/\$3M**
Indemnity & ALAE

(1) Report/Calendar Year	(2) Expected Physician Participation	(3) Ultimate Pure Premium (Exhibit A-6, pg 1)	(4) Expected Ultimate Loss (2)*(3)	(5) UNDISCOUNTED		(6) 90% Prob. Level Ultimate Loss (4)*PLF
				80% Prob. Level Ultimate Loss (4)*PLF	90% Prob. Level Ultimate Loss (4)*PLF	
2005	356	\$21,439	\$7,623,475	\$9,028,708	\$9,865,229	
2006	360	22,511	8,103,875	9,597,659	10,486,895	
2007	364	23,636	8,603,614	10,189,515	11,133,587	
2008	369	24,818	9,157,885	10,845,955	11,850,847	
2009	374	26,059	9,746,075	11,542,565	12,611,999	
2010	379	27,362	10,370,188	12,281,721	13,419,639	
2011	384	28,730	11,032,348	13,065,937	14,276,513	
2012	389	30,167	11,734,798	13,897,870	15,185,525	
2013	394	31,675	12,479,913	14,780,331	16,149,748	
2014	399	33,259	13,270,202	15,716,293	17,172,428	

Probability Level Factor:
(Exhibit A-8)

1.184

1.294

NOTES:

- Column (2) assumes that there are 817 Wyoming physicians in 2004, an expected participation rate of 43% and a trend based on underlying average physician rate increases observed in our October 13, 2004 Milliman report, Exhibit 12, page 1. The expected participation is assumed to be equivalent to current OHIC Insurance Company share of the market.
- Column (3) assumes a ground-up pure premium trend of 5% per year for years beyond 2005.
- Calculations may differ due to rounding.
- Loss is meant to include ALAE.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

SELECTED MATURE CLAIMS-MADE PREMIUM RATES @ \$1M/\$3M

RISK RETENTION GROUP

For period 1/1/2005 through 12/31/2005

<u>Class</u>	<u>(1) Selected Pure Premium [Exhibit A-6, p2]</u>	<u>(2) Selected Class Relativities [Exhibit 1, p1]</u>	<u>(3) Selected Rate [Exhibit A-6, p2]</u>	<u>(1) Wyoming Statewide Physician Distribution [Exhibit 13, p1]</u>
0	\$10,429	0.790	\$15,769	9%
1A	10,933	0.830	16,567	11%
1B	13,224	1.000	19,961	16%
2	14,734	1.110	22,157	24%
3A	14,846	1.120	22,356	6%
3	21,096	1.600	31,937	4%
4	25,022	1.890	37,726	8%
5	39,460	2.980	59,483	13%
6	41,090	3.110	62,078	1%
7	54,413	4.110	82,039	7%
8	81,058	6.130	122,360	1%
WTD. AVERAGE:	\$21,439		\$32,331	

NOTES:

1. Column (1) is from Exhibit 1, page 2 adjusted for indicated market rate adequacy.
2. For definition of the classes, see Exhibit 5, pages 1 through 3.
3. Rates include all expenses.
4. Weighted average represents the average throughout all classification for a mature claims-made rate at \$1M/\$3M policy limits.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

DEVELOPMENT OF MATURE CLAIMS-MADE PREMIUM RATE (FOR CLASS 1B)
RISK RETENTION GROUP

For period 1/1/2005 through 12/31/2005

(1)	2005 Loss & ALAE Pure Premium Limited to \$1M / \$3M: (Exhibit 1, page 2 class 1B)	\$13,224
(2)	Indicated Market Rate Change: (Exhibit 10)	0%
(3)	2005 Undiscounted Loss & ALAE Pure Premium Limited to \$1M / \$3M: (1)*[1+(2)]	\$13,224
(4)	2005 Discount Factor (Exhibit A-4, col (17) / col (2) for report year 2005)	0.913
(5)	2005 Discounted Loss & ALAE Pure Premium Limited to \$1M / \$3M: (3)*(4)	\$12,072
(6)	Expense Provisions (% of Premium):	36.5%
	Commission: 8.0%	
	General Expenses: 6.0%	
	Other Acquisition Expenses: 1.0%	
	Taxes, Licenses and Fees: 2.5%	
	DD&R: 4.0%	
	Contribution to Policyholder Surplus: 15.0%	
	36.5%	
(7)	Other Expenses	1.000
(8)	ULAE to loss & ALAE ratio	1.050
(9)	Other Fixed Expenses:	\$0
(10)	2005 Mature Claims-Made Premium Rate Limited to \$1M/\$3M: [(3)/(1-(6))*(7)*(8)]+(9)	\$19,961
(11)	Expense Provision (as % of premium): (6)- 15%+[(8)-1]*[1-(6)]	25%

NOTES:

1. The limit applies to \$1,000,000 per occurrence/\$3,000,000 annual aggregate.
2. Indicated Market Rate Change represents the level of inadequacy/redundancy of current rates in Wyoming, excluding loss experience of OHIC Insurance Company.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

EXPECTED GROUND-UP PAYOUT PATTERNS**INDEMNITY & ALAE**

Based on Wyoming Rate Filings

(1) Calendar Year	(2) TDC Incremental Payout Pattern	(3) UMIA Incremental Payout Pattern	(4) Countrywide Incremental Payout Pattern	(5) Selected Incremental Payout Pattern
1	5%	7%	3%	5%
2	19%	21%	23%	19%
3	26%	26%	35%	26%
4	21%	19%	20%	21%
5	15%	13%	9%	15%
6	9%	7%	5%	9%
7	3%	3%	2%	3%
8	1%	2%	1%	1%
9	2%	2%	0%	2%
10	1%	1%	0%	1%
11	0%	0%	1%	0%
12	0%	1%	1%	0%
13	0%	0%	0%	0%
14	0%	0%	0%	0%
15	0%	0%	0%	0%
Total				100%

NOTES:

1. TDC Incremental payout pattern is from the TDC medical professional liability rate filing, effective 6/1/2004.
2. UMIA Incremental payout pattern is from the UMIA medical professional liability rate filing, effective 1/1/2004.
3. Countrywide incremental payout pattern is from the Medical Protective Company - medical professional liability rate filing, effective 9/1/2004.
4. Ground-up payout pattern is assumed to approximate an excess payout pattern since medical professional liability loss indemnity is often paid in lump sum.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

PROBABILITY LEVEL FACTORS (PLF)

For period 1/1/2005 through 12/31/2005

Indemnity only

Based on Milliman fitted lognormal loss distribution - October 13, 2004 Milliman report

(1)	(2)	(3)	(4)
<u>Per Occurrence Retention</u> <u>Attachment Pt</u>	<u>Upper Limit</u>	<u>80% Probability</u> <u>Level Factor</u>	<u>90% Probability</u> <u>Level Factor</u>
\$0M	\$1.00M	1.184	1.294

NOTE:

1. Probability level factors are based on a Monte Carlo simulation.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

SELECTED CLASS RELATIVITIES

For period 1/1/2005 through 12/31/2005

Class	(1) Selected Pure Premium [Exhibit 1, p2]	(2) Indicated Overall Class Relativities	(3) Selected Class Relativities
0	\$10,429	0.789	0.790
1A	10,933	0.827	0.830
1B	13,224	1.000	1.000
2	14,734	1.114	1.110
3A	14,846	1.123	1.120
3	21,096	1.595	1.600
4	25,022	1.892	1.890
5	39,460	2.984	2.980
6	41,090	3.107	3.110
7	54,413	4.115	4.110
8	81,058	6.130	6.130

NOTES:

1. Column (2) is Column (1) divided by Column (1), class 1B.
2. For definition of the classes, see Exhibit 5, pages 1 through 3.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

PURE PREMIUM SELECTION PER CLASS

Based on information from the company's latest rate filing

Class	(1)	(2)	(3)	(4)	(5)	(6)
	The Doctor's Company [Exhibit 2, p1]	OHIC [Exhibit 2, p2]	Med Pro [Exhibit 2, p3]	Utah Med. Ins. Assoc. [Exhibit 2, p4]	Weighted Average	Milliman Selection
0	\$10,607	\$4,674	\$8,321	\$9,183	\$10,429	\$10,429
1A	10,926	6,973	11,596	10,911	10,933	10,933
1B	13,079	7,419	13,604	14,409	13,224	13,224
2	13,636	11,128	17,398	23,712	14,734	14,734
3A	13,739	14,838	13,200	18,222	14,199	14,846
3	20,664	15,580	23,738	24,438	21,096	21,096
4	25,176	22,256	38,448	22,044	25,022	25,022
5	39,561	28,933	43,382	38,114	39,460	39,460
6	41,090	37,094	54,406	37,705	41,090	41,090
7	54,413	44,513	52,592	54,971	54,413	54,413
8	81,058	60,834	73,447	71,817	81,058	81,058
Market Share:	34%	0%	1%	4%		

NOTES:

1. Pure Premiums loss and ALAE for base class 1B are from Exhibit 2, pages 1 through 4.
2. Other Pure Premiums Loss & ALAE are distributed according to implicit rate relativity specific to each company from Exhibit 3.
3. Pure Premiums Loss & ALAE have the following features:
 - Mature Claims-Made
 - \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention.
4. Market Share represents the expected premium share of the market during the period when rates will be effective.
5. Milliman selection is a weighted average of column (1) through (4) and market share, except for classes 6 through 8 where TDC is selected. OHIC is omitted from the average.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

DEVELOPMENT OF UNDISCOUNTED ULTIMATE LOSS AND ALAE PURE PREMIUM

THE DOCTOR'S COMPANY

Based on TDC Public Rate Filing, effective 6/1/2004 for new business (7/1/2004 for renewals)

(1)	2004 Rate Limited to \$1M / \$3M: (Exhibit 3, class 1B)	\$21,039
(2)	Permissible Loss & LAE Ratio: (Exhibit 6)	0.647
(3)	Other Expenses (Mediguard Adjustment) (From Rate Filing)	1.015
(4)	Indicated to Selected Rate Change Factor: (From Rate Filing)	1.011
(5)	Average Premium Credit / Debit	0.942
(6)	Discount Factor: (From Rate Filing)	1.000
(7)	Implied Undiscounted Loss and ALAE Pure Premium: (1)x(2)/(3)x(4)x(5)/(6)	\$12,760
(8)	Pure Premium Trend Factor to Prospective Period*: (1+annual selected trend)^(avg. acc. date prospective period - avg. acc.date experience period)	1.025
(9)	2005 Undiscounted Expected Loss and ALAE Pure Premium: (7)x(8)	\$13,079

NOTES:

- (*) The trend factor on row (8) is based on an annual selected trend of 5%.
- The loss and ALAE pure premium is limited to \$1,000,000 per occurrence/\$3,000,000 annual aggregate.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

DEVELOPMENT OF UNDISCOUNTED ULTIMATE LOSS AND ALAE PURE PREMIUM

OHIC INSURANCE COMPANY

Based on OHIC Public Rate Filing, effective 1/15/2004 for new business

(1)	2004 Rate Limited to \$1M / \$3M: (Exhibit 3, class 1B)	\$11,236
(2)	Permissible Loss & LAE Ratio: (Exhibit 6)	0.707
(3)	Other Expenses: (From Rate Filing)	1.000
(4)	Indicated to Selected Rate Change Factor: (From Rate Filing)	1.000
(5)	Average Premium Credit / Debit	0.890
(6)	Discount Factor: (From Rate Filing)	1.000
(7)	Implied Undiscounted Loss and ALAE Pure Premium: (1)x(2)/(3)x(4)x(5)/(6)	\$7,065
(8)	Pure Premium Trend Factor to Prospective Period*: (1+annual selected trend)^(avg. acc. date prospective period - avg. acc.date experience period)	1.050
(9)	2005 Undiscounted Expected Loss and ALAE Pure Premium: (7)x(8)	\$7,419

NOTES:

- (*) The trend factor on row (8) is based on an annual selected trend of 5%.
- The loss and ALAE pure premium is limited to \$1,000,000 per occurrence/\$3,000,000 annual aggregate.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

DEVELOPMENT OF UNDISCOUNTED ULTIMATE LOSS AND ALAE PURE PREMIUM

THE MEDICAL PROTECTIVE COMPANY

Based on Med Pro Public Rate Filing, effective 9/1/2004

(1)	2004 Rate Limited to \$1M / \$3M: (Exhibit 3, class 1B)	\$23,820
(2)	Permissible Loss & LAE Ratio: (Exhibit 6)	0.654
(3)	Other Expenses: (From Rate Filing)	1.000
(4)	Indicated to Selected Rate Change Factor: (From Rate Filing)	1.000
(5)	Average Premium Credit / Debit	0.861
(6)	Discount Factor: (From Rate Filing)	1.000
(7)	Implied Undiscounted Loss and ALAE Pure Premium: (1)x(2)/(3)x(4)x(5)/(6)	\$13,403
(8)	Pure Premium Trend Factor to Prospective Period*: (1+annual selected trend)^(avg. acc. date prospective period - avg. acc.date experience period)	1.015
(9)	2005 Undiscounted Expected Loss and ALAE Pure Premium: (7)x(8)	\$13,604

NOTES:

1. (*) The trend factor on row (8) is based on an annual selected trend of 5%.
2. The loss and ALAE pure premium is limited to \$1,000,000 per occurrence/\$3,000,000 annual aggregate.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

DEVELOPMENT OF UNDISCOUNTED ULTIMATE LOSS AND ALAE PURE PREMIUM

UTAH MEDICAL INSURANCE ASSOCIATION (UMIA)

Based on UMIA Public Rate Filing, effective 1/1/2004

(1)	2004 Rate Limited to \$1M / \$3M: (Exhibit 3, class 1B)	\$17,491
(2)	Permissible Loss & LAE Ratio: (Exhibit 6)	0.771
(3)	Other Expenses: (From Rate Filing)	1.000
(4)	Indicated to Selected Rate Change Factor: (From Rate Filing)	1.000
(5)	Average Premium Credit / Debit	0.900
(6)	Discount Factor: (From Rate Filing)	0.884
(7)	Implied Undiscounted Loss and ALAE Pure Premium: (1)x(2)/(3)x(4)x(5)/(6)	\$13,723
(8)	Pure Premium Trend Factor to Prospective Period*: (1+annual selected trend)^(avg. acc. date prospective period - avg. acc.date experience period)	1.050
(9)	2005 Undiscounted Expected Loss and ALAE Pure Premium: (7)x(8)	\$14,409

NOTES:

1. (*) The trend factor on row (8) is based on an annual selected trend of 5%.
2. The loss and ALAE pure premium is limited to \$1,000,000 per occurrence/\$3,000,000 annual aggregate.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

A PRIORI RATE RELATIVITY

Based on information from the company's latest rate filing

Class	(1)	(2)	(3)	(4)
	Company			
	The Doctor's Company	OHIC	Med Pro	Utah Med. Ins. Assoc.
0	0.811	0.630	0.612	0.637
1A	0.835	0.940	0.852	0.757
1B	1.000	1.000	1.000	1.000
2	1.043	1.500	1.279	1.646
3A	1.050	2.000	0.970	1.265
3	1.580	2.100	1.745	1.696
4	1.925	3.000	2.826	1.530
5	3.025	3.900	3.189	2.645
6	3.142	5.000	3.999	2.617
7	4.160	6.000	3.866	3.815
8	6.198	8.200	5.399	4.984

NOTE:

1. Rate relativity are relative to class 1B and based on rates shown on page 2.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

RATE PER CLASS

Based on information from the company's latest rate filing

Class	(1)	(2)	(3)	(4)
	The Doctor's Company [Exhibit 4, p2-3]	OHIC [Exhibit 4, p1]	Med Pro [Exhibit 4, p4-5]	Utah Med. Ins. Assoc. [Exhibit 4, p6-7]
0	\$17,062	\$7,078	\$14,570	\$11,146
1A	17,575	10,561	20,304	13,245
1B	21,039	11,236	23,820	17,491
2	21,934	16,853	30,463	28,783
3A	22,101	22,472	23,112	22,119
3	33,239	23,595	41,564	29,664
4	40,497	33,707	67,320	26,759
5	63,638	43,819	75,960	46,265
6	66,096	56,178	95,261	45,769
7	87,527	67,414	92,085	66,727
8	130,389	92,133	128,602	87,176

NOTES:

1. Class Rates from Column (1), (3) and (4) are estimated based on distribution of their rates within OHIC classification system.
2. Class Rates from Column (2) are directly from OHIC latest rate filing, effective 1/15/2004.
 - Mature Claims-Made
 - \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER OHIC CLASSIFICATION SYSTEM

OHIC Insurance Company (OHIC)
Effective 1/15/2004

(1) OHIC Class [Exhibit 5, p 1-3]	(2) OHIC Mature Claims-Made Rates (From Rate Filing)	(3) Physician Distribution (Exhibit 13, p1)
0	\$7,078	9%
1A	10,561	11%
1B	11,236	16%
2	16,853	24%
3A	22,472	6%
3	23,595	4%
4	33,707	8%
5	43,819	13%
6	56,178	1%
7	67,414	7%
8	92,133	1%
AVERAGE	\$24,246	

NOTES:

- Columns (1) and (2) are from the OHIC medical professional liability rate filing, effective 1/15/2004.
- Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER OHIC CLASSIFICATION SYSTEM

The Doctor's Company (TDC)

Effective 6/1/2004 (New Business) and 7/1/2004 (Renewals)

(1)	(2)	(3)	(4)
OHIC Class	TDC Specialty	TDC Physician Distribution [Exhibit 5, p.4]	TDC Mature Claims-Made Rates [Exhibit 5, p.4]
0	Allergy/Immunology	1.0%	\$7,311
0	Ophthalmology (No Surgery)	0.0%	7,666
0	Psychiatry	1.0%	10,992
0 or 1B	Dermatology	0.0%	13,019
0 or 2	Pathology	5.5%	20,029
Total (Class 0)		7.5%	\$17,062
1A	Family Gen. Practice (No Surgery)	2.7%	15,322
1A	General Medicine (Restricted)	0.0%	14,020
1A	Nuclear Medicine	0.0%	9,213
1A	Occupational Medicine	0.0%	7,139
1A	Pulmonary Medicine	0.7%	25,036
1A or 2	Gastroenterology	0.2%	23,784
Total (Class 1A)		3.6%	\$17,575
1B	Ophthalmology (Minor Surgery)	0.3%	12,618
1B or 2	Diagnostic Radiology	3.8%	28,018
1B or 2	Internal Medicine Subspecialties	2.7%	17,626
1B or 2	Neurology	0.6%	26,038
1B or 2	Pediatrics	3.1%	18,887
0 or 1B	Dermatology	1.4%	13,019
Total (Class 1B)		11.9%	\$21,039
2	Family Gen. Practice (Minor Surgery)	17.1%	21,631
2	Internal Medicine	10.6%	20,029
2	Ophthalmology (Major Surgery)	2.4%	19,829
2	Therapeutic Radiology	0.0%	26,522
2	Cardiology (Invasive)	3.4%	27,789
1B or 2	Diagnostic Radiology	1.3%	28,018
1B or 2	Internal Medicine Subspecialties	0.0%	17,626
1B or 2	Neurology	0.1%	26,038
1B or 2	Pediatrics	0.0%	18,887
0 or 2	Pathology	0.0%	20,029
1A or 2	Gastroenterology	1.2%	23,784
Total (Class 2)		36.0%	\$21,934
3	Colon-Rectal Surgery (Min/Ltd)	0.0%	44,064
3	Hand-Foot Surgery	0.0%	50,398
3	Otolaryngology (Major with no Facial Plastic)	1.4%	33,048
3	Urology	2.4%	33,348
Total (Class 3)		3.8%	\$33,239
3A	Anesthesiology	10.2%	22,101
3A	Anesthesiology - Pain Management	0.0%	22,101
Total (Class 3A)		10.2%	\$22,101

NOTES:

- Columns (2) and (4) are from the TDC medical professional liability rate filing, effective 6/1/2004 (7/1/2004 for renewals).
- Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.
- The Wyoming TDC physician/surgeon distribution is as presented by TDC in their rate filing. It represents current distribution.
- For classes with multiple OHIC classification possibilities, the physicians were distributed according to the statewide distribution.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER OHIC CLASSIFICATION SYSTEM

The Doctor's Company (TDC)

Effective 6/1/2004 (New Business) and 7/1/2004 (Renewals)

(1)	(2)	(3)	(4)
OHIC Class	TDC Specialty	TDC Physician Distribution [Exhibit 5, p.4]	TDC Mature Claims-Made Rates [Exhibit 5, p.4]
4	Family Gen. Practice (Restricted Major Surgery)	0.3%	29,042
4	Gynecology (Major surgery)	1.0%	38,906
4	Otolaryngology (Major with Facial Plastic)	1.4%	40,611
4	Plastic Surgery	0.3%	48,501
4 or 5	Emergency Medicine	2.0%	42,061
4 or 7	Family Gen. Practice (with Obstetrics)	1.0%	39,958
4	Dermatology (with Liposuction)	0.0%	46,507
Total (Class 4)		6.1%	\$40,497
5	General Surgery	4.4%	77,006
5	Orthopedic Surgery	8.5%	59,486
5	Surgical Specialist (Office with minor surgery)	0.7%	28,641
Total (Class 5)		13.7%	\$63,638
6	Thoracic/Cardiovascular Surgery	1.7%	66,096
Total (Class 6)		1.7%	\$66,096
7	Obstetrics & Gynecology	3.8%	87,527
Total (Class 7)		3.8%	\$87,527
8	Neurosurgery	0.7%	130,389
Total (Class 8)		0.7%	\$130,389
AVERAGE		95.4%	\$33,873

NOTES:

1. Column (2) and (4) are from the TDC medical professional liability rate filing, effective 6/1/2004 (7/1/2004 for renewals).
2. Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.
3. The Wyoming TDC physician/surgeon distribution is as presented by TDC in their rate filing. It represents current distribution.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER OHIC CLASSIFICATION SYSTEM

The Medical Protective Company (Med Pro)
Effective 9/1/2004

(1) OHIC Class	(2) Med Pro Specialty	(3) Med Pro Physician Distribution [Exhibit 5, p.5]	(4) Med Pro Mature Claims-Made Rates [Exhibit 5, p.5]
0	Allergy	0.2%	\$11,182
0	Dermatology - NS	0.2%	11,182
0	Family/General Practice: Forensic Medicine - NS	0.2%	11,182
0	Ophthalmology - NS	0.2%	11,182
0	Family/General Practice: Nutrition - NS	0.2%	11,182
0	Family/General Practice: Physicians - N.O.C. - NS	0.2%	11,182
0	Family/General Practice: Physiatry - NS	0.2%	11,182
0	Psychiatry - Inc. Child	0.4%	14,910
0	Psychiatry - Inc. Child: Hypnosis	0.4%	14,910
0	Psychiatry - Inc. Child: Psychoanalysis	0.4%	14,910
0	Psychiatry - Inc. Child: Psychosomatic	0.4%	14,910
0	Pathology - NS	1.0%	18,639
Total (Class 0)		4.1%	\$14,570
1A	Family/General Practice: Public Health - NS	0.2%	11,182
1A	Family/General Practice: Aerospace - NS	0.2%	11,182
1A	Family/General Practice: Nuclear Medicine - NS	0.2%	11,182
1A	Family/General Practice: Occupational Medicine	0.2%	11,182
1A	Internal Medicine: Preventative Medicine - NS	0.2%	11,182
1A	Family/General Practice: Geriatrics - NS	0.4%	14,910
1A	Internal Medicine: Endocrinology - NS	0.4%	14,910
1A	Internal Medicine: Pharmacology - NS	0.4%	14,910
1A	Gynecology - NS	0.4%	14,910
1A	Otorhinolaryngology - NS	1.0%	18,639
1A	Otorhinolaryngology: Otolaryngology - NS	1.0%	18,639
1A	Otorhinolaryngology: Rhinology - NS	1.0%	18,639
1A	Internal Medicine: Nephrology - NS	1.0%	18,639
1A	Internal Medicine: Rheumatology - NS	1.0%	18,639
1A	Internal Medicine: Gastroenterology - NS	1.5%	29,821
1A	Internal Medicine: Infectious Disease - NS	1.5%	29,821
1A or 2	Otorhinolaryngology: Laryngology - NS	1.0%	18,639
Total (Class 1A)		11.9%	\$20,304
1B	Ophthalmology - MS	0.4%	14,910
1B	Dermatology - MS	0.4%	14,910
1B	Internal Medicine - NS	2.3%	23,112
1B	Radiology - Diagnostic - NS	1.5%	29,821
Total (Class 1B)		4.6%	\$23,820
2	Ophthalmology - S	1.0%	18,639
2	Gynecology - MS	2.3%	23,112
2	Otorhinolaryngology - MS	2.3%	23,112
2	Otorhinolaryngology: Laryngology - MS	2.3%	23,112
2	Otorhinolaryngology: Otolaryngology - MS	2.3%	23,112
2	Otorhinolaryngology: Rhinology - MS	2.3%	23,112
2	Family/General Practice: Geriatrics - MS	2.3%	23,112
2	Internal Medicine: Endocrinology - MS	2.3%	23,112
2	Psychiatry - Inc. Shock Therapy - MS	1.5%	29,821
2	Radiology - Therapy - MS	1.5%	29,821
2	Internal Medicine: Gastroenterology - MS	1.5%	29,821
2	Neurology - MS	1.5%	29,821
2	Pediatrics - MS	1.5%	29,821
2	Cardiology (Right Heart Cath. Only)	2.9%	38,104
2	Cardiology (Incl. Left Heart Cath.)	2.9%	38,104
2	Internal Medicine - MS	2.9%	38,104
2	Internal Medicine: Hematology / Oncology - MS	2.9%	38,104
2	Internal Medicine: Intensive Care - MS	2.9%	38,104
2	Family/General Practice - MS	2.9%	38,104
Total (Class 2)		41.8%	\$30,463

NOTES:

1. Column (2) and (4) are from the Med Pro medical professional liability rate filing, effective 9/1/2004.
2. Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.
3. The Med Pro Wyoming physician/surgeon distribution is from the rate filing per Med Pro classification system.
4. For classes with multiple OHIC classification possibilities, the physicians were distributed according to the statewide distribution.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER OHIC CLASSIFICATION SYSTEM

The Medical Protective Company (Med Pro)
Effective 9/1/2004

(1)	(2)	(3)	(4)
OHIC Class	Med Pro Specialty	Med Pro Physician Distribution [Exhibit 5, p.5]	Med Pro Mature Claims-Made Rates [Exhibit 5, p.5]
3	Internal Medicine: Gastroenterology - S	2.9%	38,104
3	Family/General Practice: Geriatrics - S	0.5%	47,631
3	Surgical Specialists: Colon and Rectal	0.5%	47,631
3	Urology	2.9%	38,104
3	Otorhinolaryngology - S	0.5%	47,631
3	Otorhinolaryngology: Laryngology - S	0.5%	47,631
3	Otorhinolaryngology: Otology - S	0.5%	47,631
3	Otorhinolaryngology: Rhinology - S	0.5%	47,631
3	Hand	0.2%	55,570
Total (Class 3)		8.9%	\$41,564
3A	Anesthesiology	2.3%	23,112
Total (Class 3A)		2.3%	\$23,112
4	Emergency Medicine - MS	0.5%	47,631
4	Family/General Practice - S	0.5%	47,631
4	Gynecology - S	0.2%	55,570
4	Otorhinolaryngology: Plastic (No elected cosmetic)	0.2%	55,570
4	Plastic - N.O.C.	3.4%	77,004
4 or 7	Fam/Gen Practice - Incl. Deliveries - MS	0.5%	47,631
Total (Class 4)		5.2%	\$67,320
5	Emergency Medicine - S	0.2%	55,570
5	Head and Neck	0.2%	55,570
5	Orthopedic (Excl. back)	0.2%	55,570
5	Abdominal	3.4%	77,004
5	General - N.O.C.	3.4%	77,004
5	Orthopedic (Incl. back)	3.4%	77,004
Total (Class 5)		10.7%	\$75,960
6	Cardiovascular	0.4%	95,261
6	Vascular	0.4%	95,261
6	Thoracic	0.4%	95,261
6	Traumatic	0.4%	95,261
Total (Class 6)		1.7%	\$95,261
7	Obstetrics/Gynecology	3.8%	92,085
Total (Class 7)		3.8%	\$92,085
8	Neurological - S	0.7%	128,602
Total (Class 8)		0.7%	\$128,602
AVERAGE		95.7%	\$38,743

NOTES:

1. Column (2) and (4) are from the Med Pro medical professional liability rate filing, effective 9/1/2004.
2. Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.
3. The Med Pro Wyoming physician/surgeon distribution is from the rate filing per Med Pro classification system.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER OHIC CLASSIFICATION SYSTEM

Utah Medical Insurance Association (UMIA)

Effective 1/1/2004

(1)	(2)	(3)	(4)
OHIC Class	UMIA Specialty	UMIA Physician Distribution [Exhibit 5, p.6]	UMIA Mature Claims-Made Rates [Exhibit 5, p.6]
0	Allergy	0.5%	\$7,758
0	Dermatology - No Surgery	0.0%	11,509
0	Ophthalmology - No Surgery	0.0%	8,274
0	Pathology - No Surgery	2.9%	12,433
0	Physiatry - No Surgery; Phys Med and Rehab	0.8%	6,892
0	Psychiatry - Including Child	4.3%	11,464
Total (Class 0)		8.5%	\$11,146
1A	Cardiovascular Disease - No Surgery	0.0%	13,854
1A	Family / General Practice (no surgery no OB)	10.5%	12,999
1A	Gastroenterology - No Surgery	0.1%	18,808
1A	Nuclear Medicine	0.0%	8,947
1A	Pulmonary Diseases - No Surgery	0.7%	16,137
Total (Class 1A)		11.3%	\$13,245
1B	Dermatology - Minor Surgery	1.1%	35,817
1B	Internal Medicine - No Surgery	6.5%	16,137
1B	Ophthalmology - Minor Surgery	0.0%	9,745
1B	Pediatrics - No Surgery	4.4%	16,011
1B	Radiology - Diagnostic - No Surgery	4.4%	16,388
Total (Class 1B)		16.4%	\$17,491
2	Cardiovascular Disease - Minor Surgery	2.0%	27,575
2 or 7	Family / General Practice (minor surgery incl. OB)	11.9%	38,275
2	Family / General Practice (minor surgery no OB)	4.3%	16,826
2	Gastroenterology - Minor Surgery	0.7%	18,808
2	Neurology - Inc. Child - No Surgery	1.0%	20,927
2	Neurology - Inc. Child - Minor Surgery	0.1%	20,927
2	Radiology - Diagnostic - Minor Surgery	1.5%	16,388
2	Surgery - Ophthalmology	2.4%	18,408
Total (Class 2)		23.9%	\$28,783
3	Surgery - Colon and Rectal	0.0%	30,915
3	Surgery - Otorhinolaryngology (no Plastic)	1.9%	27,691
3	Surgery - Urological	2.1%	31,449
Total (Class 3)		4.0%	\$29,664
3A	Anesthesiology	6.4%	22,119
Total (Class 3A)		6.4%	\$22,119

NOTES:

1. Column (2) through (4) are from the UMIA medical professional liability rate filing, effective 1/1/2004.
2. Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.
3. The UMIA Wyoming physician/surgeon per class distribution is based on Statewide specialty distribution from Exhibit 5.

Wyoming Healthcare Commission
Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER OHIC CLASSIFICATION SYSTEM

Utah Medical Insurance Association (UMIA)
Effective 1/1/2004

(1) OHIC Class	(2) UMIA Specialty	(3) UMIA Physician Distribution [Exhibit 5, p.6]	(4) UMIA Mature Claims-Made Rates [Exhibit 5, p.6]
4	Emergency Medicine - No Major Surgery	4.7%	25,603
4	Family / General Practice (restricted major surgery no OB)	3.1%	26,086
4	Surgery - Gynecology	0.0%	32,551
4	Surgery - Plastic - N.O.C.	0.3%	47,441
4	Surgery - Plastic - Otorhinolaryngology	0.1%	39,873
Total (Class 4)		8.2%	\$26,759
5	Surgery - Emergency Room Medicine	0.4%	25,603
5	Surgery - General	6.1%	43,431
5	Surgery - Orthopedic	6.4%	50,258
Total (Class 5)		12.9%	\$46,265
6	Surgery - Cardiac	0.0%	45,769
6	Surgery - Thoracic	0.7%	45,769
6	Surgery - Vascular	0.0%	45,769
Total (Class 6)		0.7%	\$45,769
7	Surgery - Obstetrics - Gynecology	6.9%	66,727
2 or 7	Family / General Practice (minor surgery incl. OB)	0.0%	38,275
Total (Class 7)		6.9%	\$66,727
8	Surgery - Neurology - Including Child	0.8%	87,176
Total (Class 8)		0.8%	\$87,176
AVERAGE		100.0%	\$28,578

NOTES:

1. Column (2) through (4) are from the UMIA medical professional liability rate filing, effective 1/1/2004.
2. Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.
3. The UMIA Wyoming physician/surgeon per class distribution is based on Statewide specialty distribution from Exhibit 5.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER SPECIALTY

OHIC Insurance Company (OHIC) - CLASS 0 AND 1A
Effective 1/15/2004

(1) Specialty	(2) OHIC Class	(3) OHIC Mature Claims-Made Rates	(4) OHIC Physician Distribution	(5) ISO Corresponding Class
Hypnosis	0	\$7,078	N/A	80232
Physiatry	0	7,078	N/A	80235
Forensic/Legal Medicine	0	7,078	N/A	80240
Nutrition	0	7,078	N/A	80248
Psychiatry - Including Children	0	7,078	N/A	80249
Psychoanalysis	0	7,078	N/A	80250
Psychosomatic Medicine	0	7,078	N/A	80251
Allergy	0	7,078	N/A	80254
Dermatology - No Surgery	0	7,078	N/A	80256
Ophthalmology - No Surgery	0	7,078	N/A	80263
Pathology - No Surgery	0	7,078	N/A	80266
Physicians - No Surgery - N.O.C.	0	7,078	N/A	80268
Corporate/Partnership Liability	0	7,078	N/A	80999
Hypnosis - D.O.	0	7,078	N/A	84232
Physiatry - D.O.	0	7,078	N/A	84235
Forensic/Legal Medicine - D.O.	0	7,078	N/A	84240
Nutrition - D.O.	0	7,078	N/A	84248
Psychiatry - Including Children - D.O.	0	7,078	N/A	84249
Psychoanalysis - D.O.	0	7,078	N/A	84250
Psychosomatic Medicine - D.O.	0	7,078	N/A	84251
Allergy - D.O.	0	7,078	N/A	84254
Dermatology - No Surgery - D.O.	0	7,078	N/A	84256
Ophthalmology - No Surgery - D.O.	0	7,078	N/A	84263
Pathology - No Surgery - D.O.	0	7,078	N/A	84266
Physicians - No Surgery - N.O.C. - D.O.	0	7,078	N/A	84268
Aerospace Medicine	1A	10,561	N/A	80230
General Preventative Medicine - No Surgery	1A	10,561	N/A	80231
Occupational Medicine	1A	10,561	N/A	80233
Pharmacology - Clinical	1A	10,561	N/A	80234
Public Health	1A	10,561	N/A	80236
Diabetes - No Surgery	1A	10,561	N/A	80237
Endocrinology - No Surgery	1A	10,561	N/A	80238
Gastroenterology - No Surgery	1A	10,561	N/A	80241
Geriatrics - No Surgery	1A	10,561	N/A	80243
Gynecology - No Surgery	1A	10,561	N/A	80244
Hematology - No Surgery	1A	10,561	N/A	80245
Infectious Diseases - No Surgery	1A	10,561	N/A	80246
Rhinology - No Surgery	1A	10,561	N/A	80247
Rheumatology - No Surgery	1A	10,561	N/A	80252
Cardiovascular Disease - No Surgery	1A	10,561	N/A	80255
Neoplastic Diseases - No Surgery	1A	10,561	N/A	80259
Nephrology - No Surgery	1A	10,561	N/A	80260
Nuclear Medicine	1A	10,561	N/A	80262
Otology - No Surgery	1A	10,561	N/A	80264
Otorhinolaryngology - No Surgery	1A	10,561	N/A	80265
Pulmonary Disease - No Surgery	1A	10,561	N/A	80269
Physicians - Minor Surgery - N.O.C.	1A	10,561	N/A	80294
Family Physicians or General Practitioners - No Surgery	1A	10,561	N/A	80420
Aerospace Medicine - D.O.	1A	10,561	N/A	84230
General Preventative Medicine - No Surgery - D.O.	1A	10,561	N/A	84231
Occupational Medicine - D.O.	1A	10,561	N/A	84233
Pharmacology - Clinical - D.O.	1A	10,561	N/A	84234
Public Health - D.O.	1A	10,561	N/A	84236
Diabetes - No Surgery - D.O.	1A	10,561	N/A	84237
Endocrinology - No Surgery - D.O.	1A	10,561	N/A	84238
Gastroenterology - No Surgery - D.O.	1A	10,561	N/A	84241
Geriatrics - No Surgery - D.O.	1A	10,561	N/A	84243
Gynecology - No Surgery - D.O.	1A	10,561	N/A	84244
Hematology - No Surgery - D.O.	1A	10,561	N/A	84245
Infectious Diseases - No Surgery - D.O.	1A	10,561	N/A	84246
Rhinology - No Surgery - D.O.	1A	10,561	N/A	84247
Rheumatology - No Surgery - D.O.	1A	10,561	N/A	84252
Cardiovascular Disease - No Surgery - D.O.	1A	10,561	N/A	84255
Neoplastic Diseases - No Surgery - D.O.	1A	10,561	N/A	84259
Nephrology - No Surgery - D.O.	1A	10,561	N/A	84260
Nuclear Medicine - D.O.	1A	10,561	N/A	84262
Otology - No Surgery - D.O.	1A	10,561	N/A	84264
Otorhinolaryngology - No Surgery - D.O.	1A	10,561	N/A	84265
Pulmonary Disease - No Surgery - D.O.	1A	10,561	N/A	84269
Family Physicians or General Practitioners - No Surgery - D.O.	1A	10,561	N/A	84420

NOTES:

- Column (1) through (3) are from the OHIC medical professional liability rate filing, effective 1/15/2004.
- Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER SPECIALTY

OHIC Insurance Company (OHIC) - CLASS 1B, 2 AND 3A
Effective 1/15/2004

(1) <u>Specialty</u>	(2) <u>OHIC Class</u>	(3) <u>OHIC Mature Claims-Made Rates</u>	(4) <u>OHIC Physician Distribution</u>	(5) <u>ISO Corresponding Class</u>
Radiology - Diagnostic - No Surgery	1B	11,236	N/A	80253
Internal Medicine - No Surgery	1B	11,236	N/A	80257
Pediatrics - No Surgery	1B	11,236	N/A	80267
Dermatology - Minor Surgery	1B	11,236	N/A	80282
Ophthalmology - Minor Surgery	1B	11,236	N/A	80289
Radiology - Diagnostic - No Surgery - D.O.	1B	11,236	N/A	84253
Internal Medicine - No Surgery - D.O.	1B	11,236	N/A	84257
Neurology - Including Children - No Surgery - D.O.	1B	11,236	N/A	84261
Pediatrics - No Surgery - D.O.	1B	11,236	N/A	84267
Dermatology - Minor Surgery - D.O.	1B	11,236	N/A	84282
Ophthalmology - Minor Surgery - D.O.	1B	11,236	N/A	84289
Broncho - Esophagology	2	16,853	N/A	80101
Surgery - Ophthalmology	2	16,853	N/A	80114
Neurology - Including Children - No Surgery	2	16,853	N/A	80261
Rhinology - Minor Surgery	2	16,853	N/A	80270
Diabetes - Minor Surgery	2	16,853	N/A	80271
Endocrinology - Minor Surgery	2	16,853	N/A	80272
Gastroenterology - Minor Surgery	2	16,853	N/A	80274
Geriatrics - Minor Surgery	2	16,853	N/A	80276
Gynecology - Minor Surgery	2	16,853	N/A	80277
Hematology - Minor Surgery	2	16,853	N/A	80278
Infectious Diseases - Minor Surgery	2	16,853	N/A	80279
Radiology - Diagnostic - Minor Surgery	2	16,853	N/A	80280
Cardiovascular Disease - Minor Surgery	2	16,853	N/A	80281
Intensive Care Medicine	2	16,853	N/A	80283
Internal Medicine - Minor Surgery	2	16,853	N/A	80284
Laryngology - Minor or No Surgery	2	16,853	N/A	80285
Neoplastic Diseases - Minor Surgery	2	16,853	N/A	80286
Nephrology - Minor Surgery	2	16,853	N/A	80287
Neurology - Including Children - Minor Surgery	2	16,853	N/A	80288
Otology - Minor Surgery	2	16,853	N/A	80290
Otorhinolaryngology - Minor Surgery	2	16,853	N/A	80291
Pathology - Minor Surgery	2	16,853	N/A	80292
Pediatrics - Minor Surgery	2	16,853	N/A	80293
Family Physicians or General Practitioners - Minor Surgery	2	16,853	N/A	80421
Radiation/Laser Therapy	2	16,853	N/A	80425
Shock Therapy	2	16,853	N/A	80431
Broncho - Esophagology - D.O.	2	16,853	N/A	84101
Surgery - Ophthalmology - D.O.	2	16,853	N/A	84114
Rhinology - Minor Surgery - D.O.	2	16,853	N/A	84270
Diabetes - Minor Surgery - D.O.	2	16,853	N/A	84271
Endocrinology - Minor Surgery - D.O.	2	16,853	N/A	84272
Gastroenterology - Minor Surgery - D.O.	2	16,853	N/A	84274
Geriatrics - Minor Surgery - D.O.	2	16,853	N/A	84276
Gynecology - Minor Surgery - D.O.	2	16,853	N/A	84277
Hematology - Minor Surgery - D.O.	2	16,853	N/A	84278
Infectious Diseases - Minor Surgery - D.O.	2	16,853	N/A	84279
Radiology - Diagnostic - D.O.	2	16,853	N/A	84280
Cardiovascular Disease - Minor Surgery - D.O.	2	16,853	N/A	84281
Intensive Care Medicine - D.O.	2	16,853	N/A	84283
Internal Medicine - Minor Surgery - D.O.	2	16,853	N/A	84284
Laryngology - Minor or No Surgery - D.O.	2	16,853	N/A	84285
Neoplastic Diseases - Minor Surgery - D.O.	2	16,853	N/A	84286
Nephrology - Minor Surgery - D.O.	2	16,853	N/A	84287
Neurology - Including Children - Minor Surgery - D.O.	2	16,853	N/A	84288
Otology - Minor Surgery - D.O.	2	16,853	N/A	84290
Otorhinolaryngology - Minor Surgery - D.O.	2	16,853	N/A	84291
Pathology - Minor Surgery - D.O.	2	16,853	N/A	84292
Pediatrics - Minor Surgery - D.O.	2	16,853	N/A	84293
Orthopedics - Minor Surgery - D.O.	2	16,853	N/A	84354
Family Physicians or General Practitioners - Minor Surgery - D.O.	2	16,853	N/A	84421
Shock Therapy - D.O.	2	16,853	N/A	84431
Anesthesiology	3A	22,472	N/A	80151
Anesthesiology - D.O.	3A	22,472	N/A	84151

NOTES:

- Column (1) through (3) are from the OHIC medical professional liability rate filing, effective 1/15/2004.
- Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER SPECIALTY

OHIC Insurance Company (OHIC) - CLASS 3 THROUGH 8
Effective 1/15/2004

(1) Specialty	(2) OHIC Class	(3) OHIC Mature Claims-Made Rates	(4) OHIC Physician Distribution	(5) ISO Corresponding Class
Surgery - Endocrinology	3	23,595	N/A	80103
Surgery - Gastroenterology	3	23,595	N/A	80104
Surgery - Geriatrics	3	23,595	N/A	80105
Surgery - Laryngology	3	23,595	N/A	80106
Surgery - Neoplastic	3	23,595	N/A	80107
Surgery - Nephrology	3	23,595	N/A	80108
Surgery - Colon and Rectal	3	23,595	N/A	80115
Surgery - Urological	3	23,595	N/A	80145
Surgery - Otolaryngology	3	23,595	N/A	80158
Surgery - Otorhinolaryngologist	3	23,595	N/A	80159
Surgery - Rhinology	3	23,595	N/A	80160
Surgery - Hand	3	23,595	N/A	80169
Surgery - Endocrinology - D.O.	3	23,595	N/A	84103
Surgery - Gastroenterology - D.O.	3	23,595	N/A	84104
Surgery - Geriatrics - D.O.	3	23,595	N/A	84105
Surgery - Laryngology - D.O.	3	23,595	N/A	84106
Surgery - Neoplastic - D.O.	3	23,595	N/A	84107
Surgery - Nephrology - D.O.	3	23,595	N/A	84108
Surgery - Colon and Rectal - D.O.	3	23,595	N/A	84115
Surgery - Urological - D.O.	3	23,595	N/A	84145
Surgery - Otolaryngology - D.O.	3	23,595	N/A	84158
Surgery - Otorhinolaryngologist - D.O.	3	23,595	N/A	84159
Surgery - Rhinology - D.O.	3	23,595	N/A	84160
Surgery - Hand - D.O.	3	23,595	N/A	84169
Emergency Medicine - No Major Surgery	4	33,707	N/A	80102
Surgery - General Practice or Family Practice	4	33,707	N/A	80117
Surgery - Plastic - Otorhinolaryngologist	4	33,707	N/A	80155
Surgery - Plastic - N.O.C.	4	33,707	N/A	80156
Surgery - Gynecology	4	33,707	N/A	80167
Emergency Medicine - No Major Surgery - D.O.	4	33,707	N/A	84102
Surgery - General Practice or Family Practice - D.O.	4	33,707	N/A	84117
Surgery - Plastic - Otorhinolaryngologist - D.O.	4	33,707	N/A	84155
Surgery - Plastic - N.O.C. - D.O.	4	33,707	N/A	84156
Surgery - Gynecology - D.O.	4	33,707	N/A	84167
Surgery - General	5	43,819	N/A	80143
Surgery - Orthopedic	5	43,819	N/A	80154
Emergency Medicine - Including Major Surgery	5	43,819	N/A	80157
Surgery - Abdominal	5	43,819	N/A	80166
Surgery - Head and Neck	5	43,819	N/A	80170
Surgery - General - D.O.	5	43,819	N/A	84143
Surgery - Orthopedic - D.O.	5	43,819	N/A	84154
Emergency Medicine - Including Major Surgery - D.O.	5	43,819	N/A	84157
Surgery - Abdominal - D.O.	5	43,819	N/A	84166
Surgery - Head and Neck - D.O.	5	43,819	N/A	84170
Surgery - Cardiac	6	56,178	N/A	80141
Surgery - Thoracic	6	56,178	N/A	80144
Surgery - Vascular	6	56,178	N/A	80146
Surgery - Cardiovascular Disease	6	56,178	N/A	80150
Surgery - Traumatic	6	56,178	N/A	80171
Surgery - Cardiac - D.O.	6	56,178	N/A	84141
Surgery - Thoracic - D.O.	6	56,178	N/A	84144
Surgery - Vascular - D.O.	6	56,178	N/A	84146
Surgery - Cardiovascular Disease - D.O.	6	56,178	N/A	84150
Surgery - Traumatic - D.O.	6	56,178	N/A	84171
Surgery - Obstetrics - Gynecology	7	67,414	N/A	80153
Surgery - Obstetrics	7	67,414	N/A	80168
Surgery - Obstetrics - Gynecology - D.O.	7	67,414	N/A	84153
Surgery - Obstetrics - D.O.	7	67,414	N/A	84168
Surgery - Neurology - Including Children	8	92,133	N/A	80152
Surgery - Neurology - Including Children - D.O.	8	92,133	N/A	84152

TOTAL

NOTES:

- Column (1) through (3) are from the OHIC medical professional liability rate filing, effective 1/15/2004.
- Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER SPECIALTY

The Doctor's Company (TDC)

Effective 6/1/2004 (New Business) and 7/1/2004 (Renewals)

(1) Specialty	(2) TDC Class	(3) TDC Mature Claims-Made Rates	(4) TDC Physician Distribution	(5) OHIC Corresponding Class
Administrative Medicine	N/A	\$7,671	0.3%	
Allergy/Immunology	N/A	7,311	1.0%	0
Anesthesiology	N/A	22,101	10.2%	3A
Anesthesiology - Pain Management	N/A	22,101	0.0%	3A
Cardiology (Invasive)	N/A	27,789	3.4%	2
Chiropractic	N/A	3,004	0.0%	
Colon-Rectal Surgery (...)	N/A	44,064	0.0%	3
Dermatology	N/A	13,019	1.4%	0 or 1B
Dermatology (with Liposuction)	N/A	46,507	0.0%	4
Diagnostic Radiology	N/A	28,018	5.1%	1B or 2
Emergency Medicine	N/A	42,061	2.0%	4 or 5
Family Gen. Practice (No Surgery)	N/A	15,322	2.7%	1A
Family Gen. Practice (Minor Surgery)	N/A	21,631	17.1%	2
Family Gen. Practice (Restricted Major Surgery)	N/A	29,042	0.3%	4
Family Gen. Practice (with Obstetrics)	N/A	39,958	1.0%	4 or 7
Gastroenterology	N/A	23,784	1.4%	1A or 2
General Medicine (Restricted)	N/A	14,020	0.0%	1A
General Surgery	N/A	77,006	4.4%	5
Gynecology (Major surgery)	N/A	38,906	1.0%	4
Gynecology (with in-vitro fertilization)	N/A	63,217	0.0%	
Hand-Foot Surgery	N/A	50,398	0.0%	3
Internal Medicine	N/A	20,029	10.6%	2
Internal Medicine Subspecialties	N/A	17,626	2.7%	1B or 2
Neonatology	N/A	28,041	0.0%	
Neurology	N/A	26,038	0.7%	1B or 2
Neurosurgery	N/A	130,389	0.7%	8
Nuclear Medicine	N/A	9,213	0.0%	1A
Obstetrics & Gynecology	N/A	87,527	3.8%	7
Occupational Medicine	N/A	7,139	0.0%	1A
Ophthalmology (No Surgery)	N/A	7,666	0.0%	0
Ophthalmology (Minor Surgery)	N/A	12,618	0.3%	1B
Ophthalmology (Major Surgery)	N/A	19,829	2.4%	2
Orthopedic Surgery	N/A	59,486	8.5%	5
Otolaryngology (Major with no Facial Plastic)	N/A	33,048	1.4%	3
Otolaryngology (Major with Facial Plastic)	N/A	40,611	1.4%	4
Pathology	N/A	20,029	5.5%	0 or 2
Pediatrics	N/A	18,887	3.1%	1B or 2
Physical Medicine & Rehabilitation	N/A	12,618	0.0%	
Physical Medicine & Rehabilitation - Pain Mgt (Minor)	N/A	15,823	0.0%	
Physical Medicine & Rehabilitation - Pain Mgt (Major)	N/A	24,534	0.7%	
Plastic Surgery	N/A	48,501	0.3%	4
Podiatry	N/A	13,700	0.0%	
Psychiatry	N/A	10,992	1.0%	0
Pulmonary Medicine	N/A	25,036	0.7%	1A
Surgical Specialist (Office with minor surgery)	N/A	28,641	0.7%	5
Therapeutic Radiology	N/A	26,522	0.0%	2
Thoracic/Cardiovascular Surgery	N/A	66,096	1.7%	6
Urology	N/A	33,348	2.4%	3
Surgicenter - per procedure rates	N/A		0.0%	
Dental (Local Anesthesia and Nitrous Only)	N/A		0.0%	
Dental (Sedation)	N/A		0.0%	
Oral Surgeons	N/A		0.0%	
Dental Anesthesiologists	N/A		0.0%	
TOTAL			100.0%	

NOTES:

1. Column (1) through (3) are from the TDC medical professional liability rate filing, effective 6/1/2004.
2. Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.
3. The Wyoming TDC physician/surgeon distribution is as presented by TDC in their rate filing. It represents current distribution.

Wyoming Healthcare Commission
Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER SPECIALTY

The Medical Protective Company (Med Pro)
Effective 9/1/2004

(1) Specialty	(2) Med Pro Class	(3) Med Pro Mature Claims-Made Rates	(4) MedPro Physician Distribution	(5) OHIC Corresponding Class
Allergy	1A	\$11,487	0.2%	0
Dermatology - NS	1A	11,487	0.2%	0
Family/General Practice: Forensic Medicine - NS	1A	11,487	0.2%	0
Family/General Practice: Public Health - NS	1A	11,487	0.2%	1A
Ophthalmology - NS	1A	11,487	0.2%	0
Family/General Practice: Aerospace - NS	1A	11,487	0.2%	1A
Family/General Practice: Nuclear Medicine - NS	1A	11,487	0.2%	1A
Family/General Practice: Nutrition - NS	1A	11,487	0.2%	0
Family/General Practice: Occupational Medicine	1A	11,487	0.2%	1A
Family/General Practice: Physicians - N.O.C. - NS	1A	11,487	0.2%	0
Family/General Practice: Psychiatry - NS	1A	11,487	0.2%	0
Internal Medicine: Preventative Medicine - NS	1A	11,487	0.2%	1A
Family/General Practice: Geriatrics - NS	1B	15,317	0.4%	1A
Internal Medicine: Endocrinology - NS	1B	15,317	0.4%	1A
Internal Medicine: Pharmacology - NS	1B	15,317	0.4%	1A
Gynecology - NS	1B	15,317	0.4%	1A
Psychiatry - Inc. Child	1B	15,317	0.4%	0
Psychiatry - Inc. Child: Hypnosis	1B	15,317	0.4%	0
Psychiatry - Inc. Child: Psychoanalysis	1B	15,317	0.4%	0
Psychiatry - Inc. Child: Psychosomatic	1B	15,317	0.4%	0
Otorhinolaryngology - NS	1C	19,146	1.0%	1A
Otorhinolaryngology: Laryngology - NS	1C	19,146	1.0%	1A or 2
Otorhinolaryngology: Otolaryngology - NS	1C	19,146	1.0%	1A
Otorhinolaryngology: Rhinology - NS	1C	19,146	1.0%	1A
Internal Medicine: Nephrology - NS	1C	19,146	1.0%	1A
Internal Medicine: Rheumatology - NS	1C	19,146	1.0%	1A
Pathology - NS	1C	19,146	1.0%	0
Ophthalmology - MS	1B	15,317	0.4%	1B
Ophthalmology - S	1C	19,146	1.0%	2
Dermatology - MS	1B	15,317	0.4%	1B
Gynecology - MS	2A	23,741	2.3%	2
Internal Medicine - NS	2A	23,741	2.3%	1B
Otorhinolaryngology - MS	2A	23,741	2.3%	2
Otorhinolaryngology: Laryngology - MS	2A	23,741	2.3%	2
Otorhinolaryngology: Otolaryngology - MS	2A	23,741	2.3%	2
Otorhinolaryngology: Rhinology - MS	2A	23,741	2.3%	2
Family/General Practice: Geriatrics - MS	2A	23,741	2.3%	2
Internal Medicine: Endocrinology - MS	2A	23,741	2.3%	2
Anesthesiology	2A	23,741	2.3%	3A
Pain Management	2A	23,741	2.3%	2
Radiology - Diagnostic - NS	2B	30,633	1.5%	1B
Psychiatry - Inc. Shock Therapy - MS	2B	30,633	1.5%	2
Radiology - Therapy - MS	2B	30,633	1.5%	2
Neonatology	2B	30,633	1.5%	2
Internal Medicine: Gastroenterology - MS	2B	30,633	1.5%	2
Internal Medicine: Gastroenterology - NS	2B	30,633	1.5%	1A
Internal Medicine: Infectious Disease - NS	2B	30,633	1.5%	1A
Neurology - MS	2B	30,633	1.5%	2
Pediatrics - MS	2B	30,633	1.5%	2
Cardiology (Right Heart Cath. Only)	3A	39,141	2.9%	2
Cardiology (Incl. Left Heart Cath.)	3A	39,141	2.9%	2
Internal Medicine - MS	3A	39,141	2.9%	2
Internal Medicine: Hematology / Oncology - MS	3A	39,141	2.9%	2
Internal Medicine: Intensive Care - MS	3A	39,141	2.9%	2
Internal Medicine: Gastroenterology - S	3A	39,141	2.9%	3
Family/General Practice - MS	3A	39,141	2.9%	2
Family/General Practice: Geriatrics - S	3B	48,928	0.5%	3
Acupuncture	3B	48,928	0.5%	3
Surgical Specialists: Colon and Rectal	3B	48,928	0.5%	3
Urology	3A	39,141	2.9%	3
Emergency Medicine - MS	3B	48,928	0.5%	4
Family/General Practice - S	3B	48,928	0.5%	4
Otorhinolaryngology - S	3B	48,928	0.5%	3
Otorhinolaryngology: Laryngology - S	3B	48,928	0.5%	3
Otorhinolaryngology: Otolaryngology - S	3B	48,928	0.5%	3
Otorhinolaryngology: Rhinology - S	3B	48,928	0.5%	3
Fam/Gen Practice - Incl. Deliveries - MS	3B	48,928	0.5%	4 or 7
Emergency Medicine - S	4	57,084	0.2%	5
Gynecology - S	4	57,084	0.2%	4
Otorhinolaryngology: Plastic (No elected cosmetic)	4	57,084	0.2%	4
Hand	4	57,084	0.2%	3
Head and Neck	4	57,084	0.2%	5
Orthopedic (Excl. back)	4	57,084	0.2%	5
Abdominal	5	79,099	3.4%	5
General - N.O.C.	5	79,099	3.4%	5
Plastic - N.O.C.	5	79,099	3.4%	4
Orthopedic (Incl. back)	5	79,099	3.4%	5
Obstetrics	6	94,594	1.9%	7
Obstetrics/Gynecology	6	94,594	1.9%	7
Cardiovascular	7	97,856	0.4%	6
Vascular	7	97,856	0.4%	6
Thoracic	7	97,856	0.4%	6
Traumatic	7	97,856	0.4%	6
Neurological - S	8	132,105	0.7%	8
TOTAL			100.0%	

NOTES:

- Column (1) through (3) are from the Med Pro medical professional liability rate filing, effective 9/1/2004.
- Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.
- The Med Pro Wyoming physician/surgeon distribution is not currently available. Awaiting from the broker.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

MATURE CLAIMS-MADE RATE PER SPECIALTY

Utah Medical Insurance Association (UMIA)

Effective 1/1/2004

(1)	(2)	(3)	(4)	(5)
Specialty	UMIA Class	UMIA Mature Claims-Made Rates	Wyoming Statewide Physician Distribution	OHIC Corresponding Class
Allergy	N/A	\$7,758	0.5%	0
Anesthesiology	N/A	22,119	6.4%	3A
Cardiovascular Disease - Minor Surgery	N/A	27,575	2.0%	2
Cardiovascular Disease - No Surgery	N/A	13,854	0.0%	1A
Dermatology - Minor Surgery	N/A	35,817	1.1%	1B
Dermatology - No Surgery	N/A	11,509	0.0%	0
Emergency Medicine - No Major Surgery	N/A	25,603	4.7%	4
Family / General Practice (minor surgery incl. OB)	N/A	38,275	11.9%	2 or 7
Family / General Practice (minor surgery no OB)	N/A	16,826	4.3%	2
Family / General Practice (no surgery no OB)	N/A	12,999	10.5%	1A
Gastroenterology - Minor Surgery	N/A	18,808	0.7%	2
Gastroenterology - No Surgery	N/A	18,808	0.1%	1A
Internal Medicine - No Surgery	N/A	16,137	6.5%	1B
Neurology - Inc. Child - No Surgery	N/A	20,927	1.0%	2
Neurology - Inc. Child - Minor Surgery	N/A	20,927	0.1%	2
Nuclear Medicine	N/A	8,947	0.0%	1A
Ophthalmology - Minor Surgery	N/A	9,745	0.0%	1B
Ophthalmology - No Surgery	N/A	8,274	0.0%	0
Pathology - No Surgery	N/A	12,433	2.9%	0
Pediatrics - No Surgery	N/A	16,011	4.4%	1B
Physiatry - No Surgery; Phys Med and Rehab	N/A	6,892	0.8%	0
Psychiatry - Including Child	N/A	11,464	4.3%	0
Pulmonary Diseases - No Surgery	N/A	16,137	0.7%	1A
Radiology - Diagnostic - Minor Surgery	N/A	16,388	1.5%	2
Radiology - Diagnostic - No Surgery	N/A	16,388	4.4%	1B
Surgery - Cardiac	N/A	45,769	0.0%	6
Surgery - Colon and Rectal	N/A	30,915	0.0%	3
Surgery - Emergency Room Medicine	N/A	25,603	0.4%	5
Family / General Practice (restricted major surgery no OB)	N/A	26,086	3.1%	4
Surgery - General	N/A	43,431	6.1%	5
Surgery - Gynecology	N/A	32,551	0.0%	4
Surgery - Neurology - Including Child	N/A	87,176	0.8%	8
Surgery - Obstetrics - Gynecology	N/A	66,727	6.9%	7
Surgery - Ophthalmology	N/A	18,408	2.4%	2
Surgery - Orthopedic	N/A	50,258	6.4%	5
Surgery - Otorhinolaryngology (no Plastic)	N/A	27,691	1.9%	3
Surgery - Plastic - N.O.C.	N/A	47,441	0.3%	4
Surgery - Plastic - Otorhinolaryngology	N/A	39,873	0.1%	4
Surgery - Thoracic	N/A	45,769	0.7%	6
Surgery - Urological	N/A	31,449	2.1%	3
Surgery - Vascular	N/A	45,769	0.0%	6
TOTAL			100.0%	

NOTES:

- Column (1) through (3) are from the UMIA medical professional liability rate filing, effective 1/1/2004.
- Mature Claims-Made Rates are at the \$1,000,000 per occurrence/\$3,000,000 annual aggregate retention level.
- The Wyoming statewide physician/surgeon distribution is as presented by UMIA in their rate filing. It comes from the 2003-2004 edition of Physician Characteristics and Distribution in the U.S.

Wyoming Healthcare Commission
Medical Professional Liability - Physicians & Surgeons

PERMISSIBLE LOSS RATIO

By company

(1)	(2)	(3)	(4)	(5)	(6)
<u>Expense Items</u>	<u>TDC</u>	<u>OHIC</u>	<u>Med Pro</u>	<u>UMIA</u>	<u>Selected WHCC</u>
(1) Commission	6.5%	10.0%	8.0%	10.0%	8.0%
(2) General Expenses	10.0%	2.0%	5.7%	2.5%	6.0%
(3) Other Acquisition Costs	1.0%	4.4%	1.8%	0.0%	1.0%
(4) Taxes, Licenses and fees	2.7%	1.7%	2.7%	2.5%	2.5%
(5) DD&R (Charge for death, disability and retirement)	4.0%	0.0%	6.0%	5.0%	4.0%
(6) Total (expenses as % of premium)	24.2%	18.1%	18.2%	15.0%	21.5%
(7) ULAE to loss & ALAE ratio	9.5%	7.0%	2.8%	5.0%	5.0%
(8) Target Combined Ratio (U/W profit provision net of Investment Income)	95.0%	93.7%	89.4%	100.0%	95%
(9) PLR (as % of premium) (Line (8) - Line (6)) / (1 + Line (7))	64.7%	70.7%	65.4%*	77.1%*	70.0%

NOTES:

1. (*) DD&R for UMIA & Med Pro is treated as a % of loss expense. $PLR = (Line\ (8) - Line\ (6)) / ((1 + Line\ (5)) * (1 + Line\ (7)))$
2. All information except for lines (6) and (9) comes from the latest public rate filing for each company.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

INCREASED LIMIT FACTOR (ILF)

By company

(1) Increased Limit (per occurrence / aggregate)	(2)-(7) Increased Limit Factors (ILF)					
	(2) TDC	(3) OHIC	(4) Med Pro	(5) UMIA (Page 5)	(6) Weighted Average	(7) Milliman Selected
.1M/.3M	NA	0.467	0.463	0.438	0.441	0.441
.2M/.6M	NA	0.592	0.616	NA	0.616	0.616
.5M/1.5M	0.810	0.805	0.824	0.755	0.804	0.804
1M/3M	1.000	1.000	1.000	1.000	1.000	1.000
2M/5M	1.350	1.175	1.215	NA	1.348	1.348
3M/6M	1.554	1.262	1.315	NA	1.551	1.551
4M/7M	1.673	1.351	1.395	NA	1.669	1.669
5M/8M	1.742	1.424	1.445	NA	1.738	1.738
6M/9M	1.798	1.472	1.495	NA	1.794	1.794
7M/10M	1.843	1.529	1.535	NA	1.839	1.839
8M/11M	1.884	1.573	1.565	NA	1.879	1.879
9M/12M	1.916	1.617	1.605	NA	1.911	1.911
10M/13M	1.946	1.662	1.635	NA	1.941	1.941
11M/14M	1.976	1.708	NA	NA	1.976	1.976
Market Share	34%	0%	1%	4%		

NOTE:

1. All information comes directly from the latest public rate filing for each company except as mentioned below.
2. OHIC factors were interpolated/extrapolated if necessary - also they apply to all classes except higher risk class 3A, 7 and 8 which utilizes slightly higher ILFs.
3. Med Pro factors were adjusted if necessary - also they apply to all classes except higher risk class 3A through 8 which utilizes slightly higher ILFs.
4. UMIA ILFs above \$1M/\$3M are different per specialty and per claims-made maturity level.
5. TDC suggest that for each \$1,000,000 increase (decrease) in the annual aggregate limit, to add (subtract) 0.005 to the applicable increased limits factor.

Wyoming Healthcare Commission
Medical Professional Liability - Physicians & Surgeons

INCREASED LIMIT FACTOR (ILF)

The Doctor's Company (TDC)

(1)	(2)
Increased Limit (per occurrence / aggregate)	TDC Increased Limit Factors
.1M/.3M	NA
.2M/.6M	NA
.5M/1.5M	0.810
1M/3M	1.000
2M/5M	1.350
3M/6M	1.554
4M/7M	1.673
5M/8M	1.742
6M/9M	1.798
7M/10M	1.843
8M/11M	1.884
9M/12M	1.916
10M/13M	1.946
11M/14M	1.976
Market Share	34%

NOTE:

1. All information comes directly from TDC latest public medical professional liability rate filing, effective 6/1/2004.
2. TDC suggests that for each \$1,000,000 increase (decrease) in the annual aggregate limit, to add (subtract) 0.005 to the applicable increased limits factor.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

INCREASED LIMIT FACTOR (ILF)

OHIC Insurance Company (OHIC)

(1)	(2)	(3)
Increased Limit (per occurrence / aggregate)	Increased Limit Factors	
	For all Classes except 3A, 7 and 8	For Classes 3A, 7 and 8
.1M/.3M	0.467	0.467
.2M/.6M	0.592	0.592
.5M/1.5M	0.805	0.805
1M/3M	1.000	1.000
1M/6M	1.017	1.023
1M/10M	1.036	1.049
2M/4M	1.160	1.219
2M/6M	1.189	1.249
2M/10M	1.220	1.278
3M/5M	1.248	1.361
3M/6M	1.262	1.376
3M/10M	1.314	1.432
4M/6M	1.337	1.491
4M/10M	1.391	1.591
5M/5M	1.385	1.580
5M/7M	1.408	1.604
5M/10M	1.456	1.657
6M/6M	1.443	1.686
6M/10M	1.500	1.805
10M/10M	1.616	2.047
Market Share		43%

NOTE:

1. All information comes directly from OHIC latest public medical professional liability rate filing, effective 1/15/2004.

Wyoming Healthcare Commission
Medical Professional Liability - Physicians & Surgeons

INCREASED LIMIT FACTOR (ILF)

Medical Protective Company (Med Pro)

(1) Increased Limit (per occurrence / aggregate)	(2) Increased Limit Factors			(3)
	For all Classes		For Class 8	
	1A - 2B	3A - 7		
.1M/.3M	0.463	0.435	0.435	
.2M/.6M	0.616	0.596	0.596	
.5M/1M	0.824	0.813	0.813	
1M/1M	0.963	0.952	0.952	
.1M/.3M	1.000	1.000	1.000	
2M/4M	1.210	1.220	1.220	
3M/5M	1.310	1.340	1.340	
4M/6M	1.390	1.410	1.410	
5M/7M	1.440	1.470	1.470	
6M/8M	1.490	1.530	1.530	
7M/9M	1.530	1.580	1.580	
8M/10M	1.560	1.630	1.630	
9M/11M	1.600	1.660	1.660	
10M/12M	1.630	1.690	1.690	
Market Share			1%	

NOTE:

1. All information comes directly from Med Pro latest public medical professional liability rate filing, effective 9/1/2004.

Wyoming Healthcare Commission
Medical Professional Liability - Physicians & Surgeons

INCREASED LIMIT FACTOR (ILF)

Utah Medical Insurance Association (UMIA)

(1)	(2)	(3)
Increased Limit (per occurrence)	Increased Limit Factors	
	For Physicians	For Surgeons
.1M	0.478	0.438
.5M	0.784	0.755
1M	1.000	1.000
Market Share		4%

NOTE:

1. All information comes directly from UMIA latest public medical professional liability rate filing, effective 1/1/2004.
2. ILFs above \$1M/\$3M are different per specialty and per claims-made maturity level.

Wyoming Healthcare Commission
 Medical Professional Liability - Physicians & Surgeons

CLAIMS-MADE MATURITY FACTOR
By company

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Claims-Made Year</u>	<u>TDC</u>	<u>OHIC</u>	<u>Med Pro</u>	<u>UMIA</u>	<u>Weighted Average</u>	<u>Milliman Selected</u>
1	0.35	0.32	0.32	0.38	0.353	0.350
2	0.60	0.59	0.60	0.63	0.603	0.600
3	0.80	0.84	0.81	0.82	0.803	0.800
4	0.92	0.91	0.90	0.93	0.921	0.920
5	1.00	1.00	1.00	1.00	1.000	1.000
Market Share	34%	0%	1%	4%		

NOTE:

1. All information is from the latest public rate filing for each company.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

TYPE OF DISCOUNT/SURCHARGE OFFERED IN WYOMING
By The Doctor's Company (TDC)

Type of Discount/Surcharge	Descriptions	Discount (+) or Surcharge (-)
Claims-free Discount	Offered if insured meet the following 3 criteria's: 1. Insured is with TDC for at least 3 full years immediately preceding effective date of policy 2. Cumulative O/S claim reserves (loss and ALAE) are less than \$20,000. 3. Cumulative claim payments (loss and ALAE) are less than \$10,000 in the last 3 years preceding effective date of policy.	12.5%
Group Size Discount	Group Size	
	10-20	5.0%
	21-30	7.5%
	31 or more	10.0%
Waiver of consent to settle discount	Insured gives TDC his/her right to consent to settle any claim. Thus, it gives TDC the sole right to investigate, negotiate and settle.	5.0%
Voluntary Deductible Discount	Insured can elect that a deductible apply on a per claim basis: 1. If deductible per claim is \$5,000 2. If deductible per claim is \$10,000 ...regardless of limits of liability purchased and subject to annual aggregate of 3 times the per claim amount.	5.0%
		10.0%
Punitive Damages - Surcharge	Insured elect to include punitive damages coverage.	-5.0%

Discount applying to rates	Descriptions	Discount or (Surcharge)
Part-time physicians	Other than Anesthesiologists and work 20 hours or less per week or 26 weeks or less per year.	50%
	Anesthesiologists and work 15 hours or less per week.	50%
	Other than Anesthesiologists and work 10 hours.	75%
Prep rate discount	Physicians entering practice for the first time and purchase a claims-made policy w/i "x" years upon completing an internship program, residency program or military service. Value of "x" below	
	Less than 1 year	75%
	1 year to less than 2 years	50%
	2 years to less than 3 years	25%
	3 years or greater	0%

NOTE:

1. All information is from the latest TDC public rate filing, effective 7/1/2004.
2. Discounts apply in the given order and are multiplicative. Schedule rating (+/-) apply prior to these discounts.

Wyoming Healthcare Commission
Medical Professional Liability - Physicians & Surgeons

TYPE OF DISCOUNT/SURCHARGE OFFERED IN WYOMING
By OHIC Insurance Company (OHIC)

<u>Type of Discount/Surcharge</u>	<u>Descriptions</u>	<u>Discount (+) or Surcharge (-)</u>
Moonlighting	Insured moonlight outside their residency or fellowship program.	up to 75%
Claims-free Discount	Apply if healthcare provider has been practice for at least 2 full years and has not had a chargeable (xs of \$10,000) loss for at least 2 full years. Discount per number of years w/o a chargeable loss:	
	2 years	2.0%
	3 years	4.0%
	4 years	6.0%
	5 years	8.0%
	6 years	10.0%
	7 years	10.0%
	8 years	10.0%
	9 years	10.0%
	10 years or more	15.0%
Teaching Physician Discount	Insured spends less than 20 hours per week as an instructor or director of medical education	10.0%
Group Size Discount	Group Size	
	5-10	5.0%
	11-15	10.0%
	16-20	15.0%
	21-50	20.0%
	51-75	25.0%
	76-150	30.0%
	151-250	40.0%
	over 250	50.0%
Risk Management Credit	Physicians show proof of completion of accredited risk mgt program	5.0%
Electronic Charting Credit	Physicians utilizes an electronic charting system which meet several criteria's (1996 OHIC filing)	3.0%
<u>Discount applying to rates</u>	<u>Descriptions</u>	<u>Discount (+) or Surcharge (-)</u>
Part-time physicians	Work 10 hours or less per week.	75%
	Work 11 - 20 hours per week.	50%
	Work 21 - 30 hours per week.	25%
New Physician Discount	Physicians entering practice for the first time and purchase a claims-made policy w/i "x" years upon completing an internship program, residency program or military service. Value of "x" below	
	Less than 1 year	50%
	1 year to less than 2 years	25%
	2 years to less than 3 years	0%
	3 years or greater	0%

NOTE:

1. All information is from OHIC public rate filings, effective 1/1/2002 and effective 11/1/1996.
2. Discounts apply in the given order and are multiplicative. Schedule rating (+/-) apply prior to these discounts.

Wyoming Healthcare Commission
Medical Professional Liability - Physicians & Surgeons

TYPE OF DISCOUNT/SURCHARGE OFFERED IN WYOMING
By Medical Protective Company (Med Pro)

<u>Type of Discount/Surcharge</u>	<u>Descriptions</u>	<u>Discount (+) or Surcharge (-)</u>
Claims-free Discount	Apply if healthcare provider has been in practice for at least 3 full years and has not had a chargeable loss for at least 2 full years. Discount per number of years w/o a chargeable loss:	
	3 to 5 years	5.0%
	5 to 10 years	10.0%
	10 years or more	20.0%
Membership Association Credit	Insured is a member of a qualified organization	5.0%
Risk Management Credit	Physicians show proof of completion of accredited risk mgt program	5.0%
Electronic Charting Credit	Physicians utilize an electronic charting system which meet several criteria's (1996 OHIC filing)	3.0%
<u>Discount applying to rates</u>	<u>Descriptions</u>	<u>Discount (+) or Surcharge (-)</u>
Part-time physicians	Work 10 hours or less per week. (max hours of 515 per year)	50%
	Work 11 - 20 hours per week. (max hours of 1,050 per year)	30%
	Work 21 - 30 hours per week.	0%
New Physician Discount	Physicians entering practice for the first time and purchase a claims-made policy w/i "x" years upon completing an internship program, residency program or military service. Value of "x" below	
	Less than 1 year	50%
	1 year to less than 2 years	30%
	2 years to less than 3 years	0%
	3 years or greater	0%

NOTE:

1. All information is from Med Pro public rate filing, effective 1/1/2003.
2. Discounts apply in the given order and are multiplicative. Schedule rating (+/-) apply prior to these discounts.

Wyoming Healthcare Commission

Medical Professional Liability

RATE ADEQUACY BASED ON STATEWIDE EXPERIENCE**Based on Wyoming Page 14 Data 1998-2003 - Industrywide**

Excluding OHIC Insurance Company

(1) Earned Premium for Latest 6 Calendar Years (\$000) (Exhibit 11, Line (2))	\$46,702
(2) Average on - level rate factor (TDC only) (From Exhibit 12, page 1)	1.670
(3) On-Level Earned Premium (\$000) (1) * (2)	\$77,998
(4) Ultimate Loss and ALAE for same period (\$000) (Exhibit 11, Line (5) + Line (8))	\$48,306
(5) Trend Factor from 1/1/2001 to 1/1/2006 at 5%:	1.276
(6) Trended Ultimate Loss and ALAE (\$000) (4) * (5)	\$61,652
(7) Indicated On-Level Loss and ALAE Ratio (6) / (3)	79.0%
(8) Load for ULAE (Exhibit 6, TDC)	9.5%
(9) Indicated On-Level Loss and LAE Ratio (7) * (1 + (8))	86.6%
(10) Assumed PLR (20.6% U/W Expense with -7.5% Profit) (1 - Exhibit 11, line (17) + 7.5%)	86.9%
(11) Indicated Market Rate Change: [(9) / (10)]-1	0.0%

NOTES:

1. We have assumed that historical credit / debit will be the same in the prospective period as during the historical period.
2. Line (11) indicates that rates for medical professional liability (hospitals, physicians & surgeons and other subdivisions) are expected to be inadequate by about 0% during the prospective period 1/1/2005 through 12/31/2005.

Wyoming Healthcare Commission

Medical Professional Liability

RATE ADEQUACY BASED ON STATEWIDE EXPERIENCE**Based on Wyoming Page 14 Data 1998-2003**

Excluding OHIC Insurance Company

Amounts in (\$'000)

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1998-2003</u>
(1) Direct WP	10,248	10,316	6,131	6,093	6,350	9,204	48,342
(2) Direct EP	10,932	9,014	5,858	6,161	6,629	8,108	46,702
(3) Paid Dividends	10	17	19	18	16	30	110
(4) Direct Unearned Premium	4,529	5,211	3,913	3,861	3,931	4,209	25,654
(5) Direct Paid Losses	3,564	7,618	3,194	7,606	5,417	8,555	35,954
(6) Direct Incurred Losses	6,102	6,366	1,962	5,075	6,214	8,331	34,050
(7) Direct Unpaid Losses	10,063	7,519	8,784	10,619	13,223	12,431	62,639
(8) Direct Paid DCCE	1,892	1,922	1,735	1,910	2,792	2,101	12,352
(9) Direct Incurred DCCE	3,821	883	(562)	1,079	3,942	264	9,427
(10) Direct Unpaid DCCE	4,977	3,034	4,047	6,667	7,523	6,375	32,623
(11) Commissions & Brokerage	1,171	1,314	542	506	640	573	4,746
(12) Taxes, Licenses, & Fees	137	362	163	174	157	196	1,189
(13) Paid Loss & DCCE Ratio =((5)+(8))/(2)	49.9%	105.8%	84.1%	154.5%	123.8%	131.4%	103.4%
(14) Inc. Loss & DCCE Ratio =((6)+(9))/(2)	90.8%	80.4%	23.9%	99.9%	153.2%	106.0%	93.1%
(15) Expense Ratio (Comm. & TLF) =((11)+(12))/(1)	12.8%	16.2%	11.5%	11.2%	12.6%	8.4%	12.3%
(16) General and Other Acquisition costs (From IEE Exhibits)	7.6%	8.5%	9.7%	11.0%	11.7%	11.1%	8.3%
(17) Total Expense Ratio (excl. ULAE) (15)+(16)	20.4%	24.7%	21.2%	22.2%	24.2%	19.5%	20.6%

NOTES:

- (*) Line (16) is a countrywide figure (IEE Exhibit)
- Line (1) through (12) are from Wyoming (statewide) annual statement for medical malpractice liability - page 14.
- DCCE = Defense and cost containment expenses, also referred to as ALAE.

Wyoming Healthcare Commission

Medical Professional Liability

ON - LEVEL RATE FACTOR SELECTION

Based on TDC and OHIC rate level changes since 1998

Amounts are in (\$'000)

(1) Calendar Year	(2) OHIC Earned Premiums	(3) TDC Earned Premiums	(4) OHIC On-Level Factors (Exhibit 12, p.2)	(5) TDC On-Level Factors (Exhibit 12, p.2)	(6) OHIC On-Level Earned Premiums (2) * (4)	(7) TDC On-Level Earned Premiums (3) * (5)
1998	\$2,993	\$5,358	1.721	1.798	\$5,151	\$9,633
1999	3,676	4,096	1.721	1.786	6,326	7,314
2000	4,194	3,838	1.721	1.808	7,218	6,937
2001	4,736	3,791	1.721	1.826	8,150	6,921
2002	6,657	5,104	1.537	1.585	10,232	8,092
2003	7,643	5,304	1.282	1.323	9,795	7,016
Total	\$29,899	\$27,491	1.568	1.670	\$46,872	\$45,913

NOTES:

1. Column (2) and (3) comes from the latest public rate filing for each company.
2. Column (2) and (3) are calculated using the parallelogram approach. This approach assumes that premiums are written uniformly throughout the year.
3. Column (4) is column (2), prospective period divided by column (2).
4. Column (5) is column (3), prospective period divided by column (3).

Wyoming Healthcare Commission

Medical Professional Liability

ON - LEVEL RATE FACTORS

Based on TDC and OHIC rate level changes since 1998

(1)	(2)	(3)	(4)	(5)
Calendar Year	OHIC Current Earned Rate Factors	TDC Current Earned Rate Factors	OHIC On-Level Factors	TDC On-Level Factors
1998	1.000	1.000	1.721	1.798
1999	1.000	1.007	1.721	1.786
2000	1.000	0.995	1.721	1.808
2001	1.000	0.985	1.721	1.826
2002	1.120	1.134	1.537	1.585
2003	1.343	1.360	1.282	1.323
2004	1.558	1.575	1.105	1.142
Prospective period:	1.721	1.798	1.000	1.000

NOTES:

1. All information comes from the latest public rate filing for each company and/or Merlinos JUA's actuarial report.
2. Column (2) and (3) are calculated using the parallelogram approach. This approach assumes that premiums are written uniformly throughout the year.
3. Column (4) is column (2), prospective period divided by column (2).
4. Column (5) is column (3), prospective period divided by column (3).

Wyoming Healthcare Commission

Medical Professional Liability

HISTORY OF RATE CHANGES

Based on TDC and OHIC rate level changes since 1998

(1) Calendar Year	(2) OHIC Approved Rate Change	(3) OHIC Effective Date	(4) TDC Approved Rate Change	(5) TDC Effective Date
1998			1.0%	10/1/1998
1999				
2000			-5.3%	4/1/2000
2001	23.8%	1/1/2002	10.0%	4/1/2001
2002	14.6%	12/1/2002	28.8%	4/1/2002
2003			18.6%	9/1/2003
2004	21.3%	1/15/2004	11.9%	7/1/2004

NOTE:

1. All information comes from the latest public rate filing for each company and/or Merlinos JUA's actuarial report.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

STATEWIDE DISTRIBUTION PER OHIC CLASSIFICATION SYSTEM

Statewide Distribution of Physicians and Surgeons

(1) OHIC Class [Exhibit 5, pages 1 - 3]	(3) Wyoming Statewide Physician Distribution		(4) Selection
	(2) Based on Research Memo (Exhibit 13, page 2)	(3) Based on Physician Charac- teristics & Distributions (03/04) (Exhibit 13, page 3)	
0	8%	9%	9%
1A	16%	11%	11%
1B	13%	16%	16%
2	29%	24%	24%
3A	6%	6%	6%
3	3%	4%	4%
4	9%	8%	8%
5	14%	13%	13%
6	0%	1%	1%
7	1%	7%	7%
8	1%	1%	1%
TOTAL	100.0%	100.0%	100.0%

NOTES:

1. Selected distribution is based on the statewide source containing greater details of physicians' specialty.
2. Column (1) is from OHIC medical professional liability rate filing, effective 1/15/2004.

Wyoming Healthcare Commission

Medical Professional Liability - Physicians & Surgeons

WYOMING PHYSICIAN & SURGEONS DISTRIBUTION

Statewide

(1) Specialty	(2) Wyoming Statewide Number of Phys. & Surg.	(3) Wyoming Statewide Physician Distribution	(3) OHIC Corresponding Class
ALLERGY	2	0%	0
ADDICTION MEDICINE	1	0%	
ANESTHESIOLOGY	45	6%	3A
CARDIOLOGY	17	2%	1A or 2
CHILD PSYCHIATRY	1	0%	0
CARDIAC SURGERY	4	0%	6
DERMATOLOGY	7	1%	0 or 1B
EMERGENCY ROOM MEDICINE	71	9%	4 or 5
ENDOCRINOLOGY	2	0%	1A or 2
FAMILY PRACTICE	192	24%	1A or 2
GASTROENTEROLOGY	8	1%	1A or 2
GENERAL SURGERY	40	5%	4 or 5
GYNECOLOGY	3	0%	1A or 2 or 4
INDUSTRIAL MEDICINE	2	0%	1A
INTERNAL MEDICINE	87	11%	1B or 2
INFECTIOUS DISEASE	1	0%	1A or 2
NEPHROLOGY	2	0%	1A or 2
NEUROLOGY	10	1%	1B or 2
NEUROLOGICAL SURGERY	7	1%	8
OBSTETRICS & GYNECOLOGY	43	5%	1A or 2 or 4 or 7
ONCOLOGY	8	1%	
OPHTHALMOLOGY	21	3%	0 or 1B
ORTHOPEDIC SURGERY	60	7%	5
OTORHINOLARYNGOLOGY	12	1%	1A or 2 or 3
PEDIATRICS	46	6%	1B or 2
PUBLIC HEALTH	0	0%	1A or 2 or 3
PLASTIC SURGERY	4	0%	4
PULMONARY DISEASES	5	1%	1A or 2 or 3
PAIN MANAGEMENT	1	0%	
PSYCHIATRY	30	4%	0
PATHOLOGY	18	2%	0 or 2
PHYSICAL MEDICINE	5	1%	0
RADIOLOGY	39	5%	1B or 2
RHEUMATOLOGY	2	0%	1A
RADIATION ONCOLOGY	4	0%	1B or 2
UROLOGY	17	2%	3
TOTAL	817	100%	

NOTE:

1. The Wyoming statewide physician/surgeon count is as presented by Wyoming Legislative Service Office - Research Memo, dated July 8, 2004. (Attachment A)

Wyoming Healthcare Commission
Medical Professional Liability - Physicians & Surgeons

WYOMING PHYSICIAN & SURGEONS DISTRIBUTION

Statewide

(1) Specialty	(2) Wyoming Statewide Physician Distribution	(3) OHIC Corresponding Class
Allergy	0.5%	0
Anesthesiology	6.4%	3A
Cardiovascular Disease - Minor Surgery	2.0%	2
Cardiovascular Disease - No Surgery	0.0%	1A
Dermatology - Minor Surgery	1.1%	1B
Dermatology - No Surgery	0.0%	0
Emergency Medicine - No Major Surgery	4.7%	4
Family / General Practice (minor surgery incl. OB)	11.9%	2 or 7
Family / General Practice (minor surgery no OB)	4.3%	2
Family / General Practice (no surgery no OB)	10.5%	1A
Gastroenterology - Minor Surgery	0.7%	2
Gastroenterology - No Surgery	0.1%	1A
Internal Medicine - No Surgery	6.5%	1B
Neurology - Inc. Child - No Surgery	1.0%	2
Neurology - Inc. Child - Minor Surgery	0.1%	2
Nuclear Medicine	0.0%	1A
Ophthalmology - Minor Surgery	0.0%	1B
Ophthalmology - No Surgery	0.0%	0
Pathology - No Surgery	2.9%	0
Pediatrics - No Surgery	4.4%	1B
Physiatry - No Surgery; Phys Med and Rehab	0.8%	0
Psychiatry - Including Child	4.3%	0
Pulmonary Diseases - No Surgery	0.7%	1A
Radiology - Diagnostic - Minor Surgery	1.5%	2
Radiology - Diagnostic - No Surgery	4.4%	1B
Surgery - Cardiac	0.0%	6
Surgery - Colon and Rectal	0.0%	3
Surgery - Emergency Room Medicine	0.4%	5
Family / General Practice (restricted major surgery no OB)	3.1%	4
Surgery - General	6.1%	5
Surgery - Gynecology	0.0%	4
Surgery - Neurology - Including Child	0.8%	8
Surgery - Obstetrics - Gynecology	6.9%	7
Surgery - Ophthalmology	2.4%	2
Surgery - Orthopedic	6.4%	5
Surgery - Otorhinolaryngology (no Plastic)	1.9%	3
Surgery - Plastic - N.O.C.	0.3%	4
Surgery - Plastic - Otorhinolaryngology	0.1%	4
Surgery - Thoracic	0.7%	6
Surgery - Urological	2.1%	3
Surgery - Vascular	0.0%	6
TOTAL	100.0%	

NOTE:

1. The Wyoming statewide physician/surgeon distribution is as presented by UMIA in their rate filing. It comes from the 2003-2004 edition of Physician Characteristics and Distribution in the U.S.