

NEVADA DIVISION OF INSURANCE
REPORT ON THE
**NEVADA INSURANCE
MARKET**

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FOREWORD

This year's report of the *Nevada Insurance Market* presents matters involving the property and casualty segment of the insurance industry and how those issues affect Nevada consumers. Pursuant to *Nevada Revised Statutes* (NRS) 679B.410, this report must be delivered to the Legislature no later than February 1 of each legislative session year.

Over the past two years, the insurance industry has been faced with many challenges. The economic downturn, including the subprime mortgage crisis, has seriously affected the insurance industry, including many major insurers. This past year, the holding company of the American International Group (AIG), which is the financial side and not the insurance side of the operation, borrowed over \$125 billion of the approximately \$150 billion in bail-out funds promised by the federal government. Meanwhile, Land America Financial Group filed for bankruptcy. Additionally, there has been speculation, testimony and proposed legislation regarding federal oversight of the insurance industry.

Despite the recent economic turmoil, the workers' compensation market remains competitive and stable. The residual market for workers' compensation continues to decrease indicating a healthy market. A contributing factor to the decrease in size of the residual market is the implementation of the Voluntary Coverage Assistance Program (VCAP) in 2006. See the segment titled *Workers' Compensation* for further detail.

Previously, construction liability insurance for certain types of residential projects was unavailable in the admitted market. Today, there appears to be a softening of the market in the construction liability insurance area. In August 2008, the Commissioner of Insurance authorized the Nevada Surplus Lines Association to remove certain construction insurance classes eligible for export because coverage is now available through the admitted markets, captives and risk retention groups.

The medical professional liability market appears to continue to be competitive despite a recent increase in litigation. A potential major hepatitis C exposure due to unhygienic practices at several endoscopy centers in southern Nevada was uncovered. This exposure has prompted significant medical malpractice litigation that may take several years to work its way through the legal system.

The aforementioned topics and many more articles pertaining to the state of the insurance market in Nevada are included in this report. I hope you find this report beneficial as you represent your constituents and tackle the numerous challenges ahead of you during the 2009 legislative session.

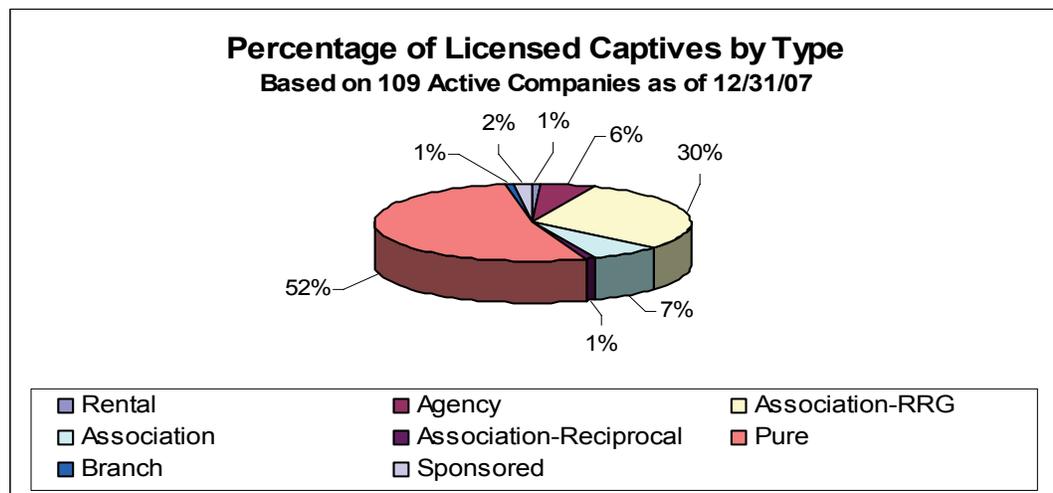
A handwritten signature in black ink, appearing to read "Scott J. Kipper", with a long horizontal flourish extending to the right.

SCOTT J. KIPPER
Commissioner of Insurance

CAPTIVES AND ALTERNATIVE MARKETS

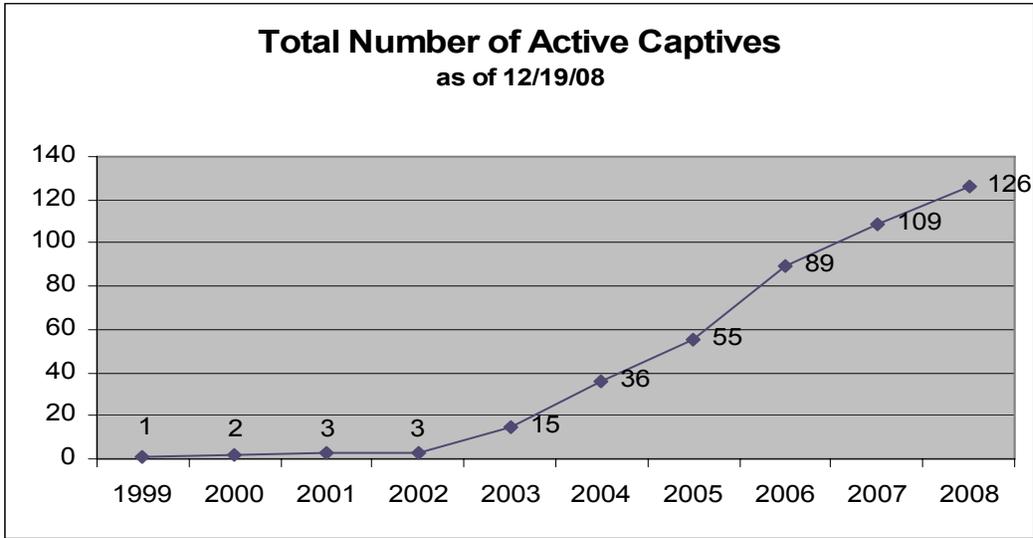
A captive is a form of self-insurance where a company can insure the risk of all or part of a company and its affiliates. Any business can benefit by forming a captive, which can be a valuable business tool for companies to minimize their risk. A captive insurer allows an organization to form an insurance company consistent with its corporate goals; tailor insurance coverage to its specific needs; better manage costs and greater control of claims; provide stability without relying on insurance companies with differing goals to provide protection; possibly reduce or eliminate taxes; provide incentives for loss control; and provide direct access to the reinsurance market.

Nevada currently authorizes pure, association, agency, rental, sponsored, protected cell, and branch captives. The Division has licensed captives in the manufacturing, construction, hotel, casino, banking, auto dealership, agricultural, transportation, and wholesale distribution industries. Companies insure their property and product liability exposures through their captives. Premises and operations liability, as well as professional liability insurance, is provided for long-term care facilities, homes for developmentally disabled persons, contractors, physicians, hospitals and clinics, attorneys and other professionals. Some organizations use their captive insurer to participate in a layer of coverage; others by acting as an excess insurer or a reinsurer. A breakdown of the percentage of licensed captives by general category is shown in the chart below.



Source: Division/Corporate & Financial Activity Statistics

The Division has licensed 126 active captives since the enabling legislation to permit captives was passed in 1999. In 2007, the Division licensed 20 captives. In 2008, 17 have been licensed as of December 19, 2008.



Source: Division/Corporate & Financial Activity Statistics

Nevada has approximately \$176 million annual premium in the captive market program, which continues to grow. During the 2007 legislative session, AB 161 was passed, which combined the minimum capital and surplus requirements for captive insurers. The financial requirement changes are noted below:

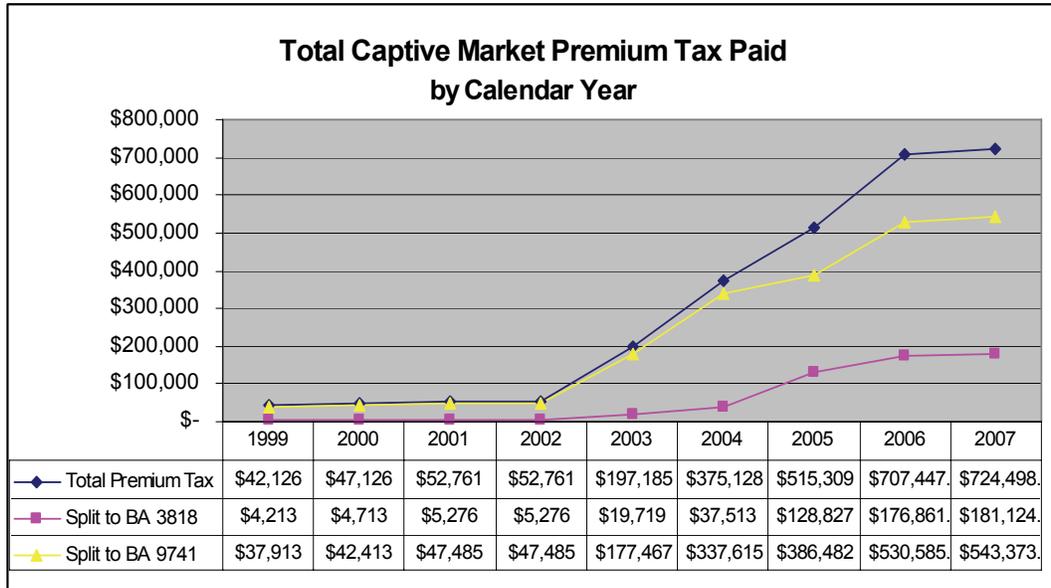
| | Capital and Surplus | |
|---|----------------------------|--------------------|
| | <i>After 2007</i> | <i>Before 2007</i> |
| Pure Captive (stock only) | \$200,000 | \$100,000 |
| Association Captive (stock, mutual, reciprocal) | \$500,000 | \$200,000 |
| Agency Captive (stock only) | \$600,000 | \$300,000 |
| Rental Captive (stock only) | \$800,000 | \$400,000 |
| Sponsored Captive | \$500,000 | \$200,000 |

Each captive program is subject to pay premium taxes. Premium taxes are applied as follows:

| \$ Millions | Direct Rates % | Reinsurance Rates % |
|-------------|----------------|---------------------|
| 0-20 | .400 | .225 |
| 20-40 | .200 | .150 |
| Over 40 | .075 | .025 |

A captive insurer is entitled to receive a nonrefundable credit of \$5,000 applied against the aggregate taxes owed for the first year in which the captive insurer incurs any liability for the payment of taxes.

Captive insurance premium tax is subject to a minimum threshold of \$5,000, with a maximum threshold of \$175,000. Captive insurance premium taxes paid to the state are noted in the exhibit below.



Source: Division/Corporate & Financial Activity Statistics

A.B. 338, approved in the 2005 Legislative session, increased the percentage allocated to the Division from 10 percent to 25 percent. This change is noted in the information reported above.

The market for risk retention groups (RRGs) was birthed at a time when liability insurance was difficult to obtain. The Federal Liability Risk Retention Act was passed in 1986. This legislation provides a means for an RRG to operate in multiple states under one license. Since its passage, RRGs have become an accepted and expanding part of the alternative market. An RRG domiciled in Nevada is licensed as an association captive insurer. Nevada has approved 32 domiciled RRGs. Nevada’s Commissioner also serves on the National Association of Insurance Commissioners (NAIC) RRG Working Group under the property and casualty insurance committee and the RRG Task Force under the financial condition committee, where the Commissioner has a strong voice.

There is some controversy concerning what constitutes “liability” under the Liability Risk Retention Act. There was a recent dispute between the State of California and Auto Dealers Risk Retention Group, Inc., a Montana-domiciled RRG providing stop-loss contractual liability insurance to California auto dealers.

It was the state's position that the act refers to tort liability coverage and not contractual liability coverage such as that provided by Auto Dealers RRG.

On July 30, 2008, after a vote by the company's board of directors, both parties agreed "to settle and resolve the Action ... without the expense of further litigation." Under this agreement, both parties "acknowledge that the law might be clarified or changed in the future with respect to whether or not an RRG ... can properly issue policies such as Stop-Loss Policies." The agreement specified that the 16 stop-loss policies already issued in California would remain in force and effect until expiration in March 2009 but that the company would not renew the policies nor issue any new policies in the state. The RRG remains a viable Montana domiciled and licensed RRG.¹

In 2005, the Government Accountability Office (GAO) conducted a study to determine the impact RRGs have had and whether they are working as intended. The GAO findings were issued in a report released August 2005 titled "*Common Regulatory Standards and Greater Member Protections are Needed.*" The problems of ownership control and governance were highlighted by the report in some of the more notable RRG failures. The common theme was the lack of control over the RRG by the policyholders. The NAIC responded by creating the two committees previously mentioned. Both the ownership and control issue and providing common regulatory standards is being addressed through the Committee and Task Force.

Nevada continues to expand its resources of experienced, highly qualified service providers who provide operational expertise to Nevada captives. There are thirty-seven approved captive managers who have placed and are operating captives domiciled in Nevada or who are soon planning to place captives. Nevada has approved thirty-nine CPAs as well as twenty-one law firms, and forty-two actuaries who assist with the management and administration of the Nevada captives.

The Commissioner has partnered with the Nevada Captive Insurance Association to continually analyze and monitor the captive environment to ensure necessary principles are implemented in statute, regulation and practice. The Association hosts an annual conference and each captive insurer is encouraged to hold their annual in-state meeting around the conference dates.

It is during times of hardening markets that people look to alternative risk mechanisms like captive insurers and RRGs. Over the last several decades, the captive insurance industry has built an empire as a successful and innovative alternative to traditional insurance.

¹ Risk Retention Reporter, September 2008

CONSOLIDATED INSURANCE PROGRAMS

Consolidated Insurance Programs (CIPs) provide the owner or the primary contractor involved in a major construction project with dedicated project-specific limits of insurance. These policies eliminate the uncertainties of relying on each individual contractor's liability policy, which can leave owners or primary contractors uninsured or underinsured in key areas.

NRS 616B.710 sets the framework for which a private company, a public entity, a utility, or a general contractor may establish and administer a CIP. There are two types of CIPs that may be approved:

- A Contractor Controlled Insurance Program (CCIP), is controlled by a contractor; and
- An Owner Controlled Insurance Program (OCIP), is controlled by the owner.

The CIPs provide primary coverage for employees working at the site.

A consolidated, or controlled, insurance program (also known as a “wrap-up”) may incorporate a number of insurance coverage types including workers’ compensation, builders risk, general liability, umbrella liability, or any combination of coverage. The benefits of this type of program include:

- Consistent, unified coverage for all contractors on the project, which may result in lower insurance costs;
- Increased control over project-related insurance costs;
- Improved safety as a result of a mandated safety program;
- Reduced costs for claims administration resulting from having a claims administrator on site; and
- A consistency of coverage enhancements that may not be readily available on an individual contractor basis.

The CIP also establishes parameters on which contractors/subcontractors are eligible for or excluded from coverage. Parties performing labor or services at the project site that are excluded are responsible to procure insurance outside of the CIP project. Those types of operations may include:

- Hazardous materials remediation, removal and/or transport companies and their consultants;
- Vendors, suppliers, fabricators, material dealers, truckers, haulers, drivers and others who merely transport, pickup, deliver, or carry materials, personnel, parts or equipment or any other items or persons to or from the project site; or
- Contractors / subcontractors who do not perform any actual labor on the project site.

The eligibility requirements for CIPs are defined in chapter 616B of NRS. NRS 616B.710 sets \$150 million as the initial minimum estimated total cost of such a construction project. On or before June 30 of each year, the Commissioner is required to adjust the minimum estimated total cost of a CIP to reflect the present value of that amount with respect to the “construction cost index.” The total estimated cost for the construction project includes the costs of:

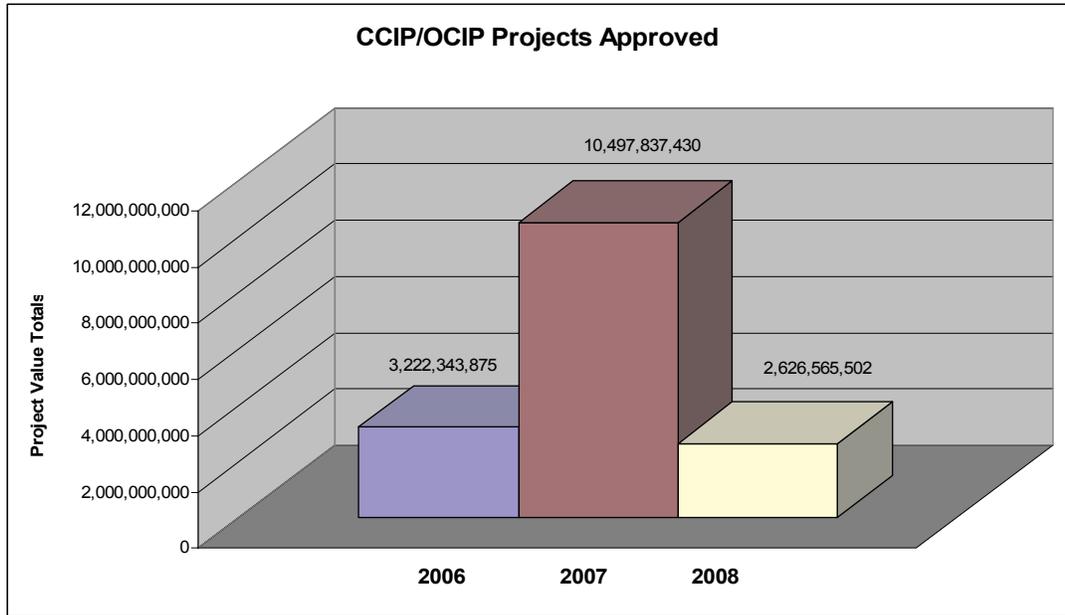
- The design;
- Acquisition of the real property on which the project will be constructed;
- Connection of utilities;
- Excavation and underground improvements; and
- Equipment and furnishings.

NRS 616B.710(4)(a) defines the construction cost index as “. . . the construction cost index published by *Engineering News-Record* as a measure of inflation.” The minimum threshold for CIPs in 2007 was \$195 million and \$200 million in 2008.

NRS 616B.712 requires the owner or primary contractor of a CIP to contract with an authorized private carrier to provide workers’ compensation insurance. There are very few insurers that have the capacity to insure these types of projects.

The Division of Industrial Relations (DIR) is responsible for approving the safety personnel and safety program. A primary and alternate safety representative must be approved for each project. The contractor or owner must provide a written statement that the primary and alternate safety representatives will not be working on any other CIP. The safety personnel oversee and enforce the safety program for the construction project. Additionally, either the primary or alternate safety representative must be physically present on-site when any activity takes place. If only one person is present at the job site, it must be one of the approved safety coordinators. The DIR provides the Division with a copy of all approvals for both safety representatives and the safety program. The claims administrator is forbidden to serve as a claims administrator for any other construction project. If two people are present at the job site, the second must be the industrial insurance claims administrator.

Over the past three years, the Commissioner has approved 19 CIPs totaling \$16,346,746,807. Since the program’s inception in 1999, a total of 39 projects have been approved with a combined project value of \$23,452,990,604. This indicates that the value and size of the more recent construction projects has grown measurably. Below is a chart of the value of approved projects for the past three years.



Source: Insurance Division CIP Statistics

The 2007 Legislature passed Senate Bill 99 (SB99), which became effective July 1, 2007, to provide that workers' compensation loss experience under a consolidated insurance program will be attributed to the contractor or subcontractor who is the direct employer of the injured worker. Previously, NRS 616B.710 provided that the loss experience was attributed to the owner or the principal contractor of the project.

The Division commissioned the Nevada Surplus Lines Association to conduct an insurance survey to collect information on the awareness and perceptions of SB 99 and to determine satisfaction with experience reporting procedures and problems identified with the experience rating procedures pertaining to CIPs. Sixty of the 631 potential respondents replied to the survey. Insurers, brokers, contractors and subcontractors with exposure on at least one consolidated insurance program were surveyed.

The survey results indicated that the majority (60 percent) of the respondents thought that it would be "not at all easy" to segregate loss experience by participant for CIPs incepting prior to July 1, 2007. Only 13 percent of the respondents indicated that it would be "very easy" to segregate this information. Fifty-three percent of the respondents also indicated it would be "too costly" to segregate the historical loss information under Nevada CIPs. Only 17 percent of the respondents indicated it would be cost effective to segregate the experience. The survey results also indicated that most respondents were reasonably satisfied with the experience reporting procedures of the National Council on Compensation Insurance, Inc., also known as NCCI. The Commissioner adopted a regulation that established rules for the implementation of the provisions of SB99.

CIPs continue to garner interest within the construction industry, although the current economic condition has reduced the number of large projects being written under a “wrap-up” program.

CONSTRUCTION LIABILITY UPDATE

Some of the insurance concerns facing today's construction industry range from substance of coverage form, interpretation of the policy provisions, claims acceptance or denial and litigation, in addition to whether defense costs are inside or outside of the policy limits.

To recap legislative history, Nevada's construction laws were amended during the 2003 legislative session. Some of the most noteworthy amendments included a clearer and inclusive definition of "construction defect." Chapter 40 of NRS was amended to allow a "right to repair" by eliminating the homeowner's right to reject a repair offer made by a builder. The amendments allow contractors/subcontractors to submit questions or disputes concerning defects to the State Contractors Board, which is obligated to respond to the question or render a decision regarding the dispute within 30 days.

Construction defect cases decided by Nevada's Supreme Court over the past two years include:

- *Pankopf v. Peterson*², whereby it was determined that a property owner's direct construction defect action against a designer for completed blueprints of an unfinished residence did not fall under Chapter 40 of NRS.
- *Skender v. Brunsonbuilt Const. and Development Co. LLC*³, where the Court opined that homeowners could be held liable for construction defects and concluded that Chapter 40 of NRS did not prevent allocation of fault to include a homeowner who participated in the design and construction of the residence that caused a construction defect.
- *Westpark Owners' Ass'n v. Eighth Judicial Dist. Court ex rel. County of Clark*⁴, the Court held the "new residence" requirement under Chapter 40 of NRS did not apply to dwellings previously inhabited as apartments and then converted into condominiums.

Much of the construction defect litigation is the result of an endorsement within the commercial general liability (CGL) policy, the duty to defend clause, which obligates an insurer to defend the insured against a suit seeking damages because of bodily injury, property damage, or personal and advertising injury. Most jurisdictions require that even if only one allegation in a suit is potentially covered by the CGL policy, the insurance company has a duty to defend the entire suit. The company's duty to defend may be discontinued when the applicable policy limit of liability has been used up in the payment of judgments or settlements. However, an insurer may be able to disclaim the duty to defend if the

² 175 P.3d910 (Nev. 2008)

³ 171 P.3d745 (Nev. 2007)

⁴ 167 P.3d421 (Nev. 2007)

insurer is able to demonstrate that the suit has no possibility of being covered by the CGL policy.

Other construction defect litigation heard by the Nevada court system includes:

In November 2004, a federal court ruled Great American Insurance as being entitled to reimbursement for settlement monies it paid for work done by its insured. The court found that Great American did not violate its policy, or act in bad faith, by seeking to recover “noncovered” damages already paid by the insurer. Historically, it has been uncommon to allow an insurance company to be given the right to subrogate against its policyholder, the builder.

In October 2008, a Clark County District Court preliminary hearing was held to consider a \$90 million settlement that was offered to plaintiffs. Plaintiffs alleged that a manufacturer’s brass plumbing fittings caused a chemical reaction with polyurethane pipes, which resulted in leaks, reduced water flow and pipe breaks. This construction defect lawsuit involved 34,000 Clark County homeowners. Plaintiffs’ attorneys are seeking damages from more than two dozen builders and several plumbing companies that installed the fittings in area homes.

In September 2008, the Nevada Supreme Court granted authority to a Las Vegas Summerlin community to join a construction defect lawsuit. The 700 homeowners are part of a group of 1,200 owners that sued on the grounds that defects exist in the exterior stucco of their residences. The developers maintained the 700 could not be part of the suit because they were not the original owners of the property. But the court, said the interpretation by the developers leads to “unreasonable results.”

In its decision, the Court stated that “. . . the apparent fact that many homeowners in the underlying constructional defect action are not the original owners of their homes does not preclude those homeowners from obtaining the remedies available under the law for any constructional defects present in their homes.” The Supreme Court upheld the 2003 decision of the District Court.

In August 2008, the Commissioner authorized the Nevada Surplus Lines Association (NSLA) to remove certain construction insurance classes eligible for export because coverage is available through the admitted markets, captives and RRGs. This may indicate the market is softening. The deleted classes are door/window installation-residential, glaziers and glass dealers-residential, grading of land, masonry-residential, sewer mains-residential, and sheet metal work-residential. Other coverages remain, however, unavailable in the admitted market. By allowing an insurance product to qualify as eligible for export, an agent or broker may place business with a surplus lines insurer without obtaining three declinations from the admitted market.

A comparative view of the surplus lines premiums written in Nevada for various types of construction liability insurance is displayed below. The time frame for years 2006 and 2007 is from January 1 through December 31, while 2008 data is reported from January 1 through November 10.

| Surplus Lines Risk | 2008 PREMIUM (1/1-11/10/08) | 2007 PREMIUM | 2006 PREMIUM |
|--|--|---------------------|----------------------|
| Construction-other than listed | \$21,093,642 | \$35,989,403 | \$41,633,653 |
| General (paper) Contractor | \$10,815,759 | \$13,424,944 | \$35,017,638 |
| Construction Managers-Residential | \$1,125,104 | \$2,694,117 | \$9,006,200 |
| Carpentry-Residential | \$1,575,666 | \$5,500,716 | \$7,655,865 |
| Roofers | \$2,049,672 | \$3,718,661 | \$5,000,887 |
| Concrete Construction-Residential | \$2,032,171 | \$3,242,246 | \$5,173,462 |
| Real Estate Developers-Residential | \$0 | \$5,659,761 | \$5,757,008 |
| Excavation-Residential | \$464,530 | \$1,912,533 | \$3,581,846 |
| Plumbing-Residential | \$1,625,010 | \$2,346,668 | \$3,549,791 |
| Plastering and Stucco Work-Residential | \$948,653 | \$1,867,380 | \$2,506,761 |
| Grading of Land-Residential | \$527,002 | \$2,343,810 | \$2,792,944 |
| Dry Wall or Wall Board Installation | \$1,004,389 | \$2,015,670 | \$2,324,546 |
| Total | \$43,261,598 | \$80,715,909 | \$124,000,601 |

Source: Nevada Surplus Lines Association

The premium written, as reflected in the exhibit, indicates a downward trend of business being written in the surplus lines market. Agents are notifying the NSLA of their ability to rewrite coverage into the captive or admitted market. The NSLA reports that in 2006, construction related business accounted for 30 percent of the surplus lines market; in 2007 - 24 percent and in 2008 through December 24 - 17 percent. Additionally, there may be a decrease in construction activity due to the declined economy.

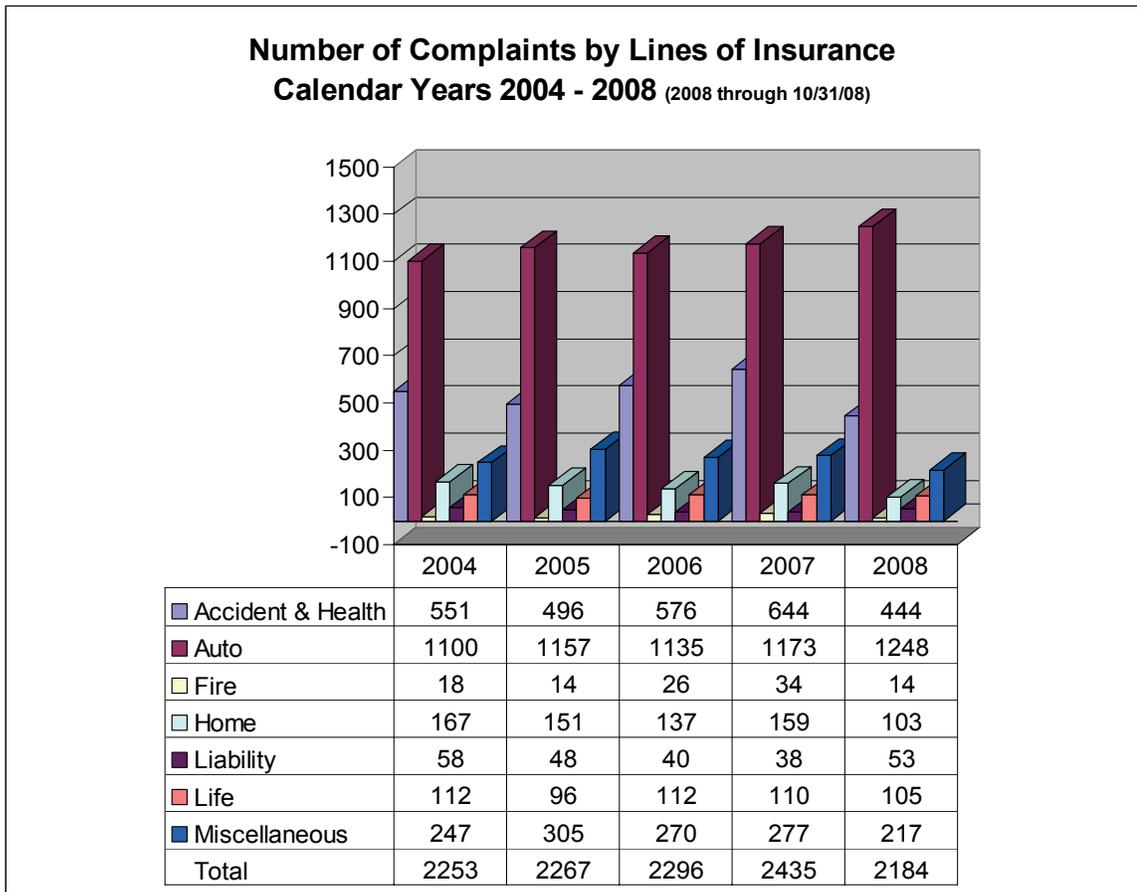
Alternative markets such as captives and risk retention groups remain as the predominate marketplace for primary construction liability insurance. The Nevada captive insurance program has licensed 6 construction related RRGs and 4 construction related risks in other types of captives, which accounts for approximately 8 percent of the total captives written.

Very large construction projects may also be written under a “wrap up” program, also known as a “Consolidated Insurance Program.” More information regarding Consolidated Insurance Programs is presented under a separate section of this report.

CONSUMER SERVICES

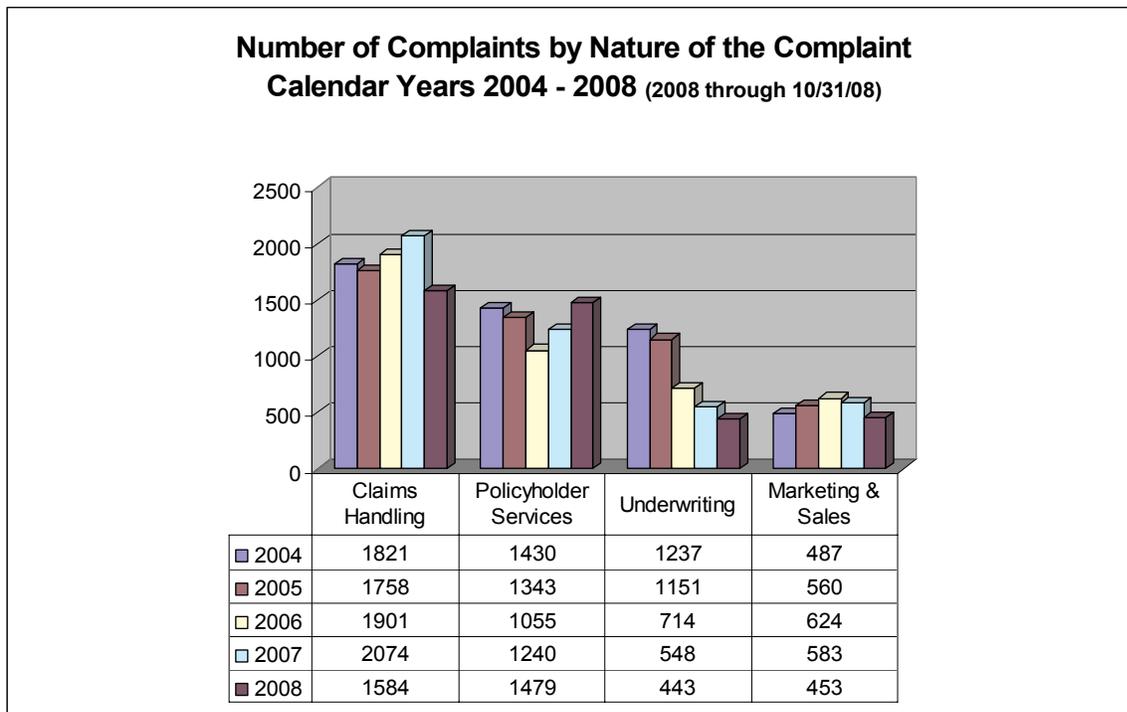
The consumer services section of the Division assists consumers who have questions about insurance coverage or specific insurance problems. The consumer officers are committed to helping consumers with simple questions to complex complaints. Consumers who have specific insurance problems are encouraged to complete and file a formal complaint with the Division. In 2007, the Division received 2,435 formal complaints, and in 2008, the Division received 2,184 formal complaints through October 31 of 2008. Ninety-eight percent of all consumer complaints are resolved within 60 days. In the past two years, consumer officers have recovered nearly \$7.1 million for Nevada consumers.

The table below illustrates the number and the types of complaints received by the Division. The lines of insurance include: 1) accident & health; 2) auto; 3) fire; 4) home; 5) liability; 6) life; and 7) miscellaneous. The nature of the complaint categories include: 1) claims handling; 2) policyholder services; 3) underwriting; and 4) marketing & sales. Fifty-seven percent of the complaints received are auto related. Twenty-eight percent of all auto complaints are related to the Department of Motor Vehicles' insurance verification program.



* Note: 2007 Nevada Insurance Market Report consumer complaint statistics reflected duplicate counts if the complaint encompassed more than one claim type.

The Division receives many complaints concerning automobile liability insurance coverage. The number of these complaints has increased in both northern and southern Nevada. Nevada law requires the Department of Motor Vehicles (DMV) to impose a \$250 fine if a lapse in liability coverage occurs. The consumer officers work together with the insurer and the DMV to determine whether there was a valid lapse in coverage. The DMV may, upon request by Division staff, “pend” a registration suspension until the complaint has been resolved. In northern Nevada, of the 30 complaints of this type received between January 1, 2005 and October 31, 2006, 10 percent (3) were settled in favor of the consumer; and between January 1, 2007 and October 31, 2008, 36 percent (36) of the 99 complaints of this type received were settled in favor of the consumer. In southern Nevada, of the 546 complaints of this type received between January 1, 2005 and October 31, 2006, 18 percent (100) of these types of complaints were settled in favor of the consumer; and between January 1, 2007 and October 31, 2008, 35 percent (432) of the 1,227 complaints of this type received were settled in favor of the consumer.



The Division analyzes complaints to identify potential statutory and regulatory violations as well as to detect issues that should be more closely examined through a market conduct exam or other regulatory means.

COUNTERSIGNATURE

In 2004, the Council of Insurance Agents & Brokers, a trade association that represents more than 250 commercial property and casualty insurance agencies and brokerage firms, filed a lawsuit in the United States District Court for the District of Nevada, alleging that Nevada's countersignature law discriminated against licensed nonresident agents. In this case, the trade association represented an agent from California that was licensed as a nonresident agent in Nevada. It was alleged that the agent was forced to forfeit approximately \$50,000 annually in commissions, suffering immediate injury. The Council alleged that NRS 680A.300 violated the Commerce Clause, Privileges and Immunities Clause of Article IV, and the Fourteenth Amendment's Equal Protection Clause of the U.S. Constitution.

On May 8, 2008, the Ninth Circuit Court issued its decision concerning Nevada's countersignature law in Council of Insurance Agents & Brokers v. Molasky-Arman, 522 F.3d 295 (9th Cir. 2008). The Court affirmed the District Court's October 18, 2004 Order that Nevada's countersignature statute, NRS 680A.300 was unconstitutional as it violates the Privileges & Immunities Clause of Article IV of the United States Constitution. The lower court ruled that NRS 680A.300 violated the Privileges and Immunities Clause of the Constitution insofar as it discriminates against Nevada licensed nonresident insurance producers by denying them the same rights and privileges afforded to Nevada licensed resident producers.

The Division of Insurance (Division) interpreted the Ninth Circuit's decision, read in concert with the transcripts of the District Court, that a countersignature was still required, but that a policy may now be countersigned by a licensed and appointed resident or licensed and appointed nonresident agent. Therefore, on August 11, 2008, the Division filed in district court a Motion for Relief by Modification of the October 12, 2004 Order (Motion), to clarify whether the entire statute was unconstitutional, or if the Division's interpretation was correct. On August 15, 2008, the district court granted the Division's Motion and stated that, "only the portions of the statute that discriminate against nonresident licensed insurance agents and brokers are unconstitutional." Further, the District Court altered its October 12, 2004 Order to reflect the clarification. On September 15, 2008, the Division issued Bulletin 08-011 clarifying that pursuant to the Ninth Circuit's decision, effective May 8, 2008, all insurance policies covering Nevada risks must be countersigned by a licensed and appointed Nevada producer, but that both Nevada licensed and appointed resident and nonresident producers may countersign the policy.

The Ninth Circuit's ruling is reflected in the Division's Bill Draft Request through proposed language changes to NRS 680A.300 by deleting any reference to a "resident" agent and by clarifying that a policy, endorsement or contract is required to be countersigned by a licensed and appointed agent of the insurer.

EARTHQUAKE INSURANCE

The 2008 activity resulting in a 6.3 magnitude earthquake in the City of Wells, the earthquake swarm in the Mogul-Somerset area in western Nevada, and the smaller magnitude earthquakes felt in the Reno-Verdi area are stark reminders that Nevadans live in an area of high earthquake activity (Exhibit I). According to the Nevada Seismological Laboratory, Nevada is one of the most active states for seismological activity. In fact, Nevada ranks third, after Alaska and California, in the number of earthquakes of magnitude 5.0 or greater and ranks fourth in earthquakes of magnitude 3.5 or smaller. Exhibit II shows a map of over 75,000 earthquake events of varying magnitude that have struck Nevada over the past several decades. Earthquakes of lower magnitude (3.0 to 4.0 on Richter Scale⁵) rarely cause damage, while earthquakes of 5.0 or higher magnitude have the potential to cause moderate to catastrophic damage.

The danger for physical harm during an earthquake primarily comes from collapsing buildings, flying debris, falling furniture, downed electric lines and fires from broken gas lines. The movement of ground during an earthquake can directly cause damage to buildings, structures and personal property. Typically, earthquake insurance provides coverage for events related to earth movement and seismic shocks including landslide, settlement, mudflow and the rising, sinking and contracting of earth if the damage is attributable to an earthquake. It generally excludes damages or losses from floods and tidal waves that may have been caused by an earthquake.

Most homeowners, dwelling, condominium owners, mobile home owners, renters and commercial policies exclude coverage for earthquakes and earth movement. However, earthquake insurance is available from several homeowners' insurers in Nevada that offer earthquake coverage as a special endorsement to a homeowners', dwelling, condominium owner, mobile home owners, or renters' policy at the request of the policyholder. While earthquake insurance is readily available in Nevada, the affordability of this insurance may be a deterrent for consumers who may be considering purchasing this protection. The decision to obtain earthquake insurance is an individual decision and is dependent on a consumer's understanding and tolerance of the risks associated with not having earthquake coverage. It can be costly, but consumers still have to determine if they can afford to replace a structure or repair a structural damage in the event of sustaining significant damage from an earthquake.

Earthquake insurance is difficult to purchase as a "stand-alone coverage" which is separate from homeowners. The marketing of earthquake insurance has changed in Nevada, especially in the manufactured home or mobile home insurance programs. A major homeowner insurer will no longer sell earthquake

⁵ The Richter scale is a base 10 logarithmic scale used to measure the magnitude of an earthquake. A magnitude 7.0 earthquake is ten times as powerful as a magnitude 6.0 earthquake.

coverage, while another insurer has removed earthquake coverage as an included peril in its products.

Earthquake insurance carries a high deductible, which is in the form of a percentage rather than a dollar value. The deductible may range from 5 to 25 percent of the structure's policy limit and is higher for locations that are considered to have a higher than average risk of earthquakes. The insurer is responsible for payment only for damages that exceed the deductible. Not all policies are alike and the deductible may apply separately to the loss of contents, structure, or unattached structures. The premiums for earthquake insurance can differ by location, likelihood of earthquakes, insurer, type of covered structure and the amount of deductible. The comprehensive coverage provision of a typical automobile policy, also listed as "other than collision" provision in some contracts of insurance, generally provides coverage to damaged vehicles caused by earthquakes, subject to any applicable deductible.

Nevada public agencies, including counties, cities, school districts, special districts, and towns, may join an insurance pool as an alternative to purchasing earthquake or any insurance from commercial insurers. Insurance pools may be formed under an interlocal agency agreement pursuant to Chapter 277 of NRS and are approved by the Division. Interlocal agreements (NRS 277.080 – 180) were established to permit local public entities to group together and share in the provision of essential services. Division staff notes that the City of Wells, including the school district, had earthquake insurance for public property through one such insurance pool.

It is important to note that in the event of a major earthquake resulting in significant losses, insurers will often declare a moratorium on new sales of earthquake insurance in the affected market. Many insurers also place a moratorium if an earthquake is of a certain magnitude or higher. Such a moratorium on the sale of earthquake policies, which typically lasts 30 days, is often lifted once the likelihood of damaging aftershocks has diminished.

Exhibit III shows the 2007 Nevada earthquake insurance market share report for the top 25 earthquake insurers in Nevada. The total premium written by approximately 100 insurers was about \$14 million of which the top 25 companies wrote 86 percent. State Farm Fire and Casualty Company had 16 percent of the market share with just over \$2 million of premium written.

For earthquake insurance, the primary cost factor for consumers is the high deductible, not the additional cost of the premium for this coverage. The earthquake insurance market remains stable and competitive and this catastrophic coverage is available through most homeowners' insurers in Nevada.

EXHIBIT I

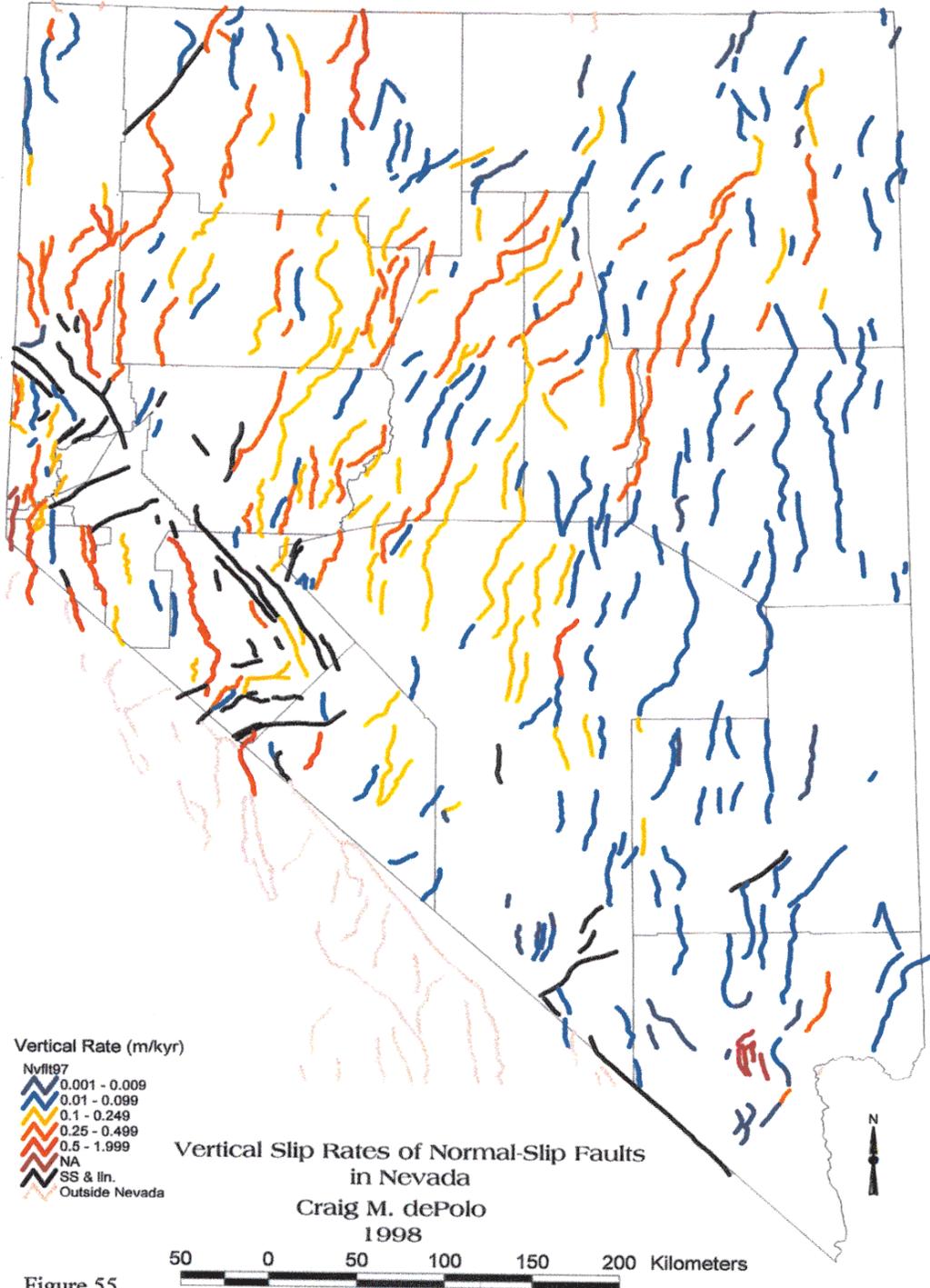


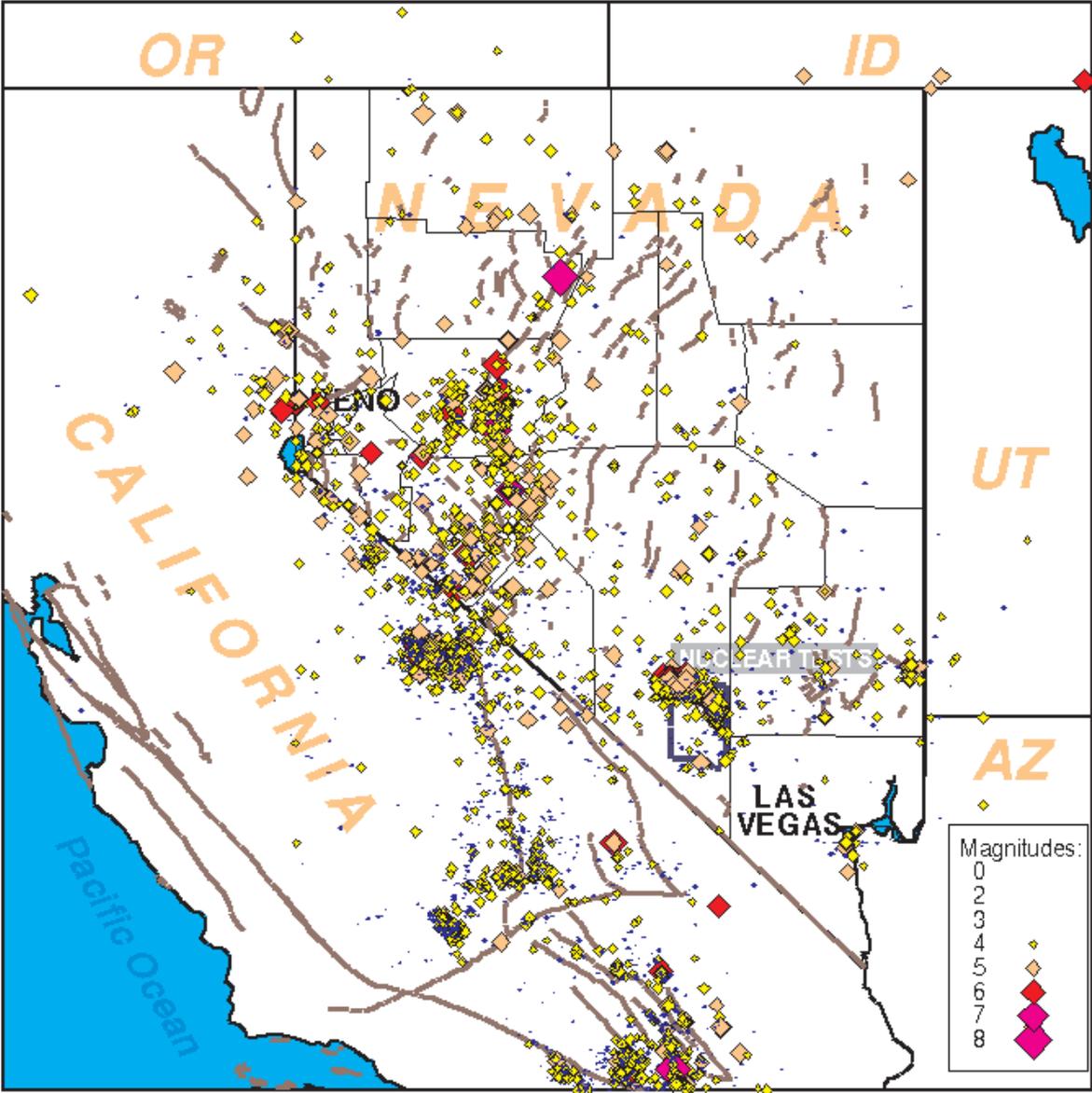
Figure 55

Source: Nevada Seismological Laboratory, University of Nevada, Reno

EXHIBIT II

NEVADA EARTHQUAKES

75,794 events located by the University of Nevada, Reno Seismological Laboratory, The U.S. Geological Survey, and the California Institute of Technology.



Source: Nevada Seismological Laboratory, University of Nevada, Reno

EXHIBIT III

EARTHQUAKE INSURANCE BY PREMIUM (000's) - 2007

| Group Code | NAIC Cocode | Company Name | DOM | Direct Premium |
|------------|-------------|-------------------------------------|-----|----------------|
| 176 | 25143 | STATE FARM FIRE AND CAS CO | IL | \$2,189 |
| 3548 | 25658 | TRAVELERS IND CO | CT | \$1,633 |
| 12 | 19437 | LEXINGTON INS CO | DE | \$1,209 |
| 200 | 25941 | USAA | TX | \$868 |
| 212 | 21660 | FIRE INS EXCH | CA | \$701 |
| 212 | 26247 | AMERICAN GUAR & LIAB INS | NY | \$504 |
| 111 | 23035 | LIBERTY MUT FIRE INS CO | WI | \$450 |
| 3548 | 29696 | TRAVELERS EXCESS & SURPLUS LINES CO | CT | \$450 |
| 1278 | 10921 | ACA INS CO | AK | \$432 |
| 922 | 27847 | INSURANCE CO OF THE WEST | CA | \$393 |
| 1285 | 24554 | XL INS AMER INC | DE | \$346 |
| 626 | 10172 | WESTCHESTER SURPLUS LINES INS CO | GA | \$320 |
| 38 | 20397 | VIGILANT INS CO | NY | \$267 |
| 200 | 25968 | USAA CAS INS CO | TX | \$238 |
| 212 | 16535 | ZURICH AMERICAN INS CO | NY | \$235 |
| 181 | 34207 | WESTPORT INS CORP | MO | \$224 |
| 12 | 32220 | AMERICAN INTL INS CO | NY | \$208 |
| 626 | 27960 | ILLINOIS UNION INS CO | IL | \$204 |
| 91 | 34690 | PROPERTY & CAS INS CO OF HARTFORD | IN | \$197 |
| 761 | 35300 | ALLIANZ GLOBAL RISKS US INS CO | CA | \$194 |
| 3548 | 25674 | TRAVELERS PROPERTY CAS CO OF AMER | CT | \$180 |
| 473 | 19275 | AMERICAN FAMILY MUT INS CO | WI | \$175 |
| 3416 | 26620 | AXIS SURPLUS INS CO | IL | \$158 |
| 1279 | 21199 | ARCH SPECIAITY INS CO | NE | \$127 |
| 3786 | 41718 | ENDURANCE AMER SPECIALTY INS CO | DE | \$126 |

Source: NAIC I-SITE – Market Share and Loss Ration Summary Report, Calendar Year 2007

FLOOD INSURANCE

Floods are considered one of the high risk hazards in Nevada because of their potential to cause sudden and significant property damage. Severe storms can cause rivers, streams and other bodies of water to rise at a rapid pace causing flash floods that can catch everyone by surprise. Yet, a recent survey⁶ by the National Association of Insurance Commissioners (NAIC) showed that approximately one-third of homeowners incorrectly believe that their standard homeowners' insurance policy would cover damages to their property and personal belongings due to flood and have not purchased flood insurance.

Coverage for flood insurance is provided almost exclusively through the National Flood Insurance Program (NFIP), which is administered by the Federal Emergency Management Agency (FEMA) that is part of the Department of Homeland Security. The NFIP was established by Congress to make flood insurance available and to minimize the disastrous consequences of flooding. Flood insurance in Nevada can be purchased through trained insurance agents or sometimes directly from insurance companies upon request.

Property owners residing in high risk flood zone areas with federally guaranteed mortgages are required to purchase flood insurance. A similar requirement may be placed by other lenders. The FEMA estimates that about 25 percent of flood-related disasters occur in low to moderate flood hazard areas and encourages residents in these areas to buy flood insurance. It is important to note that homeowners can only purchase flood insurance through the NFIP if their community participates in the NFIP program. If a community does not participate in the NFIP, flood insurance is not available from the NFIP and the community is ineligible for federal financial assistance for permanent repair or reconstruction of insurable buildings if that community is declared a federal disaster area due to flooding. According to the FEMA, certain portions of White Pine County, identified as a flood hazard area, are the only Nevada non-participating communities in the NFIP. Exhibit I lists all Nevada communities that are participants of the NFIP. Exhibit II provides a summary of premiums, coverage and a history of claims and claim payments for Nevada counties and cities that participate in the NFIP. It is interesting to note that all coverages are within the A-zone, which is the highest risk flood zone and where the purchase of flood insurance is mandatory in order to obtain a loan from a federally regulated lender. Additional flood insurance related information is available on the NFIP Web site (<http://www.floodsmart.gov/floodsmart/>), which also provides flood risk based on the property address.

⁶ NAIC News Release, May 13, 2008 -- http://www.naic.org/Releases/2008_docs/disaster_survey.htm
NAIC Disaster Preparedness Study, Executive Summary --
http://www.naic.org/Releases/disaster_preparedness_study.pdf

It is noted that the NFIP was scheduled to expire on September 30, 2008. The Congress passed H.R. 6965 to extend the NFIP through April 30, 2009, at 2008 funding levels. At the same time, recognizing the hazards and the associated cost of flood-related disasters each year at a national level, Congress is deliberating on a bill with an objective to amend the Flood Insurance Act of 1968. The House of Representatives' (House) bill H.R. 3121, titled "Flood Insurance Reform and Modernization Act of 2007", was passed by the Senate in 2008. The Senate successfully incorporated the provisions of a similar, and concurrent measure, Senate Bill S. 2284 as an amendment to H.R. 3121. H.R. 3121 continues to be debated between the House and the Senate. Some of the key provisions of this federal bill include:

- Establishing a reserve fund equal to 1 percent of the total potential loss exposures of all outstanding policies in the prior year;
- Expanding the mandatory purchase area to "residual risk areas" behind dams and levees;
- Phasing in "risk premium rates" over four years for a second home, commercial properties, repetitive loss properties and for properties that sustain damages exceeding 50 percent of the fair market value, or properties with home improvements exceeding 30 percent of the fair market value of the property;
- Making coverage available for multi-family dwellings, increasing minimum deductibles for pre and post-FIRM⁷ properties;
- Establishing a national flood mapping program to update flood maps, and establishing a notice under, the RESPA (Real Estate Settlement Procedures Act) for homebuyers to ensure that flood coverage is available regardless of whether it is mandated.

The provisions of this federal bill contain significant changes to the NFIP program. If enacted, this bill will have a direct impact on property owners and the flood insurance market in Nevada, as well as significantly impacting the education and training requirements for insurance agents that sell NFIP policies.

One controversial portion of the federal bill is a proposal to include optional wind coverage to the flood insurance program. Proponents for inclusion of this provision cite that most homeowners' policies are written by private insurance companies that also offer wind coverage and adjust claims which may result in faster claims resolutions. Gulf states also support this provision since they generally experience combined wind and flood damage attributable to hurricanes. However, opponents argue that a combined wind and flood insurance program could shift a considerable amount of risk from insurance companies and state insurance pools to the federal government. The Senate rejected the addition of optional wind coverage to the flood insurance program; however, it is unclear how the House will vote on it given that optional wind coverage was approved by the House in their version of the flood insurance bill. Previously, President Bush

⁷ *Post-FIRM - A building for which construction or substantial improvement occurred after December 31, 1974 or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.*

said he would veto any flood insurance-related bill that includes optional wind coverage. Division staff continues to monitor the status of this bill.

The January 2008 flood disaster in Fernley, Nevada triggered questions concerning existing policy language regarding covered versus non-covered perils. The language in certain water exclusion clauses was not clear as to the coverage when the causation of water damage is “flood” versus a levee breach. A court decision in Mississippi⁸ invalidated an exclusion for wind damage in conjunction with water damage related to Hurricane Katrina. This may have contributed to the language changes in exclusions related to water damage filed for approval by rate service organizations and insurance companies. The new exclusions are much more specific for various lines of insurance, including homeowners and property insurance. Exhibit III provides an example of an exclusionary clause approved by the Division. It clarifies the type of water damage that is excluded from the applicable policy by specifying what is not covered in the policy.

⁸ Leonard v. Nationwide Mutual Insurance Company, 2006 WL 23543961 (S.D. Miss. Aug. 15, 2006)

EXHIBIT I

Federal Emergency Management Agency Community Status Book Report NEVADA

Communities Participating in the National Flood Program

| CID | Community Name | County | Init FFBM Identified | Init FIRM Identified | Curr Eff Map Date | Reg-Emer Date | Tribal |
|---------|---|-------------------|----------------------|----------------------|-------------------|---------------|--------|
| 320004# | BOULDER CITY, CITY OF | CLARK COUNTY | 06/28/74 | 09/16/81 | 12/04/07 | 09/16/81 | No |
| 320015# | CALIENTE, CITY OF | LINCOLN COUNTY | 03/29/74 | 06/01/82 | 10/15/85 | 06/01/82 | No |
| 320009# | CARLIN, CITY OF | ELKO COUNTY | 05/03/74 | 02/01/84 | 02/19/92 | 02/01/84 | No |
| 320001# | CARSON CITY, CITY OF | INDEPENDENT CITY | 05/24/74 | 03/04/86 | 10/16/96 | 03/04/86 | No |
| 320030# | CHURCHILL COUNTY * | CHURCHILL COUNTY | 12/27/77 | 11/15/85 | 01/06/99 | 11/15/85 | No |
| 320003# | CLARK COUNTY * | CLARK COUNTY | 08/30/74 | 09/29/89 | 12/04/07 | 09/29/89 | No |
| 320008# | DOUGLAS COUNTY * | DOUGLAS COUNTY | 01/03/75 | 03/28/80 | 11/08/99 | 03/28/80 | No |
| 320027# | ELKO COUNTY * | ELKO COUNTY | 07/11/78 | 02/01/84 | 11/16/95 | 02/01/84 | No |
| 320010# | ELKO, CITY OF | ELKO COUNTY | 01/25/74 | 02/01/84 | 11/16/95 | 02/01/84 | No |
| 320023# | ELY, CITY OF | WHITE PINE COUNTY | 02/15/74 | 06/15/84 | 06/15/84 | 06/15/84 | No |
| 320028# | EUREKA COUNTY* | EUREKA COUNTY | 12/21/82 | 04/01/88 | 02/18/98 | 04/01/88 | No |
| 320002# | FALLON, CITY OF | CHURCHILL COUNTY | 02/08/74 | 01/06/99 | 01/06/99 | 01/06/99 | No |
| 320038# | FERNLEY, CITY OF | LYON COUNTY | | 09/30/82 | 11/20/98 | 06/04/03 | No |
| | USE THE LYON COUNTY [320029] FIRM PANELS 0035 AND 0055. | | | | | | |
| 320005# | HENDERSON, CITY OF | CLARK COUNTY | 06/28/74 | 06/15/82 | 12/04/07 | 06/15/82 | No |
| 320011# | HUMBOLDT COUNTY* | HUMBOLDT COUNTY | | 05/04/87 | 05/02/91 | 05/04/87 | No |
| 320013# | LANDER COUNTY* | LANDER COUNTY | 07/26/74 | 04/05/83 | 09/28/90 | 04/05/83 | No |
| 325276# | LAS VEGAS, CITY OF | CLARK COUNTY | 12/02/72 | 09/30/80 | 12/04/07 | 09/30/80 | No |
| 320014# | LINCOLN COUNTY* | LINCOLN COUNTY | 02/22/83 | 03/01/84 | 02/17/88 | 03/01/84 | No |
| 320029# | LYON COUNTY* | LYON COUNTY | 01/31/78 | 09/30/82 | 11/20/98 | 09/30/82 | No |
| 320035# | MESQUITE, CITY OF | CLARK COUNTY | 11/01/85 | 09/28/90 | 12/04/07 | 09/28/90 | No |
| 320017# | MINERAL COUNTY * | MINERAL COUNTY | | 05/01/84 | 07/19/00 | 05/01/84 | No |
| 320007# | NORTH LAS VEGAS, CITY OF | CLARK COUNTY | 02/15/74 | 01/16/80 | 12/04/07 | 01/16/81 | No |
| 320018# | NYE COUNTY * | NYE COUNTY | 10/18/74 | 04/12/83 | 06/08/98 | 04/12/83 | No |
| 320032# | PERSHING COUNTY * | PERSHING COUNTY | | 06/17/91 | 06/17/91(M) | 06/17/91 | No |
| 320020# | RENO, CITY OF | WASHOE COUNTY | 03/29/74 | 01/05/84 | 06/06/01 | 01/05/84 | No |
| 320021# | SPARKS, CITY OF | WASHOE COUNTY | 02/08/74 | 12/01/83 | 06/06/01 | 12/01/83 | No |
| 320033# | STOREY COUNTY* | STOREY COUNTY | 01/10/78 | 02/19/87 | 07/19/93 | 10/04/89 | No |
| 320019# | WASHOE COUNTY* | WASHOE COUNTY | 12/27/74 | 08/01/84 | 06/06/01 | 08/01/84 | No |
| 320024# | WELLS, CITY OF | ELKO COUNTY | 07/26/74 | 12/07/82 | 07/16/91 | 12/07/82 | No |
| 320037# | WEST WENDOVER, CITY OF | ELKO COUNTY | 07/11/78 | 02/01/84 | 06/16/99 | 04/14/08 | No |
| 320012# | WINNEMUCCA, CITY OF | HUMBOLDT COUNTY | 06/28/74 | 08/15/90 | 08/15/90 | 09/04/85 | No |
| 320016 | YERINGTON, CITY OF | LYON COUNTY | 12/28/73 | | (NSFHA) | 09/30/82 | No |

Summary:

| | |
|---|----|
| Total In Flood Program | 32 |
| Total In Emergency Program | 0 |
| Total In the Regular Program | 32 |
| Total In Regular Program with No Special Flood Hazard | 1 |
| Total In Regular Program But Minimally Flood Prone | 1 |

Source: National Flood Insurance Program, Federal Emergency Management Agency (<http://www.fema.gov/cis/NV.pdf>) as of August 7, 2008

EXHIBIT II

| Community Name | Total Premium | V-Zone | A-Zone | No. Policies | Total Coverage | Total Claims Since 1978 | Total Paid Since 1978 |
|--------------------------|---------------|--------|--------|--------------|------------------|-------------------------|-----------------------|
| CHURCHILL COUNTY | \$ 73,259 | 0 | 103 | 170 | \$ 42,021,100 | 3 | \$ 9,851 |
| FALLON, CITY OF | \$ 117,250 | 0 | 160 | 178 | \$ 28,021,400 | 0 | \$ 0 |
| BOULDER CITY, CITY OF | \$ 9,955 | 0 | 2 | 29 | \$ 7,880,600 | 5 | \$ 10,849 |
| CLARK COUNTY | \$ 1,742,190 | 0 | 3,198 | 4,641 | \$ 1,073,228,600 | 236 | \$ 3,243,434 |
| HENDERSON, CITY OF | \$ 362,568 | 0 | 365 | 738 | \$ 197,876,900 | 41 | \$ 215,089 |
| LAS VEGAS, CITY OF | \$ 446,269 | 0 | 171 | 905 | \$ 253,911,300 | 207 | \$ 2,122,359 |
| MESQUITE, CITY OF | \$ 64,989 | 0 | 53 | 193 | \$ 48,685,800 | 2 | \$ 13,518 |
| NORTH LAS VEGAS, CITY OF | \$ 130,588 | 0 | 54 | 297 | \$ 87,107,500 | 3 | \$ 3 |
| DOUGLAS COUNTY | \$ 452,551 | 0 | 571 | 808 | \$ 195,717,400 | 142 | \$ 2,930,230 |
| ELKO COUNTY | \$ 23,439 | 0 | 16 | 28 | \$ 4,443,200 | 5 | \$ 5,246 |
| ELKO, CITY OF | \$ 65,144 | 0 | 69 | 87 | \$ 12,128,100 | 7 | \$ 19,486 |
| WELLS, CITY OF | \$ 624 | 0 | 0 | 2 | \$ 335,000 | 0 | \$ 0 |
| EUREKA COUNTY | \$ 10,649 | 0 | 10 | 14 | \$ 2,006,000 | 1 | \$ 588 |
| HUMBOLDT COUNTY | \$ 12,569 | 0 | 1 | 9 | \$ 2,813,000 | 0 | \$ 0 |
| WINNEMUCCA, CITY OF | \$ 910 | 0 | 0 | 4 | \$ 490,000 | 11 | \$ 44,385 |
| CARSON CITY, CITY OF | \$ 460,308 | 0 | 480 | 690 | \$ 160,076,100 | 84 | \$ 518,510 |
| LANDER COUNTY | \$ 144,935 | 0 | 162 | 170 | \$ 21,393,900 | 3 | \$ 1,058 |
| CALIENTE, CITY OF | \$ 23,943 | 0 | 27 | 40 | \$ 6,336,600 | 3 | \$ 0 |
| LINCOLN COUNTY | \$ 3,331 | 0 | 1 | 7 | \$ 1,207,000 | 0 | \$ 0 |
| FERNLEY, CITY OF | \$ 1,196 | 0 | 1 | 1 | \$ 221,000 | 0 | \$ 0 |
| LYON COUNTY | \$ 241,733 | 0 | 214 | 527 | \$ 121,206,900 | 11 | \$ 167,209 |
| YERINGTON, CITY OF | \$ 12,654 | 0 | 0 | 35 | \$ 7,716,700 | 2 | \$ 86,447 |
| MINERAL COUNTY | \$ 90,468 | 0 | 290 | 295 | \$ 26,786,500 | 1 | \$ 0 |
| NYE COUNTY | \$ 1,275,944 | 0 | 3,652 | 3,777 | \$ 751,482,100 | 43 | \$ 249,343 |
| PERSHING COUNTY | \$ 3,297 | 0 | 7 | 10 | \$ 597,600 | 4 | \$ 18,853 |
| STOREY COUNTY | \$ 90,785 | 0 | 192 | 237 | \$ 43,603,600 | 11 | \$ 40,963 |
| RENO, CITY OF | \$ 779,763 | 0 | 698 | 1,192 | \$ 311,251,900 | 217 | \$ 6,195,146 |
| SPARKS, CITY OF | \$ 846,309 | 0 | 281 | 420 | \$ 156,846,000 | 185 | \$ 17,630,013 |
| WASHOE COUNTY | \$ 831,432 | 0 | 760 | 1,317 | \$ 337,610,800 | 176 | \$ 3,826,201 |
| ELY, CITY OF | \$ 86,979 | 0 | 108 | 115 | \$ 12,279,100 | 6 | \$ 390 |

Source: NFIP Insurance Report for Nevada, Federal Emergency Management Agency, Region – 9, Oakland, CA as of August 7, 2008

EXHIBIT III

WATER EXCLUSION ENDORSEMENT

SECTION I – EXCLUSIONS

A.3. Water Damage is replaced by the following:

3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
 - (1) Backs up through sewers or drains; or
 - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or

- d. Waterborne material carried or otherwise moved by any of the water referred to in **A.3.a.** through **A.3.c.** of this Exclusion.

This Exclusion (**A.3.**) applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion (**A.3.**) applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.3.a.** through **A.3.d.**, is covered.

All other provisions of this policy apply.

GLOBAL WARMING

Global warming has the potential to significantly increase insured losses. This potential has serious implications for insurance consumers, insurance companies and insurance regulators and could result in insurance company and reinsurer insolvencies. Global warming may also impact insurers in other ways, some of which might benefit insurers. The National Association of Insurance Commissioners (“NAIC”) formed the Climate Change and Global Warming Task Force to draft a white paper documenting the potential insurance-related impacts of climate change, both positive and negative, and especially, issues faced by insurance regulators. One example of a potential benefit to insurers is investment opportunity in clean energy development and production. By the time this article is published, the NAIC should have released the white paper titled “The Potential Impact of Climate Change on Insurance Regulation.” Please contact the Division of Insurance if you would like a copy of this paper.

Nevada and other western states have in recent years seen an increase in wild fire activity. Fire season has been starting earlier, lasting longer, and resulting in more severe damages. If this trend continues, property insurance in fire-prone areas in Nevada may become unaffordable or even unavailable as insurers factor the increased potential for fire into their rating and underwriting rules. Such a market contraction could result in uninsured properties and disruption to the real estate markets. Consideration would need to be given to establishing a residual market mechanism for property insurance.

The increase in weather-related events such as hurricanes in other parts of the country that may be related to global warming impacts national insurance companies and reinsurance companies. If the capacity of these companies is limited, these events may also adversely impact coverage availability in Nevada. Alternatively, the insurers may chose to diversify their exposure to coastal regions by writing more coverage in inland locations such as Nevada therefore benefiting the Nevada market.

The Federal Government is considering legislation (H.R. 91) that would create a federal reinsurance mechanism for state-based catastrophe insurance programs “to help the United States better prepare for and protect its citizens against the ravages of natural catastrophes, to encourage and promote mitigation and prevention for, and recovery and rebuilding from such catastrophes, and to better assist in the financial recovery from such catastrophes.”⁹ Currently, a number of states, particularly those in coastal regions with hurricane exposure have such programs. Our neighbor, California has a state-based program for earthquake coverage, the California Earthquake Authority. Nevada does not currently have any state based catastrophe insurance program. If H.R. 91 were

⁹ H.R. 91 Title.

enacted, Nevada residents would not receive any protections from the reinsurance facility unless Nevada establishes a state catastrophe insurance program.

There is also consideration being given at the NAIC to lobby the federal government to change the tax code to allow insurers to accumulate catastrophe reserves without tax penalty. Under the current federal tax laws, excess reserves are considered profit and taxed as such. Insurers, rather than accumulate reserves for catastrophic events, typically purchase reinsurance and/or catastrophe bonds and other securities to manage their exposures to catastrophic losses. When reinsurance costs and/or security markets are unfavorable, insurers retain more of the exposure. Allowing insurers to accumulate contingency catastrophe loss reserves may improve the ability of insurance companies to weather (pun intended) a catastrophic event.

HOMEOWNERS INSURANCE

This segment discusses various aspects related to identifying the appropriate amount of insurance and summarizes the state of the homeowners' insurance market in Nevada.

In the current economic downturn, the falling market value of real estate property makes the offer and acceptance of insurance between homeowners' insurers and consumers very difficult. The fluctuations of the real estate value cause homeowners to routinely face the question of how to select a fair and equitable amount of insurance for their home.

The Division's consumer complaint process has identified a misperception among homeowners regarding the amount of insurance needed to adequately insure their homes. Consumers file a complaint with the Division to express their disagreement about the increase in their dwelling coverage limits because it results in an increased premium. The recent housing market crisis, which has contributed to a record downward trend in real estate values, makes it difficult for consumers to understand why their home's insured value is increased at renewal when the home's market value has declined.

The Division staff continues to educate the consumers as to the factors that contribute in the determination of a structure's insurable value. Some of the pertinent information provided to the consumers, which the consumers have found to be beneficial, relate to the difference between "market value" and "replacement cost" value.

- Market value is the price offered or paid by a potential buyer, while the replacement value is an estimate of what it would cost to rebuild a house at the same spot, having the same size and same quality of construction but at today's costs.
- Market values drop or rise based, in part, upon supply and demand and generally include the price of land as well as that of the dwelling and/or other structures.
- The cost of rebuilding may be more or less than the price paid for the house or what it would sell for today.
- The increase in the estimate of a dwelling's replacement cost can be triggered by various factors including an increase in the cost of material or skilled labor.
- The insurance replacement cost value is generally higher than the market value of a new home due to non-availability of bulk discounts on labor and materials that a builder generally receives when constructing a cluster of homes.

There are other factors homeowners should consider when making a decision on how much insurance to purchase for their home. Some of the factors

that affect the home's insured value in the event of a major loss to a structure include:

- The property owner is generally responsible for disposing of the debris and may also have to demolish some portion of a still standing, but condemned, structure. Debris removal and the cost of demolition can be substantial and may have to be estimated at the time of the insurance purchase by including an additional, but reasonable, amount in the insurance coverage.

- Several insurers offer some form of extended coverage limits, via policy endorsements, to make allowances for unexpected increases in building costs. This allows the homeowner to have additional coverage, as much as 50 percent, in the event of a loss which exceeds the policy coverage amount.

- Enhancements to a structure, such as the addition of a new room or better insulation, can increase the cost of replacing the structure, and may affect the associated insurance premium; but should be considered when determining the insurable value of the structure.

- Certain policy endorsements require an automatic update to the amount of insurance on an annual basis to account for inflation. Such increases in the amount of insurance can lead homeowners to believe that they are over-insured.

- In order to receive payment on a replacement cost basis, the insurance coverage must generally meet two insurance contract requirements:

1. The structure must be re-built on the original site; and
2. The amount of insurance on the structure must be a certain percent, usually at least 80 percent, of the replacement cost.

Consumers have a choice to insure their homes and belongings for either actual cash value or on a replacement cost basis. Actual cash value is the amount it would take to repair or replace damage to a structure after depreciation or obsolescence. Division's actuaries note that the typical insurance contract language is designed to cover replacement cost.

In some instances, while homeowners may be able to negotiate the "amount of coverage" for their house with the insurance company, this would mean that the homeowner would be assuming at least a partial risk in case of a loss (any change in the amount of coverage is required to be reported to the mortgage company). If a house is not insured at 100 percent replacement value, it is possible that the house may be underinsured and the insurance coverage may not be enough to rebuild the house in the event of loss.

An aspect the homeowner must consider of not insuring a house at 100 percent replacement cost is that certain insurance policies may only allow proportional payments in case of a partial loss. For example, if the replacement cost for a house is \$100,000 but it is insured for \$80,000 and it sustains damages of \$10,000, the insurance company will only be liable to pay 80 percent of the cost of repairs, or \$8,000, because the house was not insured at 100 percent replacement cost. The homeowner would be liable to pay the remaining 20 percent, or \$2,000.

The Division has also observed that homeowners sometimes opt to increase their flat deductible in order to reduce the premium. This decision, in effect, results in homeowners retaining a larger portion of the risk in case their home sustains a loss.

In recent years, there has been a nationwide increase in natural disasters resulting in an increase of costs to consumers, insurers and the government. This has prompted action from Congress, which has been deliberating on a bill titled "Homeowners Insurance Protection Act of 2007." With an objective to protect homeowners against disasters, H.R. 91 proposed to establish a reinsurance program for state natural catastrophe insurance programs to help during the recovery phase of catastrophic disasters. It would have created a backstop to state disaster funds by spreading the risk throughout the country and limiting the liabilities of the policyholders in disaster prone areas. This federal bill carried the potential to increase the insurance premiums paid by policyholders in certain states for the purpose of subsidizing the premiums of states that are more prone to natural disasters than others.

The condominium unit owners, mobile homes, manufactured homes and renters' coverages are readily available in the Nevada market. As is the case for homeowners', mobile/manufactured home owners and condominium owners have structure coverage, liability coverage and optional coverage for additional perils like flood and earthquake available to them. The Division is aware of an increased introduction of high-rise luxury condominium units in southern Nevada; however, there is no indication of concerns regarding availability or affordability of insurance for these luxury structures. For renters, the most common type of coverage available is for personal property which insures household contents and personal belongings. Some renters also opt to purchase personal liability coverage to financially protect themselves from someone getting injured on the property.

Market and Rate Trends

A summary of Nevada's homeowners insurance marketplace is captured in Exhibit I, which shows the 2007 direct premium written, direct premium earned and direct losses incurred for the top 25 carriers by direct written premium volume. For comparison purposes, Exhibit II provides the same market information for 2005. The mix of the top 5 companies has changed slightly, as American Family Mutual Insurance Company improved its ranking from fifth to fourth in the overall market share. While the overall share of the top 2 companies shows a slight increase from the previous 2 years, the rest of the top 10 companies show a slight decrease in their market share. The top 25 companies, with a cumulative market share of 87 percent, still represent a majority of the homeowners insurance market share. Please note that the top 3 companies represent almost 40 percent of the direct written premium, and the top 5 carriers represent about 50 percent of the direct written premium. This is a decrease of 5 percent to 7 percent from 2 years ago. The top 3 groups of companies represent

53 percent of the direct written premium, and the top 5 groups represent 64 percent of the direct written premium. This is a decrease of about 3 percent to 4 percent from 2 years ago.

Exhibits III, IV and V provide an eleven-year trend for market share, direct written premium, and loss ratios for the top 15 homeowners' insurance groups. Although the top three groups have maintained their market share position steadily for the past decade, they have experienced a slight decline in their market share compared to a decade ago. The direct written premiums, which appear to have stabilized in the last three years, have steadily increased over the last decade for each of the top three groups. This is indicative of the increased construction of new homes in Nevada over the last decade resulting in an increased number of homeowners insurance policyholders. The loss ratios are derived by dividing the sum of total incurred losses and adjustment expenses by the total earned premiums and appear to indicate stability in the annual claim experience for the top three groups in recent years. The continuing growth of American Family Insurance Group now ranked as the fourth largest homeowners insurer in Nevada, since entering the Nevada homeowners insurance market in 2001 shows that the marketplace remains competitive.

It is common for major insurers to sell both homeowners and private passenger automobile insurance coverage. The filed homeowners rules and rates often provide a discount to the homeowners premium when a customer purchases both automobile insurance and homeowners insurance from the same insurer. The discount amount varies from insurer to insurer and is most often in the range of 5 to 15 percent. The competitive importance of the discount is established by the fact that one insurer has increased this discount from 2 percent to 20 percent in four increments over a four-year period.

The Division actuaries are also observing a slight shift toward a new rating methodology whereby the insurers are allowing homeowners to make certain decisions in their level of coverage and their deductible amount. The rating methods are relatively different from the current programs and the Division's actuaries find such programs to be unique in the market place.

This new rating methodology allows policyholders to customize their homeowners' policy to reduce certain specified coverages and also offers the application of a deductible for certain covered perils as a percentage of Coverage A. For example, insureds have an option to insure their home for less than its replacement cost down to a certain percentage. The insureds may also select the deductible type for coverage against certain perils. This program is available to new applicants and, in some instances, to existing policyholders. Insurance agents have been trained on the new product, coverage comparisons, pricing and changes in processes including claims handling. From a competitive viewpoint, the newness of such programs prevents accurate commentary on the acceptance of the program by insureds. The Division actuaries acknowledge the insurers' assertion that homeowners may benefit from a corresponding reduction in premium;

however, they are concerned that homeowners who opt for such programs are in effect retaining a larger portion of the risk. Insurers disclose this information to the homeowners to help them make an informed decision.

Exhibit VI shows the rate trend of the top 3 homeowners' insurers in Nevada for the past 3 years. While in the past the Division has observed a trend of increasing rates, the homeowners' insurance rates appear to be on a downward trend with no overall base rate change in more recent years. A rate trend can be based upon overall base rate change or it can also be viewed after including the impacts of various discounts on the premium. One such discount referred to earlier in this segment relates to a discount for consumers who insure their auto(s) and home(s) with the same insurer. Division actuaries suggest that the changing rates can be indicative of the insurers' experience with large losses (or lack thereof). The rate decreases help temper any profitability concerns, given the lack of large losses in recent years.

EXHIBIT I

**HOMEOWNERS
BY PREMIUM (000's) - 2007
TOP 25 INSURERS**

| Rank | NAIC Group Code | NAIC Company Code | Company Name | State of Domicile | Direct Premium Written | Direct Premium Earned | Direct loss Incurred |
|------------------------|-----------------|-------------------|-----------------------------------|-------------------|------------------------|-----------------------|----------------------|
| 1 | 176 | 25143 | STATE FARM FIRE AND CAS CO | IL | \$82,957 | \$83,916 | \$34,226 |
| 2 | 212 | 21660 | FIRE INS EXCH | CA | \$76,086 | \$81,996 | \$31,622 |
| 3 | 473 | 19275 | AMERICAN FAMILY MUT INS CO | WI | \$27,647 | \$27,661 | \$13,268 |
| 4 | 8 | 19240 | ALLSTATE IND CO | IL | \$27,483 | \$29,377 | \$11,659 |
| 5 | 1278 | 10921 | ACA INS CO | AK | \$23,618 | \$22,874 | \$13,347 |
| 6 | 8 | 19232 | ALLSTATE INS CO | IL | \$23,516 | \$24,405 | \$11,716 |
| 7 | 200 | 25941 | USAA | TX | \$13,642 | \$13,251 | \$5,042 |
| 8 | | 26905 | CENTURY NATL INS CO | CA | \$13,325 | \$13,762 | \$5,454 |
| 9 | 111 | 23035 | LIBERTY MUT FIRE INS CO | WI | \$12,732 | \$11,983 | \$4,939 |
| 10 | 8 | 17230 | ALLSTATE PROP & CAS INS CO | IL | \$12,012 | \$9,316 | \$2,989 |
| 11 | 91 | 34690 | PROPERTY & CAS INS CO OF HARTFORD | IN | \$11,911 | \$10,879 | \$4,337 |
| 12 | 50 | 20990 | COUNTRY MUT INS CO | IL | \$11,368 | \$10,855 | \$5,579 |
| 13 | 212 | 21652 | FARMERS INS EXCH | CA | \$9,063 | \$4,630 | \$1,988 |
| 14 | 212 | 11185 | FOREMOST INS CO | MI | \$8,798 | \$8,673 | \$4,125 |
| 15 | 38 | 20397 | VIGILANT INS CO | NY | \$8,109 | \$7,862 | \$4,031 |
| 16 | 200 | 25968 | USAA CAS INS CO | TX | \$7,251 | \$7,169 | \$2,427 |
| 17 | 3548 | 19062 | AUTOMOBILE INS CO OF HARTFORD CT | CT | \$7,201 | \$7,901 | \$2,670 |
| 18 | 408 | 28401 | AMERICAN NATL PROP & CAS CO | MO | \$6,800 | \$7,255 | \$3,918 |
| 19 | 212 | 21326 | EMPIRE FIRE & MARINE INS CO | NE | \$5,151 | \$5,063 | -\$217 |
| 20 | 163 | 24740 | SAFECO INS CO OF AMER | WA | \$4,890 | \$4,926 | \$1,446 |
| 21 | 3548 | 27998 | TRAVELERS HOME & MARINE INS CO | CT | \$4,448 | \$3,071 | \$754 |
| 22 | 800 | 13625 | WESTERN MUT INS CO | CA | \$4,395 | \$4,101 | \$1,287 |
| 23 | 140 | 19100 | AMCO INS CO | IA | \$4,381 | \$4,436 | \$1,862 |
| 24 | 1330 | 24821 | MERITPLAN INS CO | CA | \$4,262 | \$4,278 | \$1,637 |
| 25 | 91 | 30104 | HARTFORD UNDERWRITERS INS CO | CT | \$3,925 | \$3,985 | \$1,588 |
| Total Top 25 Companies | | | | | \$414,971 | \$413,625 | \$171,694 |
| Total All Companies | | | | | \$476,079 | \$473,200 | \$199,562 |

TOP 5 GROUPS

| Rank | NAIC Group Code | Company Name | Direct Premium Written | Direct Premium Earned | Direct loss Incurred |
|--------------------|-----------------|-----------------------------|------------------------|-----------------------|----------------------|
| 1 | 212 | Zurich Insurance Group | \$102,485 | \$103,770 | \$38,706 |
| 2 | 176 | State Farm Group | \$82,957 | \$83,916 | \$34,226 |
| 3 | 8 | Allstate Insurance Group | \$67,058 | \$67,250 | \$27,699 |
| 4 | 473 | American Family Mutual | \$27,647 | \$27,661 | \$13,268 |
| 5 | 1278 | California State Auto Group | \$23,618 | \$22,874 | \$13,791 |
| Total Top 5 Groups | | | \$303,765 | \$305,471 | \$127,690 |

Source: NAIC I-SITE – Market Share and Loss Ration Summary Report, Calendar Year 2007

Exhibit II

**HOMEOWNERS
BY PREMIUM (000's) - 2005
Top 25 Insurers**

| Rank | NAIC Group Code | NAIC Company Code | Company Name | State of Domicile | Direct Premium Written | Direct Premium Earned | Direct loss Incurred |
|------------------------|-----------------|-------------------|-----------------------------------|-------------------|------------------------|-----------------------|----------------------|
| 1 | 176 | 25143 | State Farm Fire And Cas Co | IL | 83,591 | 81,081 | 27,927 |
| 2 | 212 | 21660 | Fire Ins Exch | CA | 80,847 | 76,658 | 31,179 |
| 3 | 8 | 19240 | Allstate Ind Co | IL | 33,871 | 30,139 | 16,087 |
| 4 | 8 | 19232 | Allstate Ins Co | IL | 27,347 | 28,440 | 12,707 |
| 5 | 473 | 19275 | American Family Mut Ins Co | WI | 23,181 | 20,314 | 5,514 |
| 6 | 1278 | 10921 | ACA Ins Co | AK | 19,321 | 17,858 | 7,511 |
| 7 | | 26905 | Century-Natl Ins Co | CA | 12,860 | 11,937 | 5,508 |
| 8 | 200 | 25941 | USAA | TX | 11,778 | 11,209 | 5,812 |
| 9 | 111 | 23035 | Liberty Mut Fire Ins Co | WI | 10,294 | 9,895 | 2,252 |
| 10 | 50 | 20990 | Country Mut Ins Co | IL | 8,311 | 7,065 | 1,945 |
| 11 | 408 | 28401 | American Natl Prop & Cas Co | MO | 8,287 | 7,709 | 3,154 |
| 12 | 212 | 11185 | Foremost Ins Co | MI | 8,186 | 7,966 | 4,318 |
| 13 | 91 | 34690 | Property & Cas Ins Co Of Hartford | IN | 7,600 | 6,786 | 3,131 |
| 14 | 3548 | 19062 | Automobile Ins Co Of Hartford CT | CT | 7,569 | 6,071 | 3,019 |
| 15 | 38 | 20397 | Vigilant Ins Co | NY | 6,943 | 6,341 | 2,446 |
| 16 | 200 | 25968 | USAA Cas Ins Co | TX | 6,737 | 6,271 | 2,575 |
| 17 | 163 | 24740 | Safeco Ins Co Of Amer | WA | 4,957 | 4,995 | 2,451 |
| 18 | 91 | 30104 | Hartford Underwriters Ins Co | CT | 4,097 | 4,140 | 3,088 |
| 19 | 212 | 21326 | Empire Fire & Marine Ins Co | NE | 3,889 | 3,165 | 61 |
| 20 | 140 | 19100 | Amco Ins Co | IA | 3,598 | 3,145 | 1,479 |
| 21 | 3548 | 19070 | Standard Fire Ins Co | CT | 3,182 | 3,309 | 1,116 |
| 22 | 1330 | 24821 | Meritplan Ins Co | CA | 3,042 | 2,585 | 515 |
| 23 | 800 | 13625 | Western Mut Ins Co | CA | 2,916 | 2,399 | 844 |
| 24 | 761 | 21881 | National Surety Corp | IL | 2,894 | 2,733 | 2,056 |
| 25 | 241 | 26298 | Metropolitan Prop & Cas Ins Co | RI | 2,630 | 2,404 | 670 |
| Total Top 25 Companies | | | | | 387,928 | 364,615 | 147,365 |
| Total All Companies | | | | | 432,508 | 407,777 | 168,154 |

Top 5 Groups

| Rank | NAIC Group Code | Company Name | Direct Premium Written | Direct Premium Earned | Direct loss Incurred |
|--------------------|-----------------|-----------------------------|------------------------|-----------------------|----------------------|
| 1 | 212 | Zurich Insurance Group | 96,972 | 92,464 | 40,350 |
| 2 | 176 | State Farm Group | 83,591 | 81,081 | 27,927 |
| 3 | 8 | Allstate Insurance Group | 65,337 | 62,372 | 31,173 |
| 4 | 473 | American Family Mutual | 23,181 | 20,314 | 5,514 |
| 5 | 1278 | California State Auto Group | 19,318 | 17,857 | 7,329 |
| Total Top 5 Groups | | | 288,399 | 274,088 | 112,293 |

Source: NAIC I-SITE – Market Share and Loss Ration Summary Report, Calendar Year 2005

EXHIBIT III

**ELEVEN YEAR TREND
MARKET SHARE BY DIRECT WRITTEN PREMIUMS (%)**

| Group | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Farmers Insurance Group | 20.45 | 21.27 | 21.51 | 21.91 | 23.62 | 25.33 | 25.72 | 25.23 | 23.44 | 23.17 | 23.13 |
| State Farm Group | 17.43 | 18.00 | 19.33 | 20.56 | 22.02 | 21.29 | 21.65 | 22.11 | 23.68 | 24.36 | 25.23 |
| Allstate Insurance Group | 14.09 | 14.38 | 15.11 | 15.33 | 14.70 | 14.87 | 15.18 | 15.95 | 16.47 | 16.32 | 16.09 |
| American Family Insurance Group | 5.81 | 5.73 | 5.36 | 4.55 | 3.29 | 1.78 | 0.53 | 0.00 | 0.00 | 0.00 | 0.00 |
| California State Auto Group | 4.96 | 4.70 | 4.47 | 4.22 | 4.19 | 4.46 | 4.57 | 4.16 | 3.89 | 3.62 | 3.36 |
| USAA Group | 4.51 | 4.35 | 4.28 | 4.30 | 4.22 | 4.21 | 4.04 | 4.00 | 3.87 | 3.87 | 3.74 |
| Hartford Insurance Group | 4.19 | 3.75 | 3.44 | 3.42 | 3.24 | 3.31 | 3.25 | 3.12 | 2.99 | 2.90 | 2.93 |
| Travelers Group | 3.10 | 2.90 | 2.59 | 2.25 | 1.67 | 1.64 | 1.89 | 1.89 | 1.75 | 1.19 | 0.60 |
| Liberty Mutual Insurance Companies | 2.93 | 2.46 | 2.39 | 2.51 | 2.71 | 2.87 | 2.85 | 2.78 | 2.72 | 2.89 | 3.08 |
| Century-National Insurance Company | 2.80 | 2.99 | 2.97 | 2.91 | 2.63 | 2.71 | 1.92 | 1.94 | 1.85 | 1.82 | 1.67 |
| COUNTRY Financial | 2.40 | 2.18 | 1.93 | 1.55 | 1.26 | 1.28 | 1.29 | 1.34 | 1.49 | 1.53 | 1.50 |
| Chubb Group of Insurance Companies | 2.27 | 2.18 | 2.14 | 2.11 | 1.91 | 1.74 | 1.59 | 1.38 | 1.37 | 1.32 | 1.28 |
| Nationwide Group | 1.97 | 2.02 | 1.87 | 1.83 | 1.78 | 1.76 | 1.66 | 1.63 | 1.63 | 1.65 | 1.61 |
| American National P & C Group | 1.45 | 1.79 | 1.96 | 1.98 | 1.97 | 1.88 | 1.78 | 1.70 | 1.61 | 1.48 | 1.36 |
| Balboa Insurance Group | 1.38 | 1.37 | 1.11 | 0.99 | 0.72 | 0.60 | 0.31 | 0.15 | 0.04 | 0.00 | 0.00 |

Source: AM BEST Regulatory Center database

EXHIBIT IV

**ELEVEN YEAR TREND
DIRECT WRITTEN PREMIUM (000s)**

| Group | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Farmers Insurance Group | \$97,337 | \$98,912 | \$93,046 | \$84,288 | \$79,011 | \$71,458 | \$63,144 | \$55,053 | \$46,367 | \$43,059 | \$40,208 |
| State Farm Group | \$82,957 | \$83,715 | \$83,591 | \$79,094 | \$73,680 | \$60,066 | \$53,142 | \$48,256 | \$46,840 | \$45,278 | \$43,863 |
| Allstate Insurance Group | \$67,059 | \$66,873 | \$65,337 | \$58,967 | \$49,192 | \$41,964 | \$37,279 | \$34,800 | \$32,591 | \$30,330 | \$27,974 |
| American Family Insurance Group | \$27,647 | \$26,658 | \$23,181 | \$17,514 | \$11,008 | \$5,032 | \$1,306 | \$0 | \$0 | \$0 | \$0 |
| California State Auto Group | \$23,618 | \$21,872 | \$19,318 | \$16,235 | \$14,005 | \$12,594 | \$11,228 | \$9,079 | \$7,703 | \$6,720 | \$5,848 |
| USAA Group | \$21,479 | \$20,245 | \$18,515 | \$16,544 | \$14,104 | \$11,888 | \$9,922 | \$8,727 | \$7,649 | \$7,195 | \$6,506 |
| Hartford Insurance Group | \$19,941 | \$17,429 | \$14,891 | \$13,146 | \$10,853 | \$9,351 | \$7,987 | \$6,800 | \$5,910 | \$5,396 | \$5,086 |
| Travelers Group | \$14,754 | \$13,486 | \$11,191 | \$8,636 | \$5,577 | \$4,617 | \$4,642 | \$4,117 | \$3,455 | \$2,203 | \$1,045 |
| Liberty Mutual Insurance Companies | \$13,953 | \$11,434 | \$10,317 | \$9,663 | \$9,060 | \$8,105 | \$7,007 | \$6,064 | \$5,389 | \$5,377 | \$5,358 |
| Century-National Insurance Company | \$13,325 | \$13,897 | \$12,860 | \$11,186 | \$8,809 | \$7,647 | \$4,716 | \$4,240 | \$3,666 | \$3,388 | \$2,902 |
| COUNTRY Financial | \$11,403 | \$10,136 | \$8,333 | \$5,950 | \$4,221 | \$3,608 | \$3,167 | \$2,931 | \$2,956 | \$2,847 | \$2,603 |
| Chubb Group of Insurance Companies | \$10,826 | \$10,142 | \$9,241 | \$8,124 | \$6,401 | \$4,900 | \$3,908 | \$3,021 | \$2,713 | \$2,450 | \$2,219 |
| Nationwide Group | \$9,377 | \$9,398 | \$8,086 | \$7,042 | \$5,961 | \$4,968 | \$4,083 | \$3,548 | \$3,231 | \$3,073 | \$2,806 |
| American National P & C Group | \$6,886 | \$8,340 | \$8,473 | \$7,622 | \$6,584 | \$5,314 | \$4,372 | \$3,704 | \$3,183 | \$2,748 | \$2,356 |
| Balboa Insurance Group | \$6,557 | \$6,354 | \$4,818 | \$3,818 | \$2,408 | \$1,682 | \$749 | \$321 | \$73 | \$2 | \$0 |

Source: AM BEST Regulatory Center database

EXHIBIT V

**ELEVEN YEAR TREND
ADJUSTED LOSS RATIO (%)**

| Group | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|---------|---------|
| Farmers Insurance Group | 39.93 | 37.32 | 43.99 | 35.21 | 41.54 | 58.32 | 66.83 | 71.32 | 65.95 | 59.52 | 54.75 |
| State Farm Group | 40.79 | 32.99 | 34.44 | 39.47 | 49.01 | 74.07 | 68.49 | 57.29 | 55.89 | 46.53 | 51.46 |
| Allstate Insurance Group | 41.19 | 23.57 | 49.98 | 33.92 | 49.16 | 70.08 | 57.23 | 50.28 | 67.20 | 48.32 | 47.19 |
| American Family Insurance Group | 47.96 | 48.02 | 27.15 | 61.36 | 71.74 | 76.52 | 80.59 | 0.00 | 0.00 | 0.00 | 0.00 |
| California State Auto Group | 60.29 | 28.81 | 41.04 | 57.37 | 70.16 | 95.55 | 70.16 | 94.97 | 131.70 | 102.24 | 92.71 |
| USAA Group | 38.65 | 38.39 | 50.18 | 62.18 | 45.43 | 69.73 | 48.13 | 42.94 | 75.08 | 42.68 | 61.29 |
| Hartford Insurance Group | 36.52 | 57.41 | 54.09 | 36.24 | 32.94 | 93.52 | 35.56 | 42.34 | 40.70 | 38.22 | 47.48 |
| Travelers Group | 36.30 | 39.66 | 43.47 | 31.84 | 33.66 | 55.56 | 45.21 | 61.11 | 56.26 | 57.58 | 100.50 |
| Liberty Mutual Insurance Companies | 39.55 | 32.58 | 23.75 | 50.95 | 53.78 | 75.24 | 72.57 | 51.11 | 42.87 | 37.69 | 36.80 |
| Century-National Insurance Company | 39.63 | 48.84 | 46.14 | 60.86 | 54.33 | 63.47 | 59.70 | 50.98 | 56.03 | 63.69 | 65.68 |
| COUNTRY Financial | 51.27 | 41.46 | 27.68 | 67.59 | 21.50 | 75.86 | 42.37 | 36.27 | 48.85 | 30.52 | 39.10 |
| Chubb Group of Insurance Companies | 41.89 | 27.03 | 32.71 | 39.32 | 29.30 | 67.60 | 42.13 | 42.84 | 13.57 | 32.53 | 28.08 |
| Nationwide Group | 47.40 | 31.05 | 39.28 | 55.42 | 44.12 | 51.79 | 37.10 | 54.74 | 37.01 | 53.88 | 80.41 |
| American National P & C Group | 53.43 | 36.24 | 44.18 | 46.81 | 72.50 | 58.20 | 71.91 | 49.57 | 47.78 | 44.53 | 56.53 |
| Balboa Insurance Group | 37.05 | 24.84 | 27.53 | 33.63 | 45.53 | 73.28 | 95.75 | 56.08 | 41.37 | (82.66) | (99.99) |

Source: AM BEST Regulatory Center database

EXHIBIT VI

3 YEAR HOMEOWNERS RATE CHANGE HISTORY

Fire Insurance Exchange

| Effective Date | Rate Change |
|-----------------------|--------------------|
| 07/16/2006 | 3.2% |
| 08/16/2008 | 0.0% |

State Farm Fire and Casualty Company

| Effective Date | Rate Change |
|-----------------------|--------------------|
| 07/01/2006 | -4.6% |
| 03/01/2007 | -7.0% |
| 07/15/2007 | 0.0% |
| 08/01/2007 | -4.5% |
| 03/01/2008 | 0.0% |

Allstate Fire and Casualty Insurance Company

| Effective Date | Rate Change |
|-----------------------|--------------------|
| 01/16/2006 | 11.3% |
| 07/17/2006 | 0.0% |
| 04/14/2008 | 0.0% |
| 08/25/2008 | 0.0% |

Source: Division of Insurance rate filings

MEDICAL PROFESSIONAL LIABILITY INSURANCE

State of the Market

Medical professional liability insurance provides defense and indemnification for claims alleging errors and omissions or failure to meet the standard of care in the practice of medicine. It is more commonly known as medical malpractice insurance. With few exceptions, it is not mandated by the state of Nevada. However, physicians and certain other medical professionals are typically required to show proof of coverage in order to receive hospital privileges or to be included in preferred provider networks. Since many medical professionals would be unable to practice medicine without medical professional liability insurance and since the public's well-being depends on access to medical care, it is considered an essential insurance product.

To assist Nevada legislators in gaining a better understanding of the current marketplace, we begin with a brief history of the Nevada marketplace. This history applies mainly to the marketplace for physicians and surgeons.

A measure of market stability is the number and continuity of insurers. By this measure, the Nevada marketplace has never been extremely stable. During the early to mid-1970s, the primary markets were the Signal-Imperial Group and Argonaut Insurance Company. Several other insurers were active in the market, but never gained a significant foothold. During the mid-1970s, Argonaut and Signal-Imperial filed for double-digit rate increases. Despite these rate increases, Signal Imperial became insolvent and Argonaut withdrew from the marketplace, triggering the formation of an essential insurance association, the Nevada Medical Liability Insurance Association ("NMLIA"), in 1975. NMLIA became Nevada's predominant carrier.

In the late 1970s to early 1980s, NMLIA maintained a significant presence. Several carriers entered the marketplace, including Medical Insurance Exchange of California and The Doctors' Company. In 1982, NMLIA converted to a stock company, the Nevada Medical Liability Insurance Company (NMLIC); the assets and liabilities of NMLIA became the assets and liabilities of NMLIC. From the mid-1980's to the mid-1990's, The Doctors' Company emerged as the market leader. NMLIC continued to have a significant presence, although it was no longer the dominant insurer.

From the mid-1990's to 2000, the market appeared to be improving. In 1995, the St. Paul Companies acquired NMLIC. Several admitted carriers entered the market including CNA, Physicians Insurance Company of Wisconsin, American Physicians Assurance Corporation, Chicago Insurance Company, PHICO, TIG and Medical Protective. While the market appeared to be reasonably competitive, St. Paul gained significant market share and became the market

leader. At the same time, there were more carriers competing for business. Rate adjustments were modest and infrequent.

In early 2001, the market began to deteriorate. CNA and St. Paul both filed for significant rate increases. In 2002, St. Paul and Chicago Insurance Company withdrew from the marketplace. Several carriers with small market shares, including PHICO and Legion, became insolvent. On March 4, 2002, Commissioner Alice A. Molasky-Arman held a hearing on the availability of medical malpractice insurance coverage. As a result of the findings of the hearing, the Medical Liability Association of Nevada (“MLAN”), an essential insurance association, was formed on March 15, 2002, and began providing coverage on April 15, 2002. Shortly thereafter, on May 3, 2002, a physician-owned Nevada domestic insurer, Nevada Mutual Insurance Company, was formed. Nevada Mutual Insurance Company and MLAN became the dominant carriers based on premium volume and number of physicians insured.

Since then, market conditions have improved significantly. MLAN converted to a private Nevada domiciled insurer, Independent Nevada Doctors Insurance Exchange. Two additional authorized insurers, Medicus Insurance Company and General Star National Insurance Company are now doing business in Nevada.

The alternative market has also grown. Many new RRGs, including several domiciled in Nevada, have been formed to provide medical professional liability insurance to physicians. Several existing RRGs increased their market presence in Nevada. RRGs are insurers authorized under the Federal Risk Retention and Liability Act of 1986, 15 USC 3901-3906 (“FRRLA”). Under FRRLA, an RRG is regulated primarily by the state of domicile and is allowed to do business in the various states with few barriers to entry and limited regulation by the non-domiciliary states.

Recently, Nevada experienced a major hepatitis C outbreak resulting from unhygienic practices at several endoscopy centers in southern Nevada. The outbreak has prompted significant medical malpractice litigation that may take several years to work its way through the legal system.

Despite the recent litigation resulting from the hepatitis cases, the market appears to continue to be competitive. The Division staff will closely monitor the market as the litigation unfolds. If the market constricts and coverage becomes difficult to buy, consideration will be given to establishing a new essential insurance association.

Exhibit I is a summary of the information reported to the NAIC for physicians and surgeons professional liability on Supplement A to Schedule T. Nevada Mutual Insurance Company continues to be the largest provider of medical professional liability insurance with over \$25,000,000 premium written during calendar year 2007. Another Nevada domestic insurer, Independent

Nevada Doctors Insurance Exchange, ranks second, with over \$13,000,000 premium written during 2007.

Exhibit II is a summary of the state page information reported to the NAIC for line 11, Medical Malpractice. Line 11 includes professional liability coverage for physicians/surgeons, dentists, nurses and other ancillary providers, hospitals and other medical facilities such as laboratories and nursing homes. Based on 2007 direct premium written, Nevada Mutual Insurance Company is the largest overall writer and Independent Nevada Doctors Insurance Exchange is ranked second. It is likely that some medical facilities in the state self-insure or have captive insurance facilities. Self-insurers and non-risk retention group captives are not included in the market share report since they do not report to the NAIC. The Division of Insurance is therefore unable to quantify the volume of exposure that is self-insured.

Closed Claim and Premium Reporting

NRS 679B.144 requires the Commissioner to collect information regarding closed claims for medical malpractice filed against physicians and surgeons in Nevada and provide a report to the Legislature on the information collected.

Exhibit III shows the number of claims and amount paid on claims for physician/surgeon claims closed from 1999 through the first half of 2008. The claims are shown in the year that they are closed, regardless of when the incident occurred or when the claim was first reported. Information is presented separately on claims closed with an indemnity payment and claims closed with allocated loss adjustment expense (“ALAE”) only.

Exhibit IV shows the claim size distribution by closure year and for all closure years combined. Our database contains four physician closed claims of \$1,000,000 or more for closure year 1999, ten for closure year 2000, twelve for closure year 2001, five for closure year 2002, seven for closure year 2003, two for closure year 2004, two for closure year 2005 and six for closure year 2006, three for closure year 2007, and four for closure year 2008 through June 30. These numbers are slightly different from prior reports because occasionally claims re-open and then close in a subsequent year.

Exhibit V shows a summary of the claim size distribution for all years and average yearly payments.

Exhibit VI provides time to closure information by claim size by closure year and for all closure years combined. The average time from report to closure generally increases gradually with the size of the claim. The maximum time from report to closure does not vary consistently with claim size. The claim with the second longest time from report to closure (14.69 years) closed without payment.

The largest claim based on indemnity payment (\$8.3 million) was open for 5.66 years, which is about twice the overall average time of 2.90 years.

Exhibit VII provides the breakdown of multiple claim activity. The first page of the exhibit shows all claims, whether or not they closed with an indemnity payment. It is interesting to note that 57 percent of the claim dollars and 56 percent of the loss adjustment expenses were paid out on behalf of physicians with more than one claim during the experience period. The second page of the exhibit shows only those claims that closed with an indemnity payment. Of these, 41 percent of the claim dollars and 34 percent of the loss adjustment expenses were paid out on behalf of physicians with more than one paid claim during the experience period. A significant percentage of the indemnity paid, 9.3 percent, is attributable to one physician that had 44 claims reported closed during the experience period, including 34 that closed with payment.

Exhibit VIII shows the physician (MD and DO) closed claim experience by county. The first page of the exhibit provides a breakdown of the losses and loss adjustment expenses. Of the losses that are attributable to a county, 79 percent of the total paid indemnity and allocated loss adjustment expense is attributed to Clark County. Churchill County accounts for a disproportionate amount of the total paid relative to other smaller counties, but most of this is attributable to an \$8.3 million claim closed in 2003. The second page of this exhibit shows the mechanism of claim disposition (arbitrated, decided by trial, settled or closed no-pay). The majority closed without payment, including some that were decided by trial.

Exhibit IX breaks out claims closed by disposition into indemnity and allocated loss adjustment expense (ALAE). Total payments (indemnity plus loss adjustment expense) relating to settlements as a percentage of total payments range from 66 percent to 92 percent and average 81 percent over the experience period.

Exhibit X breaks out the closed claim experience by license type. The first page of the exhibit summarizes payments by license type. The second page breaks out the number of claims by license type and disposition. Closed claim reporting is statutorily mandated for the MD and DO claims. We have requested carriers to report dental claims, and we believe a significant portion of the dental claims are being reported. There are some known problems with the dental claim experience. First, there are several closed claim reports where the indemnity payment appears to have been reported as a loss adjustment expense payment. Second, there are dental professional liability claims in the database that may be a medical payments or warranty type coverage. For example, there are several claims where the insurer paid for new bridges when the bridges failed prematurely. We receive some closed claims for other license types and facilities but believe that we do not receive all of these claims since their reporting is not mandated by law. The "Other" category includes claims against facilities such as hospitals and corporate

entities such as the medical practices. We probably do not have complete information for these entities since there is no mandatory reporting requirement.

Exhibit XI shows physician (MD and DO) closed claims by specialty by closure year and in total. The first page of the exhibit shows paid indemnity. The second page shows paid loss adjustment expenses. The third page shows the total of paid losses and loss adjustment expenses. Note the new closed claim reporting form includes a reporting field for specialty. For the closed claims reported on the old forms, the specialty information was generally gleaned from data provided by the licensing boards supplemented with information from the insurers. The specialty categories reported in the raw data vary from insurer to insurer. The specialty information was carefully edited to reduce the number of categories displayed on the report and to make the specialty names consistent.

Exhibit XII shows the proportion of claim counts and payments for physician (MD and DO) closed claims by specialty for claims closed 2001 through June 30, 2008.

After the St. Paul Companies and several other insurers ceased writing professional liability insurance, the price of such coverage rose significantly and there was limited availability. In addition to ordering the creation of the Medical Liability Association of Nevada, Governor Kenny Guinn called a special session of the Legislature to consider:

1. Establishing limits on the amount of non-economic damages available in medical malpractice cases;
2. Adopting a several liability standard for medical malpractice cases when non-economic damages are considered;
3. Adopting a new joint and several liability standard for medical malpractice cases when economic damages are considered;
4. Limiting the liability for acts occurring in a governmental or non-profit center for the treatment of trauma;
5. Allowing a judge, at the request of either party, discretion to enter a judgment providing that money for future damages be paid periodically;
6. Shortening the time period within which a medical malpractice case may be filed;
7. Reviewing the medical and dental screening panels to revise existing procedures and/or change the composition of the panels;
8. Providing discretion in the award of pre-judgment interest;
9. Strengthening the reporting requirements regarding disciplinary actions, claims, settlements and/or awards against physicians;
10. Requiring that district court judges have training in medical malpractice litigation before handling such cases;
11. Making it mandatory for attorneys to personally pay for the additional costs, expenses and fees that arise as a result of their unreasonable conduct in civil litigation; and
12. Considering other matters brought to its attention by the Governor.

Assembly Bill 1 was introduced during the 18th Special Session, which convened July 22, 2002. A.B. 1 was passed by both the Assembly and the Senate on July 31, 2002, and approved by Governor Guinn on August 7, 2002. A.B. 1 significantly reformed medical professional liability. The various reforms were expected to help stabilize medical professional liability insurer experience and make coverage for medical professionals more affordable. The reforms included repeal of the medical dental screening panel and a \$350,000 cap on non-economic damage awards in medical professional liability cases, among others. Previously, non-economic damages were not limited. Pursuant to A.B. 1, the non-economic damage cap was effective for claims with causes of action on or after October 1, 2002.

Exhibits XIII and XIV detail the disposition of claims with causes of action (dates of injury) prior to and subsequent to October 1, 2002, when Assembly Bill 1 became effective.

There are 314 physician claims in the database which closed between January 1, 2001 and June 30, 2008, having dates of injury on or after October 1, 2002, the date A.B. 1 went into effect. Seventy (22 percent) of these claims closed with payment. Five claims were reported as having been decided by trial.

This compares to 1,563 pre-A.B. 1 claims of which 596 (38 percent) closed with payment. It appears that a lower percentage of claims closed with payment subsequent to the passage of A.B. 1. It is not possible to rule out whether the lower percentage is due, at least in part, to better compliance with closed claim reporting requirements, and specifically, the reporting of closed without payment claims. Additionally, the insurers reporting closed claims to the Division have changed over time and different insurers use different criteria to evaluate when to open formal claim files. Nevada law does not specify the criteria to use to determine whether an incident is reportable as a closed claim. Some insurers establish claim files when an incident is reported. Others establish claim files only when the incident is likely to result in a formal claim or when a demand is actually received. In addition, the pre-A.B. 1 claims include those for a physician which had 44 closed claims during the experience period. The experience for this physician is unusual and statistically, could be reasonably considered to be an outlier.

With respect to claim severity, the average severity, including ALAE, of claims with causes of action subsequent to the A.B. 1 reforms, is \$70,288. This is much lower than the \$166,085 average severity of claims with causes of action prior to A.B. 1. This may not be completely representative due to the impact of several large claims that were included in the database pre-A.B. 1. Moreover, more complicated claims take longer to settle and therefore typically have higher severities.

Comparing claims with dates of injury between October 1, 2002 and June 30, 2004, that closed on or before June 30, 2008, against claims with dates of

injury between January 1, 2001 and September 30, 2002, that closed on or before September 30, 2006, is a more valid comparison since the two samples are made up of claims that have similar maturity profiles. Moreover, these samples of claims both exclude the experience from the doctor with 44 claims since the dates of injury for those claims were prior to January 1, 2001. This representative experience is shown on Exhibits XV and XVI.

There are 262 closed claims in the pre-A.B. 1 representative sample and 199 closed claims in the post-A.B. 1 representative sample. Of these claims, 80 (31 percent) of the pre-A.B. 1 claims closed with payment as did 53 (27 percent) of the post-A.B. 1 claims. These are relatively small samples and there were other changes in the medical liability environment other than the tort limitations that may have impacted these statistics such as population growth and changes over time in the length of time cases take to get to settlement or trial. The elimination of the medical dental screening panel, for example should have decreased the length of time cases take to move through the legal system. However, case backlogs may, at times, have slowed the process. To remove the impact of the population growth, the claim counts were normalized using U.S. Census estimates of Nevada population as of July 1 of each year. Using the year of the date of injury to normalize, the pre-A.B. 1 claim counts and the post-A.B. 1 claim counts become 317 and 228, respectively and the closed with payment claim counts become 97 and 61, respectively. While it is not possible to rule out other factors that may have impacted the claims data such as changes in the insurers writing business in Nevada and reporting practices, it is plausible that the significant differences in claim volume and claim size between the two samples are due, at least in part, to the impact of the tort reforms in A.B. 1.

Claim Count Normalization Table

| Year | Estimated Population | Normalization Factor |
|-------------|-----------------------------|-----------------------------|
| 2001 | 2,095,331 | 1.224 |
| 2002 | 2,167,645 | 1.183 |
| 2003 | 2,238,336 | 1.146 |
| 2004 | 2,329,960 | 1.101 |
| 2005 | 2,408,948 | 1.065 |
| 2006 | 2,492,427 | 1.029 |
| 2007 | 2,565,382 | 1.000 |

The 2004 ballot measure that eliminated the exception to the non-economic damage cap for gross negligence, limited attorney fees and shortened the statute of limitation for filing an action for injury or death against a provider of health care, from two years to one year, went into effect on November 23, 2004. This ballot measure is commonly referred to as “Keep Our Doctors in Nevada,” or “KODIN.” Exhibits XVII and XVIII show closed claims by disposition with dates of injury pre-KODIN (Exhibit XVII) or post-KODIN (Exhibit XVIII). The claim severity of post-KODIN claims (\$35,047) is

significantly lower than the claim severity of pre-KODIN claims (\$155,784). Note, though, that the more complicated cases with more serious allegations or more co-defendants are probably under-represented in the post-KODIN claim exhibit since not enough time has elapsed for many of these claims to work their way through the legal system. Only 89 physician closed claims in the database have dates of injury on or after November 23, 2004.

A more meaningful comparison is to compare post-KODIN claims to a sample of pre-KODIN claims that are of similar maturity. To obtain the largest possible sample size (1,317 days' worth of claims), some claims that are post-A.B. 1 were included in the pre-KODIN sample. If the claims were limited to those with dates of injury prior to both A.B. 1 and KODIN, there are only 90 claims, of which 24 closed with payment would be included and they would be, on average, more mature than the post-KODIN claim sample. It would be difficult to determine whether differences in claim severity were due to KODIN or due to the maturity of the claims since the older claims would be more likely to include more complicated claims. This experience is shown on Exhibits XIX and XX.

Comparing the pre-KODIN claims sample to the post-KODIN claims sample that has a similar maturity distribution, there are 121 pre-KODIN claims as compared to 89 post-KODIN claims. Of these, 29 and 11 closed with payment, respectively. The pre-KODIN claims have an average severity of \$87,990 and the post-KODIN claims have an average severity of only \$35,047. Normalizing the claim counts to adjust for the impact of the population growth, there are 144 pre-KODIN claims as compared to 93 post-KODIN claims. Of these, 35 and 12 closed with payment, respectively.

Recent Rate Filing Activity

Exhibit XXI shows the rate filing history for 2007 and 2008. There was only one filing that was an overall average increase (Medicus Insurance Company, effective March 15, 2008) and the impact of this filing was only +2.3%. This filing was followed by filings which were overall decreases. The overall change for this company's rates for the two year period was -12.0%. Hudson Insurance Company, Independent Nevada Doctors Insurance Exchange and the Medical Protective Company also took significant rate decreases over this time period (-25.8%, 16.3% and -17.0%, respectively).

In summary, the medical professional liability insurance market in Nevada appears to be relatively healthy. The number of carriers in the market has increased and rates have decreased. Claim frequency and severity has decreased subsequent to the reforms enacted in the 2002 Special Legislative Session and via the ballot initiative ("Keep Our Doctors in Nevada"). It is important to remember, though, that the closed claim statistics are not perfect and that they may be influenced by factors other than the tort reforms and population changes that the author was unable to adjust for.

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2007 Nevada Market Share and Loss Ratio - Physician and Surgeon Only
Source: Supplement A to Schedule T

| Company Name | Direct Premiums Written | Direct Premiums Earned | Amount Direct Losses Paid | Number of Claims Direct Losses Paid | Direct Losses Incurred | Amount Reported Direct Losses Unpaid | Number of Claims Direct Losses Unpaid | Direct Losses Incurred But Not Reported | Direct Loss Ratio |
|-------------------------------------|-------------------------|------------------------|---------------------------|-------------------------------------|------------------------|--------------------------------------|---------------------------------------|---|-------------------|
| Nevada Mut Ins Co Inc | 25,471,416 | 26,868,930 | 3,790,000 | 17 | 12,440,699 | 21,815,072 | 267 | 14,666,069 | 55% |
| Independent NV Doctors Ins Exch | 13,420,298 | 16,413,975 | 3,697,249 | 28 | 2,237,167 | 20,922,500 | 299 | 6,388,562 | 39% |
| ProAssurance WI Ins CO | 9,584,320 | 8,641,578 | 2,450,000 | 4 | 3,458,164 | 8,033,000 | 82 | 7,093,609 | 82% |
| Hudson Ins Co | 6,356,951 | 6,222,775 | 1,042,452 | 4 | 2,752,207 | 2,367,000 | 19 | 4,038,344 | 65% |
| Medical Protective Co | 6,000,634 | 9,155,192 | 500,000 | 4 | 1,762,000 | 1,153,000 | 22 | 13,561,000 | 148% |
| Medicus Ins Co | 5,911,790 | 4,254,801 | 0 | 0 | 661,726 | 510,000 | 17 | 170,719 | 4% |
| Premier Physicians Ins Co Inc a RRG | 4,806,709 | 4,362,375 | 0 | 0 | 0 | 0 | 0 | 1,408,575 | 32% |
| Doctors Co An Interins Exch | 3,809,966 | 3,836,795 | 8,427,551 | 7 | 5,384,012 | 4,805,000 | 35 | 871,309 | 23% |
| Physicians Speciality Ltd RRG | 3,086,436 | 3,086,436 | 315,000 | 3 | 377,600 | 505,000 | 4 | 1,407,358 | 46% |
| Lexington Ins Co | 2,749,491 | 1,574,065 | 0 | 7 | 2,164,702 | 42,000 | 10 | 2,235,581 | 142% |
| Ophthalmic Mut Ins Co RRG | 864,320 | 897,514 | 221,292 | 3 | 224,390 | 338,000 | 6 | 279,667 | 31% |
| Health Care Ind Inc | 798,415 | 598,811 | 0 | 0 | 468,323 | 650,000 | 4 | 618,516 | 103% |
| Nevada Docs Medical RRG Inc | 732,890 | 1,216,476 | 60,000 | 3 | 584,557 | 150,000 | 1 | 784,985 | 65% |
| Preferred Physicians Medical RRG | 638,084 | 640,303 | 0 | 0 | -1,650,763 | 385,050 | 6 | 1,067,143 | 167% |
| Emergency Physicians Ins Co RRG | 579,998 | 575,617 | -10,000 | 0 | 0 | 2,100,000 | 3 | 964,461 | 168% |
| Oms Natl Ins Co Rrg | 465,385 | 482,722 | 0 | 0 | 314,797 | 1,230,000 | 9 | 415,329 | 86% |
| Admiral Ins Co | 247,800 | 188,039 | 0 | 0 | -14,104 | 35,000 | 1 | 75,366 | 40% |
| Columbia Cas Co | 220,268 | 211,124 | 0 | 0 | -167,400 | 0 | 0 | 453,710 | 215% |
| Green Hills Ins Co RRG | 175,383 | 171,322 | 0 | 0 | 34,501 | 0 | 0 | 158,619 | 93% |
| Care RRG Inc | 141,414 | 314,401 | 0 | 0 | 105,002 | 0 | 0 | 185,452 | 59% |
| Evanston Ins Co | 133,647 | 361,708 | 821,014 | 5 | 186,556 | 396,393 | 3 | 328,558 | 91% |
| Darwin Select Ins Co | 124,319 | 63,180 | 0 | 0 | 26,062 | 0 | 0 | 26,062 | 41% |
| Novus Ins Co RRG | 122,457 | 120,842 | 0 | 0 | 7,533 | 0 | 0 | 13,737 | 11% |
| American Physicians Assur Corp | 117,566 | 205,752 | 901,500 | 0 | -388,507 | 2,217,521 | 16 | 7,252,480 | 3525% |
| National Union Fire Ins Co Of Pitts | 116,154 | 116,443 | 0 | 0 | 55,716 | 0 | 0 | 173,156 | 149% |
| Landmark Amer Ins Co | 110,000 | 98,744 | 0 | 0 | 56,646 | 10,000 | 1 | 112,570 | 114% |
| General Star Ind Co | 94,024 | 69,433 | 0 | 0 | -92,000 | 0 | 0 | 66,000 | 95% |

Exhibit I, Continued

| Company Name | Direct Premiums Written | Direct Premiums Earned | Amount Direct Losses Paid | Number of Claims Direct Losses Paid | Direct Losses Incurred | Amount Reported Direct Losses Unpaid | Number of Claims Direct Losses Unpaid | Direct Losses Incurred But Not Reported | Direct Loss Ratio |
|--------------------------------------|-------------------------|------------------------|---------------------------|-------------------------------------|------------------------|--------------------------------------|---------------------------------------|---|-------------------|
| National Medical Professional RRG In | 93,756 | 19,532 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Darwin Natl Assur Co | 65,921 | 72,042 | 0 | 0 | 22,582 | 1,000,000 | 1 | -923,380 | -1282% |
| Scrubs Mut Assur Co RRG | 31,500 | 17,062 | 0 | 0 | 9,354 | 0 | 0 | 9,354 | 55% |
| James River Ins Co | 25,389 | 2,359 | 0 | 0 | 1,703 | 0 | 0 | 1,703 | 72% |
| Professional Underwrters Liab Ins Co | 14,390 | 12,734 | 0 | 0 | -1,595,525 | 0 | 0 | 0 | 0% |
| American Cas Co Of Reading PA | 6,054 | 13,343 | 0 | 0 | -47,868 | 0 | 0 | 199,535 | 1495% |
| General Ins Co Of Amer | 1,744 | 7,811 | 0 | 0 | -1,896 | 0 | 0 | 5,318 | 68% |
| Truck Ins Exch | 0 | 0 | 1,525,000 | 7 | 796,525 | 2,900,000 | 5 | 268,246 | |
| Ace Amer Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Ace Fire Underwriters Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| American Automobile Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| American Guar & Liab Ins | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| American Hlthcare Ind Co | 0 | 0 | 0 | 0 | 47,976 | 200,000 | 2 | 1,226 | |
| American Home Assur Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| American Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Arch Specialty Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| California Hlthcare Ins Co Inc RRG | 0 | 0 | 0 | 0 | -81,252 | 0 | 0 | 0 | |
| Capitol Specialty Ins Corp | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Church Mut Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Colony Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Continental Cas Co | 0 | -8,223 | 517,363 | 1 | -231,657 | 124,855 | 2 | 1,806,858 | -21973% |
| Dentists Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Everest Ind Ins Co | 0 | 0 | 0 | 0 | 1,056 | 1 | 1 | 302,555 | |
| Executive Risk Ind Inc | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Executive Risk Specialty Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Firemans Fund Ins Co | 0 | 0 | 0 | 0 | 425,158 | 0 | 0 | -84,982 | |
| Firemans Fund Ins Co Of OH | 0 | 0 | 200,000 | 1 | 2,963,986 | 0 | 0 | 115,641 | |
| First Natl Ins Co Of Amer | 0 | 0 | 0 | 0 | -477 | 0 | 0 | 16 | |
| Granite State Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Gulf Underwriters Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

Exhibit I, Continued

| Company Name | Direct Premiums Written | Direct Premiums Earned | Amount Direct Losses Paid | Number of Claims Direct Losses Paid | Direct Losses Incurred | Amount Reported Direct Losses Unpaid | Number of Claims Direct Losses Unpaid | Direct Losses Incurred But Not Reported | Direct Loss Ratio |
|----------------------------------|-------------------------|------------------------|---------------------------|-------------------------------------|------------------------|--------------------------------------|---------------------------------------|---|-------------------|
| Homeland Ins Co of NY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Hudson Specialty Ins Co | 0 | 0 | 0 | 0 | 40,737 | 0 | 0 | 0 | |
| Illinois Union Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Interstate Fire & Cas Co | 0 | 0 | 0 | 0 | 17,792 | 0 | 0 | 43,176 | |
| Lumbermens Mut Cas Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| NCMIC Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| PACO Assur Co Inc | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Pacific Employers Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,094 | |
| Podiatry Ins Co Of Amer A Mut Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Praetorian Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Red Mountain Cas Ins Co Inc | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| St Paul Fire & Marine Ins Co | 0 | 0 | 0 | 0 | 75,440 | 200,000 | 1 | -54,305 | |
| St Paul Medical Liability Ins Co | 0 | 0 | 6,818,181 | 68 | -5,995,252 | 6,750,004 | 12 | -1,409,131 | |
| St Paul Mercury Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| State Farm Fire And Cas Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Steadfast Ins Co | 0 | -4 | 0 | 0 | -17,870 | 0 | 0 | 5,307 | -132675% |
| TIG Ins Co | 0 | 0 | 0 | 0 | -10,283 | 0 | 0 | 562,460 | |
| Transportation Ins Co | 0 | -4,570 | 722 | 1 | 858,434 | 1,000,000 | 1 | 466,886 | -10216% |
| Travelers Ind Co | 0 | 0 | 0 | 0 | -25,854 | 0 | 0 | 601,999 | |
| Truck Ins Exch | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Utah Medical Ins Assoc | 0 | 0 | 525,000 | 1 | 274,888 | 0 | 0 | 5,602 | |
| Western World Ins Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Chicago Ins Co | -51 | -51 | 2,619,615 | 8 | -3,018,288 | 875,000 | 4 | 2,152,321 | -4220237% |
| National Fire & Marine Ins Co | -17,137 | 26,766 | 0 | 0 | 706 | 0 | 0 | 2,774 | 10% |
| | 87,101,701 | 90,908,154 | 34,421,939 | 172 | 25,499,701 | 80,714,396 | 834 | 68,901,210 | 76% |

Exhibit II

Market Share and Loss Ratio
 Nevada 2007 Line 11 (Medical Malpractice)
 In Thousands (000's)

| Company Name | Domicile | Direct Premiums Written | Market Share | Cumulative Market Share | Direct Premiums Earned | Direct Loss Incurred | Pure Direct Loss Ratio |
|-------------------------------------|----------|-------------------------------|-----------------|-------------------------------|------------------------------|----------------------------|---------------------------|
| Nevada Mut Ins Co Inc | NV | 25,623 | 24.0% | 24.0% | 27,013 | 12,404 | 45.9% |
| Independent NV Doctors Ins Exch | NV | 13,420 | 12.6% | 36.6% | 16,414 | 2,237 | 13.6% |
| Physicians Ins Co Of WI | WI | 10,546 | 9.9% | 46.4% | 9,590 | 3,739 | 39.0% |
| Medical Protective Co | IN | 6,420 | 6.0% | 52.4% | 9,683 | 1,775 | 18.3% |
| Hudson Ins Co | DE | 6,357 | 6.0% | 58.4% | 6,201 | 3,251 | 52.4% |
| Medicus Ins Co | TX | 5,912 | 5.5% | 63.9% | 4,255 | 681 | 16.0% |
| Premier Physicians Ins Co Inc a RRG | NV | 4,807 | 4.5% | 68.4% | 4,362 | 821 | 18.8% |
| Lexington Ins Co | DE | 4,684 | 4.4% | 72.8% | 4,143 | 242 | 5.8% |
| Doctors Co An Interins Exch | CA | 3,834 | 3.6% | 76.4% | 3,861 | 5,428 | 140.6% |
| Physicians Specialty Ltd RRG | SC | 3,086 | 2.9% | 79.3% | 3,086 | 378 | 12.2% |
| Hudson Specialty Ins Co | NY | 2,784 | 2.6% | 81.9% | 1,348 | 996 | 73.9% |
| Health Care Ind Inc | CO | 1,623 | 1.5% | 83.4% | 1,581 | -18,271 | -1155.7% |
| California Hlthcare Ins Co Inc RRG | HI | 1,366 | 1.3% | 84.7% | 1,631 | -139 | -8.5% |
| Steadfast Ins Co | DE | 1,333 | 1.2% | 85.9% | 1,382 | 138 | 10.0% |
| Continental Cas Co | IL | 1,318 | 1.2% | 87.2% | 1,211 | -448 | -37.0% |
| American Cas Co Of Reading PA | PA | 1,165 | 1.1% | 88.3% | 1,178 | 682 | 57.9% |
| Evanston Ins Co | IL | 931 | 0.9% | 89.1% | 1,236 | 456 | 36.9% |
| Ophthalmic Mut Ins Co RRG | VT | 864 | 0.8% | 89.9% | 898 | 224 | 24.9% |
| NCMIC Ins Co | IA | 787 | 0.7% | 90.7% | 794 | -192 | -24.2% |
| Admiral Ins Co | DE | 771 | 0.7% | 91.4% | 708 | -171 | -24.2% |
| Podiatry Ins Co Of Amer A Mut Co | IL | 759 | 0.7% | 92.1% | 723 | 466 | 64.5% |
| Nevada Docs Medical RRG Inc | NV | 733 | 0.7% | 92.8% | 1,216 | 585 | 48.1% |
| Columbia Cas Co | IL | 682 | 0.6% | 93.4% | 578 | -60 | -10.4% |
| Preferred Physicians Medical RRG | MO | 638 | 0.6% | 94.0% | 640 | -1,651 | -258.0% |
| Darwin Select Ins Co | AR | 585 | 0.5% | 94.6% | 444 | 177 | 39.9% |
| Emergency Physicians Ins Co RRG | NV | 580 | 0.5% | 95.1% | 576 | 1,621 | 281.4% |
| Oms Natl Ins Co Rrg | IL | 465 | 0.4% | 95.6% | 483 | 315 | 65.2% |
| Landmark Amer Ins Co | OK | 407 | 0.4% | 95.9% | 390 | 118 | 30.3% |
| American Ins Co | OH | 397 | 0.4% | 96.3% | 412 | 371 | 90.0% |
| Ace Amer Ins Co | PA | 341 | 0.3% | 96.6% | 328 | 751 | 229.0% |
| Dentists Ins Co | CA | 315 | 0.3% | 96.9% | 270 | 26 | 9.6% |
| Chicago Ins Co | IL | 313 | 0.3% | 97.2% | 313 | -1,655 | -528.8% |
| Arch Speciaity Ins Co | NE | 299 | 0.3% | 97.5% | 773 | 109 | 14.1% |
| American Alt Ins Corp | DE | 297 | 0.3% | 97.8% | 293 | 437 | 149.1% |
| Interstate Fire & Cas Co | IL | 281 | 0.3% | 98.0% | 296 | 121 | 40.9% |
| National Union Fire Ins Co Of Pitts | PA | 258 | 0.2% | 98.3% | 331 | 12 | 3.6% |
| Green Hills Ins Co RRG | VT | 175 | 0.2% | 98.5% | 171 | 35 | 20.5% |
| General Star Ind Co | CT | 173 | 0.2% | 98.6% | 128 | 125 | 97.7% |
| Care RRG Inc | DC | 141 | 0.1% | 98.7% | 314 | 105 | 33.4% |
| Church Mut Ins Co | WI | 140 | 0.1% | 98.9% | 158 | -178 | -112.7% |
| Homeland Ins Co of NY | NY | 130 | 0.1% | 99.0% | 97 | 59 | 60.8% |
| Novus Ins Co RRG | SC | 122 | 0.1% | 99.1% | 121 | 8 | 6.6% |
| American Physicians Assur Corp | MI | 118 | 0.1% | 99.2% | 206 | -389 | -188.8% |
| Fortress Ins Co | IL | 108 | 0.1% | 99.3% | 93 | 7 | 7.5% |

Exhibit II, Continued

| Company Name | Domicile | Direct | | Cumulative Market Share | Direct | | Pure Direct Loss Ratio |
|--------------------------------------|----------|------------------|--------------|-------------------------|-----------------|---------------|------------------------|
| | | Premiums Written | Market Share | | Premiums Earned | Loss Incurred | |
| American Assoc Of Othodontists RRG | VT | 104 | 0.1% | 99.4% | 103 | 15 | 14.6% |
| National Medical Professional RRG In | SC | 94 | 0.1% | 99.5% | 20 | 0 | 0.0% |
| Professional Undrwtrs Liab Ins Co | UT | 89 | 0.1% | 99.6% | 77 | -1,576 | -2046.8% |
| Darwin Natl Assur Co | DE | 66 | 0.1% | 99.7% | 72 | 23 | 31.9% |
| Western World Ins Co | NH | 47 | 0.0% | 99.7% | 50 | 181 | 362.0% |
| PACO Assur Co Inc | IL | 46 | 0.0% | 99.7% | 44 | -44 | -100.0% |
| James River Ins Co | OH | 42 | 0.0% | 99.8% | 6 | 4 | 66.7% |
| Allied Professionals Ins Co RRG | AZ | 41 | 0.0% | 99.8% | 43 | 0 | 0.0% |
| Scrubs Mut Assur Co RRG | NV | 32 | 0.0% | 99.8% | 17 | 9 | 52.9% |
| Eldercare Mut Co RRG Inc | AZ | 32 | 0.0% | 99.9% | 25 | 4 | 16.0% |
| Granite State Ins Co | PA | 31 | 0.0% | 99.9% | 27 | 142 | 525.9% |
| Red Mountain Cas Ins Co Inc | AL | 30 | 0.0% | 99.9% | 27 | 8 | 29.6% |
| Houston Cas Co | TX | 30 | 0.0% | 100.0% | 25 | 0 | 0.0% |
| Pharmacists Mut Ins Co | IA | 28 | 0.0% | 100.0% | 26 | 4 | 15.4% |
| State Farm Fire And Cas Co | IL | 15 | 0.0% | 100.0% | 13 | 1 | 7.7% |
| American Home Assur Co | NY | 6 | 0.0% | 100.0% | 5 | 2 | 40.0% |
| Colony Ins Co | VA | 5 | 0.0% | 100.0% | 4 | 0 | 0.0% |
| General Ins Co Of Amer | WA | 2 | 0.0% | 100.0% | 9 | -5 | -55.6% |
| Transportation Ins Co | IL | 0 | 0.0% | 100.0% | -5 | 1,341 | -26820.0% |
| Everest Ind Ins Co | DE | 0 | 0.0% | 100.0% | 0 | 1 | 0.0% |
| American Hlthcare Ind Co | DE | 0 | 0.0% | 100.0% | 0 | 48 | 0.0% |
| First Natl Ins Co Of Amer | WA | 0 | 0.0% | 100.0% | 0 | -1 | 0.0% |
| American Guar & Liab Ins | NY | 0 | 0.0% | 100.0% | 0 | -23 | 0.0% |
| Firemans Fund Ins Co Of OH | OH | 0 | 0.0% | 100.0% | 0 | 5,020 | 0.0% |
| Gulf Underwriters Ins Co | CT | 0 | 0.0% | 100.0% | 0 | 2 | 0.0% |
| St Paul Mercury Ins Co | MN | 0 | 0.0% | 100.0% | 0 | 11 | 0.0% |
| Utah Medical Ins Assoc | UT | 0 | 0.0% | 100.0% | 0 | 275 | 0.0% |
| St Paul Fire & Marine Ins Co | MN | 0 | 0.0% | 100.0% | 0 | 182 | 0.0% |
| Ace Fire Underwriters Ins Co | PA | 0 | 0.0% | 100.0% | 0 | 21 | 0.0% |
| Firemans Fund Ins Co | CA | 0 | 0.0% | 100.0% | 0 | -202 | 0.0% |
| Pacific Employers Ins Co | PA | 0 | 0.0% | 100.0% | 0 | 1 | 0.0% |
| TIG Ins Co | CA | 0 | 0.0% | 100.0% | 0 | -28 | 0.0% |
| St Paul Medical Liability Ins Co | MN | 0 | 0.0% | 100.0% | 0 | -6,040 | 0.0% |
| Praetorian Ins Co | IL | 0 | 0.0% | 100.0% | 0 | -14 | 0.0% |
| Executive Risk Ind Inc | DE | 0 | 0.0% | 100.0% | 0 | -3 | 0.0% |
| Truck Ins Exch | CA | 0 | 0.0% | 100.0% | 0 | 787 | 0.0% |
| Lewis & Clark LTC RRG Inc | NV | 0 | 0.0% | 100.0% | 0 | 158 | 0.0% |
| Executive Risk Speciality Ins Co | CT | 0 | 0.0% | 100.0% | 0 | -182 | 0.0% |
| Arrowood Surplus Lines Ins Co | DE | 0 | 0.0% | 100.0% | 0 | -3 | 0.0% |
| American Automobile Ins Co | MO | 0 | 0.0% | 100.0% | 0 | -5 | 0.0% |
| Travelers Ind Co | CT | 0 | 0.0% | 100.0% | 0 | -148 | 0.0% |
| Capitol Specialty Ins Corp | WI | 0 | 0.0% | 100.0% | 0 | -7 | 0.0% |
| Illinois Union Ins Co | IL | 0 | 0.0% | 100.0% | 0 | -9 | 0.0% |
| Lumbermens Mut Cas Co | IL | 0 | 0.0% | 100.0% | 0 | -34 | 0.0% |
| National Fire & Marine Ins Co | NE | -17 | 0.0% | 100.0% | 27 | 1 | 3.7% |
| 89 Companies in Report | | 106,811 | 100.0% | 100.0% | 110,544 | 15,663 | 14.2% |

Exhibit III

**Physician (MD and DO)
Closed Claims with an Indemnity Payment
Compared to Claims with ALAE Only
(By Closure Year)**

| Year Closed | Claims Closed with Indemnity Payment | | | Claims Closed with ALAE Only | | | Total | | | |
|-------------------|--------------------------------------|-------------------|-------------------------|------------------------------|-------------|-------------------|------------------------|-------------------|-------------|-------------------------|
| | Claim Count | Percent of Claims | Amount Paid | Percent of Amount | Claim Count | Percent of Claims | Amount Paid | Percent of Amount | Claim Count | Amount Paid |
| 1999 | 66 | 44.9% | \$20,983,016.43 | 6.8% | 81 | 55.1% | \$1,411,279.16 | 6.3% | 147 | \$22,394,295.59 |
| 2000 | 94 | 47.7% | \$39,307,675.96 | 12.7% | 103 | 52.3% | \$2,093,183.41 | 5.1% | 197 | \$41,400,859.37 |
| 2001 | 95 | 48.0% | \$43,105,136.92 | 13.9% | 103 | 52.0% | \$1,598,823.47 | 3.6% | 198 | \$44,703,960.39 |
| 2002 | 89 | 40.1% | \$33,802,298.44 | 10.9% | 133 | 59.9% | \$3,166,064.84 | 8.6% | 222 | \$36,968,363.28 |
| 2003 | 88 | 35.1% | \$37,495,935.53 | 12.1% | 163 | 64.9% | \$3,948,978.00 | 9.5% | 251 | \$41,444,913.53 |
| 2004 | 108 | 42.9% | \$40,250,600.34 | 13.0% | 144 | 57.1% | \$3,010,307.68 | 7.0% | 252 | \$43,260,908.02 |
| 2005 | 102 | 38.6% | \$27,925,076.09 | 9.0% | 162 | 61.4% | \$5,472,792.95 | 16.4% | 264 | \$33,397,869.04 |
| 2006 | 78 | 40.4% | \$27,741,934.98 | 9.0% | 115 | 59.6% | \$5,777,770.90 | 17.2% | 193 | \$33,519,705.88 |
| 2007 | 76 | 39.6% | \$25,090,128.11 | 8.1% | 116 | 60.4% | \$7,253,782.24 | 22.4% | 192 | \$32,343,910.35 |
| 2008 through 6/30 | 30 | 41.1% | \$14,061,589.91 | 4.5% | 43 | 58.9% | \$1,960,094.38 | 12.2% | 73 | \$16,021,684.29 |
| Total: | 826 | 418.3% | \$309,763,392.71 | 100.0% | 1163 | 58.5% | \$35,693,077.03 | 10.3% | 1989 | \$345,456,469.74 |

Prepared by Nevada Division of Insurance
Based on Closed Claim Database Extract as of February 8, 2002

1/15/2009

**Physician (MD and DO)
Claim Size Distribution - All Claims Closed with
Indemnity or ALAE Payment**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | Average | | Average Paid | | Total Paid | Average Indemnity Plus ALAE | | Ratio of ALAE to Ind |
|------------------------------|-------------|---------------------|------------------|--------------------|-----------------|-----------------|---------------------|-----------------------------|------------|----------------------|
| | | | Indemnity Paid | ALAE Paid | ALAE | ALAE | | Indemnity Plus ALAE | Ind | |
| Closed in 1999 | | | | | | | | | | |
| \$0 | 81 | \$0 | \$0 | \$1,411,279 | \$17,423 | \$17,423 | \$1,411,279 | \$17,423 | \$0 | N/A |
| \$0.01 - \$4,999.99 | 1 | \$4,000 | \$4,000 | \$20 | \$20 | \$20 | \$4,020 | \$4,020 | \$0 | 0.5% |
| \$5,000 - \$9,999.99 | 1 | \$7,500 | \$7,500 | \$0 | \$0 | \$0 | \$7,500 | \$7,500 | \$0 | 0.0% |
| \$10,000 - \$14,999.99 | 3 | \$37,000 | \$12,333 | \$26,426 | \$8,809 | \$8,809 | \$63,426 | \$21,142 | \$41,804 | 71.4% |
| \$15,000 - \$24,999.99 | 3 | \$55,163 | \$18,388 | \$70,249 | \$23,416 | \$23,416 | \$125,412 | \$41,804 | \$41,804 | 127.3% |
| \$25,000 - \$44,999.99 | 1 | \$42,500 | \$42,500 | \$27,751 | \$27,751 | \$27,751 | \$70,251 | \$70,251 | \$0 | 65.3% |
| \$45,000 - \$69,999.99 | 7 | \$387,500 | \$55,357 | \$109,059 | \$15,580 | \$15,580 | \$496,559 | \$70,937 | \$0 | 28.1% |
| \$70,000 - \$124,999.99 | 10 | \$903,382 | \$90,338 | \$343,608 | \$34,361 | \$34,361 | \$1,246,990 | \$124,699 | \$0 | 38.0% |
| \$125,000 - \$249,999.99 | 13 | \$2,283,125 | \$175,625 | \$365,930 | \$28,148 | \$28,148 | \$2,649,055 | \$203,773 | \$0 | 16.0% |
| \$250,000 - \$499,999.99 | 14 | \$4,317,500 | \$308,393 | \$709,384 | \$50,685 | \$50,685 | \$5,027,084 | \$359,077 | \$0 | 16.4% |
| \$500,000 - \$999,999.99 | 9 | \$6,444,133 | \$716,015 | \$418,706 | \$46,523 | \$46,523 | \$6,862,839 | \$762,538 | \$0 | 6.5% |
| \$1,000,000 - \$4,999,999.99 | 4 | \$4,216,490 | \$1,054,122 | \$213,392 | \$53,348 | \$53,348 | \$4,429,882 | \$1,107,470 | \$0 | 5.1% |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Total: | 147 | \$18,698,292 | \$127,199 | \$3,696,003 | \$25,143 | \$25,143 | \$22,394,296 | \$152,342 | \$0 | 19.8% |
| With Indemnity Total: | 66 | \$18,698,292 | \$283,307 | \$2,284,724 | \$34,617 | \$34,617 | \$20,983,016 | \$317,924 | \$0 | 12.2% |

**Physician (MD and DO)
Claim Size Distribution - All Claims Closed with
Indemnity or ALAE Payment**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | Average | | ALAE Paid | Average Paid ALAE | Total Paid | Average Indemnity Plus ALAE | Ratio of ALAE to Ind |
|------------------------------|-------------|---------------------|------------------|--------------------|-----------------|---------------------|---------------------|-----------------------------|----------------------|
| | | | Indemnity Paid | Indemnity Paid | | | | | |
| Closed in 2000 | | | | | | | | | |
| \$0 | 103 | \$0 | \$0 | \$0 | \$2,093,183 | \$20,322 | \$2,093,183 | \$20,322 | N/A |
| \$0.01 - \$4,999.99 | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| \$5,000 - \$9,999.99 | 6 | \$43,350 | \$7,225 | \$116,756 | \$19,459 | \$160,106 | \$160,106 | \$26,684 | 269.3% |
| \$10,000 - \$14,999.99 | 1 | \$10,000 | \$10,000 | \$62,168 | \$62,168 | \$72,168 | \$72,168 | \$72,168 | 621.7% |
| \$15,000 - \$24,999.99 | 3 | \$50,500 | \$16,833 | \$114,112 | \$38,037 | \$164,612 | \$164,612 | \$4,871 | 226.0% |
| \$25,000 - \$44,999.99 | 9 | \$262,652 | \$29,184 | \$181,631 | \$20,181 | \$444,284 | \$444,284 | \$49,365 | 69.2% |
| \$45,000 - \$69,999.99 | 8 | \$404,000 | \$50,500 | \$180,655 | \$22,582 | \$584,655 | \$584,655 | \$73,082 | 44.7% |
| \$70,000 - \$124,999.99 | 7 | \$715,184 | \$102,169 | \$545,370 | \$77,910 | \$1,260,553 | \$1,260,553 | \$180,079 | 76.3% |
| \$125,000 - \$249,999.99 | 20 | \$3,631,155 | \$181,558 | \$851,369 | \$42,568 | \$4,482,524 | \$4,482,524 | \$224,126 | 23.4% |
| \$250,000 - \$499,999.99 | 15 | \$5,012,500 | \$334,167 | \$503,646 | \$33,576 | \$5,516,146 | \$5,516,146 | \$367,743 | 10.0% |
| \$500,000 - \$999,999.99 | 15 | \$10,115,500 | \$674,367 | \$915,150 | \$61,010 | \$11,030,650 | \$11,030,650 | \$735,377 | 9.0% |
| \$1,000,000 - \$4,999,999.99 | 10 | \$14,664,653 | \$1,466,465 | \$927,324 | \$92,732 | \$15,591,978 | \$15,591,978 | \$1,559,198 | 6.3% |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Total: | 197 | \$34,909,494 | \$177,206 | \$6,491,365 | \$32,951 | \$41,400,859 | \$41,400,859 | \$210,157 | 18.6% |
| With Indemnity Total: | 94 | \$34,909,494 | \$371,378 | \$4,398,182 | \$46,789 | \$39,307,676 | \$39,307,676 | \$418,167 | 12.6% |

**Physician (MD and DO)
Claim Size Distribution - All Claims Closed with
Indemnity or ALAE Payment**

| Indemnity Paid Interval | Claim Count | Average Indemnity Paid | | Average Paid ALAE | | Total Paid | Average Indemnity Plus ALAE | Ratio of ALAE to Ind |
|------------------------------|-------------|------------------------|------------------------|--------------------|-----------------|---------------------|-----------------------------|----------------------|
| | | Indemnity Paid | Average Indemnity Paid | ALAE Paid | ALAE | | | |
| Closed in 2001 | | | | | | | | |
| \$0 | 103 | \$0 | \$0 | \$1,598,823 | \$15,523 | \$1,598,823 | \$15,523 | N/A |
| \$0.01 - \$4,999.99 | 2 | \$2,001 | \$1,001 | \$112,611 | \$56,306 | \$114,612 | \$57,306 | 5627.7% |
| \$5,000 - \$9,999.99 | 6 | \$48,000 | \$8,000 | \$122,849 | \$20,475 | \$170,849 | \$28,475 | 255.9% |
| \$10,000 - \$14,999.99 | 4 | \$42,850 | \$10,713 | \$86,656 | \$21,664 | \$129,506 | \$32,377 | 202.2% |
| \$15,000 - \$24,999.99 | 3 | \$53,000 | \$17,667 | \$70,087 | \$23,362 | \$123,087 | \$41,029 | 132.2% |
| \$25,000 - \$44,999.99 | 7 | \$208,659 | \$29,808 | \$150,465 | \$21,495 | \$359,124 | \$51,303 | 72.1% |
| \$45,000 - \$69,999.99 | 4 | \$194,500 | \$48,625 | \$166,322 | \$41,581 | \$360,822 | \$90,206 | 85.5% |
| \$70,000 - \$124,999.99 | 7 | \$641,000 | \$91,571 | \$206,383 | \$29,483 | \$847,383 | \$121,055 | 32.2% |
| \$125,000 - \$249,999.99 | 16 | \$2,974,500 | \$185,906 | \$657,599 | \$41,100 | \$3,632,099 | \$227,006 | 22.1% |
| \$250,000 - \$499,999.99 | 26 | \$9,026,764 | \$347,183 | \$1,061,817 | \$40,839 | \$10,088,581 | \$388,022 | 11.8% |
| \$500,000 - \$999,999.99 | 8 | \$5,344,278 | \$668,035 | \$372,603 | \$46,575 | \$5,716,881 | \$714,610 | 7.0% |
| \$1,000,000 - \$4,999,999.99 | 12 | \$20,589,500 | \$1,715,792 | \$972,693 | \$81,058 | \$21,562,193 | \$1,796,849 | 4.7% |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Total: | 198 | \$39,125,052 | \$197,601 | \$5,578,908 | \$28,176 | \$44,703,960 | \$225,778 | 14.3% |
| With Indemnity Total: | 95 | \$39,125,052 | \$411,843 | \$3,980,085 | \$41,896 | \$43,105,137 | \$453,738 | 10.2% |

Prepared by Nevada Division of Insurance
Based on Closed Claim Database Extract as of February 8, 2002

1/15/2009

**Physician (MD and DO)
Claim Size Distribution - All Claims Closed with
Indemnity or ALAE Payment**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | Average Indemnity Paid | ALAE Paid | Average Paid ALAE | Total Paid | Average Indemnity Plus ALAE | Ratio of ALAE to Ind |
|------------------------------|-------------|---------------------|------------------------|--------------------|-------------------|---------------------|-----------------------------|----------------------|
| | | | | | | | | |
| Closed in 2002 | | | | | | | | |
| \$0 | 133 | \$0 | \$0 | \$3,166,065 | \$23,805 | \$3,166,065 | \$23,805 | N/A |
| \$0.01 - \$4,999.99 | 2 | \$3,500 | \$1,750 | \$36,738 | \$18,369 | \$40,238 | \$20,119 | 1049.7% |
| \$5,000 - \$9,999.99 | 2 | \$14,000 | \$7,000 | \$26,357 | \$13,179 | \$40,357 | \$20,179 | 188.3% |
| \$10,000 - \$14,999.99 | 1 | \$13,500 | \$13,500 | \$34,952 | \$34,952 | \$48,452 | \$48,452 | 258.9% |
| \$15,000 - \$24,999.99 | 6 | \$110,000 | \$18,333 | \$112,378 | \$18,730 | \$222,378 | \$37,063 | 102.2% |
| \$25,000 - \$44,999.99 | 7 | \$230,500 | \$32,929 | \$87,588 | \$12,508 | \$318,058 | \$45,437 | 38.0% |
| \$45,000 - \$69,999.99 | 3 | \$145,000 | \$48,333 | \$142,338 | \$47,446 | \$287,338 | \$95,779 | 98.2% |
| \$70,000 - \$124,999.99 | 14 | \$1,287,939 | \$91,996 | \$420,334 | \$30,024 | \$1,708,272 | \$122,019 | 32.6% |
| \$125,000 - \$249,999.99 | 14 | \$2,463,647 | \$175,975 | \$566,180 | \$40,441 | \$3,029,827 | \$216,416 | 23.0% |
| \$250,000 - \$499,999.99 | 17 | \$5,809,949 | \$341,762 | \$740,589 | \$43,564 | \$6,550,538 | \$385,326 | 12.7% |
| \$500,000 - \$999,999.99 | 18 | \$13,059,260 | \$725,514 | \$885,812 | \$49,212 | \$13,945,072 | \$774,726 | 6.8% |
| \$1,000,000 - \$4,999,999.99 | 5 | \$7,380,000 | \$1,476,000 | \$231,768 | \$46,354 | \$7,611,768 | \$1,522,354 | 3.1% |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Total: | 222 | \$30,517,295 | \$137,465 | \$6,451,068 | \$29,059 | \$36,968,363 | \$166,524 | 21.1% |
| With Indemnity Total: | 89 | \$30,517,295 | \$342,891 | \$3,285,003 | \$36,910 | \$33,802,298 | \$379,801 | 10.8% |

Prepared by Nevada Division of Insurance
Based on Closed Claim Database Extract as of February 8, 2002

1/15/2009

**Physician (MD and DO)
Claim Size Distribution - All Claims Closed with
Indemnity or ALAE Payment**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | Average Indemnity Paid | Closed in 2003 | | Total Paid | Average Indemnity Plus ALAE | Ratio of ALAE to Ind |
|------------------------------|-------------|---------------------|------------------------|--------------------|-----------------|---------------------|-----------------------------|----------------------|
| | | | | ALAE Paid | ALAE | | | |
| \$0 | 163 | \$0 | \$0 | \$3,948,978 | \$24,227 | \$3,948,978 | \$24,227 | N/A |
| \$0.01 - \$4,999.99 | 1 | \$800 | \$800 | \$0 | \$0 | \$800 | \$800 | 0.0% |
| \$5,000 - \$9,999.99 | 3 | \$20,900 | \$6,967 | \$6,491 | \$2,164 | \$27,391 | \$9,130 | 31.1% |
| \$10,000 - \$14,999.99 | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| \$15,000 - \$24,999.99 | 7 | \$123,500 | \$17,643 | \$166,814 | \$23,831 | \$290,314 | \$41,473 | 135.1% |
| \$25,000 - \$44,999.99 | 12 | \$364,512 | \$30,376 | \$277,301 | \$23,108 | \$641,813 | \$53,484 | 76.1% |
| \$45,000 - \$69,999.99 | 7 | \$385,685 | \$55,098 | \$227,380 | \$32,483 | \$613,065 | \$87,581 | 59.0% |
| \$70,000 - \$124,999.99 | 8 | \$796,000 | \$99,500 | \$291,980 | \$36,497 | \$1,087,980 | \$135,997 | 36.7% |
| \$125,000 - \$249,999.99 | 10 | \$1,693,697 | \$169,370 | \$512,712 | \$51,271 | \$2,206,408 | \$220,641 | 30.3% |
| \$250,000 - \$499,999.99 | 22 | \$7,588,257 | \$344,921 | \$996,142 | \$45,279 | \$8,584,399 | \$390,200 | 13.1% |
| \$500,000 - \$999,999.99 | 11 | \$7,896,938 | \$717,903 | \$654,347 | \$59,486 | \$8,551,286 | \$777,390 | 8.3% |
| \$1,000,000 - \$4,999,999.99 | 6 | \$6,600,000 | \$1,100,000 | \$248,142 | \$41,357 | \$6,848,142 | \$1,141,357 | 3.8% |
| \$5,000,000 and greater | 1 | \$8,300,000 | \$8,300,000 | \$344,338 | \$344,338 | \$8,644,338 | \$8,644,338 | 4.1% |
| Total: | 251 | \$33,770,289 | \$1,345,433 | \$7,674,624 | \$30,576 | \$41,444,914 | \$1,651,119 | 22.7% |
| With Indemnity Total: | 88 | \$33,770,289 | \$383,753 | \$3,725,646 | \$42,337 | \$37,495,936 | \$426,090 | 11.0% |

Prepared by Nevada Division of Insurance
Based on Closed Claim Database Extract as of February 8, 2002

1/15/2009

**Physician (MD and DO)
Claim Size Distribution - All Claims Closed with
Indemnity or ALAE Payment**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | Average Indemnity Paid | | Total Paid | Average Indemnity Plus ALAE | Ratio of ALAE to Ind |
|------------------------------|-------------|---------------------|------------------------|--------------------|---------------------|-----------------------------|----------------------|
| | | | Indemnity Paid | ALAE Paid | | | |
| Closed in 2004 | | | | | | | |
| \$0 | 144 | \$0 | \$0 | \$3,010,308 | \$3,010,308 | \$20,905 | N/A |
| \$0.01 - \$4,999.99 | 2 | \$3,750 | \$1,875 | \$118,075 | \$121,825 | \$60,912 | 3148.7% |
| \$5,000 - \$9,999.99 | 3 | \$25,000 | \$8,333 | \$90,147 | \$115,147 | \$38,382 | 360.6% |
| \$10,000 - \$14,999.99 | 3 | \$30,000 | \$10,000 | \$111,357 | \$141,357 | \$47,119 | 371.2% |
| \$15,000 - \$24,999.99 | 6 | \$103,500 | \$17,250 | \$63,080 | \$166,580 | \$27,763 | 60.9% |
| \$25,000 - \$44,999.99 | 8 | \$245,002 | \$30,625 | \$190,215 | \$435,217 | \$54,402 | 77.6% |
| \$45,000 - \$69,999.99 | 5 | \$250,000 | \$50,000 | \$137,853 | \$387,853 | \$77,571 | 55.1% |
| \$70,000 - \$124,999.99 | 8 | \$660,000 | \$82,500 | \$145,363 | \$805,363 | \$100,670 | 22.0% |
| \$125,000 - \$249,999.99 | 15 | \$2,665,000 | \$177,667 | \$673,571 | \$3,338,571 | \$222,571 | 25.3% |
| \$250,000 - \$499,999.99 | 28 | \$10,010,605 | \$357,522 | \$1,008,039 | \$11,018,644 | \$393,523 | 10.1% |
| \$500,000 - \$999,999.99 | 28 | \$18,862,353 | \$673,655 | \$2,541,993 | \$21,404,347 | \$764,441 | 13.3% |
| \$1,000,000 - \$4,999,999.99 | 2 | \$2,200,000 | \$1,100,000 | \$115,696 | \$2,315,696 | \$1,157,848 | 5.3% |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Total: | 252 | \$35,055,210 | \$1,391,108 | \$8,205,698 | \$43,260,908 | \$171,670 | 23.4% |
| With Indemnity Total: | 108 | \$35,055,210 | \$324,585 | \$5,195,390 | \$40,250,600 | \$372,691 | 14.8% |

**Physician (MD and DO)
Claim Size Distribution - All Claims Closed with
Indemnity or ALAE Payment**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | Average | | Total Paid | Average Indemnity Plus ALAE | Ratio of | |
|------------------------------|-------------|---------------------|------------------|---------------------|---------------------|-----------------------------|-------------|--------------|
| | | | Indemnity Paid | ALAE Paid | | | ALAE to Ind | Ind |
| Closed in 2005 | | | | | | | | |
| \$0 | 162 | \$0 | \$0 | \$5,472,793 | \$5,472,793 | \$33,783 | | N/A |
| \$0.01 - \$4,999.99 | 1 | \$2,500 | \$2,500 | \$17,309 | \$19,809 | \$19,809 | | 692.4% |
| \$5,000 - \$9,999.99 | 2 | \$14,000 | \$7,000 | \$73,834 | \$87,834 | \$43,917 | | \$27.4% |
| \$10,000 - \$14,999.99 | 4 | \$42,348 | \$10,587 | \$525 | \$42,873 | \$10,718 | | 1.2% |
| \$15,000 - \$24,999.99 | 3 | \$45,000 | \$15,000 | \$134,638 | \$179,638 | \$59,879 | | 299.2% |
| \$25,000 - \$44,999.99 | 13 | \$397,000 | \$30,538 | \$653,783 | \$1,050,783 | \$80,829 | | 164.7% |
| \$45,000 - \$69,999.99 | 14 | \$705,000 | \$50,357 | \$488,370 | \$1,193,370 | \$85,241 | | 69.3% |
| \$70,000 - \$124,999.99 | 16 | \$1,482,399 | \$92,650 | \$852,461 | \$2,334,860 | \$145,929 | | 57.5% |
| \$125,000 - \$249,999.99 | 16 | \$2,714,129 | \$169,633 | \$843,866 | \$3,557,994 | \$222,375 | | 31.1% |
| \$250,000 - \$499,999.99 | 17 | \$6,065,209 | \$356,777 | \$1,207,413 | \$7,272,622 | \$427,801 | | 19.9% |
| \$500,000 - \$999,999.99 | 14 | \$8,675,000 | \$619,643 | \$1,275,286 | \$9,950,286 | \$710,735 | | 14.7% |
| \$1,000,000 - \$4,999,999.99 | 2 | \$2,000,000 | \$1,000,000 | \$235,007 | \$2,235,007 | \$1,117,504 | | 11.8% |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | | N/A |
| Total: | 264 | \$22,142,585 | \$83,873 | \$11,255,284 | \$33,397,869 | \$126,507 | | 50.8% |
| With Indemnity Total: | 102 | \$22,142,585 | \$217,084 | \$5,782,492 | \$27,925,076 | \$273,775 | | 26.1% |

Prepared by Nevada Division of Insurance
Based on Closed Claim Database Extract as of February 8, 2002

1/15/2009

**Physician (MD and DO)
Claim Size Distribution - All Claims Closed with
Indemnity or ALAE Payment**

| Indemnity Paid Interval | Claim Count | Average Indemnity Paid | | Average ALAE Paid | | Total Paid | Average Indemnity Plus ALAE | | Ratio of ALAE to Ind |
|------------------------------|-------------|------------------------|------------------------|---------------------|-----------------|---------------------|-----------------------------|------------------|----------------------|
| | | Indemnity Paid | Average Indemnity Paid | ALAE Paid | Average ALAE | | Indemnity | Plus ALAE | |
| Closed in 2006 | | | | | | | | | |
| \$0 | 115 | \$0 | \$0 | \$5,777,771 | \$50,241 | \$5,777,771 | \$50,241 | \$50,241 | N/A |
| \$0.01 - \$4,999.99 | 1 | \$4,000 | \$4,000 | \$0 | \$0 | \$4,000 | \$4,000 | \$4,000 | 0.0% |
| \$5,000 - \$9,999.99 | 2 | \$17,250 | \$8,625 | \$102,217 | \$51,108 | \$119,467 | \$59,733 | \$59,733 | 592.6% |
| \$10,000 - \$14,999.99 | 2 | \$20,000 | \$10,000 | \$100,760 | \$50,380 | \$120,760 | \$60,380 | \$60,380 | 503.8% |
| \$15,000 - \$24,999.99 | 3 | \$55,714 | \$18,571 | \$67,396 | \$22,465 | \$123,110 | \$41,037 | \$41,037 | 121.0% |
| \$25,000 - \$44,999.99 | 7 | \$240,760 | \$34,394 | \$443,011 | \$63,287 | \$683,771 | \$97,682 | \$97,682 | 184.0% |
| \$45,000 - \$69,999.99 | 7 | \$360,000 | \$51,429 | \$353,680 | \$50,526 | \$713,680 | \$101,954 | \$101,954 | 98.2% |
| \$70,000 - \$124,999.99 | 8 | \$720,026 | \$90,003 | \$568,985 | \$71,123 | \$1,289,011 | \$161,126 | \$161,126 | 79.0% |
| \$125,000 - \$249,999.99 | 15 | \$2,357,500 | \$157,167 | \$1,055,813 | \$70,388 | \$3,413,313 | \$227,554 | \$227,554 | 44.8% |
| \$250,000 - \$499,999.99 | 18 | \$5,850,000 | \$325,000 | \$1,359,180 | \$75,510 | \$7,209,180 | \$400,510 | \$400,510 | 23.2% |
| \$500,000 - \$999,999.99 | 9 | \$6,232,500 | \$692,500 | \$642,450 | \$71,383 | \$6,874,950 | \$763,883 | \$763,883 | 10.3% |
| \$1,000,000 - \$4,999,999.99 | 6 | \$6,250,000 | \$1,041,667 | \$940,694 | \$156,782 | \$7,190,694 | \$1,198,449 | \$1,198,449 | 15.1% |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Total: | 193 | \$22,107,751 | \$114,548 | \$11,411,955 | \$59,129 | \$33,519,706 | \$173,677 | \$173,677 | 51.6% |
| With Indemnity Total: | 78 | \$22,107,751 | \$283,433 | \$5,634,184 | \$72,233 | \$27,741,935 | \$355,666 | \$355,666 | 25.5% |

Prepared by Nevada Division of Insurance
Based on Closed Claim Database Extract as of February 8, 2002

1/15/2009

Exhibit IV
Page 9

**Physician (MD and DO)
Claim Size Distribution - All Claims Closed with
Indemnity or ALAE Payment**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | Average Indemnity Paid | Closed in 2007 | | Total Paid | Average Indemnity Plus ALAE | Ratio of ALAE to Ind |
|------------------------------|-------------|---------------------|------------------------|---------------------|-----------------|---------------------|-----------------------------|----------------------|
| | | | | ALAE Paid | ALAE | | | |
| \$0 | 116 | \$0 | \$0 | \$7,253,782 | \$62,533 | \$7,253,782 | \$62,533 | N/A |
| \$0.01 - \$4,999.99 | 2 | \$5,198 | \$2,599 | \$126,442 | \$63,221 | \$131,640 | \$65,820 | 2432.7% |
| \$5,000 - \$9,999.99 | 3 | \$23,000 | \$7,667 | \$151,882 | \$50,627 | \$174,882 | \$38,294 | 660.4% |
| \$10,000 - \$14,999.99 | 3 | \$36,000 | \$12,000 | \$118,082 | \$39,361 | \$154,082 | \$51,361 | 328.0% |
| \$15,000 - \$24,999.99 | 6 | \$116,223 | \$19,371 | \$355,837 | \$59,306 | \$472,060 | \$78,677 | 306.2% |
| \$25,000 - \$44,999.99 | 7 | \$242,458 | \$34,637 | \$423,563 | \$60,509 | \$666,021 | \$95,146 | 174.7% |
| \$45,000 - \$69,999.99 | 3 | \$170,000 | \$56,667 | \$197,123 | \$65,708 | \$367,123 | \$122,374 | 116.0% |
| \$70,000 - \$124,999.99 | 13 | \$1,121,500 | \$86,269 | \$653,319 | \$50,255 | \$1,774,819 | \$136,525 | 58.3% |
| \$125,000 - \$249,999.99 | 11 | \$2,030,000 | \$184,545 | \$1,024,796 | \$93,163 | \$3,054,796 | \$277,709 | 50.5% |
| \$250,000 - \$499,999.99 | 14 | \$4,450,000 | \$317,857 | \$1,235,066 | \$88,219 | \$5,685,066 | \$406,076 | 27.8% |
| \$500,000 - \$999,999.99 | 11 | \$7,710,000 | \$700,909 | \$1,294,518 | \$117,683 | \$9,004,518 | \$818,593 | 16.8% |
| \$1,000,000 - \$4,999,999.99 | 3 | \$3,000,000 | \$1,000,000 | \$605,120 | \$201,707 | \$3,605,120 | \$1,201,707 | 20.2% |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Total: | 192 | \$18,904,379 | \$98,460 | \$13,439,531 | \$69,998 | \$32,343,910 | \$168,458 | 71.1% |
| With Indemnity Total: | 76 | \$18,904,379 | \$248,742 | \$6,185,749 | \$81,391 | \$25,090,128 | \$330,133 | 32.7% |

Prepared by Nevada Division of Insurance
Based on Closed Claim Database Extract as of February 8, 2002

1/15/2009

**Physician (MD and DO)
Claim Size Distribution - All Claims Closed with
Indemnity or ALAE Payment**

| Indemnity Paid Interval | Claim Count | Average Indemnity Paid | | | Total Paid | Average Indemnity Plus ALAE | Ratio of ALAE to Ind |
|------------------------------------|-------------|------------------------|--------------------|-----------------|---------------------|-----------------------------|----------------------|
| | | Indemnity Paid | ALAE Paid | ALAE | | | |
| Closed in 2008 through 6/30 | | | | | | | |
| \$0 | 43 | \$0 | \$1,960,094 | \$45,584 | \$1,960,094 | \$45,584 | N/A |
| \$0.01 - \$4,999.99 | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| \$5,000 - \$9,999.99 | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| \$10,000 - \$14,999.99 | 2 | \$23,500 | \$0 | \$0 | \$23,500 | \$11,750 | 0.0% |
| \$15,000 - \$24,999.99 | 1 | \$20,000 | \$36,290 | \$36,290 | \$56,290 | \$56,290 | 181.5% |
| \$25,000 - \$44,999.99 | 2 | \$65,000 | \$160,904 | \$80,452 | \$225,904 | \$112,952 | 247.5% |
| \$45,000 - \$69,999.99 | 5 | \$250,000 | \$50,000 | \$107,527 | \$357,527 | \$71,505 | 43.0% |
| \$70,000 - \$124,999.99 | 3 | \$285,000 | \$138,307 | \$46,102 | \$423,307 | \$141,102 | 48.5% |
| \$125,000 - \$249,999.99 | 3 | \$521,165 | \$796,962 | \$265,654 | \$1,318,126 | \$439,375 | 152.9% |
| \$250,000 - \$499,999.99 | 5 | \$1,600,000 | \$461,969 | \$92,394 | \$2,061,969 | \$412,394 | 28.9% |
| \$500,000 - \$999,999.99 | 5 | \$3,569,956 | \$383,921 | \$76,784 | \$3,953,878 | \$790,776 | 10.8% |
| \$1,000,000 - \$4,999,999.99 | 4 | \$5,000,000 | \$1,250,000 | \$641,089 | \$5,641,089 | \$1,410,272 | 12.8% |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Total: | 73 | \$11,334,621 | \$4,687,063 | \$64,206 | \$16,021,684 | \$219,475 | 41.4% |
| With Indemnity Total: | 30 | \$11,334,621 | \$2,726,969 | \$90,899 | \$14,061,590 | \$468,720 | 24.1% |

Prepared by Nevada Division of Insurance
Based on Closed Claim Database Extract as of February 8, 2002

1/15/2009

Exhibit V

**Physician (MD and DO)
Claim Size Distribution - Annual Average Claim Payments
Closed Years 1999-2008 through 6/30/2008**

| Indemnity Paid Interval | Claim Count | Average Yearly Indemnity Paid | | Average Yearly Paid/ALAE | | Total Paid | Average Yearly Indemnity Plus ALAE | | Ratio of Average Yearly ALAE to Average Yearly Indemnity |
|------------------------------|-------------|-------------------------------|---------------------|--------------------------|---------------------|----------------------|------------------------------------|---------------------|--|
| | | Indemnity Paid | Indemnity Paid | ALAE Paid | Paid/ALAE | | Indemnity Plus ALAE | Indemnity Plus ALAE | |
| \$0 | 1163 | \$0 | \$0 | \$35,693,077 | \$4,869,451 | \$35,693,077 | \$4,869,451 | \$4,869,451 | N/A |
| \$0.01 - \$4,999.99 | 12 | \$25,749 | \$3,513 | \$411,195 | \$56,098 | \$436,944 | \$59,610 | \$59,610 | 1597.0% |
| \$5,000 - \$9,999.99 | 28 | \$213,000 | \$29,059 | \$690,532 | \$94,206 | \$903,532 | \$123,265 | \$123,265 | 324.2% |
| \$10,000 - \$14,999.99 | 23 | \$255,198 | \$34,816 | \$540,926 | \$73,796 | \$796,124 | \$108,612 | \$108,612 | 212.0% |
| \$15,000 - \$24,999.99 | 41 | \$732,601 | \$99,946 | \$1,190,881 | \$162,467 | \$1,923,482 | \$262,412 | \$262,412 | 162.6% |
| \$25,000 - \$44,999.99 | 73 | \$2,299,044 | \$313,649 | \$2,596,181 | \$354,186 | \$4,895,226 | \$667,834 | \$667,834 | 112.9% |
| \$45,000 - \$69,999.99 | 63 | \$3,251,685 | \$443,613 | \$2,110,307 | \$287,900 | \$5,361,992 | \$731,513 | \$731,513 | 64.9% |
| \$70,000 - \$124,999.99 | 94 | \$8,612,429 | \$1,174,956 | \$4,166,110 | \$568,364 | \$12,778,539 | \$1,743,321 | \$1,743,321 | 48.4% |
| \$125,000 - \$249,999.99 | 133 | \$23,333,917 | \$3,183,345 | \$7,348,796 | \$1,002,564 | \$30,682,713 | \$4,185,909 | \$4,185,909 | 31.5% |
| \$250,000 - \$499,999.99 | 176 | \$59,730,784 | \$8,148,811 | \$9,283,444 | \$1,266,500 | \$69,014,228 | \$9,415,311 | \$9,415,311 | 15.5% |
| \$500,000 - \$999,999.99 | 128 | \$87,909,919 | \$11,993,168 | \$9,384,788 | \$1,280,326 | \$97,294,707 | \$13,273,493 | \$13,273,493 | 10.7% |
| \$1,000,000 - \$4,999,999.99 | 54 | \$71,900,643 | \$9,809,092 | \$5,130,925 | \$699,990 | \$77,031,568 | \$10,509,082 | \$10,509,082 | 7.1% |
| \$5,000,000 and greater | 1 | \$8,300,000 | \$1,132,333 | \$344,338 | \$46,976 | \$8,644,338 | \$1,179,309 | \$1,179,309 | 4.1% |
| Total: | 1989 | \$266,564,969 | \$36,366,299 | \$78,891,501 | \$10,762,824 | \$345,456,470 | \$47,129,123 | \$47,129,123 | 29.6% |

Prepared by Nevada Division of Insurance
Based on Closed Claim Database Extract as of February 8, 2002

1/15/2009

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Min Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|------------------------------|-------------|---------------------|--------------------|---------------------|-----------------------------|--|--|--|--|--|
| Closed in 1999 | | | | | | | | | | |
| 0* | 81 | \$0 | \$1,411,279 | \$1,411,279 | \$17,423 | 4.16 | 2.12 | 0.07 | 7.11 | 1.64 |
| \$0.01 - \$4,999.99 | 1 | \$4,000 | \$20 | \$4,020 | \$4,020 | 4.22 | 1.69 | 1.69 | 1.69 | 0.00 |
| \$5,000 - \$9,999.99 | 1 | \$7,500 | \$0 | \$7,500 | \$7,500 | 0.62 | 0.04 | 0.04 | 0.04 | 0.00 |
| \$10,000 - \$14,999.99 | 3 | \$37,000 | \$26,426 | \$63,426 | \$21,142 | 2.94 | 1.85 | 1.31 | 2.78 | 0.66 |
| \$15,000 - \$24,999.99 | 3 | \$55,163 | \$70,249 | \$125,412 | \$41,804 | 3.85 | 2.24 | 0.49 | 3.36 | 1.25 |
| \$25,000 - \$44,999.99 | 1 | \$42,500 | \$27,751 | \$70,251 | \$70,251 | 5.97 | 3.62 | 3.62 | 3.62 | 0.00 |
| \$45,000 - \$69,999.99 | 7 | \$387,500 | \$109,059 | \$496,559 | \$70,937 | 3.80 | 2.04 | 0.55 | 4.46 | 1.31 |
| \$70,000 - \$124,999.99 | 10 | \$803,382 | \$343,608 | \$1,246,990 | \$124,699 | 4.64 | 2.80 | 0.24 | 4.68 | 1.32 |
| \$125,000 - \$249,999.99 | 13 | \$2,283,125 | \$365,930 | \$2,649,055 | \$203,773 | 6.64 | 3.87 | 1.26 | 5.61 | 1.09 |
| \$250,000 - \$499,999.99 | 14 | \$4,317,500 | \$709,584 | \$5,027,084 | \$359,077 | 5.55 | 3.68 | 0.48 | 6.55 | 1.82 |
| \$500,000 - \$999,999.99 | 9 | \$6,444,133 | \$418,706 | \$6,862,839 | \$762,538 | 5.02 | 3.33 | 0.29 | 5.49 | 1.76 |
| \$1,000,000 - \$4,999,999.99 | 4 | \$4,216,490 | \$213,392 | \$4,429,882 | \$1,107,470 | 5.67 | 3.76 | 1.39 | 6.80 | 2.06 |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | | | | | |
| Total: | 147 | \$18,698,292 | \$3,696,003 | \$22,394,296 | \$152,342 | 4.58 | 2.58 | 0.04 | 7.11 | 2.05 |

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Min Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|------------------------------|-------------|----------------|-------------|--------------|-----------------------------|--|--|--|--|--|
| Closed in 2000 | | | | | | | | | | |
| 0* | 103 | \$0 | \$2,083,183 | \$2,083,183 | \$20,322 | 4.67 | 2.57 | 0.07 | 9.02 | 1.78 |
| \$0.01 - \$4,999.99 | 0 | \$0 | \$0 | \$0 | | | | | | |
| \$5,000 - \$9,999.99 | 6 | \$13,350 | \$116,756 | \$160,106 | \$26,684 | 4.71 | 3.56 | 1.37 | 5.46 | 1.35 |
| \$10,000 - \$14,999.99 | 1 | \$10,000 | \$62,168 | \$72,168 | \$72,168 | 7.47 | 6.08 | 6.08 | 6.08 | 0.00 |
| \$15,000 - \$24,999.99 | 3 | \$50,500 | \$114,112 | \$164,612 | \$54,871 | 6.74 | 3.77 | 0.49 | 9.13 | 3.82 |
| \$25,000 - \$44,999.99 | 9 | \$262,652 | \$181,631 | \$444,284 | \$49,365 | 4.46 | 3.16 | 0.29 | 7.65 | 2.27 |
| \$45,000 - \$69,999.99 | 8 | \$404,000 | \$180,655 | \$584,655 | \$73,082 | 4.97 | 2.84 | 0.25 | 4.10 | 1.33 |
| \$70,000 - \$124,999.99 | 7 | \$715,184 | \$545,370 | \$1,260,553 | \$180,079 | 6.39 | 5.15 | 1.17 | 10.28 | 3.19 |
| \$125,000 - \$249,999.99 | 20 | \$3,631,155 | \$851,369 | \$4,482,524 | \$224,126 | 4.94 | 3.23 | 0.44 | 6.84 | 1.60 |
| \$250,000 - \$499,999.99 | 15 | \$5,012,500 | \$503,646 | \$5,516,146 | \$367,743 | 4.66 | 2.64 | 0.42 | 5.27 | 1.34 |
| \$500,000 - \$999,999.99 | 15 | \$10,115,500 | \$915,150 | \$11,030,650 | \$735,377 | 4.78 | 2.70 | 0.78 | 7.27 | 1.59 |
| \$1,000,000 - \$4,999,999.99 | 10 | \$14,664,633 | \$927,324 | \$15,591,978 | \$1,559,198 | 8.23 | 5.99 | 2.39 | 14.85 | 3.51 |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | | | | | | |
| Total: | 197 | \$34,909,494 | \$6,491,365 | \$41,400,859 | \$210,157 | 5.00 | 3.02 | 0.07 | 14.85 | 1.65 |

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Min Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|------------------------------|-------------|----------------|-------------|--------------|-----------------------------|--|--|--|--|--|
| 0* | 103 | \$0 | \$1,598,823 | \$1,598,823 | \$15,523 | 4.35 | 2.40 | 0.13 | 14.69 | 2.04 |
| \$0.01 - \$4,999.99 | 2 | \$2,001 | \$112,611 | \$114,612 | \$57,306 | 4.59 | 3.31 | 2.77 | 3.85 | 0.54 |
| \$5,000 - \$9,999.99 | 6 | \$48,000 | \$122,849 | \$170,849 | \$28,475 | 4.80 | 2.54 | 0.02 | 6.18 | 2.14 |
| \$10,000 - \$14,999.99 | 4 | \$12,850 | \$86,656 | \$129,506 | \$32,377 | 4.88 | 3.54 | 1.83 | 5.40 | 1.32 |
| \$15,000 - \$24,999.99 | 3 | \$53,000 | \$70,087 | \$123,087 | \$41,029 | 4.25 | 2.67 | 2.63 | 2.73 | 0.04 |
| \$25,000 - \$44,999.99 | 7 | \$208,659 | \$150,465 | \$359,124 | \$51,303 | 4.33 | 2.58 | 0.60 | 5.33 | 1.51 |
| \$45,000 - \$69,999.99 | 4 | \$194,500 | \$166,322 | \$360,822 | \$90,206 | 5.74 | 3.17 | 1.41 | 4.10 | 1.04 |
| \$70,000 - \$124,999.99 | 7 | \$641,000 | \$206,383 | \$847,383 | \$121,055 | 4.72 | 3.03 | 0.74 | 5.65 | 1.80 |
| \$125,000 - \$249,999.99 | 16 | \$2,974,500 | \$657,599 | \$3,632,099 | \$227,006 | 5.90 | 3.71 | 0.95 | 6.83 | 1.87 |
| \$250,000 - \$499,999.99 | 26 | \$9,026,764 | \$1,061,817 | \$10,088,581 | \$388,022 | 5.63 | 3.54 | 1.10 | 8.37 | 1.74 |
| \$500,000 - \$999,999.99 | 8 | \$5,344,278 | \$372,603 | \$5,716,881 | \$714,610 | 4.67 | 3.03 | 1.27 | 3.74 | 0.79 |
| \$1,000,000 - \$4,999,999.99 | 12 | \$20,589,500 | \$972,693 | \$21,562,193 | \$1,796,849 | 5.79 | 3.13 | 0.74 | 9.03 | 2.27 |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | | | | | | |
| Total: | 198 | \$39,125,052 | \$5,578,908 | \$44,703,960 | \$225,778 | 4.81 | 2.81 | 0.02 | 14.69 | 2.01 |

Closed in 2001

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Min Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|------------------------------|-------------|---------------------|--------------------|---------------------|-----------------------------|--|--|--|--|--|
| Closed in 2002 | | | | | | | | | | |
| 0* | 133 | \$0 | \$3,166,065 | \$3,166,065 | \$23,805 | 4.50 | 2.66 | 0.12 | 8.22 | 1.64 |
| \$0.01 - \$4,999.99 | 2 | \$3,500 | \$36,738 | \$40,238 | \$20,119 | 8.32 | 2.73 | 0.71 | 4.75 | 2.02 |
| \$5,000 - \$9,999.99 | 2 | \$14,000 | \$26,357 | \$40,357 | \$20,179 | 5.71 | 3.01 | 0.60 | 5.42 | 2.41 |
| \$10,000 - \$14,999.99 | 1 | \$13,500 | \$34,952 | \$48,452 | \$48,452 | 5.97 | 4.74 | 4.74 | 4.74 | 0.00 |
| \$15,000 - \$24,999.99 | 6 | \$110,000 | \$112,378 | \$222,378 | \$37,063 | 3.74 | 1.95 | 0.16 | 3.54 | 1.15 |
| \$25,000 - \$44,999.99 | 7 | \$230,500 | \$87,558 | \$318,058 | \$45,437 | 4.62 | 3.24 | 0.55 | 6.05 | 1.67 |
| \$45,000 - \$69,999.99 | 3 | \$145,000 | \$142,338 | \$287,338 | \$95,779 | 4.98 | 2.91 | 1.47 | 4.22 | 1.13 |
| \$70,000 - \$124,999.99 | 14 | \$1,287,939 | \$420,334 | \$1,708,272 | \$122,019 | 4.70 | 2.89 | 0.63 | 5.85 | 1.40 |
| \$125,000 - \$249,999.99 | 14 | \$2,463,647 | \$566,180 | \$3,029,827 | \$216,416 | 5.05 | 2.84 | 0.44 | 4.25 | 1.26 |
| \$250,000 - \$499,999.99 | 17 | \$5,809,949 | \$740,589 | \$6,550,538 | \$385,326 | 5.07 | 3.12 | 0.34 | 6.68 | 1.59 |
| \$500,000 - \$999,999.99 | 18 | \$13,059,260 | \$885,812 | \$13,945,072 | \$774,726 | 4.89 | 3.25 | 1.10 | 7.45 | 1.53 |
| \$1,000,000 - \$4,999,999.99 | 5 | \$7,380,000 | \$231,768 | \$7,611,768 | \$1,522,354 | 4.20 | 2.19 | 0.50 | 3.36 | 1.18 |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | | | | | | |
| Total: | 222 | \$30,517,295 | \$6,451,068 | \$36,968,363 | \$166,524 | 4.65 | 2.77 | 0.12 | 8.22 | 1.76 |

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Min Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|------------------------------|-------------|---------------------|--------------------|---------------------|-----------------------------|--|--|--|--|--|
| 0* | 163 | \$0 | \$3,948,978 | \$3,948,978 | \$24,227 | 4.23 | 2.41 | 0.01 | 11.65 | 1.74 |
| \$0.01 - \$4,999.99 | 1 | \$800 | \$0 | \$800 | \$800 | 0.53 | 0.10 | 0.10 | 0.10 | 0.00 |
| \$5,000 - \$9,999.99 | 3 | \$20,900 | \$6,491 | \$27,391 | \$9,130 | 2.70 | 1.86 | 0.94 | 2.46 | 0.66 |
| \$10,000 - \$14,999.99 | 0 | \$0 | \$0 | \$0 | | | | | | |
| \$15,000 - \$24,999.99 | 7 | \$123,500 | \$166,814 | \$290,314 | \$41,473 | 4.85 | 2.99 | 0.92 | 6.75 | 1.76 |
| \$25,000 - \$44,999.99 | 12 | \$364,512 | \$277,301 | \$641,813 | \$53,484 | 5.66 | 3.72 | 1.04 | 6.89 | 1.36 |
| \$45,000 - \$69,999.99 | 7 | \$385,685 | \$227,380 | \$613,065 | \$87,581 | 5.16 | 2.80 | 0.56 | 6.46 | 1.90 |
| \$70,000 - \$124,999.99 | 8 | \$796,000 | \$291,980 | \$1,087,980 | \$135,997 | 5.91 | 4.77 | 2.21 | 11.15 | 2.98 |
| \$125,000 - \$249,999.99 | 10 | \$1,693,697 | \$512,712 | \$2,206,408 | \$220,641 | 4.90 | 2.94 | 1.25 | 5.67 | 1.26 |
| \$250,000 - \$499,999.99 | 22 | \$7,588,257 | \$996,142 | \$8,584,399 | \$390,200 | 6.21 | 3.15 | 0.63 | 6.50 | 1.60 |
| \$500,000 - \$999,999.99 | 11 | \$7,896,938 | \$654,347 | \$8,551,286 | \$777,390 | 5.45 | 3.01 | 0.85 | 6.46 | 1.80 |
| \$1,000,000 - \$4,999,999.99 | 6 | \$6,600,000 | \$248,142 | \$6,848,142 | \$1,141,357 | 5.13 | 2.40 | 1.33 | 3.27 | 0.80 |
| \$5,000,000 and greater | 1 | \$8,300,000 | \$344,338 | \$8,644,338 | \$8,644,338 | 7.08 | 5.66 | 5.66 | 5.66 | 0.00 |
| Total: | 251 | \$33,770,289 | \$7,674,624 | \$41,444,914 | \$165,119 | 4.65 | 2.68 | 0.01 | 11.65 | 1.85 |

Exhibit VI
Page 6

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Min Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|------------------------------|-------------|---------------------|--------------------|---------------------|-----------------------------|--|--|--|--|--|
| 0* | 144 | \$0 | \$3,010,308 | \$3,010,308 | \$20,905 | 4.30 | 2.46 | 0.16 | 7.84 | 1.62 |
| \$0.01 - \$4,999.99 | 2 | \$3,750 | \$118,075 | \$121,825 | \$60,912 | 4.84 | 3.14 | 1.75 | 4.52 | 1.39 |
| \$5,000 - \$9,999.99 | 3 | \$25,000 | \$90,147 | \$115,147 | \$38,382 | 4.30 | 2.83 | 2.27 | 3.38 | 0.45 |
| \$10,000 - \$14,999.99 | 3 | \$30,000 | \$111,357 | \$141,357 | \$47,119 | 4.75 | 3.06 | 2.36 | 3.71 | 0.55 |
| \$15,000 - \$24,999.99 | 6 | \$103,500 | \$63,080 | \$166,580 | \$27,763 | 3.96 | 2.50 | 0.27 | 4.84 | 1.74 |
| \$25,000 - \$44,999.99 | 8 | \$245,002 | \$190,215 | \$435,217 | \$54,402 | 5.16 | 3.15 | 0.34 | 6.25 | 1.93 |
| \$45,000 - \$69,999.99 | 5 | \$250,000 | \$137,853 | \$387,853 | \$77,571 | 3.83 | 2.36 | 0.36 | 4.62 | 1.47 |
| \$70,000 - \$124,999.99 | 8 | \$660,000 | \$145,363 | \$805,363 | \$100,670 | 4.82 | 3.40 | 1.42 | 7.39 | 1.86 |
| \$125,000 - \$249,999.99 | 15 | \$2,665,000 | \$673,571 | \$3,338,571 | \$222,571 | 5.67 | 3.01 | 0.02 | 4.95 | 1.29 |
| \$250,000 - \$499,999.99 | 28 | \$10,010,605 | \$1,008,039 | \$11,018,644 | \$393,523 | 4.71 | 2.55 | 1.18 | 5.56 | 1.27 |
| \$500,000 - \$999,999.99 | 28 | \$18,862,353 | \$2,541,993 | \$21,404,347 | \$764,441 | 5.00 | 3.49 | 1.14 | 7.16 | 1.46 |
| \$1,000,000 - \$4,999,999.99 | 2 | \$2,200,000 | \$115,696 | \$2,315,696 | \$1,157,848 | 6.74 | 4.41 | 3.66 | 5.15 | 0.75 |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | | | | | | |
| Total: | 252 | \$35,055,210 | \$8,205,698 | \$43,260,908 | \$171,670 | 4.56 | 2.70 | 0.02 | 7.84 | 1.87 |

Closed in 2004

Prepared by Nevada Division of Insurance
Based on Closed Claim Database Extract as of February 8, 2002

1/15/2009

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Min Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|------------------------------|-------------|---------------------|---------------------|---------------------|-----------------------------|--|--|--|--|--|
| | | | | | | | | | | |
| 0* | 162 | \$0 | \$5,472,793 | \$5,472,793 | \$33,783 | 5.04 | 2.81 | 0.16 | 7.13 | 1.64 |
| \$0.01 - \$4,999.99 | 1 | \$2,500 | \$17,309 | \$19,809 | \$19,809 | 6.38 | 1.10 | 1.10 | 1.10 | 0.00 |
| \$5,000 - \$9,999.99 | 2 | \$14,000 | \$73,834 | \$87,834 | \$43,917 | 1.99 | 1.20 | 0.69 | 1.71 | 0.51 |
| \$10,000 - \$14,999.99 | 4 | \$42,348 | \$525 | \$42,873 | \$10,718 | 1.96 | 1.44 | 0.64 | 3.26 | 1.07 |
| \$15,000 - \$24,999.99 | 3 | \$45,000 | \$134,638 | \$179,638 | \$59,879 | 5.04 | 3.22 | 1.46 | 5.56 | 1.72 |
| \$25,000 - \$44,999.99 | 13 | \$397,000 | \$653,783 | \$1,050,783 | \$80,829 | 5.96 | 3.80 | 0.68 | 10.35 | 2.81 |
| \$45,000 - \$69,999.99 | 14 | \$705,000 | \$488,370 | \$1,193,370 | \$85,241 | 5.57 | 3.17 | 2.34 | 6.22 | 0.97 |
| \$70,000 - \$124,999.99 | 16 | \$1,482,399 | \$852,461 | \$2,334,860 | \$145,929 | 4.96 | 2.94 | 1.00 | 5.81 | 1.27 |
| \$125,000 - \$249,999.99 | 16 | \$2,714,129 | \$843,866 | \$3,557,994 | \$222,375 | 4.82 | 3.03 | 1.10 | 6.90 | 1.64 |
| \$250,000 - \$499,999.99 | 17 | \$6,065,209 | \$1,207,413 | \$7,272,622 | \$427,801 | 6.08 | 3.72 | 0.90 | 6.36 | 1.39 |
| \$500,000 - \$999,999.99 | 14 | \$8,675,000 | \$1,275,286 | \$9,950,286 | \$710,735 | 6.08 | 4.24 | 1.36 | 8.32 | 1.95 |
| \$1,000,000 - \$4,999,999.99 | 2 | \$2,000,000 | \$235,007 | \$2,235,007 | \$1,117,504 | 4.73 | 3.26 | 3.20 | 3.31 | 0.05 |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | \$0 | | | | | |
| Total: | 264 | \$22,142,585 | \$11,255,284 | \$33,397,869 | \$126,507 | 5.15 | 3.00 | 0.16 | 10.35 | 1.86 |

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Mfn Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|------------------------------|-------------|----------------|--------------|--------------|-----------------------------|--|--|--|--|--|
| 0* | 115 | \$0 | \$5,777,771 | \$5,777,771 | \$50,241 | 5.01 | 2.98 | 0.06 | 11.23 | 1.84 |
| \$0.01 - \$4,999.99 | 1 | \$4,000 | \$0 | \$4,000 | \$4,000 | 1.11 | 1.06 | 1.06 | 1.06 | 0.00 |
| \$5,000 - \$9,999.99 | 2 | \$17,250 | \$102,217 | \$119,467 | \$59,733 | 5.88 | 3.75 | 1.93 | 5.56 | 1.82 |
| \$10,000 - \$14,999.99 | 2 | \$20,000 | \$100,760 | \$120,760 | \$60,380 | 5.63 | 4.11 | 3.05 | 5.16 | 1.06 |
| \$15,000 - \$24,999.99 | 3 | \$55,714 | \$67,396 | \$123,110 | \$41,037 | 4.56 | 3.10 | 2.02 | 3.96 | 0.81 |
| \$25,000 - \$44,999.99 | 7 | \$240,760 | \$443,011 | \$683,771 | \$97,682 | 5.79 | 3.47 | 1.98 | 5.94 | 1.42 |
| \$45,000 - \$69,999.99 | 7 | \$360,000 | \$353,680 | \$713,680 | \$101,954 | 5.94 | 3.50 | 1.58 | 5.55 | 1.27 |
| \$70,000 - \$124,999.99 | 8 | \$720,026 | \$568,985 | \$1,289,011 | \$161,126 | 5.43 | 3.93 | 0.89 | 5.30 | 1.35 |
| \$125,000 - \$249,999.99 | 15 | \$2,357,500 | \$1,055,813 | \$3,413,313 | \$227,554 | 5.42 | 3.76 | 1.20 | 6.40 | 1.56 |
| \$250,000 - \$499,999.99 | 18 | \$5,850,000 | \$1,359,180 | \$7,209,180 | \$400,510 | 5.13 | 3.54 | 0.16 | 5.91 | 1.59 |
| \$500,000 - \$999,999.99 | 9 | \$6,232,500 | \$642,450 | \$6,874,950 | \$763,883 | 5.03 | 3.42 | 1.21 | 5.67 | 1.25 |
| \$1,000,000 - \$4,999,999.99 | 6 | \$6,250,000 | \$940,694 | \$7,190,694 | \$1,198,449 | 5.43 | 3.52 | 0.54 | 5.79 | 1.57 |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | | | | | | |
| Total: | 193 | \$22,107,751 | \$11,411,955 | \$33,519,706 | \$173,677 | 5.13 | 3.22 | 0.06 | 11.23 | 1.86 |

Closed in 2006

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Mfn Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|------------------------------|-------------|----------------|--------------|--------------|-----------------------------|--|--|--|--|--|
| | | | | | | | | | | |
| 0** | 116 | \$0 | \$7,253,782 | \$7,253,782 | \$62,533 | 5.04 | 3.08 | 0.04 | 10.54 | 1.84 |
| \$0.01 - \$4,999.99 | 2 | \$5,198 | \$126,442 | \$131,640 | \$65,820 | 6.67 | 4.99 | 2.79 | 7.18 | 2.20 |
| \$5,000 - \$9,999.99 | 3 | \$23,000 | \$151,882 | \$174,882 | \$58,294 | 5.94 | 4.20 | 2.60 | 5.53 | 1.21 |
| \$10,000 - \$14,999.99 | 3 | \$36,000 | \$118,082 | \$154,082 | \$51,361 | 4.52 | 3.43 | 3.23 | 3.65 | 0.17 |
| \$15,000 - \$24,999.99 | 6 | \$116,223 | \$355,837 | \$472,060 | \$78,677 | 6.76 | 4.73 | 3.64 | 6.20 | 1.03 |
| \$25,000 - \$44,999.99 | 7 | \$242,458 | \$423,563 | \$666,021 | \$95,146 | 4.18 | 2.81 | 1.33 | 5.91 | 1.49 |
| \$45,000 - \$69,999.99 | 3 | \$170,000 | \$197,123 | \$367,123 | \$122,374 | 6.43 | 4.82 | 2.97 | 7.52 | 1.95 |
| \$70,000 - \$124,999.99 | 13 | \$1,121,500 | \$653,319 | \$1,774,819 | \$136,525 | 5.38 | 3.37 | 0.66 | 5.94 | 1.67 |
| \$125,000 - \$249,999.99 | 11 | \$2,030,000 | \$1,024,796 | \$3,054,796 | \$277,709 | 5.36 | 3.60 | 1.32 | 6.05 | 1.35 |
| \$250,000 - \$499,999.99 | 14 | \$4,450,000 | \$1,235,066 | \$5,685,066 | \$406,076 | 5.56 | 3.89 | 1.61 | 6.44 | 1.48 |
| \$500,000 - \$999,999.99 | 11 | \$7,710,000 | \$1,294,518 | \$9,004,518 | \$818,593 | 6.16 | 3.04 | 1.65 | 5.14 | 1.12 |
| \$1,000,000 - \$4,999,999.99 | 3 | \$3,000,000 | \$605,120 | \$3,605,120 | \$1,201,707 | 5.95 | 4.58 | 2.98 | 6.44 | 1.43 |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | | | | | | |
| Total: | 192 | \$18,904,379 | \$13,439,531 | \$32,343,910 | \$168,458 | 5.26 | 3.32 | 0.04 | 10.54 | 1.89 |

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Min Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|------------------------------|-------------|---------------------|--------------------|---------------------|-----------------------------|--|--|--|--|--|
| 0* | 43 | \$0 | \$1,960,094 | \$1,960,094 | \$45,584 | 4.29 | 2.58 | 0.12 | 5.49 | 1.52 |
| \$0.01 - \$4,999.99 | 0 | \$0 | \$0 | \$0 | | | | | | |
| \$5,000 - \$9,999.99 | 0 | \$0 | \$0 | \$0 | | | | | | |
| \$10,000 - \$14,999.99 | 2 | \$23,500 | \$0 | \$23,500 | \$11,750 | 1.30 | 0.37 | 0.33 | 0.41 | 0.04 |
| \$15,000 - \$24,999.99 | 1 | \$20,000 | \$36,290 | \$56,290 | \$56,290 | 6.01 | 3.67 | 3.67 | 3.67 | 0.00 |
| \$25,000 - \$44,999.99 | 2 | \$65,000 | \$160,904 | \$225,904 | \$112,952 | 4.50 | 3.82 | 3.45 | 4.19 | 0.37 |
| \$45,000 - \$69,999.99 | 5 | \$250,000 | \$107,527 | \$357,527 | \$71,505 | 4.99 | 3.81 | 3.81 | 3.81 | 0.00 |
| \$70,000 - \$124,999.99 | 3 | \$285,000 | \$138,307 | \$423,307 | \$141,102 | 6.30 | 3.77 | 2.83 | 4.93 | 0.87 |
| \$125,000 - \$249,999.99 | 3 | \$521,165 | \$796,962 | \$1,318,126 | \$439,375 | 6.35 | 4.14 | 3.13 | 5.01 | 0.77 |
| \$250,000 - \$499,999.99 | 5 | \$1,600,000 | \$461,969 | \$2,061,969 | \$412,394 | 6.87 | 4.84 | 2.58 | 5.79 | 1.22 |
| \$500,000 - \$999,999.99 | 5 | \$3,569,956 | \$383,921 | \$3,953,877 | \$790,776 | 4.96 | 3.26 | 1.02 | 6.21 | 2.05 |
| \$1,000,000 - \$4,999,999.99 | 4 | \$5,000,000 | \$641,089 | \$5,641,089 | \$1,410,272 | 5.37 | 2.90 | 1.58 | 4.66 | 1.11 |
| \$5,000,000 and greater | 0 | \$0 | \$0 | \$0 | | | | | | |
| Total: | 73 | \$11,334,621 | \$4,687,063 | \$16,021,684 | \$219,475 | 4.73 | 2.98 | 0.12 | 6.21 | 1.85 |

Closed in 2008 through 6/30

**Physician (MD and DO)
Time to Closure Distribution**

| Indemnity Paid Interval | Claim Count | Indemnity Paid | ALAE Paid | Total Paid | Average Indemnity Plus ALAE | Average Time From Injury to Closure in Years | Average Time From Report to Closure in Years | Min Time From Report to Closure in Years | Max Time From Report to Closure in Years | Standard Deviation of Time From Report to Closure in Years |
|---|-------------|----------------------|---------------------|----------------------|-----------------------------|--|--|--|--|--|
| All Claims Closed 1999 through 6/30/2008 | | | | | | | | | | |
| 0* | 1163 | \$0 | \$35,693,077 | \$35,693,077 | \$30,691 | 4.59 | 2.62 | 0.01 | 14.69 | 1.76 |
| \$0.01 - \$4,999.99 | 12 | \$25,749 | \$411,195 | \$436,944 | \$36,412 | 5.09 | 2.69 | 0.10 | 7.18 | 1.98 |
| \$5,000 - \$9,999.99 | 28 | \$213,000 | \$690,532 | \$903,532 | \$32,269 | 4.42 | 2.83 | 0.02 | 6.18 | 1.80 |
| \$10,000 - \$14,999.99 | 23 | \$255,198 | \$540,926 | \$796,124 | \$34,614 | 3.97 | 2.81 | 0.33 | 6.08 | 1.61 |
| \$15,000 - \$24,999.99 | 41 | \$732,601 | \$1,190,881 | \$1,923,482 | \$46,914 | 4.88 | 3.04 | 0.16 | 9.13 | 1.87 |
| \$25,000 - \$44,999.99 | 73 | \$2,299,044 | \$2,596,181 | \$4,895,226 | \$67,058 | 5.13 | 3.34 | 0.29 | 10.35 | 1.95 |
| \$45,000 - \$69,999.99 | 63 | \$3,251,685 | \$2,110,307 | \$5,361,992 | \$85,111 | 5.13 | 3.05 | 0.25 | 7.52 | 1.44 |
| \$70,000 - \$124,999.99 | 94 | \$8,612,429 | \$4,166,110 | \$12,778,539 | \$135,942 | 5.19 | 3.45 | 0.24 | 11.15 | 1.99 |
| \$125,000 - \$249,999.99 | 133 | \$23,333,917 | \$7,348,796 | \$30,682,713 | \$230,697 | 5.42 | 3.35 | 0.02 | 6.90 | 1.52 |
| \$250,000 - \$499,999.99 | 176 | \$59,730,784 | \$9,283,444 | \$69,014,228 | \$392,126 | 5.44 | 3.31 | 0.16 | 8.37 | 1.62 |
| \$500,000 - \$999,999.99 | 128 | \$87,909,919 | \$9,384,788 | \$97,294,707 | \$760,115 | 5.20 | 3.31 | 0.29 | 8.32 | 1.61 |
| \$1,000,000 - \$4,999,999.99 | 54 | \$71,900,643 | \$5,130,925 | \$77,031,568 | \$1,426,511 | 5.95 | 3.70 | 0.50 | 14.85 | 2.45 |
| \$5,000,000 and greater | 1 | \$8,300,000 | \$344,338 | \$8,644,338 | \$8,644,338 | 7.08 | 5.66 | 5.66 | 5.66 | 0.00 |
| Total: | 1989 | \$266,564,969 | \$78,891,501 | \$345,456,470 | \$173,683 | 4.86 | 2.90 | 0.01 | 14.85 | 1.82 |

**Closed Claim Database (NRS 690B.050)
Physician (MD and DO) Multiple Claim Analysis 2008
Claims Reported Closed 2001 through 2nd Quarter 2008**

Total Closed (with and without Indemnity Payment)

| # of Claims | # Physicians | # Claims | Indemnity Payments | Average Paid Indemnity per Claim | Average Paid per Physician with Claim(s) | ALAE Payments | Average Paid Indemnity + ALAE per Claim | Average Paid Indemnity + ALAE per Physician with Claim(s) |
|-------------------|--------------|----------|--------------------|----------------------------------|--|---------------|---|---|
| 1 | 845 | 845 | \$90,996,501 | \$107,688 | \$107,688 | \$30,258,426 | \$143,497 | \$143,497 |
| 2 | 208 | 416 | \$47,912,873 | \$115,175 | \$230,350 | \$15,272,670 | \$151,888 | \$303,777 |
| 3 | 76 | 228 | \$19,501,052 | \$85,531 | \$256,593 | \$8,142,427 | \$121,243 | \$363,730 |
| 4 | 26 | 104 | \$11,402,412 | \$109,639 | \$438,554 | \$4,084,782 | \$148,915 | \$595,661 |
| 5 | 20 | 100 | \$8,265,223 | \$82,652 | \$413,261 | \$3,885,718 | \$121,509 | \$607,547 |
| 6 | 6 | 36 | \$2,667,522 | \$74,098 | \$444,587 | \$1,113,954 | \$105,041 | \$630,246 |
| 7 | 6 | 42 | \$1,839,200 | \$43,790 | \$306,533 | \$1,684,037 | \$83,887 | \$587,206 |
| 8 | 1 | 8 | \$585,000 | \$73,125 | \$585,000 | \$200,604 | \$98,200 | \$785,604 |
| 9 | 1 | 9 | \$336,750 | \$37,417 | \$336,750 | \$419,089 | \$83,982 | \$755,839 |
| 10 | 2 | 20 | \$2,533,000 | \$126,650 | \$1,266,500 | \$641,229 | \$158,711 | \$1,587,114 |
| 11 | 0 | 0 | \$0 | | | \$0 | | |
| 12 | 1 | 12 | \$2,725,000 | \$227,083 | \$2,725,000 | \$377,711 | \$258,559 | \$3,102,711 |
| 13 | 1 | 13 | \$4,457,500 | \$342,885 | \$4,457,500 | \$1,515,716 | \$459,478 | \$5,973,216 |
| 14 | 0 | 0 | \$0 | | | \$0 | | |
| 15 | 0 | 0 | \$0 | | | \$0 | | |
| 44 | 1 | 44 | \$19,735,149 | \$448,526 | \$19,735,149 | \$1,107,769 | \$473,703 | \$20,842,918 |
| >44 | 0 | 0 | \$0 | | | \$0 | | |
| Total | 1193 | 1833 | \$212,957,182 | \$116,180 | \$178,506 | \$68,704,133 | \$153,661 | \$236,095 |
| Total Multiple | 348 | 988 | \$121,960,681 | \$123,442 | \$350,462 | \$38,445,706 | \$162,355 | \$460,938 |
| Multiple to Total | 29% | 54% | 57% | 106% | 196% | 56% | 106% | 195% |

**Closed Claim Database (NRS 690B.050)
Physician (MD and DO) Multiple Claim Analysis 2008
Claims Reported Closed 2001 through 2nd Quarter 2008**

Closed With Indemnity Payment

| # of Claims | # Physicians | # Claims | Indemnity Payments | Average Paid Indemnity per Claim | Average Paid per Physician with Claim(s) | ALAE Payments | Average Paid Indemnity + ALAE per Claim | Average Paid Indemnity + ALAE per Physician with Claim(s) |
|-------------------|--------------|----------|--------------------|----------------------------------|--|---------------|---|---|
| 1 | 409 | 409 | \$126,039,422 | \$308,165 | \$308,165 | \$23,977,099 | \$366,789 | \$366,789 |
| 2 | 67 | 134 | \$39,212,731 | \$292,632 | \$585,265 | \$6,524,202 | \$341,320 | \$682,641 |
| 3 | 11 | 33 | \$10,324,871 | \$312,875 | \$938,625 | \$1,598,599 | \$361,317 | \$1,083,952 |
| 4 | 6 | 24 | \$7,214,500 | \$300,604 | \$1,202,417 | \$1,518,980 | \$363,895 | \$1,455,580 |
| 5 | 3 | 15 | \$8,465,500 | \$564,367 | \$2,821,833 | \$942,740 | \$627,216 | \$3,136,080 |
| 6 | 2 | 12 | \$1,628,260 | \$135,688 | \$814,130 | \$537,140 | \$180,450 | \$1,082,700 |
| 7 | 1 | 7 | \$336,750 | \$48,107 | \$336,750 | \$406,437 | \$106,170 | \$743,187 |
| 8 | 0 | 0 | \$0 | | | \$0 | | |
| 9 | 0 | 0 | \$0 | | | \$0 | | |
| 10 | 0 | 0 | \$0 | | | \$0 | | |
| 34 | 1 | 34 | \$19,735,149 | \$580,446 | \$19,735,149 | \$1,051,698 | \$611,378 | \$20,786,847 |
| >34 | 0 | 0 | \$0 | | | \$0 | | |
| Total | 500 | 668 | \$212,957,182 | \$318,798 | \$425,914 | \$36,556,896 | \$373,524 | \$499,028 |
| Total Multiple | 91 | 259 | \$86,917,761 | \$335,590 | \$955,140 | \$12,579,797 | \$384,160 | \$1,093,380 |
| Multiple to Total | 18% | 39% | 41% | 105% | 224% | 34% | 103% | 219% |

Exhibit VIII
Page 1
**Physician (MD and DO)
Claims Closed by County
2001 through June 30, 2008**

| Category | Physician | Data | | |
|-------------|-----------|-----------------------|-------------------|------------------------------|
| County | | Sum of Paid Indemnity | Sum of Total ALAE | Sum of Paid Indemnity + ALAE |
| Carson City | | \$3,706,000 | \$649,155 | \$4,355,155 |
| Churchill | | \$8,650,000 | \$446,107 | \$9,096,107 |
| Clark | | \$158,226,942 | \$58,017,009 | \$216,243,951 |
| Douglas | | \$100,000 | \$71,450 | \$171,450 |
| Elko | | \$1,627,999 | \$301,548 | \$1,929,547 |
| Humboldt | | \$1,057,500 | \$377,707 | \$1,435,207 |
| Lyon | | \$25,000 | \$35,282 | \$60,282 |
| Mineral | | | \$1,134 | \$1,134 |
| Nye | | \$1,025,000 | \$244,694 | \$1,269,694 |
| Unknown | | \$5,439,000 | \$837,117 | \$6,276,117 |
| Washoe | | \$31,899,741 | \$7,606,614 | \$39,506,355 |
| White Pine | | \$1,200,000 | \$116,316 | \$1,316,316 |
| Grand Total | | \$212,957,182 | \$68,704,133 | \$281,661,315 |

Exhibit VIII

Page 2

**Physician (MD and DO)
Claims Closed by County
2001 through June 30, 2008**

| Closure Year Category | (All) Physician | Claim Count | | | | | | Grand Total |
|--------------------------|--------------------|---------------------------|------------------|-------|-----------|---------------|--------------|--------------|
| | | Disposition Arbitrated | Decided by Trial | Other | Settled | Closed No-Pay | Grand Total | |
| Carson City | | | 2 | | | 12 | 21 | 35 |
| Churchill | | | 1 | | | 1 | 5 | 7 |
| Clark | 51 | | 88 | | 33 | 461 | 881 | 1,514 |
| Douglas | | | | | | 1 | 4 | 5 |
| Elko | 1 | | 1 | | | 6 | 8 | 16 |
| Humboldt | | | 1 | | | 3 | 3 | 7 |
| Lyon | | | 1 | | | | | 1 |
| Mineral | | | | | | | | 1 |
| Nye | | | | | | 2 | 5 | 7 |
| Unknown | | | | | | 13 | 24 | 37 |
| Washoe | 6 | | 11 | | 2 | 97 | 126 | 242 |
| White Pine | | | 1 | | | 1 | 3 | 5 |
| Grand Total | 58 | | 106 | | 35 | 597 | 1,081 | 1,877 |

Exhibit IX

Physician (MD and DO)
Claims Closed by Disposition
2001 through June 30, 2008

| Category | Physician | Sum of Paid Indemnity | | | | | | | | | |
|------------------|-----------|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--|
| | | Closure Year | | | | | | | | | |
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Grand Total | |
| Arbitrated | | \$187,605 | \$1,698,500 | \$4,563,371 | \$1,000,026 | \$795,000 | \$957,962 | \$10,708,028 | | | |
| Decided by Trial | | \$3,946,288 | \$8,753,640 | \$1,997,436 | \$888,260 | \$420,000 | \$773,159 | \$20,144,379 | | | |
| Other | | \$35,178,764 | \$28,209,093 | \$22,305,086 | \$31,243,774 | \$14,719,214 | \$3,727,464 | \$2,709,000 | \$135,000 | \$9,507,964 | |
| Settled | | \$0 | \$0 | \$0 | \$0 | \$16,492,000 | \$14,980,379 | \$9,468,500 | \$172,596,811 | | |
| Closed No-Pay | | \$39,125,052 | \$33,770,288 | \$35,055,210 | \$22,142,585 | \$22,107,751 | \$18,904,379 | \$11,334,621 | \$212,957,182 | | |
| Grand Total | | | | | | | | | | | |

| Category | Physician | Sum of Total ALAE | | | | | | | | | |
|------------------|-----------|-------------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|--------------|--|
| | | Closure Year | | | | | | | | | |
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Grand Total | |
| Arbitrated | | \$886,719 | \$92,187 | \$57,012 | \$31,776 | \$1,287,430 | \$919,183 | \$1,811,835 | \$305,172 | \$5,524,595 | |
| Decided by Trial | | \$3,380,332 | \$1,036,036 | \$1,529,237 | \$946,546 | \$1,293,915 | \$1,349,421 | \$1,869,659 | \$988,173 | \$9,799,707 | |
| Other | | \$1,311,857 | \$2,439,660 | \$2,796,689 | \$411,101 | \$784,169 | \$787,540 | \$1,116,135 | \$130,177 | \$3,340,282 | |
| Settled | | \$0 | \$0 | \$0 | \$0 | \$3,998,836 | \$3,875,663 | \$4,639,162 | \$1,917,017 | \$27,925,811 | |
| Closed No-Pay | | \$5,578,908 | \$6,451,068 | \$7,674,624 | \$8,205,698 | \$11,255,284 | \$4,480,147 | \$4,002,740 | \$1,346,524 | \$22,113,738 | |
| Grand Total | | | | | | | | | | | |

| Category | Physician | Sum of Paid Indemnity + ALAE | | | | | | | | | |
|------------------|-----------|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--|
| | | Closure Year | | | | | | | | | |
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Grand Total | |
| Arbitrated | | \$0 | \$279,792 | \$2,082,576 | \$2,230,276 | \$5,850,801 | \$1,919,210 | \$2,606,835 | \$1,263,135 | \$16,232,624 | |
| Decided by Trial | | \$4,833,007 | \$3,156,633 | \$10,282,877 | \$2,843,982 | \$2,538,915 | \$2,237,681 | \$2,289,659 | \$1,761,332 | \$29,944,086 | |
| Other | | \$0 | \$0 | \$1,617,100 | \$246,680 | \$2,379,169 | \$4,515,005 | \$3,825,135 | \$265,177 | \$12,848,246 | |
| Settled | | \$38,559,086 | \$31,082,279 | \$25,101,755 | \$35,678,621 | \$19,718,150 | \$20,367,663 | \$19,619,541 | \$11,386,517 | \$200,522,621 | |
| Closed No-Pay | | \$1,311,857 | \$2,439,660 | \$2,360,606 | \$2,281,370 | \$3,910,834 | \$4,460,147 | \$4,002,740 | \$1,346,524 | \$22,113,738 | |
| Grand Total | | \$44,703,960 | \$38,968,363 | \$41,444,914 | \$43,260,908 | \$33,397,869 | \$33,519,706 | \$32,343,910 | \$16,021,684 | \$281,661,315 | |

**Medical Professional Liability
Claims Closed by License Type
2001 through June 30, 2008**

| Type | Data | Sum of Paid Indemnity | Sum of Total ALAE | Sum of Paid Indemnity + ALAE |
|--------------------|------|-----------------------|---------------------|------------------------------|
| APN | | \$75,000 | \$24,399 | \$99,399 |
| CNM | | \$300,000 | \$16,572 | \$316,572 |
| Corporation | | \$6,626,447 | \$1,645,441 | \$8,271,888 |
| CRNA | | \$120,000 | \$44,911 | \$164,911 |
| DC | | \$700,000 | \$31,028 | \$1,031,028 |
| DDS | | \$1,898,100 | \$1,648,748 | \$3,546,848 |
| DMD | | \$113,656 | \$3,862 | \$117,518 |
| DO | | \$8,455,677 | \$3,761,302 | \$12,216,978 |
| DPM | | \$803,877 | \$1,003,748 | \$1,807,625 |
| MD, DDS | | \$204,501,506 | \$64,942,831 | \$269,444,336 |
| MD, DDS | | \$126,078 | \$126,078 | \$126,078 |
| OD | | \$161,499 | \$196,532 | \$358,031 |
| Other | | \$2,356,000 | \$536,301 | \$2,892,301 |
| PA | | \$505,833 | \$300,079 | \$805,913 |
| PT | | \$5,000 | \$136,356 | \$141,356 |
| RN | | \$1,186,875 | \$127,022 | \$1,313,897 |
| Unknown | | | \$619 | \$619 |
| Grand Total | | \$227,809,469 | \$74,847,850 | \$302,657,299 |

Exhibit X
Page 2

Medical Professional Liability
Claims Closed by License Type
2001 through June 30, 2008

| Claim Count Type | Disposition Arbitrated | Decided by | | Settled | Closed | No-Pay | Grand Total |
|------------------------|---------------------------|------------|-------|---------|--------|--------|-------------|
| | | Trial | Other | | | | |
| APN | | | | | 1 | 1 | 2 |
| CNM | | | | | 1 | | 1 |
| CRNA | | | | | 1 | | 1 |
| DC | | | | 2 | | | 2 |
| DDS | | 3 | | 9 | 90 | 68 | 175 |
| DMD | | | | 2 | 2 | 7 | 9 |
| DO | | 2 | | 2 | 43 | 48 | 100 |
| DPM | | | | 1 | 10 | 12 | 23 |
| MD | | 56 | | 33 | 554 | 1033 | 1777 |
| OD | | | | | 8 | 3 | 11 |
| Other | | | | 3 | 11 | 19 | 33 |
| PA | | | | 1 | 8 | 2 | 11 |
| PT | | | | | 1 | | 1 |
| RN | | | | | 1 | | 1 |
| Unknown Corporation | | | | | 5 | 1 | 6 |
| MD, DDS | | 1 | | 7 | 38 | 62 | 111 |
| Grand Total | | 62 | 121 | 53 | 774 | 1239 | 2269 |

**Physician (MD and DO)
Claims Closed by Specialty by Year
2001 through June 30, 2008**

| Category | Physician | | | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Sum of Paid Indemnity | Closure Year | | | | | | | | |
| Specialty | 2001 | 2002 | 2003 | 2004 | 2005 | 2007 | 2006 | 2008 | Grand Total |
| Addiction Medicine | | | | | | | | | \$800 |
| Allergy | | | \$800 | | | | | | \$5,990,414 |
| Anesthesiology | \$901,778 | \$986,762 | \$50,000 | \$750,000 | \$751,848 | \$925,000 | \$1,625,026 | | \$300,000 |
| Anti Aging Medicine | | | | | | \$300,000 | | | \$3,032,938 |
| Cardiology | \$250,000 | \$400,000 | \$916,938 | \$412,500 | \$100,000 | \$933,500 | | \$20,000 | \$870,000 |
| Dermatology | \$0 | \$115,000 | \$110,000 | \$15,000 | | \$230,000 | \$400,000 | | \$13,287,000 |
| Emergency Medicine | \$2,627,000 | \$1,980,000 | \$7,500 | \$1,742,500 | \$400,000 | \$735,000 | \$2,557,500 | \$3,237,500 | \$30,000 |
| Endocrinology | \$0 | | | | \$30,000 | | | | \$25,117,962 |
| Family/General Practice | \$2,241,000 | \$2,543,000 | \$9,775,000 | \$4,021,750 | \$1,667,500 | \$2,119,958 | \$1,162,760 | \$1,586,994 | \$236,165 |
| Forensic Medicine | | | | | | | | | \$2,760,000 |
| Gastroenterology | \$0 | \$40,000 | \$0 | \$600,000 | \$2,120,000 | | | | \$25,000 |
| Geriatrics | | | | | \$25,000 | | | | \$633,500 |
| Gynecology | \$0 | \$543,500 | | | | | \$90,000 | | \$600,000 |
| Hematology | | | | | | | | | \$10,274,524 |
| Infectious Diseases | | \$400,000 | | | | | \$200,000 | | \$2,410,000 |
| Internal Medicine | \$1,877,500 | \$276,500 | \$1,021,624 | \$810,000 | \$2,237,400 | \$2,371,500 | \$1,105,000 | \$575,000 | \$150,000 |
| Neo/Perinatal Medicine | \$0 | | \$450,000 | \$775,000 | \$950,000 | | \$235,000 | | \$2,302,500 |
| Nephrology | \$0 | \$0 | | | | | \$150,000 | | \$686,600 |
| Neurology | \$0 | \$1,215,000 | | \$787,500 | \$300,000 | | | | \$29,213,592 |
| None Listed | \$686,600 | | | | | | | | \$0 |
| Not Otherwise Classified | | | | | | | | | \$11,250 |
| OB/GYN | \$4,218,159 | \$4,426,252 | \$7,084,842 | \$3,545,824 | \$3,949,800 | \$3,762,500 | \$2,077,714 | \$148,500 | \$3,111,185 |
| Oncology | \$11,250 | | | | | | | \$0 | \$5,848,733 |
| Ophthalmology | \$307,000 | \$70,000 | \$1,058,185 | \$318,500 | \$207,500 | \$790,000 | \$260,000 | \$100,000 | \$0 |
| Otorhinolaryngology | \$450,000 | \$1,537,833 | \$1,418,400 | \$775,000 | | | \$1,667,500 | | \$1,120,000 |
| Pain Management | \$0 | \$0 | | | | | | | \$387,500 |
| Pathology | \$650,000 | | \$30,000 | | | | \$440,000 | | \$9,500 |
| Pediatric Cardiology | \$200,000 | | | | | | \$187,500 | | \$1,000,000 |
| Pediatric Critical Care | | | | | | \$9,500 | | | \$350,000 |
| Pediatric Emergency Medicine | \$1,000,000 | | | | | | | | \$485,000 |
| Pediatric Gastroenterology | | \$350,000 | | | | | | | \$8,143,001 |
| Pediatric Pulmonology | | | | \$485,000 | | | | | \$1,120,000 |
| Pediatrics | \$3,257,500 | \$999,999 | \$410,000 | \$500,002 | \$1,160,500 | \$1,215,000 | \$600,000 | | \$1,161,500 |
| Physical Medicine and Rehabilitation | \$80,000 | | | \$750,000 | | | | \$290,000 | \$165,000 |
| Psychiatry | \$0 | \$1,500 | \$105,000 | | | \$55,000 | \$1,000,000 | | \$1,425,000 |
| Public health | | | | \$165,000 | | | | | \$14,365,196 |
| Pulmonology | \$950,000 | \$0 | | \$75,000 | \$400,000 | | | | \$250,500 |
| Radiology | \$1,560,000 | \$963,000 | \$1,571,197 | \$3,383,500 | \$329,999 | \$2,290,000 | \$1,320,000 | \$2,947,500 | \$440,000 |
| Rheumatology | \$250,000 | | | \$500 | | | | | \$1,010,000 |
| Sports Medicine | \$275,000 | \$165,000 | | | | | | | \$3,640,581 |
| Surgery, Cardiothoracic | | \$125,000 | | | \$10,000 | \$25,000 | | \$850,000 | \$2,042,976 |
| Surgery, Cardiovascular | \$435,000 | \$860,000 | \$560,000 | \$600,581 | \$625,000 | \$250,000 | | \$310,000 | |
| Surgery, Colorectal | \$1,332,976 | \$600,000 | | | \$110,000 | | | | |
| Surgery, Gastroenterological | | | | | | | | | |
| Surgery, General | \$1,193,501 | \$1,700,000 | \$2,027,500 | \$3,080,912 | \$2,103,500 | \$657,421 | \$1,584,750 | | \$12,347,584 |
| Surgery, Gynecological | | | | | | | | | |
| Surgery, Hand | | | | | | | | | |
| Surgery, Maxillofacial | \$0 | | | | | | | | \$0 |
| Surgery, Neurological | \$260,000 | \$0 | | \$7,500 | \$650,000 | \$1,000,000 | | | \$1,917,500 |
| Surgery, Orthopedic | \$12,623,288 | \$6,341,500 | \$5,562,303 | \$7,916,441 | \$2,605,209 | \$1,190,000 | \$2,935,000 | \$682,962 | \$39,856,703 |
| Surgery, Plastic | \$937,500 | \$908,000 | \$870,000 | \$1,512,200 | \$218,372 | | \$1,260,000 | | \$5,706,072 |
| Surgery, Trauma | | | | \$150,000 | \$200,000 | | | | \$350,000 |
| Surgery, Urological | | \$7,500 | \$300,000 | | \$410,000 | | | | \$717,500 |
| Surgery, Vascular | | | \$275,000 | \$1,875,000 | \$60,000 | | | | \$2,210,000 |
| Unknown | | | \$45,000 | | \$295,957 | \$5,000 | | \$350,000 | \$695,957 |
| Urgent Care | \$550,000 | \$2,961,949 | \$121,000 | | \$225,000 | \$40,000 | \$1,250,000 | | \$5,147,949 |
| Urology | | | | | | | | | |
| Grand Total | \$39,125,052 | \$30,517,295 | \$33,770,289 | \$35,055,210 | \$22,142,585 | \$18,904,379 | \$22,107,751 | \$11,334,621 | \$212,957,182 |

Exhibit XI
Page 2

Physician (MD and DO)
Claims Closed by Specialty by Year
2001 through June 30, 2008

| Category | Physician | | | | | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| Sum of Total ALAE | Closure Year | | | | | | | | Grand Total |
| Specialty | 2001 | 2002 | 2003 | 2004 | 2005 | 2007 | 2006 | 2008 | Grand Total |
| Addiction Medicine | | | | | | | | \$98,593 | \$98,593 |
| Allergy | | | \$0 | | | | | | \$0 |
| Anesthesiology | \$264,198 | \$128,093 | \$475,974 | \$111,824 | \$364,660 | \$120,527 | \$706,193 | \$0 | \$2,171,470 |
| Anti Aging Medicine | | | | | | \$19,523 | | | \$19,523 |
| Cardiology | \$49,753 | \$114,233 | \$350,117 | \$407,786 | \$320,190 | \$893,905 | \$126,839 | \$160,543 | \$2,423,365 |
| Dermatology | \$39 | \$61,158 | \$13,071 | \$42,324 | \$5,515 | \$51,712 | \$124,046 | | \$297,865 |
| Emergency Medicine | \$297,077 | \$310,632 | \$93,298 | \$280,105 | \$133,896 | \$976,296 | \$1,307,299 | \$783,276 | \$4,181,877 |
| Endocrinology | \$3,720 | | \$6,412 | \$126,369 | | \$181 | | | \$136,682 |
| Family/General Practice | \$488,016 | \$585,594 | \$588,456 | \$617,021 | \$593,014 | \$1,000,545 | \$599,466 | \$374,263 | \$4,846,375 |
| Forensic Medicine | | | | | | | | | \$342,031 |
| Gastroenterology | \$17,061 | \$43,193 | \$37,022 | \$250,412 | \$360,175 | \$282,026 | \$253,511 | \$48,957 | \$1,292,357 |
| Geriatrics | | | | | | \$11,661 | | | \$46,943 |
| Gynecology | \$679 | \$61,431 | | \$68,101 | | \$160,153 | \$70,855 | | \$361,219 |
| Hematology | | | | \$7,199 | | | \$0 | | \$7,199 |
| Infectious Diseases | | \$60,158 | \$29,916 | | | \$96,029 | \$114,948 | | \$301,051 |
| Internal Medicine | \$393,973 | \$368,819 | \$663,687 | \$647,323 | \$906,231 | \$1,558,480 | \$903,476 | \$887,503 | \$6,329,493 |
| Neo/Perinatal Medicine | \$6,757 | | \$94,421 | \$190,267 | \$103,377 | | \$134,349 | | \$529,170 |
| Nephrology | \$17,500 | \$113,689 | \$37,165 | \$9,607 | | | \$6,641 | | \$223,602 |
| Neurology | \$7,127 | \$347,205 | \$128,017 | \$226,545 | \$208,282 | \$19,130 | \$90,514 | | \$1,028,820 |
| None Listed | \$63,525 | | | | | | | | \$63,525 |
| Not Otherwise Classified | | | \$1,135 | | | | | \$2,442 | \$3,577 |
| OB/GYN | \$914,698 | \$656,636 | \$1,295,377 | \$843,104 | \$1,866,745 | \$1,975,293 | \$1,462,677 | \$305,334 | \$9,319,864 |
| Oncology | \$52,777 | | \$49,927 | \$32,609 | \$67,263 | | \$98,607 | \$179,952 | \$481,136 |
| Ophthalmology | \$24,752 | \$753 | \$253,408 | \$89,166 | \$344,498 | \$306,156 | \$373,907 | \$20,704 | \$1,413,344 |
| Otorhinolaryngology | \$0 | \$265,727 | \$91,162 | \$158,069 | \$390,313 | \$108,448 | \$322,685 | | \$1,336,404 |
| Pain Management | \$28,464 | \$80,800 | | \$86,260 | | | | | \$195,524 |
| Pathology | \$7,446 | | \$18,215 | | | | \$130,000 | | \$155,661 |
| Pediatric Cardiology | \$109,099 | | | | | | \$106,011 | | \$215,110 |
| Pediatric Critical Care | | | | | | \$105,831 | | | \$105,831 |
| Pediatric Emergency Medicine | \$36,075 | | | | | | | | \$36,075 |
| Pediatric Gastroenterology | | \$29,909 | | \$5,017 | | | | | \$34,926 |
| Pediatric Pulmonology | | | | \$23,501 | | | | | \$23,501 |
| Pediatrics | \$284,561 | \$117,270 | \$103,818 | \$534,947 | \$250,548 | \$357,626 | \$261,241 | | \$1,910,010 |
| Physical Medicine and Rehabilitation | \$108,553 | \$2,826 | | \$190,864 | \$219,096 | \$33,767 | \$19,732 | \$164,895 | \$739,732 |
| Psychiatry | \$5,201 | \$130,429 | \$144,078 | \$71,069 | | \$21,674 | \$75,817 | \$0 | \$448,270 |
| Public Health | | | | \$34,161 | | | | | \$34,161 |
| Pulmonology | \$132,153 | \$72,692 | \$248,757 | \$38,835 | \$216,241 | \$123,889 | \$148,343 | \$0 | \$980,910 |
| Radiology | \$283,098 | \$382,564 | \$833,070 | \$323,769 | \$381,025 | \$1,040,832 | \$339,987 | \$306,076 | \$3,890,421 |
| Rheumatology | \$69,758 | | | \$73,287 | | | | | \$143,045 |
| Sports Medicine | \$77,414 | \$17,461 | | | | | | | \$94,875 |
| Surgery, Cardiothoracic | | \$182,144 | | \$3,264 | \$113,735 | \$452,809 | \$1,993 | \$58,409 | \$812,354 |
| Surgery, Cardiovascular | \$140,655 | \$232,806 | \$119,491 | \$105,969 | \$431,571 | \$252,174 | \$643,096 | \$43,826 | \$1,969,588 |
| Surgery, Colorectal | \$116,231 | \$29,278 | \$2,485 | \$7,916 | \$65,996 | \$137,027 | \$41,683 | | \$400,615 |
| Surgery, Gastroenterological | | | | | | | \$46,123 | | \$46,123 |
| Surgery, General | \$216,775 | \$390,989 | \$742,315 | \$1,117,360 | \$1,135,128 | \$860,055 | \$605,385 | \$69,904 | \$5,137,911 |
| Surgery, Gynecological | | | | | | \$245,927 | | | \$245,927 |
| Surgery, Hand | | \$95,114 | | \$17,558 | | \$0 | | | \$112,672 |
| Surgery, Maxillofacial | \$4,351 | | | | | | | | \$4,351 |
| Surgery, Neurological | \$94,732 | \$132,787 | \$40,557 | \$23,355 | \$202,340 | \$283,764 | \$47,272 | | \$824,807 |
| Surgery, Orthopedic | \$652,124 | \$683,598 | \$471,893 | \$631,901 | \$1,531,414 | \$1,427,101 | \$1,447,229 | \$303,667 | \$7,148,926 |
| Surgery, Plastic | \$221,560 | \$360,091 | \$107,071 | \$431,281 | \$582,710 | \$172,848 | \$653,810 | \$57,415 | \$2,586,787 |
| Surgery, Trauma | | | | \$45,381 | \$18,737 | | | \$0 | \$64,118 |
| Surgery, Urological | | \$26,257 | \$224,207 | | \$137,724 | \$0 | \$5,165 | \$0 | \$393,354 |
| Surgery, Vascular | | \$5,783 | \$91,508 | \$216,679 | \$92,065 | | | | \$406,035 |
| Unknown | | \$13,668 | \$21,914 | | \$175,781 | \$209,938 | \$14,099 | \$479,272 | \$914,672 |
| Urgent Care | | | | | | | | \$0 | \$0 |
| Urology | \$389,006 | \$347,282 | \$296,681 | \$115,497 | \$1,553 | \$127,742 | \$96,595 | | \$1,374,357 |
| Grand Total | \$5,578,908 | \$6,451,068 | \$7,674,624 | \$8,205,698 | \$11,255,284 | \$13,439,531 | \$11,411,955 | \$4,687,063 | \$68,704,133 |

Physician (MD and DO)
Claims Closed by Specialty by Year
2001 through June 30, 2008

| Category | Physician | | | | | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Sum of Paid Indemnity + ALAE | Closure Year | | | | | | | | Grand Total |
| Specialty | 2001 | 2002 | 2003 | 2004 | 2005 | 2007 | 2006 | 2008 | Grand Total |
| Addiction Medicine | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$98,593 | \$98,593 |
| Allergy | \$0 | \$0 | \$800 | \$0 | \$0 | \$0 | \$0 | \$0 | \$800 |
| Anesthesiology | \$1,165,976 | \$1,114,855 | \$525,974 | \$861,824 | \$1,116,508 | \$1,045,527 | \$2,331,219 | \$0 | \$8,161,884 |
| Anti Aging Medicine | \$0 | \$0 | \$0 | \$0 | \$0 | \$319,523 | \$0 | \$0 | \$319,523 |
| Cardiology | \$299,753 | \$514,233 | \$1,267,055 | \$820,286 | \$420,190 | \$1,827,405 | \$126,839 | \$180,543 | \$5,456,303 |
| Dermatology | \$39 | \$176,158 | \$123,071 | \$57,324 | \$5,515 | \$281,712 | \$524,046 | \$0 | \$1,167,865 |
| Emergency Medicine | \$2,924,077 | \$2,290,632 | \$100,798 | \$2,022,605 | \$533,896 | \$1,711,296 | \$3,864,799 | \$4,020,776 | \$17,468,877 |
| Endocrinology | \$3,720 | \$0 | \$6,412 | \$126,369 | \$30,181 | \$0 | \$0 | \$0 | \$166,682 |
| Family/General Practice | \$2,729,016 | \$3,128,594 | \$10,363,456 | \$4,638,771 | \$2,260,514 | \$3,120,503 | \$1,762,226 | \$1,961,258 | \$29,964,338 |
| Forensic Medicine | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$578,195 | \$578,195 |
| Gastroenterology | \$17,061 | \$83,193 | \$37,022 | \$850,412 | \$2,480,175 | \$282,026 | \$253,511 | \$48,957 | \$4,052,357 |
| Geriatrics | \$0 | \$0 | \$0 | \$0 | \$60,282 | \$0 | \$0 | \$0 | \$71,943 |
| Gynecology | \$679 | \$604,931 | \$0 | \$68,101 | \$0 | \$160,153 | \$160,855 | \$0 | \$994,719 |
| Hematology | \$0 | \$0 | \$0 | \$7,199 | \$0 | \$0 | \$0 | \$0 | \$7,199 |
| Infectious Diseases | \$0 | \$460,158 | \$29,916 | \$0 | \$0 | \$96,029 | \$314,948 | \$0 | \$901,051 |
| Internal Medicine | \$2,271,473 | \$645,319 | \$1,685,312 | \$1,457,323 | \$3,143,631 | \$3,929,980 | \$2,008,476 | \$1,462,503 | \$16,604,017 |
| Neo/Perinatal Medicine | \$6,757 | \$0 | \$544,421 | \$965,267 | \$1,053,377 | \$0 | \$369,349 | \$0 | \$2,939,170 |
| Nephrology | \$17,500 | \$113,689 | \$37,165 | \$9,607 | \$0 | \$6,641 | \$189,000 | \$0 | \$373,602 |
| Neurology | \$7,127 | \$1,562,205 | \$128,017 | \$1,014,045 | \$508,282 | \$19,130 | \$90,514 | \$0 | \$3,329,320 |
| None Listed | \$750,125 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$750,125 |
| Not Otherwise Classified | \$0 | \$0 | \$1,135 | \$0 | \$0 | \$0 | \$0 | \$2,442 | \$3,577 |
| OB/GYN | \$5,132,858 | \$5,082,888 | \$8,380,219 | \$4,388,928 | \$5,816,545 | \$5,737,793 | \$3,540,392 | \$453,834 | \$38,533,456 |
| Oncology | \$64,027 | \$0 | \$49,927 | \$32,609 | \$67,263 | \$0 | \$98,607 | \$179,952 | \$492,386 |
| Ophthalmology | \$331,752 | \$70,753 | \$1,311,593 | \$407,666 | \$551,998 | \$1,096,156 | \$633,907 | \$120,704 | \$4,524,529 |
| Otorhinolaryngology | \$450,000 | \$1,803,560 | \$1,509,562 | \$933,069 | \$390,313 | \$108,448 | \$1,990,185 | \$0 | \$7,185,138 |
| Pain Management | \$28,464 | \$80,800 | \$0 | \$86,260 | \$0 | \$0 | \$0 | \$0 | \$195,524 |
| Pathology | \$657,446 | \$0 | \$48,215 | \$0 | \$0 | \$0 | \$570,000 | \$0 | \$1,275,661 |
| Pediatric Cardiology | \$309,099 | \$0 | \$0 | \$0 | \$0 | \$0 | \$293,511 | \$0 | \$602,610 |
| Pediatric Critical Care | \$0 | \$0 | \$0 | \$0 | \$0 | \$115,331 | \$0 | \$0 | \$115,331 |
| Pediatric Emergency Medicine | \$1,036,075 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,036,075 |
| Pediatric Gastroenterology | \$0 | \$379,909 | \$0 | \$5,017 | \$0 | \$0 | \$0 | \$0 | \$384,926 |
| Pediatric Pulmonology | \$0 | \$0 | \$0 | \$508,501 | \$0 | \$0 | \$0 | \$0 | \$508,501 |
| Pediatrics | \$3,542,061 | \$1,117,269 | \$513,818 | \$1,034,949 | \$1,411,048 | \$1,572,626 | \$861,241 | \$0 | \$10,053,011 |
| Physical Medicine and Rehabilitation | \$188,553 | \$2,826 | \$0 | \$940,864 | \$219,096 | \$33,767 | \$19,732 | \$454,895 | \$1,859,732 |
| Psychiatry | \$5,201 | \$131,929 | \$249,078 | \$71,069 | \$0 | \$76,674 | \$1,075,817 | \$0 | \$1,609,770 |
| Public health | \$0 | \$0 | \$0 | \$199,161 | \$0 | \$0 | \$0 | \$0 | \$199,161 |
| Pulmonology | \$1,082,153 | \$72,692 | \$248,757 | \$113,835 | \$616,241 | \$123,889 | \$148,343 | \$0 | \$2,405,910 |
| Radiology | \$1,843,098 | \$1,345,564 | \$2,404,266 | \$3,707,269 | \$711,024 | \$3,330,832 | \$1,659,987 | \$3,253,576 | \$18,255,616 |
| Rheumatology | \$319,758 | \$0 | \$0 | \$73,787 | \$0 | \$0 | \$0 | \$0 | \$393,545 |
| Sports Medicine | \$352,414 | \$182,461 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$534,875 |
| Surgery, Cardiothoracic | \$0 | \$307,144 | \$0 | \$3,264 | \$123,735 | \$477,809 | \$1,993 | \$908,409 | \$1,822,354 |
| Surgery, Cardiovascular | \$575,655 | \$1,092,806 | \$679,491 | \$706,550 | \$1,056,571 | \$502,174 | \$643,096 | \$353,826 | \$5,610,169 |
| Surgery, Colorectal | \$1,449,207 | \$629,278 | \$2,485 | \$7,916 | \$175,996 | \$137,027 | \$41,683 | \$0 | \$2,443,591 |
| Surgery, Gastroenterological | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$46,123 | \$0 | \$46,123 |
| Surgery, General | \$1,410,276 | \$2,090,989 | \$2,769,815 | \$4,198,272 | \$3,238,628 | \$1,517,476 | \$2,190,135 | \$69,904 | \$17,485,495 |
| Surgery, Gynecological | \$0 | \$0 | \$0 | \$0 | \$0 | \$245,927 | \$0 | \$0 | \$245,927 |
| Surgery, Hand | \$0 | \$95,114 | \$0 | \$17,558 | \$0 | \$0 | \$0 | \$0 | \$112,672 |
| Surgery, Maxillofacial | \$4,351 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$4,351 |
| Surgery, Neurological | \$354,732 | \$132,787 | \$40,557 | \$30,855 | \$852,340 | \$1,283,764 | \$47,272 | \$0 | \$2,742,307 |
| Surgery, Orthopedic | \$13,275,412 | \$7,025,098 | \$6,034,196 | \$8,548,342 | \$4,136,623 | \$2,617,101 | \$4,382,229 | \$986,629 | \$47,005,629 |
| Surgery, Plastic | \$1,159,060 | \$1,268,091 | \$977,071 | \$1,943,481 | \$801,082 | \$172,848 | \$1,913,810 | \$57,415 | \$8,292,859 |
| Surgery, Trauma | \$0 | \$0 | \$0 | \$195,381 | \$218,737 | \$0 | \$0 | \$0 | \$414,118 |
| Surgery, Urological | \$0 | \$33,757 | \$524,207 | \$0 | \$547,724 | \$0 | \$5,165 | \$0 | \$1,110,854 |
| Surgery, Vascular | \$0 | \$5,783 | \$366,508 | \$2,091,679 | \$152,065 | \$0 | \$0 | \$0 | \$2,616,035 |
| Unknown | \$0 | \$13,668 | \$66,914 | \$0 | \$471,738 | \$214,938 | \$14,099 | \$829,272 | \$1,610,628 |
| Urgent Care | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Urology | \$939,006 | \$3,309,231 | \$417,681 | \$115,497 | \$226,553 | \$167,742 | \$1,346,595 | \$0 | \$6,522,305 |
| Grand Total | \$44,703,960 | \$36,968,363 | \$41,444,914 | \$43,260,908 | \$33,397,869 | \$32,343,910 | \$33,519,706 | \$16,021,684 | \$281,661,315 |

Exhibit XII

**Physician (MD and DO)
Claims Closed by Specialty Showing Claims Counts and Payments
2001 through June 30, 2008**

| Category | Physician | | | | | | | |
|--------------------------------------|-------------|------------------|-----------------------|---------------------|-------------------------|---------------|--------------------------|---------------------|
| Specialty | Data | | | | | | | |
| | Count | % of Claim Count | Paid Indemnity Losses | % of Paid Indemnity | Loss Adjustment Expense | % of ALAE | Paid Indemnity + Expense | % of Paid Indemnity |
| Addiction Medicine | 1 | 0.05% | | 0.0% | \$98,593 | 0.1% | \$98,593 | 0.0% |
| Allergy | 2 | 0.11% | \$800 | 0.0% | \$0 | 0.0% | \$800 | 0.0% |
| Anesthesiology | 74 | 3.94% | \$5,990,414 | 2.8% | \$2,171,470 | 3.2% | \$8,161,884 | 2.9% |
| Anti Aging Medicine | 1 | 0.05% | \$300,000 | 0.1% | \$19,523 | 0.0% | \$319,523 | 0.1% |
| Cardiology | 54 | 2.88% | \$3,032,938 | 1.4% | \$2,423,365 | 3.5% | \$5,456,303 | 1.9% |
| Dermatology | 14 | 0.75% | \$870,000 | 0.4% | \$297,865 | 0.4% | \$1,167,865 | 0.4% |
| Emergency Medicine | 99 | 5.27% | \$13,287,000 | 6.2% | \$4,181,877 | 6.1% | \$17,468,877 | 6.2% |
| Endocrinology | 6 | 0.32% | \$30,000 | 0.0% | \$136,682 | 0.2% | \$166,682 | 0.1% |
| Family/General Practice | 148 | 7.88% | \$25,117,962 | 11.8% | \$4,846,375 | 7.1% | \$29,964,338 | 10.6% |
| Forensic Medicine | 1 | 0.05% | \$236,165 | 0.1% | \$342,031 | 0.5% | \$578,195 | 0.2% |
| Gastroenterology | 39 | 2.08% | \$2,760,000 | 1.3% | \$1,292,357 | 1.9% | \$4,052,357 | 1.4% |
| Geriatrics | 2 | 0.11% | \$25,000 | 0.0% | \$46,943 | 0.1% | \$71,943 | 0.0% |
| Gynecology | 12 | 0.64% | \$633,500 | 0.3% | \$361,219 | 0.5% | \$994,719 | 0.4% |
| Hematology | 2 | 0.11% | | 0.0% | \$7,199 | 0.0% | \$7,199 | 0.0% |
| Infectious Diseases | 10 | 0.53% | \$600,000 | 0.3% | \$301,051 | 0.4% | \$901,051 | 0.3% |
| Internal Medicine | 186 | 9.91% | \$10,274,524 | 4.8% | \$6,329,493 | 9.2% | \$16,604,017 | 5.9% |
| Neo/Perinatal Medicine | 8 | 0.43% | \$2,410,000 | 1.1% | \$529,170 | 0.8% | \$2,939,170 | 1.0% |
| Nephrology | 12 | 0.64% | \$150,000 | 0.1% | \$223,602 | 0.3% | \$373,602 | 0.1% |
| Neurology | 25 | 1.33% | \$2,302,500 | 1.1% | \$1,026,820 | 1.5% | \$3,329,320 | 1.2% |
| None Listed | 2 | 0.11% | \$686,600 | 0.3% | \$63,525 | 0.1% | \$750,125 | 0.3% |
| Not Otherwise Classified | 2 | 0.11% | | 0.0% | \$3,577 | 0.0% | \$3,577 | 0.0% |
| OB/GYN | 216 | 11.51% | \$29,213,592 | 13.7% | \$9,319,864 | 13.6% | \$38,533,456 | 13.7% |
| Oncology | 13 | 0.69% | \$11,250 | 0.0% | \$481,136 | 0.7% | \$492,386 | 0.2% |
| Ophthalmology | 35 | 1.86% | \$3,111,185 | 1.5% | \$1,413,344 | 2.1% | \$4,524,529 | 1.6% |
| Otorhinolaryngology | 36 | 1.92% | \$5,848,733 | 2.7% | \$1,336,404 | 1.9% | \$7,185,138 | 2.6% |
| Pain Management | 4 | 0.21% | \$0 | 0.0% | \$195,524 | 0.3% | \$195,524 | 0.1% |
| Pathology | 7 | 0.37% | \$1,120,000 | 0.5% | \$155,661 | 0.2% | \$1,275,661 | 0.5% |
| Pediatric Cardiology | 2 | 0.11% | \$387,500 | 0.2% | \$215,110 | 0.3% | \$602,610 | 0.2% |
| Pediatric Critical Care | 2 | 0.11% | \$9,500 | 0.0% | \$105,831 | 0.2% | \$115,331 | 0.0% |
| Pediatric Emergency Medicine | 1 | 0.05% | \$1,000,000 | 0.5% | \$36,075 | 0.1% | \$1,036,075 | 0.4% |
| Pediatric Gastroenterology | 3 | 0.16% | \$350,000 | 0.2% | \$34,926 | 0.1% | \$384,926 | 0.1% |
| Pediatric Pulmonology | 1 | 0.05% | \$485,000 | 0.2% | \$23,501 | 0.0% | \$508,501 | 0.2% |
| Pediatrics | 48 | 2.56% | \$8,143,001 | 3.8% | \$1,910,010 | 2.8% | \$10,053,011 | 3.6% |
| Physical Medicine and Rehabilitation | 22 | 1.17% | \$1,120,000 | 0.5% | \$739,732 | 1.1% | \$1,859,732 | 0.7% |
| Psychiatry | 26 | 1.39% | \$1,161,500 | 0.5% | \$448,270 | 0.7% | \$1,609,770 | 0.6% |
| Public health | 1 | 0.05% | \$165,000 | 0.1% | \$34,161 | 0.0% | \$199,161 | 0.1% |
| Pulmonology | 26 | 1.39% | \$1,425,000 | 0.7% | \$980,910 | 1.4% | \$2,405,910 | 0.9% |
| Radiology | 105 | 5.59% | \$14,365,196 | 6.7% | \$3,890,421 | 5.7% | \$18,255,616 | 6.5% |
| Rheumatology | 2 | 0.11% | \$250,500 | 0.1% | \$143,045 | 0.2% | \$393,545 | 0.1% |
| Sports Medicine | 2 | 0.11% | \$440,000 | 0.2% | \$94,875 | 0.1% | \$534,875 | 0.2% |
| Surgery, Cardiothoracic | 15 | 0.80% | \$1,010,000 | 0.5% | \$812,354 | 1.2% | \$1,822,354 | 0.6% |
| Surgery, Cardiovascular | 58 | 3.09% | \$3,640,581 | 1.7% | \$1,969,588 | 2.9% | \$5,610,169 | 2.0% |
| Surgery, Colorectal | 10 | 0.53% | \$2,042,976 | 1.0% | \$400,615 | 0.6% | \$2,443,591 | 0.9% |
| Surgery, Gastroenterological | 1 | 0.05% | | 0.0% | \$46,123 | 0.1% | \$46,123 | 0.0% |
| Surgery, General | 140 | 7.46% | \$12,347,584 | 5.8% | \$5,137,911 | 7.5% | \$17,485,495 | 6.2% |
| Surgery, Gynecological | 2 | 0.11% | | 0.0% | \$245,927 | 0.4% | \$245,927 | 0.1% |
| Surgery, Hand | 3 | 0.16% | | 0.0% | \$112,672 | 0.2% | \$112,672 | 0.0% |
| Surgery, Maxillofacial | 1 | 0.05% | \$0 | 0.0% | \$4,351 | 0.0% | \$4,351 | 0.0% |
| Surgery, Neurological | 19 | 1.01% | \$1,917,500 | 0.9% | \$824,807 | 1.2% | \$2,742,307 | 1.0% |
| Surgery, Orthopedic | 195 | 10.39% | \$39,856,703 | 18.7% | \$7,148,926 | 10.4% | \$47,005,629 | 16.7% |
| Surgery, Plastic | 69 | 3.68% | \$5,706,072 | 2.7% | \$2,586,787 | 3.8% | \$8,292,859 | 2.9% |
| Surgery, Trauma | 3 | 0.16% | \$350,000 | 0.2% | \$64,118 | 0.1% | \$414,118 | 0.1% |
| Surgery, Urological | 14 | 0.75% | \$717,500 | 0.3% | \$393,354 | 0.6% | \$1,110,854 | 0.4% |
| Surgery, Vascular | 10 | 0.53% | \$2,210,000 | 1.0% | \$406,035 | 0.6% | \$2,616,035 | 0.9% |
| Unknown | 38 | 2.02% | \$695,957 | 0.3% | \$914,672 | 1.3% | \$1,610,628 | 0.6% |
| Urgent Care | 1 | 0.05% | | 0.0% | \$0 | 0.0% | \$0 | 0.0% |
| Urology | 46 | 2.45% | \$5,147,949 | 2.4% | \$1,374,357 | 2.0% | \$6,522,305 | 2.3% |
| Grand Total | 1877 | 100.00% | \$212,957,182 | 100.0% | \$68,704,133 | 100.0% | \$281,661,315 | 100.0% |

Exhibit XIII

**Physician (MD and DO)
Claims Closed by Disposition - Pre October 1, 2002 Tort Reform Status**

| | |
|-------------------------|-----------|
| Pre or Post Tort Reform | PRE |
| Category | Physician |

| Sum of Paid Indemnity Disposition | Closure Year | | | | | | | | Grand Total |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|----------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | \$187,605 | \$1,505,564 | \$1,698,500 | \$4,563,371 | \$1,000,026 | \$795,000 | \$957,962 | \$10,708,028 |
| Decided by Trial | \$3,946,288 | \$2,120,596 | \$8,753,640 | \$1,997,436 | \$1,245,000 | \$888,260 | \$420,000 | \$773,159 | \$20,144,379 |
| Other | | | \$1,206,000 | \$115,500 | \$1,615,000 | \$3,727,464 | \$2,709,000 | \$135,000 | \$9,507,964 |
| Settled | \$35,178,764 | \$28,209,093 | \$22,304,286 | \$30,868,774 | \$14,157,366 | \$13,805,000 | \$7,302,921 | \$4,295,000 | \$156,121,205 |
| Closed No-Pay | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Grand Total | \$39,125,052 | \$30,517,295 | \$33,769,489 | \$34,680,210 | \$21,580,737 | \$19,420,751 | \$11,226,921 | \$6,161,121 | \$196,481,576 |

| | |
|-------------------------|-----------|
| Pre or Post Tort Reform | PRE |
| Category | Physician |

| Sum of Total ALAE Disposition | Closure Year | | | | | | | | Grand Total |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | \$92,187 | \$577,012 | \$531,776 | \$1,287,430 | \$919,183 | \$1,713,068 | \$305,172 | \$5,425,828 |
| Decided by Trial | \$886,719 | \$1,036,036 | \$1,529,237 | \$846,546 | \$1,292,382 | \$1,349,421 | \$1,773,049 | \$796,883 | \$9,510,274 |
| Other | | | \$411,101 | \$131,160 | \$764,169 | \$787,540 | \$1,116,135 | \$130,177 | \$3,340,282 |
| Settled | \$3,380,332 | \$2,883,186 | \$2,796,669 | \$4,382,789 | \$3,894,663 | \$3,542,230 | \$3,358,951 | \$753,119 | \$24,991,938 |
| Closed No-Pay | \$1,311,857 | \$2,439,660 | \$2,336,880 | \$2,228,297 | \$3,885,215 | \$4,062,674 | \$3,012,875 | \$563,654 | \$19,841,112 |
| Grand Total | \$5,578,908 | \$6,451,068 | \$7,650,899 | \$8,120,567 | \$11,123,860 | \$10,661,049 | \$10,974,079 | \$2,549,006 | \$63,109,435 |

| | |
|-------------------------|-----------|
| Pre or Post Tort Reform | PRE |
| Category | Physician |

| Sum of Paid Indemnity + ALAE Disposition | Closure Year | | | | | | | | Grand Total |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|----------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | \$0 | \$279,792 | \$2,082,576 | \$2,230,276 | \$5,850,801 | \$1,919,210 | \$2,508,068 | \$1,263,135 | \$16,133,857 |
| Decided by Trial | \$4,833,007 | \$3,156,633 | \$10,282,877 | \$2,843,982 | \$2,537,382 | \$2,237,681 | \$2,193,049 | \$1,570,042 | \$29,654,653 |
| Other | \$0 | \$0 | \$1,617,100 | \$246,660 | \$2,379,169 | \$4,515,005 | \$3,825,135 | \$265,177 | \$12,848,246 |
| Settled | \$38,559,096 | \$31,092,279 | \$25,100,955 | \$35,251,563 | \$18,052,029 | \$17,347,230 | \$10,661,872 | \$5,048,119 | \$181,113,143 |
| Closed No-Pay | \$1,311,857 | \$2,439,660 | \$2,336,880 | \$2,228,297 | \$3,885,215 | \$4,062,674 | \$3,012,875 | \$563,654 | \$19,841,112 |
| Grand Total | \$44,703,960 | \$36,968,363 | \$41,420,388 | \$42,800,777 | \$32,704,596 | \$30,081,799 | \$22,201,000 | \$8,710,127 | \$259,591,011 |

| | |
|-------------------------|-----------|
| Pre or Post Tort Reform | PRE |
| Category | Physician |

| Claim Count Disposition | Closure Year | | | | | | | | Grand Total |
|----------------------------|--------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | 2 | 6 | 8 | 19 | 10 | 9 | 2 | 56 |
| Decided by Trial | 12 | 13 | 11 | 10 | 15 | 13 | 16 | 6 | 96 |
| Other | | | 4 | 4 | 6 | 11 | 9 | 1 | 35 |
| Settled | 91 | 83 | 85 | 93 | 71 | 48 | 41 | 9 | 521 |
| Closed No-Pay | 121 | 148 | 174 | 129 | 146 | 80 | 49 | 8 | 855 |
| Grand Total | 224 | 246 | 280 | 244 | 257 | 162 | 124 | 26 | 1,563 |

| | |
|-------------------------|-----------|
| Pre or Post Tort Reform | PRE |
| Category | Physician |

| Indemnity + ALAE Severity Disposition | Closure Year | | | | | | | | Grand Total |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | \$139,896 | \$347,096 | \$278,784 | \$307,937 | \$191,921 | \$278,674 | \$631,567 | \$288,105 |
| Decided by Trial | \$402,751 | \$242,818 | \$934,807 | \$284,398 | \$169,159 | \$172,129 | \$137,066 | \$261,674 | \$308,903 |
| Other | | | \$404,275 | \$61,665 | \$396,528 | \$410,455 | \$425,015 | \$265,177 | \$367,093 |
| Settled | \$423,726 | \$374,606 | \$295,305 | \$379,049 | \$254,254 | \$361,401 | \$260,046 | \$560,902 | \$347,626 |
| Closed No-Pay | \$10,842 | \$16,484 | \$13,430 | \$17,274 | \$26,611 | \$50,783 | \$61,487 | \$70,457 | \$23,206 |
| Grand Total | \$199,571 | \$150,278 | \$147,930 | \$175,413 | \$127,255 | \$185,690 | \$179,040 | \$335,005 | \$166,085 |

Exhibit XIV

**Physician (MD and DO)
Claims Closed by Disposition - Post October 1, 2002 Tort Reform Status**

| | | | | | | | |
|-------------------------|--------------|-----------|-----------|-------------|-------------|-------------|--------------|
| Pre or Post Tort Reform | POST | | | | | | |
| Category | Physician | | | | | | |
| Sum of Paid Indemnity | Closure Year | | | | | | |
| Disposition | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Grand Total |
| Arbitrated | | | | | | | |
| Decided by Trial | | | | | | | |
| Settled | \$800 | \$375,000 | \$561,848 | \$2,687,000 | \$7,677,458 | \$5,173,500 | \$16,475,606 |
| Closed No-Pay | | | | | \$0 | | \$0 |
| Grand Total | \$800 | \$375,000 | \$561,848 | \$2,687,000 | \$7,677,458 | \$5,173,500 | \$16,475,606 |

| | | | | | | | |
|-------------------------|--------------|----------|-----------|-----------|-------------|-------------|-------------|
| Pre or Post Tort Reform | POST | | | | | | |
| Category | Physician | | | | | | |
| Sum of Total ALAE | Closure Year | | | | | | |
| Disposition | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Grand Total |
| Arbitrated | | | | | \$98,767 | | \$98,767 |
| Decided by Trial | | | \$1,533 | | \$96,609 | \$191,290 | \$289,433 |
| Settled | \$0 | \$52,058 | \$104,273 | \$333,433 | \$1,280,211 | \$1,163,898 | \$2,933,873 |
| Closed No-Pay | \$23,726 | \$33,073 | \$25,619 | \$417,474 | \$989,865 | \$782,869 | \$2,272,625 |
| Grand Total | \$23,726 | \$85,131 | \$131,425 | \$750,906 | \$2,465,452 | \$2,138,057 | \$5,594,698 |

| | | | | | | | |
|------------------------------|--------------|-----------|-----------|-------------|--------------|-------------|--------------|
| Pre or Post Tort Reform | POST | | | | | | |
| Category | Physician | | | | | | |
| Sum of Paid Indemnity + ALAE | Closure Year | | | | | | |
| Disposition | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Grand Total |
| Arbitrated | \$0 | \$0 | \$0 | \$0 | \$98,767 | \$0 | \$98,767 |
| Decided by Trial | \$0 | \$0 | \$1,533 | \$0 | \$96,609 | \$191,290 | \$289,433 |
| Settled | \$800 | \$427,058 | \$666,121 | \$3,020,433 | \$8,957,669 | \$6,337,398 | \$19,409,479 |
| Closed No-Pay | \$23,726 | \$33,073 | \$25,619 | \$417,474 | \$989,865 | \$782,869 | \$2,272,625 |
| Grand Total | \$24,526 | \$460,131 | \$693,273 | \$3,437,906 | \$10,142,910 | \$7,311,557 | \$22,070,304 |

| | | | | | | | |
|-------------------------|--------------|------|------|------|------|------|-------------|
| Pre or Post Tort Reform | POST | | | | | | |
| Category | Physician | | | | | | |
| Claim Count | Closure Year | | | | | | |
| Disposition | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Grand Total |
| Arbitrated | | | | | 2 | | 2 |
| Decided by Trial | | | 1 | | 4 | 5 | 10 |
| Settled | 2 | 5 | 12 | 12 | 28 | 17 | 76 |
| Closed No-Pay | 10 | 18 | 21 | 50 | 71 | 56 | 226 |
| Grand Total | 12 | 23 | 34 | 62 | 105 | 78 | 314 |

| | | | | | | | |
|---------------------------|--------------|----------|----------|-----------|-----------|-----------|-------------|
| Pre or Post Tort Reform | POST | | | | | | |
| Category | Physician | | | | | | |
| Indemnity + ALAE Severity | Closure Year | | | | | | |
| Disposition | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Grand Total |
| Arbitrated | | | | | \$49,384 | | \$49,384 |
| Decided by Trial | | | \$1,533 | | \$24,152 | \$38,258 | \$28,943 |
| Settled | \$400 | \$85,412 | \$65,510 | \$251,703 | \$319,917 | \$372,788 | \$255,388 |
| Closed No-Pay | \$2,373 | \$1,837 | \$1,220 | \$8,349 | \$13,942 | \$13,980 | \$10,056 |
| Grand Total | \$2,044 | \$20,006 | \$20,390 | \$55,450 | \$96,599 | \$93,738 | \$70,288 |

Exhibit XV

Physician (MD and DO)
Claims Closed by Disposition - Pre October 1, 2002 Tort Reform Status - Representative Sample
Injury Dates Between January 1, 2001 and September 30, 2002
Closed on or Before September 30, 2006

| | |
|-----------------|-----------|
| Pre AB 1 Sample | 1 |
| Category | Physician |

| Sum of Paid Indemnity | Closure Year | | | | | | Grand Total |
|-----------------------|--------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Arbitrated | | | | \$400,000 | \$1,043,372 | \$90,026 | \$1,533,398 |
| Decided by Trial | | | | \$750,000 | \$25,000 | \$30,760 | \$805,760 |
| Other | | | | \$75,000 | \$360,000 | \$1,900,000 | \$2,335,000 |
| Settled | | \$2,044,500 | \$1,752,500 | \$7,064,500 | \$3,602,757 | \$4,970,000 | \$19,434,257 |
| Closed No-Pay | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Grand Total | \$0 | \$2,044,500 | \$1,752,500 | \$8,289,500 | \$5,031,129 | \$6,990,786 | \$24,108,415 |

| | |
|-----------------|-----------|
| Pre AB 1 Sample | 1 |
| Category | Physician |

| Sum of Total ALAE | Closure Year | | | | | | Grand Total |
|--------------------|--------------|-----------------|------------------|--------------------|--------------------|--------------------|--------------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Arbitrated | | | | \$16,037 | \$210,069 | \$106,698 | \$332,804 |
| Decided by Trial | | | | \$84,001 | \$264,410 | \$83,861 | \$432,272 |
| Other | | | | \$5,334 | \$149,492 | \$542,218 | \$697,044 |
| Settled | | \$34,042 | \$27,733 | \$471,002 | \$796,884 | \$1,102,975 | \$2,432,636 |
| Closed No-Pay | \$738 | \$11,547 | \$127,284 | \$429,005 | \$675,083 | \$1,485,138 | \$2,728,795 |
| Grand Total | \$738 | \$45,589 | \$155,018 | \$1,005,379 | \$2,095,938 | \$3,320,889 | \$6,623,550 |

| | |
|-----------------|-----------|
| Pre AB 1 Sample | 1 |
| Category | Physician |

| Sum of Paid Indemnity + ALAE | Closure Year | | | | | | Grand Total |
|------------------------------|--------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Arbitrated | \$0 | \$0 | \$0 | \$416,037 | \$1,253,441 | \$196,724 | \$1,866,202 |
| Decided by Trial | \$0 | \$0 | \$0 | \$834,001 | \$289,410 | \$114,621 | \$1,238,032 |
| Other | \$0 | \$0 | \$0 | \$80,334 | \$609,492 | \$2,442,218 | \$3,032,044 |
| Settled | \$0 | \$2,078,542 | \$1,780,233 | \$7,535,502 | \$4,399,641 | \$6,072,975 | \$21,866,892 |
| Closed No-Pay | \$738 | \$11,647 | \$127,284 | \$429,005 | \$675,083 | \$1,486,138 | \$2,728,795 |
| Grand Total | \$738 | \$2,090,089 | \$1,907,518 | \$9,294,879 | \$7,127,066 | \$10,311,675 | \$30,731,965 |

| | |
|-----------------|-----------|
| Pre AB 1 Sample | 1 |
| Category | Physician |

| Claim Count | Closure Year | | | | | | Grand Total |
|--------------------|--------------|-----------|-----------|-----------|-----------|-----------|-------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Arbitrated | | | | 1 | 4 | 1 | 6 |
| Decided by Trial | | | | 1 | 6 | 2 | 9 |
| Other | | | | 1 | 1 | 4 | 6 |
| Settled | | 4 | 9 | 20 | 22 | 16 | 71 |
| Closed No-Pay | 5 | 15 | 29 | 42 | 52 | 27 | 170 |
| Grand Total | 5 | 19 | 38 | 65 | 85 | 50 | 262 |

| | |
|-----------------|-----------|
| Pre AB 1 Sample | 1 |
| Category | Physician |

| Indemnity + ALAE Severity | Closure Year | | | | | | Grand Total |
|---------------------------|--------------|------------------|-----------------|------------------|-----------------|------------------|------------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Arbitrated | | | | \$416,037 | \$313,360 | \$196,724 | \$311,034 |
| Decided by Trial | | | | \$834,001 | \$48,235 | \$57,310 | \$137,559 |
| Other | | | | \$80,334 | \$609,492 | \$610,555 | \$505,341 |
| Settled | | \$519,636 | \$197,804 | \$376,775 | \$199,984 | \$379,561 | \$307,984 |
| Closed No-Pay | \$148 | \$770 | \$4,389 | \$10,214 | \$12,982 | \$55,005 | \$16,052 |
| Grand Total | \$148 | \$110,005 | \$50,198 | \$142,998 | \$93,848 | \$206,233 | \$117,298 |

Exhibit XVI

Physician (MD and DO)
Claims Closed by Disposition - Post October 1, 2002 Tort Reform Status - Representative Sample
Injury Dates Between October 1, 2002 and June 30, 2004
Closed on or Before June 30, 2008

| | |
|------------------|-----------|
| Post AB 1 Sample | 1 |
| Category | Physician |

| Sum of Paid Indemnity | Closure Year | | | | | | Grand Total |
|-----------------------|--------------|------------------|------------------|--------------------|--------------------|--------------------|---------------------|
| Disposition | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | | | | | | |
| Decided by Trial | | | | | | | |
| Settled | \$800 | \$375,000 | \$509,500 | \$1,493,000 | \$6,907,458 | \$3,712,500 | \$12,998,258 |
| Closed No-Pay | | | | | \$0 | | \$0 |
| Grand Total | \$800 | \$375,000 | \$509,500 | \$1,493,000 | \$6,907,458 | \$3,712,500 | \$12,998,258 |

| | |
|------------------|-----------|
| Post AB 1 Sample | 1 |
| Category | Physician |

| Sum of Total ALAE | Closure Year | | | | | | Grand Total |
|--------------------|-----------------|-----------------|------------------|------------------|--------------------|--------------------|--------------------|
| Disposition | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | | | | \$98,767 | | \$98,767 |
| Decided by Trial | | | \$1,533 | | \$96,609 | \$142,382 | \$240,525 |
| Settled | \$0 | \$52,058 | \$104,248 | \$276,707 | \$1,207,692 | \$1,081,950 | \$2,722,655 |
| Closed No-Pay | \$23,726 | \$33,073 | \$18,224 | \$395,172 | \$799,328 | \$614,248 | \$1,883,770 |
| Grand Total | \$23,726 | \$85,131 | \$124,005 | \$671,879 | \$2,202,397 | \$1,838,580 | \$4,945,717 |

| | |
|------------------|-----------|
| Post AB 1 Sample | 1 |
| Category | Physician |

| Sum of Paid Indemnity + ALAE | Closure Year | | | | | | Grand Total |
|------------------------------|-----------------|------------------|------------------|--------------------|--------------------|--------------------|---------------------|
| Disposition | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | \$0 | \$0 | \$0 | \$0 | \$98,767 | \$0 | \$98,767 |
| Decided by Trial | \$0 | \$0 | \$1,533 | \$0 | \$96,609 | \$142,382 | \$240,525 |
| Settled | \$800 | \$427,058 | \$613,748 | \$1,769,707 | \$8,115,150 | \$4,794,450 | \$15,720,913 |
| Closed No-Pay | \$23,726 | \$33,073 | \$18,224 | \$395,172 | \$799,328 | \$614,248 | \$1,883,770 |
| Grand Total | \$24,526 | \$460,131 | \$633,505 | \$2,164,879 | \$9,109,855 | \$5,551,080 | \$17,943,975 |

| | |
|------------------|-----------|
| Post AB 1 Sample | 1 |
| Category | Physician |

| Claim Count | Closure Year | | | | | | Grand Total |
|--------------------|--------------|-----------|-----------|-----------|-----------|-----------|-------------|
| Disposition | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | | | | 2 | | 2 |
| Decided by Trial | | | 1 | | 4 | 4 | 9 |
| Settled | 2 | 5 | 9 | 7 | 22 | 12 | 57 |
| Closed No-Pay | 10 | 18 | 16 | 39 | 32 | 16 | 131 |
| Grand Total | 12 | 23 | 26 | 46 | 60 | 32 | 199 |

| | |
|-----------------|-----------|
| Pre AB 1 Sample | 1 |
| Category | Physician |

| Indemnity + ALAE Severity | Closure Year | | | | | | Grand Total |
|---------------------------|----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|
| Disposition | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | | | | \$49,384 | | \$49,384 |
| Decided by Trial | | | \$1,533 | | \$24,152 | \$35,596 | \$26,725 |
| Settled | \$400 | \$85,412 | \$68,194 | \$252,815 | \$368,870 | \$399,537 | \$275,805 |
| Closed No-Pay | \$2,373 | \$1,837 | \$1,139 | \$10,133 | \$24,979 | \$38,390 | \$14,380 |
| Grand Total | \$2,044 | \$20,006 | \$24,366 | \$47,063 | \$151,831 | \$173,471 | \$90,171 |

Exhibit XVII

**Physician (MD and DO)
Claims Closed by Disposition - Pre KODIN Tort Reform Status**

| | |
|---------------------------|-----------|
| PrePost KODIN Tort Reform | PRE |
| Category | Physician |

| Sum of Paid Indemnity | Closure Year | | | | | | | | Grand Total |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | \$187,605 | \$1,505,564 | \$1,698,500 | \$4,563,371 | \$1,000,026 | \$795,000 | \$957,962 | \$10,708,028 |
| Decided by Trial | \$3,946,288 | \$2,120,596 | \$8,753,640 | \$1,997,436 | \$1,245,000 | \$888,260 | \$420,000 | \$773,159 | \$20,144,379 |
| Other | | | \$1,206,000 | \$115,500 | \$1,615,000 | \$3,727,464 | \$2,709,000 | \$135,000 | \$9,507,964 |
| Settled | \$35,178,764 | \$28,209,093 | \$22,305,086 | \$31,243,774 | \$14,689,214 | \$15,298,000 | \$14,910,379 | \$8,007,500 | \$169,841,811 |
| Closed No-Pay | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Grand Total | \$39,125,052 | \$30,517,295 | \$33,770,289 | \$35,055,210 | \$22,112,585 | \$20,913,751 | \$18,834,379 | \$9,873,621 | \$210,202,182 |

| | |
|---------------------------|-----------|
| PrePost KODIN Tort Reform | PRE |
| Category | Physician |

| Sum of Total ALAE | Closure Year | | | | | | | | Grand Total |
|-------------------|--------------|-------------|-------------|-------------|--------------|--------------|--------------|-------------|--------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | \$92,187 | \$577,012 | \$531,776 | \$1,287,430 | \$919,183 | \$1,811,835 | \$305,172 | \$5,524,595 |
| Decided by Trial | \$886,719 | \$1,036,036 | \$1,529,237 | \$846,546 | \$1,293,915 | \$1,349,421 | \$1,869,659 | \$939,265 | \$9,750,799 |
| Other | | | \$411,101 | \$131,160 | \$764,169 | \$787,540 | \$1,116,135 | \$130,177 | \$3,340,282 |
| Settled | \$3,380,332 | \$2,883,186 | \$2,796,669 | \$4,434,847 | \$3,998,911 | \$3,818,936 | \$4,618,342 | \$1,835,069 | \$27,766,291 |
| Closed No-Pay | \$1,311,857 | \$2,439,660 | \$2,360,606 | \$2,261,370 | \$3,907,016 | \$4,471,546 | \$3,936,146 | \$1,269,749 | \$21,957,950 |
| Grand Total | \$5,578,908 | \$6,451,068 | \$7,674,624 | \$8,205,698 | \$11,251,442 | \$11,346,627 | \$13,352,118 | \$4,479,432 | \$68,339,917 |

| | |
|---------------------------|-----------|
| PrePost KODIN Tort Reform | PRE |
| Category | Physician |

| Sum of Paid Indemnity + ALAE | Closure Year | | | | | | | | Grand Total |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | \$0 | \$279,792 | \$2,082,576 | \$2,230,276 | \$5,850,801 | \$1,919,210 | \$2,606,835 | \$1,263,135 | \$16,232,624 |
| Decided by Trial | \$4,833,007 | \$3,156,633 | \$10,282,877 | \$2,843,982 | \$2,538,915 | \$2,237,681 | \$2,289,659 | \$1,712,424 | \$29,895,178 |
| Other | \$0 | \$0 | \$1,617,100 | \$246,660 | \$2,379,169 | \$4,515,005 | \$3,825,135 | \$265,177 | \$12,848,246 |
| Settled | \$38,559,096 | \$31,092,279 | \$25,101,755 | \$35,678,621 | \$18,688,125 | \$19,116,936 | \$19,528,721 | \$9,842,569 | \$197,608,102 |
| Closed No-Pay | \$1,311,857 | \$2,439,660 | \$2,360,606 | \$2,261,370 | \$3,907,016 | \$4,471,546 | \$3,936,146 | \$1,269,749 | \$21,957,950 |
| Grand Total | \$44,703,960 | \$36,968,363 | \$41,444,914 | \$43,260,908 | \$33,364,026 | \$32,260,378 | \$32,186,497 | \$14,353,054 | \$278,542,100 |

| | |
|---------------------------|-----------|
| PrePost KODIN Tort Reform | PRE |
| Category | Physician |

| Claim Count | Closure Year | | | | | | | | Grand Total |
|------------------|--------------|------|------|------|------|------|------|------|-------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | 2 | 6 | 8 | 19 | 10 | 11 | 2 | 58 |
| Decided by Trial | 12 | 13 | 11 | 10 | 16 | 13 | 20 | 10 | 105 |
| Other | | | 4 | 4 | 6 | 11 | 9 | 1 | 35 |
| Settled | 91 | 83 | 87 | 98 | 82 | 55 | 67 | 21 | 584 |
| Closed No-Pay | 121 | 148 | 184 | 147 | 163 | 122 | 93 | 28 | 1,006 |
| Grand Total | 224 | 246 | 292 | 267 | 286 | 211 | 200 | 62 | 1,788 |

| | |
|---------------------------|-----------|
| PrePost KODIN Tort Reform | PRE |
| Category | Physician |

| Indemnity + ALAE Severity | Closure Year | | | | | | | | Grand Total |
|---------------------------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Arbitrated | | \$139,896 | \$347,096 | \$278,784 | \$307,937 | \$191,921 | \$236,985 | \$631,567 | \$279,873 |
| Decided by Trial | \$402,751 | \$242,818 | \$934,807 | \$284,398 | \$158,682 | \$172,129 | \$114,483 | \$171,242 | \$284,716 |
| Other | | | \$404,275 | \$61,665 | \$396,528 | \$410,455 | \$425,015 | \$265,177 | \$367,093 |
| Settled | \$423,726 | \$374,606 | \$288,526 | \$364,068 | \$227,904 | \$347,581 | \$291,473 | \$468,694 | \$338,370 |
| Closed No-Pay | \$10,842 | \$16,484 | \$12,829 | \$15,383 | \$23,969 | \$36,652 | \$42,324 | \$45,348 | \$21,827 |
| Grand Total | \$199,571 | \$150,278 | \$141,935 | \$162,026 | \$116,657 | \$152,893 | \$160,932 | \$231,501 | \$155,784 |

Exhibit XVIII

Physician (MD and DO)
 Claims Closed by Disposition - Post KODIN Tort Reform Status

| | |
|---------------------------|-----------|
| PrePost KODIN Tort Reform | POST |
| Category | Physician |

| Sum of Paid Indemnity | Closure Year | | | | Grand Total |
|-----------------------|--------------|-------------|----------|-------------|-------------|
| Disposition | 2005 | 2006 | 2007 | 2008 | |
| Decided by Trial | | | | | |
| Settled | \$30,000 | \$1,194,000 | \$70,000 | \$1,461,000 | \$2,755,000 |
| Closed No-Pay | | | | | |
| Grand Total | \$30,000 | \$1,194,000 | \$70,000 | \$1,461,000 | \$2,755,000 |

| | |
|---------------------------|-----------|
| PrePost KODIN Tort Reform | POST |
| Category | Physician |

| Sum of Total ALAE | Closure Year | | | | Grand Total |
|-------------------|--------------|----------|----------|-----------|-------------|
| Disposition | 2005 | 2006 | 2007 | 2008 | |
| Decided by Trial | | | | \$48,908 | \$48,908 |
| Settled | \$25 | \$56,726 | \$20,820 | \$81,948 | \$159,519 |
| Closed No-Pay | \$3,818 | \$8,601 | \$66,594 | \$76,775 | \$155,788 |
| Grand Total | \$3,843 | \$65,328 | \$87,414 | \$207,631 | \$364,215 |

| | |
|---------------------------|-----------|
| PrePost KODIN Tort Reform | POST |
| Category | Physician |

| Sum of Paid Indemnity + ALAE | Closure Year | | | | Grand Total |
|------------------------------|--------------|-------------|-----------|-------------|-------------|
| Disposition | 2005 | 2006 | 2007 | 2008 | |
| Decided by Trial | \$0 | \$0 | \$0 | \$48,908 | \$48,908 |
| Settled | \$30,025 | \$1,250,726 | \$90,820 | \$1,542,948 | \$2,914,519 |
| Closed No-Pay | \$3,818 | \$8,601 | \$66,594 | \$76,775 | \$155,788 |
| Grand Total | \$33,843 | \$1,259,328 | \$157,414 | \$1,668,631 | \$3,119,215 |

| | |
|---------------------------|-----------|
| PrePost KODIN Tort Reform | POST |
| Category | Physician |

| Claim Count | Closure Year | | | | Grand Total |
|------------------|--------------|------|------|------|-------------|
| Disposition | 2005 | 2006 | 2007 | 2008 | |
| Decided by Trial | | | | 1 | 1 |
| Settled | 1 | 5 | 2 | 5 | 13 |
| Closed No-Pay | 4 | 8 | 27 | 36 | 75 |
| Grand Total | 5 | 13 | 29 | 42 | 89 |

| | |
|---------------------------|-----------|
| PrePost KODIN Tort Reform | POST |
| Category | Physician |

| Indemnity + ALAE Severity | Closure Year | | | | Grand Total |
|---------------------------|--------------|-----------|----------|-----------|-------------|
| Disposition | 2005 | 2006 | 2007 | 2008 | |
| Decided by Trial | | | | \$48,908 | \$48,908 |
| Settled | \$30,025 | \$250,145 | \$45,410 | \$308,590 | \$224,194 |
| Closed No-Pay | \$954 | \$1,075 | \$2,466 | \$2,133 | \$2,077 |
| Grand Total | \$6,769 | \$96,871 | \$5,428 | \$39,729 | \$35,047 |

Exhibit XIX

Physician (MD and DO)
Claims Closed by Disposition - Pre KODIN Tort Reform Status - Representative Sample
Injury Dates On or After April 16, 2001
Closed on or Before November 22, 2004

| | |
|------------------|-----------|
| Pre KODIN Sample | 1 |
| Category | Physician |

| Sum of Paid Indemnity | Closure Year | | | | Grand Total |
|-----------------------|--------------|-------------|-------------|-------------|-------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | |
| Other | | | | \$75,000 | \$75,000 |
| Settled | | \$2,044,500 | \$1,733,300 | \$6,112,000 | \$9,889,800 |
| Closed No-Pay | \$0 | \$0 | \$0 | \$0 | \$0 |
| Grand Total | \$0 | \$2,044,500 | \$1,733,300 | \$6,187,000 | \$9,964,800 |

| | |
|------------------|-----------|
| Pre KODIN Sample | 1 |
| Category | Physician |

| Sum of Total ALAE | Closure Year | | | | Grand Total |
|-------------------|--------------|----------|----------|-----------|-------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | |
| Other | | | | \$5,334 | \$5,334 |
| Settled | | \$34,042 | \$10,160 | \$307,361 | \$351,562 |
| Closed No-Pay | \$0 | \$11,514 | \$45,366 | \$268,267 | \$325,147 |
| Grand Total | \$0 | \$45,556 | \$55,526 | \$580,961 | \$682,043 |

| | |
|------------------|-----------|
| Pre KODIN Sample | 1 |
| Category | Physician |

| Sum of Paid Indemnity + ALAE | Closure Year | | | | Grand Total |
|------------------------------|--------------|-------------|-------------|-------------|--------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | |
| Other | \$0 | \$0 | \$0 | \$80,334 | \$80,334 |
| Settled | \$0 | \$2,078,542 | \$1,743,460 | \$6,419,361 | \$10,241,362 |
| Closed No-Pay | \$0 | \$11,514 | \$45,366 | \$268,267 | \$325,147 |
| Grand Total | \$0 | \$2,090,056 | \$1,788,826 | \$6,767,961 | \$10,646,843 |

| | |
|------------------|-----------|
| Pre KODIN Sample | 1 |
| Category | Physician |

| Claim Count | Closure Year | | | | Grand Total |
|---------------|--------------|------|------|------|-------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | |
| Other | | | | 1 | 1 |
| Settled | | 4 | 9 | 17 | 30 |
| Closed No-Pay | 2 | 13 | 31 | 44 | 90 |
| Grand Total | 2 | 17 | 40 | 62 | 121 |

| | |
|------------------|-----------|
| Pre KODIN Sample | 1 |
| Category | Physician |

| Indemnity + ALAE Severity | Closure Year | | | | Grand Total |
|---------------------------|--------------|-----------|-----------|-----------|-------------|
| Disposition | 2001 | 2002 | 2003 | 2004 | |
| Other | | | | \$80,334 | \$80,334 |
| Settled | | \$519,636 | \$193,718 | \$377,609 | \$341,379 |
| Closed No-Pay | \$0 | \$888 | \$1,463 | \$6,097 | \$3,613 |
| Grand Total | \$0 | \$122,944 | \$44,721 | \$109,161 | \$87,990 |

Exhibit XX

**Physician (MD and DO)
Claims Closed by Disposition - Post KODIN Tort Reform Status - Representative Sample
Injury Dates On or After November 23, 2004**

| | |
|-------------------|-----------|
| Post KODIN Sample | 1 |
| Category | Physician |

| Sum of Paid Indemnity | Closure Year | | | | Grand Total |
|-----------------------|-----------------|--------------------|-----------------|--------------------|--------------------|
| Disposition | 2005 | 2006 | 2007 | 2008 | |
| Decided by Trial | | | | | |
| Settled | \$30,000 | \$1,194,000 | \$70,000 | \$1,461,000 | \$2,755,000 |
| Closed No-Pay | | | | | |
| Grand Total | \$30,000 | \$1,194,000 | \$70,000 | \$1,461,000 | \$2,755,000 |

| | |
|-------------------|-----------|
| Post KODIN Sample | 1 |
| Category | Physician |

| Sum of Total ALAE | Closure Year | | | | Grand Total |
|--------------------|----------------|-----------------|-----------------|------------------|------------------|
| Disposition | 2005 | 2006 | 2007 | 2008 | |
| Decided by Trial | | | | \$48,908 | \$48,908 |
| Settled | \$25 | \$56,726 | \$20,820 | \$81,948 | \$159,519 |
| Closed No-Pay | \$3,818 | \$8,601 | \$66,594 | \$76,775 | \$155,788 |
| Grand Total | \$3,843 | \$65,328 | \$87,414 | \$207,631 | \$364,215 |

| | |
|-------------------|-----------|
| Post KODIN Sample | 1 |
| Category | Physician |

| Sum of Paid Indemnity + ALAE | Closure Year | | | | Grand Total |
|------------------------------|-----------------|--------------------|------------------|--------------------|--------------------|
| Disposition | 2005 | 2006 | 2007 | 2008 | |
| Decided by Trial | \$0 | \$0 | \$0 | \$48,908 | \$48,908 |
| Settled | \$30,025 | \$1,250,726 | \$90,820 | \$1,542,948 | \$2,914,519 |
| Closed No-Pay | \$3,818 | \$8,601 | \$66,594 | \$76,775 | \$155,788 |
| Grand Total | \$33,843 | \$1,259,328 | \$157,414 | \$1,668,631 | \$3,119,215 |

| | |
|-------------------|-----------|
| Post KODIN Sample | 1 |
| Category | Physician |

| Claim Count | Closure Year | | | | Grand Total |
|--------------------|--------------|-----------|-----------|-----------|-------------|
| Disposition | 2005 | 2006 | 2007 | 2008 | |
| Decided by Trial | | | | 1 | 1 |
| Settled | 1 | 5 | 2 | 5 | 13 |
| Closed No-Pay | 4 | 8 | 27 | 36 | 75 |
| Grand Total | 5 | 13 | 29 | 42 | 89 |

| | |
|-------------------|-----------|
| Post KODIN Sample | 1 |
| Category | Physician |

| Indemnity + ALAE Severity | Closure Year | | | | Grand Total |
|---------------------------|----------------|-----------------|----------------|-----------------|-----------------|
| Disposition | 2005 | 2006 | 2007 | 2008 | |
| Decided by Trial | | | | \$48,908 | \$48,908 |
| Settled | \$30,025 | \$250,145 | \$45,410 | \$308,590 | \$224,194 |
| Closed No-Pay | \$954 | \$1,075 | \$2,466 | \$2,133 | \$2,077 |
| Grand Total | \$6,769 | \$96,871 | \$5,426 | \$39,729 | \$35,047 |

Approved Physician Medical Professional Liability Rate Filings
2007 and 2008

| Company Name | Filing Number | Date Received | Description | Requested Change | Requested Maximum Change | Approved Change | Approved Maximum Change | New Business Effective Date | Renewal Business Effective Date | Comments |
|---|---------------|---------------|--|------------------|--------------------------|-----------------|-------------------------|-----------------------------|---------------------------------|---|
| GENERAL STAR NATIONAL INSURANCE COMPANY | 6574 | 10/16/07 | New Program for Physicians & Surgeons | | | | | 1/24/08 | | New program. |
| HUDSON INSURANCE COMPANY | 9792 | 4/11/08 | Physicians Professional Liability Rate | -25.8 | 0.0 | -25.8 | 0.0 | 7/9/08 | 8/1/08 | 2.9% base rate decrease + class changes |
| INDEPENDENT NEVADA DOCTORS INSURANCE EXCHANGE | 4268 | 5/16/07 | Physicians and Surgeons Program | -15.0 | 12.3 | -15.0 | 12.3 | 7/1/07 | 7/1/07 | Emergency Medicine only class getting increase |
| INDEPENDENT NEVADA DOCTORS INSURANCE EXCHANGE | 10841 | 6/17/08 | Miscellaneous Rule Changes | -1.5 | | -1.5 | | 11/6/08 | 1/5/09 | |
| INDEPENDENT NEVADA DOCTORS INSURANCE EXCHANGE | 12768 | 10/17/08 | Increased Limits Factor Changes | 0.0 | 0.0 | 0.0 | 0.0 | 10/15/08 | N/A | New limit options and reduced charge for \$2M/\$5M limit for non-surgical classes |
| INSURANCE SERVICES OFFICE INC (ISO) | 2547 | 1/22/07 | Rev of Increased Limits Factors | -3.0 | -1.7 | -3.0 | -1.7 | 8/1/07 | 8/1/07 | Increased limits factors for hospitals, physicians and surgeons, dentists, hospitals, nursing homes, allied health (includes labs) |
| INSURANCE SERVICES OFFICE INC (ISO) | 7682 | 12/21/07 | Revised Ded Factors and Misc. Rules | -0.7 | | -0.7 | | 9/1/08 | 9/1/08 | |
| INSURANCE SERVICES OFFICE INC (ISO) | 7683 | 12/21/07 | Revised Base Rates - Physicians and Surgeons | -4.3 | -4.1 | -4.3 | -4.1 | 9/1/08 | 9/1/08 | |
| INSURANCE SERVICES OFFICE INC (ISO) | 7777 | 1/4/08 | New Rate Classes for DO's | 0.0 | 0.0 | 0.0 | 0.0 | 9/1/08 | 9/1/08 | DO specific initial loss costs same as corresponding MD rate |
| THE MEDICAL PROTECTIVE COMPANY | 5336 | 7/27/07 | Physician PL | -17.0% | 4.9% | -17.0% | 4.9% | 12/1/07 | 12/1/07 | 19.2% base rate decrease plus class relativity changes |
| THE MEDICAL PROTECTIVE COMPANY | 6244 | 9/27/07 | Physician PL | 0.0% | 0.0% | 0.0% | 0.0% | 3/1/08 | 3/1/08 | 2.5% credit for using approved electronic records system |
| THE MEDICAL PROTECTIVE COMPANY | 7063 | 11/13/07 | Physician, Dentist, Allied and Comprehensive Liability Coverage for Health Care Providers PL | 0.0% | 0.0% | 0.0% | 0.0% | 3/1/08 | 3/1/08 | Revised tail rating rule to make charge 200% of expiring |
| THE MEDICAL PROTECTIVE COMPANY | 12254 | 9/24/08 | Physician, Dentist, Allied and Comprehensive Liability Coverage for Health Care Providers PL | 0.0% | 0.0% | 0.0% | 0.0% | 1/1/09 | 1/1/09 | Revised eligibility for free DDR tail at retirement for members of groups. Company will waive 3 year vesting requirement and age requirement under certain circumstances. |
| MEDICUS INSURANCE COMPANY | 5066 | 7/6/07 | Revised Free Tail Eligibility | -12.0% | 0.0% | -12.0% | 0.0% | 9/7/07 | 9/7/07 | Claim Free Credit Rules -- rate impact estimated. May be less if company was using schedule credits to get to claims free rate. |
| MEDICUS INSURANCE COMPANY | 5115 | 7/11/07 | Class Plan Update | 2.3% | 16.5% | 2.3% | 16.5% | 3/15/08 | 3/15/08 | Class plan changes. No base rate offset |
| MEDICUS INSURANCE COMPANY | 6060 | 9/25/07 | Risk Management Credit per NRS 690B.330 | | | | | | | Implementation of Risk Management Program. Credit - rate impact will be a function of how many doctors elect to take programs and which programs they take |
| MEDICUS INSURANCE COMPANY | 9652 | 4/4/08 | Per Patient Visit Rating | 0.0% | 0.0% | 0.0% | 0.0% | 5/13/08 | 6/12/08 | Rule to allow rating based on volume -- presumably for large groups. |

EXHIBIT XXI
Page 2

Approved Physician Medical Professional Liability Rate Filings
2007 and 2008

| Company Name | Filing Number | Date Received | Description | Requested Change | Requested Maximum Change | Approved Change | Approved Maximum Change | New Business Effective Date | Renewal Business Effective Date | Comments |
|---|---------------|---------------|--|------------------|--------------------------|-----------------|-------------------------|-----------------------------|---------------------------------|--|
| MEDICUS INSURANCE COMPANY | 10830 | 6/17/08 | Miscellaneous Rule Changes | -2.3% | | -2.3% | | 11/12/08 | 12/1/08 | Includes Revised Schedule Rating Plan |
| PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC. | 2917 | 2/13/07 | Medical Professional Liability Increased Limits Factors, Physicians and Surgeons | -0.1 | 0.0 | -0.1 | 0.0 | 3/1/07 | 3/1/07 | Filing impacts one risk that will receive 6.63% decrease as a result of lower increased limits factor. |
| PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC. | 5727 | 8/20/07 | Medical Professional Liability Miscellaneous Rule Changes | 0.0 | 0.0 | 0.0 | 0.0 | 12/3/07 | 1/2/08 | Rules only |
| PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC. | 10449 | 5/27/08 | Medical and Dental Professional Liability Minimum Premium Rule | 0.0 | 0.0 | 0.0 | 0.0 | 7/1/08 | 7/1/08 | \$100 minimum premium for medical - waived for specific association programs |

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Traditional measures to gauge an insurance market include the general trends in rates and ratemaking, availability of insurance, affordability of insurance, market concentration, and ease of entry for new insurers. All of these are broadly related on whether a competitive insurance market exists. This discussion encapsulates the rate factors in auto insurance, consumer matters that have come to the Division's attention, and the state of the private passenger auto (PPA) insurance market.

Auto Insurance Ratemaking

The Commissioner is responsible for the evaluation of rates prescribed by "ratemaking standards" (NRS 686B.050) and "rating criteria" (NRS 686B.060). The insurance base rates are only one measure that contributes toward the formulation of auto insurance premiums. An insured's current premium is affected by the rate variables and rules the insurer uses and also applies to the renewal offer.

The algorithm, or rule, used to calculate the total insurance premium paid by an insured for a given coverage is required to be filed with and approved by the Division prior to its use.

PPA insurers in Nevada use a variety of rating variables to determine the total insurance premium to be paid for an insured's elected coverages. The emphasis given to one rating variable compared to another is a characteristic of the business model of an individual insurer. Several of these rating variables have a significant impact on auto insurance premiums beyond the base rate change. Each insurer is required to file its rating variables and associated rate factors with the Division for approval prior to use. Some of the traditional rating variables used by the PPA insurers include territory, driving record, claims history, vehicle make and model, liability rating groups, and age. For insurers using credit-based insurance scores, there are often rate tiers that spread the rate from the most expensive tier to the least expensive tier. To meet the requirements set forth in NRS 686B.160, an insurer must provide statistical information in support of all rating variables used.

The selection of certain rating variables, as well as the emphasis given to one rating variable compared to another, has been a topic of discussion in recent years. Insurance companies have begun using rating variables such as education and occupation, composition of a household and credit-based insurance scoring, which are considered controversial. The use of these rating variables in insurance underwriting and rating continues to experience a high level of scrutiny and debate, both at state and national levels.

Education and Occupation

Some insurance companies utilize occupation and level of education as rating variables in the underwriting and rating of PPA insurance policies. Insurers claim that their statistical data shows that education and occupation are reasonably accurate predictors of loss, and that they are following actuarially sound principles to accurately differentiate risks.

Exhibit I provides an example of different classes based upon education level and the associated rate factors for one insurer in Nevada. This exhibit includes a range of classes based upon an education level of “less than high school” through “graduate work” with the higher classes receiving a larger discount compared to the lower classes. Exhibit II contains statistical data filed to justify using education as a rating variable. The exhibit indicates that the loss ratios tend to be higher for classes with lower education compared to classes that relate to higher level of education attained. Exhibit III contains a combination of occupation and education based rating factors.

While the education and occupation variables are generally applied as discounts, discount levels are higher for insureds that have either attained a higher level of education or otherwise qualify due to their occupation. This lack of qualification for a higher discount by some insureds is perceived as an increase in premium or surcharge. Consumer advocates and insurance regulators¹⁰ have voiced serious concerns that segmenting the insureds or applicants based upon credit history, education or occupation may be unfairly discriminatory to certain socio-economic groups. There is a growing concern that such rating variables could be used as a proxy for race, ethnicity or income group. In Nevada, a very small proportion of insurers have submitted rate filings containing education and/or occupation as rating variables. These filings have been approved by the Division after insurance companies provided credible statistical data that support these rating variables.

Household Composition Factors

An emerging issue in PPA rating is the use of “household composition” as a rating variable. Household composition variables consider the age and number of drivers in the household as well as the age and number of the vehicles in the household. A change in this composition, attributable to the addition of a driver, change in the age of a driver, addition of a vehicle, or change in the age of a vehicle, changes the rating factor applied to the calculation of the auto premium. Insurers claim that this rating variable is supported by credible actuarial data.

¹⁰ *Testimony of Kevin M. McCarty, Florida Insurance Commissioner, Representing National Association of Insurance Commissioners, In Front of Subcommittee on Oversight and Investigations Of the House Committee on Financial Services, May 21, 2008*
http://www.naic.org/documents/govt_rel_testimony_0805_mccarty.pdf

Division actuaries report that the household composition factors are sensitive to even a slight change in the household composition, including the expected annual change in the age of the driver(s) and vehicle(s), and can result in a premium increase for the policyholders. In some instances, the household composition model assumes that a household with fewer drivers than vehicles is indicative of an “undisclosed driver” based on the underlying data. This associated rate factor may increase the premium because such households are generally rated as if there is a “youthful” operator in the household. Division actuaries have expressed concerns that insurers are unable to separate the underlying statistical data to distinguish the rate impact on households with fewer drivers than vehicles but without an undisclosed driver. Rates of policyholders who do not have an undisclosed driver, but who own more vehicles than there are household drivers as a matter of personal choice or need, may be unfairly increased.

Consumer Matters

The Division considers consumer knowledge to be an important aspect of the regulation of PPA insurance in Nevada. The rating models used by insurers are becoming increasingly more complex. In addition to traditional variables such as territory and driving record, newer rating models are now incorporating consumers’ personal information in the calculation of premium. It is more difficult for consumers to understand an insurer’s rating variables and the application of these variables to calculate the premium of a specific consumer. Complaints filed by consumers have revealed that the initial explanations about premium adjustments provided by insurance companies are substantially inadequate.

Credit Scoring

Insurance credit scoring models are proprietary and their variables cannot be disclosed. It is noted that insurers spend large amounts of money to develop sophisticated credit-based rating models and have an interest in protecting their investment; however, it should not hinder an insurer’s ability to explain renewal premium adjustments to the Division and to consumers. Insurers assert there is a statistical correlation between certain pieces of credit information, which may be indicative of financial responsibility and insurance losses. Insurers believe that consumers who show financially irresponsible behavior tend to file more claims and their premiums should be higher. Based on Division staff’s discussions with insurers, however, it appears that the ability to identify errors or to alert the consumers of such errors is lacking.

The 2007 Legislature passed Assembly Bill 404, which became effective October 1, 2007, to require insurers to provide consumers with a notice explaining the reasons for an adverse action. The reasons for the “notice of adverse action” must be provided on a form approved by the Commissioner. The Division issued Bulletin No. 07-006 to all property and casualty insurers to remind them of this

filing requirement. The bulletin advised that the Division may require insurers to explain and justify their insurance scoring models by demonstrating that they are not unfairly discriminating among policyholders.

The Federal Credit Reporting Act (FCRA) requires insurance companies to notify consumers if the use of credit information affects their insurance premium. The notice must include reasons, the credit reporting agency from which credit data was obtained, and how the consumer may obtain that information. At the same time, the consumer is given a disclaimer that the credit reporting bureau did not calculate the premium and cannot answer questions related to a premium increase. Consumers are left in a quandary when trying to understand the reasons for their premium increase. In certain instances, the insureds have been told that the premium increase was mandated by the state of Nevada. While most complaints received are due to premium increases attributable to credit scoring, the Division also receives complaints from consumers who object to credit-based insurance scoring even though they were not adversely impacted.

The overall FICO (Fair Isaac Corporation) score, which generally provides a measurement of creditworthiness, is not included in the credit-based insurance scoring methodology used by most insurers. Division actuaries have asked insurers if they have performed stratification of data to distinguish between consumers with high FICO scores to those with low FICO scores. Insurers responded that they have not performed such statistical data analysis. It remains unclear if FICO scores are being excluded from credit scoring methodology as a business decision or because of a system restriction in accessing this information. The Division continues to monitor and analyze credit-based insurance scoring and its impact on insurance premiums.

Total Loss Settlements

Property damage liability settlements for total loss vehicles have been identified as an area of concern. In several instances, the valuations performed by the insurers were lower, sometimes significantly lower, than what the consumers found via the online vehicle pricing guides. Consumers often believe that the offered settlement is not a meaningful compensation and that the current valuation and settlement process does not give them a realistic opportunity to buy a comparative replacement vehicle.

Insurers generally have contractual relationships with survey companies who maintain extensive records of vehicle pricing in local markets based upon comprehensive configuration of the vehicles (mileage, options, condition, package, and maintenance) in their database. While these records are obtained from hundreds of publications, periodicals and trade magazines as well as internet automobile trading companies, the primary source of valuation appears to be through auto dealerships across the country. One aspect of lower valuations is that the survey companies generally require the dealerships to provide their “take

price” of the vehicles they are selling. A “take price” is the final price that the dealerships will accept to sell the vehicle. Consumers, unless they are effective and savvy bargainers, do not have ready access to the “take price” of the dealership and are essentially unable to purchase the same vehicle for the settlement amount offered by the insurers.

Auto Body Shops Dispute

Another potential issue identified by the Division stems from the Nevada body shop and vehicle repair industry. Insurers sometimes survey the body shops in each area of Nevada and develop a “prevailing hourly rate” for vehicle repairs based on their survey, and then attempt to enforce that amount on the auto body shops. Such surveys typically do not consider the results of the survey of auto body shop labor rates compiled by the Nevada Department of Motor Vehicles as required by NRS 487.685. An added dimension is the reclassification of repair work as presented on either a body shop estimate or on a final repair bill. This means that the insurer effectively disputes mechanical repairs and reclassifies certain portions of repairs as body work. There are substantial hourly differences in labor rates between these demarcations.

This issue was discussed at the Commissioner’s Property and Casualty Advisory Committee meeting in March 2008. On an individual basis, insurance industry representatives requested the Division’s involvement. As an initial step, in May 2008, letters were mailed to body shops inviting them to file complaints related to labor rates with the Division. The Division received no response to these letters.

State of the Market

Insurers provide Nevada consumers with various platforms for the purchase of PPA insurance. This variability gives the insurers an opportunity to expand their market share via various mediums while allowing consumers a choice to purchase insurance via the internet, by telephone and through personal contact with local insurance agents. Insurers also allow for coverage to be available on a monthly or quarterly installment basis in addition to the more common six-month and/or annual payment option terms.

In 2007, approximately 150 companies wrote business in the PPA insurance market in Nevada. Exhibit IV provides a summary of the top 25 insurers in Nevada along with their market share. In terms of premium volume, the top three insurers represent 30 percent of the direct written premium and the top five carriers represent 41 percent. This is a slight drop in the market share of the top insurers from 2005,¹¹ indicating a better spread of business among insurers.

¹¹ Nevada Division of Insurance’s 2007 Report on the Nevada Insurance Market submitted to the 2007 Nevada Legislature

Exhibits V, VI and VII provide an eleven-year trend for market share, direct written premium and loss ratios for the top 20 auto insurance groups. The top three groups have maintained their market share position steadily for the past decade. While each group has seen a drop in market share in the range of 3 percent – 6 percent since 1997, the magnitude of market share drop has slowed down in the last 5 years. The direct written premiums have steadily increased over the last decade for each of the top three groups, which is indicative of a combination of an increased number of policyholders and premium changes. For the top three groups the fluctuation in loss ratios, which are derived by dividing the sum of total incurred losses and adjustment expenses by the total earned premiums, can be interpreted as the variations in the annual claim experience. The Division actuaries note that, as a relatively new entrant in the Nevada auto insurance market seven years ago, American Family Insurance Group has made significant gains in market share and direct written premiums. However, the high loss ratios for this group, which peaked in 2004, indicate that the group has experienced a higher degree of claims-related losses and expenses.

Rate Trends

Rate trends can be measured by the actions of the largest insurers in Nevada. Recent rate filings reviewed by Division staff for the top PPA insurers indicate that the base rates for this insurance are on an upward trend. Division actuaries caution that base rate changes are on an average statewide change basis and may not reflect the impact on individual consumers. The Division may receive rate filings that are submitted as revenue neutral with a statewide average rate change of 0.0 percent, meaning that the aggregate of increases and decreases are about equal. However, the spread in rate factors can have a significant impact on individual insureds with certain characteristics.

The Division has observed an upward trend in statewide average base rates among auto insurers. Insurers are documenting worsening loss experience in certain type of coverages leading to overall loss for their auto program. Exhibit VIII provides a summary of the rate changes for the top three PPA insurers in Nevada for the last 3 years (2006-2008). Since most insurers use a six-month policy term, a rate change effective on a given date requires at least 6 months to completely flow through to the affected insureds.

Several smaller market share insurers have reduced their rates for physical damage coverage to compete for market share. Insurers who raise premiums significantly risk losing their market share if consumers can find cheaper premiums elsewhere for comparable coverage.

To educate consumers, the Division has published a “Consumer’s Guide to Automobile Insurance Rates.” The guide includes answers to questions about automobile insurance, tips for consumers buying automobile insurance and a comparison of automobile insurance rates. The rate comparison lists rates by

territory for two different vehicle types with various driver options. The guide is available at the Carson City and Las Vegas offices of the Division and may also be downloaded from the Division's Web site.

Exhibit I

Private Passenger Automobile
Rates Filing for the State of Nevada

Education Discount Factor

| MAXIMUM EDUCATION LEVEL | POLICY INCEPTED | PRIOR TO 09/14/07 | | | | | | |
|-------------------------|-----------------|-------------------|------|--------|------|------|------|------|
| | | BI | PD | UM/UIM | MED | COMP | COLL | LOAN |
| 0 | N | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 |
| 0 | Y | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 |
| 1 | N | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1 | Y | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 |
| 2 | N | 0.97 | 0.97 | 0.97 | 0.97 | 0.97 | 0.97 | 0.97 |
| 2 | Y | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 |
| 3 | N | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 |
| 3 | Y | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 |
| 4 | N | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 |
| 4 | Y | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 |
| 5 | N | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 |
| 5 | Y | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 |
| 6 | N | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 |
| 6 | Y | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 |
| 7 | N | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 |
| 7 | Y | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 |

Source: Division of Insurance Rate Filings records

Exhibit II

Private Passenger Automobile Program
Rates Filing for the State of Nevada

EDUCATION FACTOR SUPPORT

The following data provides actuarial justification for education level in rating.

| Class | EDUCATION VARIABLE Description | POLICY LEVEL STATISTICS | | | | | LOSS RATIO RELATIVITIES | | | | | |
|-------|--|-------------------------|--------------------------|------------------------------------|------------------|---------------------|-------------------------|-----------------------|-----------------------------------|--------------------------------------|--------------------------------|-----------------------|
| | | Earned Premium | Adjusted Earned Premium* | Incurred Losses (capped at \$500k) | Earned Car Years | Incurred Loss Count | Adjusted Loss Ratio | Adjusted Loss Ratio * | Predicted Adj. LR Relativities ** | Regrouped Predicted Relativities *** | Rebased Predicted Relativities | Selected Relativities |
| 1 | Less than high school | \$6,937,710 | \$6,734,431 | \$5,844,441 | 8,992 | 1,428 | 0.67 | 1.14 | 1.11 | 1.11 | 1.00 | 1.00 |
| 2 | High school diploma | \$59,575,598 | \$59,049,043 | \$38,407,703 | 60,503 | 9,514 | 0.65 | 1.11 | 1.08 | 1.08 | 0.97 | 0.97 |
| 3 | Trade/vocational school degree | \$10,441,299 | \$10,385,996 | \$6,666,676 | 11,378 | 1,596 | 0.64 | 1.09 | 1.09 | 1.08 | 0.97 | 0.95 |
| 4 | Completed some college | \$57,441,440 | \$57,489,907 | \$33,234,010 | 58,090 | 8,689 | 0.58 | 0.98 | 1.00 | 1.00 | 0.90 | 0.90 |
| 5/6 | College degree or currently in college | \$86,150,082 | \$87,359,875 | \$47,798,701 | 81,924 | 12,820 | 0.55 | 0.93 | 0.93 | 0.94 | 0.84 | 0.84 |
| 7 | Graduate work | \$18,486,460 | \$18,932,369 | \$10,176,098 | 20,704 | 2,967 | 0.54 | 0.92 | 0.97 | 0.94 | 0.84 | 0.84 |
| | | \$241,032,588 | \$241,961,622 | \$142,127,628 | 241,593 | 37,024 | 0.59 | 1.00 | 1.00 | 1.00 | 0.90 | 0.90 |

* Education rating factors removed from premium.

** Prediction derived from a multi-variate regression model.

*** Education classes 2&3 and 5-7 grouped together.

Exhibit III

| NEVADA RESULTS (QUOTED 1/2008) | | | | | | | | | | | TOTAL PREMIUM |
|--|------|-----|---------------------|-----------------|------------|----------------------------|----------|--|--|--|---------------|
| Education (only asked for self and spouse) | | | | | | | | | | | |
| Type of Risk | Drvl | POP | Yrs w/prior carrier | Prior BI Limits | Occupation | Education | Zip code | | | | |
| Ix1 | 40SM | Y | 9 | 100/300 | Accountant | LTHS | 89511 | | | | \$1,260.30 |
| Ix1 | 40SM | Y | 9 | 100/300 | Accountant | Associate pursuing college | 89511 | | | | \$1,260.30 |
| Ix1 | 40SM | Y | 9 | 100/300 | Accountant | Bachelors | 89511 | | | | \$594.60 |
| Ix1 | 40SM | Y | 9 | 100/300 | Accountant | PhD | 89511 | | | | \$594.60 |
| Ix1 | 40SM | Y | 9 | 250/500 | Accountant | LTHS | 89511 | | | | \$715.80 |
| Ix1 | 40SM | Y | 9 | 250/500 | Accountant | High School | 89511 | | | | \$680.40 |
| Ix1 | 40SM | Y | 9 | 250/500 | Accountant | Associate pursuing college | 89511 | | | | \$680.40 |
| Ix1 | 40SM | Y | 9 | 250/500 | Accountant | Bachelors | 89511 | | | | \$554.00 |
| Ix1 | 40SM | Y | 9 | 250/500 | Accountant | PhD | 89511 | | | | \$554.00 |
| Ix1 | 40SM | Y | 1 | 50/100 | Teacher | LTHS | 89511 | | | | \$1,168.00 |
| Ix1 | 40SM | Y | 1 | 50/100 | Teacher | Associate pursuing college | 89511 | | | | \$1,168.00 |
| Ix1 | 40SM | Y | 1 | 50/100 | Teacher | Bachelors | 89511 | | | | \$633.70 |
| Ix1 | 40SM | Y | 1 | 50/100 | Teacher | Masters | 89511 | | | | \$633.70 |
| Ix1 | 40SM | Y | 1 | 50/100 | Teacher | Doctors | 89511 | | | | \$602.20 |
| Ix1 | 40SM | Y | 1 | 50/100 | Teacher | PhD | 89511 | | | | \$602.20 |
| Ix1 | 40SM | N | 9 | 100/300 | Accountant | LTHS | 89511 | | | | \$1,260.30 |
| Ix1 | 40SM | N | 9 | 100/300 | Accountant | Associate pursuing college | 89511 | | | | \$1,260.30 |
| Ix1 | 40SM | N | 9 | 100/300 | Accountant | Bachelors | 89511 | | | | \$927.30 |
| Ix1 | 40SM | N | 9 | 100/300 | Accountant | PhD | 89511 | | | | \$927.30 |
| Ix1 | 40SM | N | <1 | 15/30 | Janitor | LTHS | 89511 | | | | \$1,130.60 |
| Ix1 | 40SM | N | <1 | 15/30 | Janitor | High School | 89511 | | | | \$1,021.10 |
| Ix1 | 40SM | N | <1 | 15/30 | Janitor | Bachelors | 89511 | | | | \$1,021.10 |
| Ix1 | 40SM | N | <1 | 15/30 | Janitor | PhD | 89511 | | | | \$1,021.10 |
| Ix1 | 40SM | N | <1 | 250/500 | Accountant | LTHS | 89511 | | | | \$927.30 |
| Ix1 | 40SM | N | <1 | 250/500 | Accountant | PhD | 89511 | | | | \$927.30 |
| Ix1 | 40SM | Y | 9 | 15/30 | Janitor | LTHS | 89511 | | | | \$1,130.60 |
| Ix1 | 40SM | Y | 9 | 15/30 | Janitor | High School | 89511 | | | | \$1,021.10 |
| Ix1 | 40SM | Y | 9 | 15/30 | Janitor | Associate pursuing college | 89511 | | | | \$1,021.10 |
| Ix1 | 40SM | Y | 9 | 15/30 | Janitor | Bachelors | 89511 | | | | \$1,021.10 |
| Ix1 | 40SM | Y | 9 | 15/30 | Janitor | PhD | 89511 | | | | \$1,021.10 |

Source: Division of Insurance Rate Filings records

Exhibit IV

**PRIVATE PASSENGER AUTO
BY PREMIUM (000's) - 2007
TOP 25 INSURERS**

| Rank | NAIC Group Code | NAIC Company Code | Company Name | State of Domicile | Direct Premium Written | Direct Premium Earned | Direct Loss Incurred |
|------------------------|-----------------|-------------------|-----------------------------------|-------------------|------------------------|-----------------------|----------------------|
| 1 | 176 | 25178 | STATE FARM MUT AUTO INS CO | IL | \$203,658 | \$206,806 | \$131,282 |
| 2 | 212 | 21652 | FARMERS INS EXCH | CA | \$181,620 | \$187,068 | \$116,928 |
| 3 | 473 | 19275 | AMERICAN FAMILY MUT INS CO | WI | \$143,613 | \$144,269 | \$127,582 |
| 4 | 1278 | 37770 | WESTERN UNITED INS CO | CA | \$119,826 | \$116,395 | \$98,725 |
| 5 | 8 | 19232 | ALLSTATE INS CO | IL | \$70,068 | \$73,163 | \$37,079 |
| 6 | 155 | 16322 | PROGRESSIVE DIRECT INS CO | OH | \$59,102 | \$59,989 | \$41,004 |
| 7 | 212 | 21687 | MID CENTURY INS CO | CA | \$57,783 | \$58,001 | \$33,261 |
| 8 | 8 | 17230 | ALLSTATE PROP & CAS INS CO | IL | \$57,244 | \$62,078 | \$33,261 |
| 9 | 200 | 25941 | USAA | TX | \$44,634 | \$44,407 | \$33,181 |
| 10 | 8 | 29688 | ALLSTATE FIRE & CAS INS CO | IL | \$43,937 | \$35,945 | \$23,950 |
| 11 | 111 | 23035 | LIBERTY MUT FIRE INS CO | WI | \$40,704 | \$38,677 | \$24,475 |
| 12 | 31 | 35882 | GEICO GEN INS CO | MD | \$40,686 | \$40,423 | \$28,238 |
| 13 | 200 | 25968 | USAA CAS INS CO | TX | \$30,935 | \$30,973 | \$22,289 |
| 14 | 31 | 22055 | GEICO IND CO | MD | \$30,570 | \$28,757 | \$21,085 |
| 15 | 176 | 25143 | STATE FARM FIRE AND CAS CO | IL | \$26,193 | \$26,630 | \$17,835 |
| 16 | 155 | 38628 | PROGRESSIVE NORTHERN INS CO | WI | \$23,964 | \$22,518 | \$13,264 |
| 17 | 91 | 37478 | HARTFORD INS CO OF THE MIDWEST | IN | \$23,163 | \$18,727 | \$13,927 |
| 18 | 31 | 22063 | GOVERNMENT EMPLOYEES INS CO | MD | \$20,489 | \$20,506 | \$13,612 |
| 19 | 91 | 34690 | PROPERTY & CAS INS CO OF HARTFORD | IN | \$20,128 | \$20,944 | \$13,915 |
| 20 | 12 | 40258 | AMERICAN INTL S INS CO | PA | \$19,721 | \$19,400 | \$16,143 |
| 21 | 155 | 37834 | PROGRESSIVE PREFERRED INS CO | OH | \$19,282 | \$20,554 | \$11,575 |
| 22 | 408 | 28401 | AMERICAN NATL PROP & CAS CO | MO | \$18,475 | \$19,028 | \$11,116 |
| 23 | 91 | 30104 | HARTFORD UNDERWRITERS INS CO | CT | \$18,314 | \$19,285 | \$12,779 |
| 24 | 169 | 21164 | DAIRYLAND INS CO | WI | \$17,955 | \$18,431 | \$8,560 |
| 25 | 3495 | 11738 | INFINITY AUTO INS CO | OH | \$17,377 | \$12,885 | \$10,040 |
| Total Top 25 Companies | | | | | \$1,349,441 | \$1,345,859 | \$915,106 |
| Total All Companies | | | | | \$1,741,789 | \$1,741,064 | \$1,169,752 |

TOP 5 GROUPS

| Rank | NAIC Group Code | Group Name | Direct Premium Written | Direct Premium Earned | Direct Loss Incurred |
|--------------------|-----------------|----------------------------|------------------------|-----------------------|----------------------|
| 1 | 212 | FARMERS INS EXCH | \$245,475 | \$233,436 | \$149,117 |
| 2 | 176 | STATE FARM MUT AUTO INS CO | \$229,851 | \$250,108 | \$161,094 |
| 3 | 8 | ALLSTATE INS CO | \$193,656 | \$194,895 | \$107,055 |
| 4 | 473 | AMERICAN FAMILY MUT INS CO | \$145,219 | \$145,815 | \$128,879 |
| 5 | 1278 | CALIFORNIA STATE AUTO GRP | \$119,826 | \$116,395 | \$96,257 |
| Total Top 5 Groups | | | \$934,027 | \$940,649 | \$642,402 |

Source: NAIC - I-SITE Market Share and Loss Ratio Summary Report - Calendar Year 2007

Exhibit V

**ELEVEN YEAR TREND
MARKET SHARE BY DIRECT WRITTEN PREMIUMS (%)**

| Group | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Farmers Insurance Group | 14.23 | 14.66 | 14.76 | 14.80 | 14.07 | 14.15 | 14.42 | 15.28 | 15.84 | 16.96 | 18.07 |
| State Farm Group | 13.33 | 13.69 | 14.25 | 14.76 | 15.62 | 16.17 | 16.42 | 15.91 | 17.23 | 17.99 | 19.35 |
| Allstate Insurance Group | 11.23 | 11.45 | 12.37 | 13.47 | 13.76 | 14.21 | 14.57 | 15.69 | 15.47 | 15.07 | 14.21 |
| American Family Insurance Group | 8.42 | 8.56 | 8.50 | 7.58 | 5.67 | 2.96 | 0.68 | 0.00 | 0.00 | 0.00 | 0.00 |
| California State Auto Group | 6.95 | 6.69 | 6.87 | 7.25 | 7.28 | 7.44 | 7.56 | 7.78 | 7.29 | 7.29 | 7.31 |
| Progressive Insurance Group | 6.66 | 7.11 | 7.45 | 7.07 | 6.86 | 6.62 | 6.44 | 6.67 | 6.82 | 5.69 | 4.70 |
| Berkshire Hathaway Insurance Group | 5.78 | 5.63 | 5.57 | 4.88 | 4.19 | 3.90 | 3.77 | 3.77 | 2.88 | 2.37 | 2.02 |
| USAA Group | 4.64 | 4.54 | 4.38 | 4.45 | 4.54 | 4.47 | 4.09 | 4.04 | 4.08 | 3.89 | 3.85 |
| Hartford Insurance Group | 4.21 | 3.73 | 3.47 | 3.43 | 3.17 | 3.07 | 2.92 | 2.74 | 2.49 | 2.41 | 2.27 |
| Liberty Mutual Insurance Companies | 2.95 | 2.43 | 2.39 | 2.70 | 2.76 | 2.95 | 3.02 | 2.95 | 2.82 | 2.93 | 3.08 |
| American International Group Inc | 2.32 | 1.95 | 2.15 | 2.21 | 2.44 | 3.10 | 3.16 | 3.08 | 2.51 | 1.58 | 1.04 |
| Nationwide Group | 2.28 | 2.45 | 2.43 | 2.36 | 2.25 | 2.42 | 2.38 | 2.29 | 2.46 | 2.80 | 2.92 |
| COUNTRY Financial | 1.75 | 1.72 | 1.66 | 1.42 | 1.24 | 1.16 | 1.07 | 1.10 | 1.15 | 1.23 | 1.35 |
| Sentry Insurance Group | 1.67 | 1.80 | 1.68 | 1.48 | 1.78 | 2.34 | 3.13 | 3.19 | 2.89 | 3.16 | 4.16 |
| Unitrin Inc | 1.14 | 1.26 | 0.88 | 0.60 | 0.65 | 0.52 | 0.23 | 0.01 | 0.00 | 0.00 | 0.00 |
| American National P & C Group | 1.10 | 1.24 | 1.45 | 1.67 | 1.77 | 1.78 | 1.73 | 1.70 | 1.54 | 1.44 | 1.31 |
| Infinity Property & Casualty Group | 1.02 | 0.14 | 0.00 | 0.00 | 0.04 | 0.09 | 0.15 | 0.28 | 0.20 | 0.22 | 0.27 |
| White Mountains Insurance Group | 0.97 | 0.73 | 0.36 | 0.05 | 0.00 | 0.00 | 0.31 | 0.04 | 0.86 | 0.94 | 0.95 |
| Safeco Insurance Companies | 0.85 | 0.95 | 1.11 | 1.30 | 1.13 | 0.97 | 0.96 | 1.14 | 1.16 | 1.16 | 1.01 |
| MetLife Auto & Home Group | 0.72 | 0.57 | 0.51 | 0.52 | 0.51 | 0.50 | 0.48 | 0.45 | 0.45 | 0.48 | 0.50 |

Source: AM BEST Regulatory Center database

Exhibit VI

ELEVEN YEAR TREND
DIRECT WRITTEN PREMIUM (000s)

| Group | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Farmers Insurance Group | \$245,476 | \$249,049 | \$232,620 | \$215,929 | \$187,405 | \$173,115 | \$163,158 | \$155,955 | \$161,347 | \$164,070 | \$166,122 |
| State Farm Group | \$229,850 | \$232,460 | \$224,635 | \$215,378 | \$207,968 | \$197,821 | \$185,701 | \$162,314 | \$175,545 | \$174,078 | \$177,855 |
| Allstate Insurance Group | \$193,656 | \$194,471 | \$194,950 | \$196,498 | \$183,181 | \$173,865 | \$164,872 | \$160,150 | \$157,598 | \$145,791 | \$130,645 |
| American Family Insurance Group | \$145,219 | \$145,451 | \$133,929 | \$110,671 | \$75,494 | \$36,188 | \$7,694 | \$0 | \$0 | \$0 | \$0 |
| California State Auto Group | \$119,826 | \$113,553 | \$108,322 | \$105,745 | \$96,921 | \$91,066 | \$85,503 | \$79,397 | \$74,299 | \$70,555 | \$67,216 |
| Progressive Insurance Group | \$114,906 | \$120,741 | \$117,386 | \$103,179 | \$91,346 | \$80,973 | \$72,845 | \$68,060 | \$69,451 | \$55,056 | \$43,201 |
| Berkshire Hathaway Insurance Group | \$99,626 | \$95,567 | \$87,803 | \$71,283 | \$55,766 | \$47,653 | \$42,628 | \$38,477 | \$29,358 | \$22,905 | \$18,537 |
| USAA Group | \$79,973 | \$77,164 | \$69,074 | \$64,960 | \$60,460 | \$54,730 | \$46,236 | \$41,243 | \$41,527 | \$37,662 | \$35,378 |
| Hartford Insurance Group | \$72,666 | \$63,307 | \$54,662 | \$50,119 | \$42,223 | \$37,534 | \$33,025 | \$27,919 | \$25,413 | \$23,307 | \$20,820 |
| Liberty Mutual Insurance Companies | \$50,799 | \$41,277 | \$37,746 | \$39,390 | \$36,785 | \$36,065 | \$34,205 | \$30,080 | \$28,713 | \$28,340 | \$28,283 |
| American International Group Inc | \$39,986 | \$33,111 | \$33,889 | \$32,263 | \$32,481 | \$37,979 | \$35,762 | \$31,473 | \$25,587 | \$15,307 | \$9,544 |
| Nationwide Group | \$39,345 | \$41,637 | \$38,278 | \$34,373 | \$29,928 | \$29,557 | \$26,899 | \$23,334 | \$25,087 | \$27,122 | \$26,845 |
| COUNTRY Financial | \$30,117 | \$29,257 | \$26,105 | \$20,761 | \$16,499 | \$14,190 | \$12,136 | \$11,207 | \$11,704 | \$11,935 | \$12,379 |
| Sentry Insurance Group | \$28,750 | \$30,631 | \$26,531 | \$21,603 | \$23,669 | \$28,614 | \$35,379 | \$32,544 | \$29,478 | \$30,557 | \$38,199 |
| Unitrin Inc | \$19,706 | \$21,404 | \$13,851 | \$8,766 | \$8,633 | \$6,310 | \$2,649 | \$68 | \$0 | \$0 | \$0 |
| American National P & C Group | \$18,973 | \$21,014 | \$22,871 | \$24,405 | \$23,606 | \$21,775 | \$19,601 | \$17,362 | \$15,645 | \$13,935 | \$12,079 |
| Infinity Property & Casualty Group | \$17,593 | \$2,358 | \$0 | \$28 | \$486 | \$1,158 | \$1,682 | \$2,857 | \$2,088 | \$2,150 | \$2,463 |
| White Mountains Insurance Group | \$16,754 | \$12,315 | \$5,667 | \$658 | \$0 | (\$5) | \$3,488 | \$405 | \$8,743 | \$9,107 | \$8,742 |
| Safeco Insurance Companies | \$14,687 | \$16,081 | \$17,559 | \$18,943 | \$15,013 | \$11,905 | \$10,878 | \$11,635 | \$11,818 | \$11,230 | \$9,239 |
| MetLife Auto & Home Group | \$12,355 | \$9,613 | \$8,028 | \$7,586 | \$6,815 | \$6,151 | \$5,449 | \$4,605 | \$4,561 | \$4,605 | \$4,609 |

Source: AM BEST Regulatory Center database

Exhibit VII

**ELEVEN YEAR TREND
ADJUSTED LOSS RATIO (%)**

| Group | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Farmers Insurance Group | 64.42 | 76.91 | 71.69 | 74.31 | 62.16 | 55.07 | 55.83 | 64.39 | 65.63 | 60.73 | 64.84 |
| State Farm Group | 67.87 | 63.01 | 71.37 | 64.82 | 60.24 | 72.78 | 72.17 | 74.71 | 73.48 | 80.22 | 76.87 |
| Allstate Insurance Group | 54.93 | 54.19 | 49.86 | 58.23 | 76.14 | 68.05 | 55.48 | 60.07 | 60.29 | 58.09 | 58.40 |
| American Family Insurance Group | 88.39 | 95.86 | 95.03 | 113.05 | 97.94 | 95.43 | 94.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| California State Auto Group | 82.70 | 73.77 | 64.74 | 63.50 | 79.25 | 77.84 | 73.01 | 73.56 | 88.04 | 75.82 | 72.54 |
| Progressive Insurance Group | 56.11 | 56.67 | 64.63 | 59.70 | 58.04 | 56.17 | 49.30 | 68.13 | 63.94 | 54.50 | 56.46 |
| Berkshire Hathaway Insurance Group | 68.25 | 69.53 | 80.09 | 65.37 | 70.95 | 66.61 | 63.88 | 66.90 | 67.25 | 59.40 | 62.60 |
| USAA Group | 78.39 | 85.85 | 91.30 | 89.90 | 64.12 | 75.03 | 73.44 | 74.39 | 65.44 | 82.01 | 76.05 |
| Hartford Insurance Group | 68.63 | 64.63 | 71.97 | 66.46 | 67.81 | 66.05 | 69.38 | 67.02 | 57.39 | 70.69 | 62.95 |
| Liberty Mutual Insurance Companies | 69.85 | 64.08 | 44.73 | 72.35 | 60.50 | 69.40 | 73.48 | 59.13 | 51.99 | 59.62 | 60.12 |
| American International Group Inc | 70.09 | 73.17 | 68.60 | 70.49 | 73.96 | 67.82 | 71.92 | 73.94 | 68.47 | 54.26 | 86.24 |
| Nationwide Group | 77.23 | 57.18 | 65.91 | 61.74 | 66.15 | 73.98 | 68.94 | 64.31 | 58.33 | 65.15 | 69.53 |
| COUNTRY Financial | 55.98 | 68.17 | 56.53 | 58.39 | 60.27 | 56.60 | 53.01 | 59.45 | 61.17 | 47.10 | 63.00 |
| Sentry Insurance Group | 49.68 | 58.22 | 64.45 | 52.37 | 45.31 | 41.17 | 66.05 | 65.34 | 53.66 | 62.18 | 70.39 |
| Unitrin Inc | 74.15 | 74.47 | 74.57 | 71.96 | 68.29 | 67.58 | 70.41 | 376.93 | 0.00 | 0.00 | 0.00 |
| American National P & C Group | 59.54 | 70.03 | 61.69 | 76.91 | 77.63 | 74.26 | 72.08 | 65.27 | 71.20 | 64.20 | 67.80 |
| Infinity Property & Casualty Group | 77.36 | 44.62 | 999.99 | (53.47) | 52.91 | 51.75 | 49.14 | 67.81 | 51.04 | 99.02 | 67.26 |
| White Mountains Insurance Group | 66.86 | 70.51 | 57.85 | 270.44 | 0.00 | 999.99 | 125.73 | 273.58 | 68.07 | 77.58 | 70.17 |
| Safeco Insurance Companies | 71.38 | 59.59 | 63.67 | 72.42 | 60.85 | 79.02 | 73.29 | 66.24 | 57.36 | 62.50 | 79.83 |
| MetLife Auto & Home Group | 57.60 | 60.75 | 64.81 | 58.74 | 68.95 | 63.68 | 51.79 | 67.29 | 62.78 | 56.51 | 62.74 |

Source: AM BEST Regulatory Center database

Exhibit VIII

**3 YEAR PRIVATE PASSENGER AUTO RATE CHANGE HISTORY
TOP 3 INSURERS**

State Farm Mutual Insurance Company

| Effective Date | Overall Rate Change |
|----------------|---------------------|
| 07/17/2006 | 0.0% |
| 01/01/2007 | 0.0% |
| 04/23/2007 | -7.0% |
| 11/26/2007 | -3.1% |
| 01/01/2008 | 0.0% |
| 08/25/2008 | -0.5% |

Farmers Insurance Exchange

| Effective Date | Overall Rate Change |
|----------------|---------------------|
| 01/01/2006 | 0.0% |
| 06/01/2006 | 0.0% |
| 09/01/2006 | 12.6% |
| 04/01/2007 | 5.7% |
| 09/01/2007 | 0.0% |
| 05/01/2008 | 7.7% |
| 11/01/2008* | 13.7% |

American Family Mutual Insurance Company

| Effective Date | Overall Rate Change |
|----------------|---------------------|
| 03/06/2006 | -1.0% |
| 07/01/2006 | 0.0% |
| 07/22/2006 | 8.0% |
| 07/21/2007 | 8.0% |
| 07/19/2008 | 8.0% |

* This filing was disapproved by the Division in its entirety.

Source: Division of Insurance filing records database

PRODUCER LICENSING SECTION

The producer licensing section is responsible for licensing and regulatory compliance of all producer/agency licensing categories. The producer licensing section staff processes all new and renewal applications for all licensed agents and brokers including such specialty licenses as bail agents, title agents, escrow officers, third-party administrators and viatical entities.

The number of applications and licenses processed annually by the producer licensing section continues to grow. The exhibit following reflects the processing activity overseen by the section for calendar years 2006, 2007 and through November 30, 2008 for 2008.

To address the multi-state licensing system principle, the National Association of Insurance Commissioners (NAIC) adopted a Uniform Treatment/Licensing Reciprocity initiative that encourages state insurance regulators to devise regulatory reforms on a national level and institute them state-by-state. To help facilitate this process, the NAIC developed a Declaration of Uniform Treatment and Declaration of Reciprocity. The declarations provide common statements setting forth key licensing uniformity and reciprocity standards concerning nonresident licensing. By signing the declarations, a state commits itself to accepting the uniform applications as the only nonresident licensing application and certifies it has implemented the licensing reciprocity mandates of the Gramm-Leach-Bliley Act. This reciprocity system allows a producer residing in a participating state to take advantage of this more streamlined, efficient licensing system. A producer will only need to complete one nonresident uniform application to satisfy its multi-state licensing requirements.

Nevada was initially certified as a reciprocal jurisdiction by the NAIC on its uniform licensing reciprocity standard on August 8, 2002. At this time, Nevada has not adopted the uniformity standards verbatim. The areas of difference apply to the agent license renewal term. The NAIC has recommended that the renewal term for the agent/broker be changed from 3 years to 2 years, as well as reducing the number of continuing education (CE) credits required. These variances have been discussed with NAIC representatives to be considered by NAIC membership when defining compliance and noncompliance with the uniform lines of authority.

Effective September 18, 2008, the Division adopted a regulation affecting the CE requirements to conform with NAIC requirements. The regulation requires that three hours of CE include ethics.

Applications and Licenses Processed Annually

| | 2008 | | 2007 | | 2006 | |
|---|----------------|---------------------|----------------|---------------------|----------------|---------------------|
| Individual License Applications | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 20,920 | | 10,827 | | 10,252 | |
| Sircon | 17,889 | 35.37% | 6,165 | 23.25% | | |
| NIPR | 11,766 | 23.26% | 9,529 | 35.93% | 12,990 | 55.89% |
| Firm License Applications | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 1,630 | | 893 | | 912 | |
| Sircon | 521 | 16.22% | 117 | 7.39% | | |
| NIPR | 1,061 | 33.03% | 573 | 36.20% | 647 | 41.50% |
| Individual License Renewal Applications | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 10,897 | | 6,318 | | 8,941 | |
| Sircon | 12,638 | 53.70% | 5,578 | 46.89% | 1,971 | 18.06% |
| Firm License Renewal Applications | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 3,166 | | 1,569 | | Incl Above | |
| Sircon | 1,111 | 25.98% | 657 | 29.51% | Incl Above | |
| Address Changes | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 9,255 | | 5,964 | | 12,958 | |
| Sircon | 7,087 | 21.99% | 3,945 | 28.61% | 639 | 4.70% |
| NIPR | 15,888 | 49.30% | 3,878 | 28.13% | | |
| Name Changes (Not Available Electronically) | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 1,250 | | 692 | | 305 | |
| CE Completion | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 53 | | 38 | | 2 | |
| Sircon | 17,665 | 99.70% | 8,782 | 99.57% | 2,238 | 99.91% |
| Letters of Certification | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 1,631 | | 737 | | 1,330 | |
| Sircon | 231 | 12.41% | 117 | 13.70% | 132 | 9.03% |
| Appointment/Terminations | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 27,292 | | 22,138 | | 4,132 | |
| Sircon | 129,890 | 41.25% | 58,835 | 37.35% | 46,141 | 37.11% |
| NIPR | 157,682 | 50.08% | 76,550 | 48.60% | 74,057 | 59.56% |
| Individual-Firm Association (Not Available Electronically) | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 46,183 | | 25,301 | | 12,564 | |
| Sircon | 20 | 0.04% | | | | |
| Totals | | | | | | |
| Submitted | Count | % Electronic | Count | % Electronic | Count | % Electronic |
| Paper | 122,277 | | 74,477 | | 51,396 | |
| Sircon | 187,052 | 37.73% | 84,196 | 33.79% | 51,121 | 26.88% |
| NIPR | 186,397 | 37.60% | 90,530 | 36.33% | 87,694 | 46.10% |
| TOTALS | 495,726 | | 249,203 | | 190,211 | |

Source: Sircon data for Nevada. 2008 information through November 30, 2008.

REGULATIONS CONSIDERED IN 2007 AND 2008

The Division of Insurance (Division) proposed 32 regulations in the 2007/2008 biennium. The following regulations were considered at public workshops and public hearings. Some of the regulations were developed in response to laws enacted by the 2007 Nevada Legislature. Others were created to address problems encountered by the Division, changes in the marketplace or housekeeping issues. The regulations can be found in the Register, both in proposed and adopted form, on the Legislative Counsel Bureau Web site at <http://leg.state.nv.us>.

1. **Failure to appear at hearing (LCB File No. R080-07).** Authorizes a hearing officer designated by the Commissioner of Insurance (Commissioner) to take certain actions if a party who has received notice of the hearing fails to appear. Effective December 4, 2007.
2. **Cash flow evaluation (LCB File No. R119-07).** Provides methods to determine the net cash flow of certain self-insured employers and associations of self-insured employers. Effective December 4, 2007.
3. **Returned check fee (LCB File No. R068-07).** Increases the fee for a returned check or other dishonored payment to the Division from \$15 to \$25. Effective January 30, 2008.
4. **Consent to rate (LCB File No. R120-07).** Clarifies that a consent to rate filing constitutes a formal rate filing and requires the assessment of a filing fee regardless of whether the filing is for a higher rate or lower rate. Effective January 30, 2008.
5. **Military sales of life insurance (LCB File No. R031-08).** Establishes acts that are considered unfair or deceptive when practiced by insurers or producers of insurance soliciting or selling certain life insurance products to active duty members of the United States Armed Forces. Effective September 1, 2007.
6. **Annuity contract replacement (LCB File No. R109-07)** Requires an insurer or producer of insurance who replaces or proposes to replace an existing annuity contract to provide certain information to the prospective buyer. Effective April 1, 2008.
7. **Repeal MLAN Regulations (LCB File No. R083-07).** Repeals provisions relating to the Medical Liability Association of Nevada. Effective January 30, 2008.
8. **Medicare supplement (LCB File No. R066-07).** Revises requirements for a Medicare supplement policy to refer to the Guide to Health Insurance for People with Medicare instead of referring to specific dollar amounts. Effective January 30, 2008.

9. **Medical examinations (LCB File No. R110-07).** Imposes a standard set of criteria that must be followed when an insurer requires a medical examination of an insured or prospective insured. Effective January 30, 2008.
10. **Long-term care insurance (LCB File No. R121-07).** Revises provisions governing long-term care insurance, including provisions regarding renewability clauses and notices of lapse or termination of coverage for nonpayment of premium. Effective October 1, 2008.
11. **Actuarial memorandum for guaranteed association (LCB File No. R111-07).** Specifies the information that must be included in an actuarial memorandum submitted to the Commissioner by an insurer that offers coverage under a policy of group health insurance to a guaranteed association. Effective January 30, 2008.
12. **Medical professional liability schedule rating (LCB File No. R082-07).** Provides requirements for schedule rating plans submitted to the Commissioner by medical professional liability insurers. Effective January 30, 2008.
13. **Emergency repairs under a service contract (LCB File No. R067-07).** Revises provisions concerning emergency repair information required to be included in a service contract. Effective April 17, 2008.
14. **Definitions relating to conversion of a mutual insurer (LCB File No. R081-07).** Defines “Domestic stock insurer” and “Plan of conversion.” Effective April 17, 2008.
15. **Expenses and rates for captive insurer examinations (LCB File No. R069-07).** Establishes the expenses that may be incurred in certain examinations of captive insurers conducted by the Commissioner. Effective December 4, 2007.
16. **Updating costs of certain publications (LCB File No. R039-08).** Revises cost of Statement No. 10 of the Governmental Accounting Standards Board from \$16.25 to \$18.50. Effective June 17, 2008.
17. **Consolidated insurance program loss experiences (LCB File No. R204-08).** Clarifies whether an employee covered under a consolidated insurance program is considered to be an employee of the owner or principal contractor for the purpose of determining loss experience. Effective December 17, 2008.
18. **Expense reference correction (LCB File No. R171-08).** Updates provisions regarding per diem rates applicable to examination of insurers. Hearing conducted November 21, 2008. Pending adoption.
19. **Efficient filing requirements (LCB File No. R173-08).** Eliminates the requirement that foreign or alien insurers file affidavits or jurats with the Commissioner when statements are filed electronically with the National

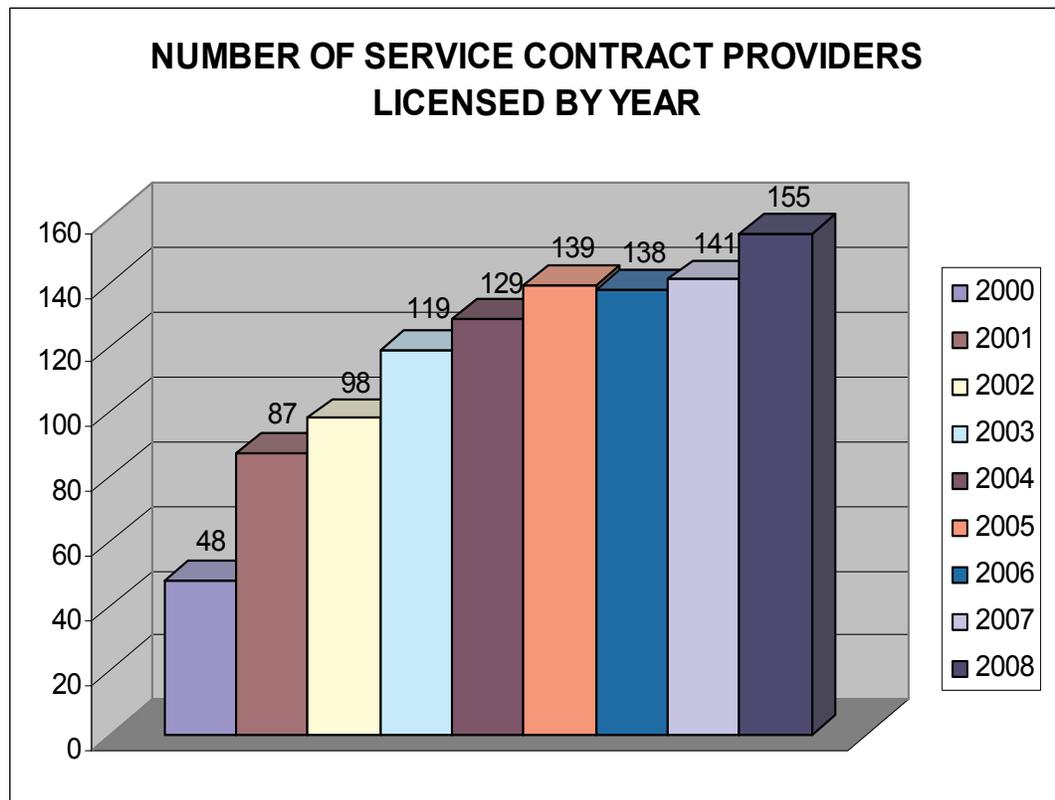
Association of Insurance Commissioners. Hearing conducted November 21, 2008. Pending adoption.

20. **Model audit rule (LCB File No. R205-08).** Requires the board of directors of certain insurers establish an audit committee to oversee the accounting and financial reporting processes and audits of the insurer and establishes the duties and responsibilities of the audit committee. Workshop conducted November 21, 2008. Hearing scheduled December 15, 2008.
21. **Updating price of manual (LCB File No. R172-08).** Reduces the cost of obtaining the Purposes and Procedures Manual of the NAIC Securities Valuation Office from \$65 to \$50. Hearing conducted November 21, 2008. Pending adoption.
22. **Pre-licensing education requirement (LCB File No. R161-08).** Revises the hours and courses of instruction required to be completed by an applicant for an insurance producer or insurance consultant license. Effective September 18, 2008.
23. **Exam completion time limits (LCB File No. R162-08).** Requires an applicant for an insurance producer or insurance consultant license to successfully complete the required examination within 2 years immediately preceding the date of application. Effective September 18, 2008.
24. **Records of criminal history (LCB File No. R163-08).** Modifies the agency that conducts searches of criminal history for applicants for a license as a resident producer of insurance. Effective September 18, 2008.
25. **Continuing education for license renewal (LCB File No. R164-08).** Revises continuing education requirements for producers of insurance to include instruction in ethics. Effective September 18, 2008.
26. **Continuing education course advertising (LCB File No. R165-08).** Revises the provisions for the advertising of courses of continuing education. Effective September 18, 2008.
27. **Preferred mortality tables for use in determining minimum reserve liabilities (LCB File No. R031-08).** Provides for the use of certain mortality tables adopted by the National Association of Insurance Commissioners to establish minimum reserve liabilities for certain policies of life insurance. Effective August 26, 2008.
28. **Preneed insurance (LCB File No. R166-08).** Prescribes the mortality tables that an insurer must use to determine the minimum standards for reserve liabilities and nonforfeiture values for policies of preneed insurance. Effective January 1, 2009.
29. **Producer compensation (LCB File No. 169-08).** Revises the provisions governing the calculation of compensation paid to a producer of insurance for the sale of various health benefit plans. Withdrawn.

30. **Consumer credit insurance (LCB File No. 145-08).** Revises manner of determining premium and revises requirements of credit life, credit accident and health and credit unemployment insurance. Effective September 18, 2008.
31. **Health maintenance organizations (LCB File No. 025-08).** Revises requirements related to the geographic area of service of a health maintenance organization. Effective June 17, 2008.
32. **HMO quality and performance indicators (LCB File No. 106-08).** Revises provisions governing annual reporting requirements of health maintenance organizations. Effective September 18, 2008.

SERVICE CONTRACTS

A “service contract” is a written agreement to perform, over a fixed period of time or for a specified duration, services relating to the maintenance and/or repair or the replacement of a consumer product. Service contracts cover normal wear and tear or defects in materials on covered items such as computers, home appliances and automobiles. Service contracts do not cover accidental events or incidents occurring by chance. The selling of service contracts as a commercial enterprise in Nevada has continued to expand since the implementation of Chapter 690C of the *Nevada Revised Statutes* (NRS) and Chapter 690C of the *Nevada Administrative Code* (NAC). The number of service contract providers selling service contracts in this state has increased. Currently, 155 service contract providers are licensed to issue, sell or offer for sale service contracts in Nevada.



Source: Division of Insurance Service Contract Database

One form of service contract is a “home warranty.” A home warranty is a contract in which the provider agrees to repair or replace systems in the home, such as heating and air conditioning, plumbing and electrical systems, and appliances in the home, such as refrigerators and dishwashers. It may also provide limited coverage for roof repairs. In the past, home warranties could only be sold as “insurance for home protection” pursuant to Chapter 690B of NRS. However, since that chapter was amended in 2003, many home warranty companies have registered with the Division as service contract providers and have begun selling

their home warranties as service contracts. These service contracts are not “insurance” and unlike insurance for home protection, may not cover the structural elements of a home.

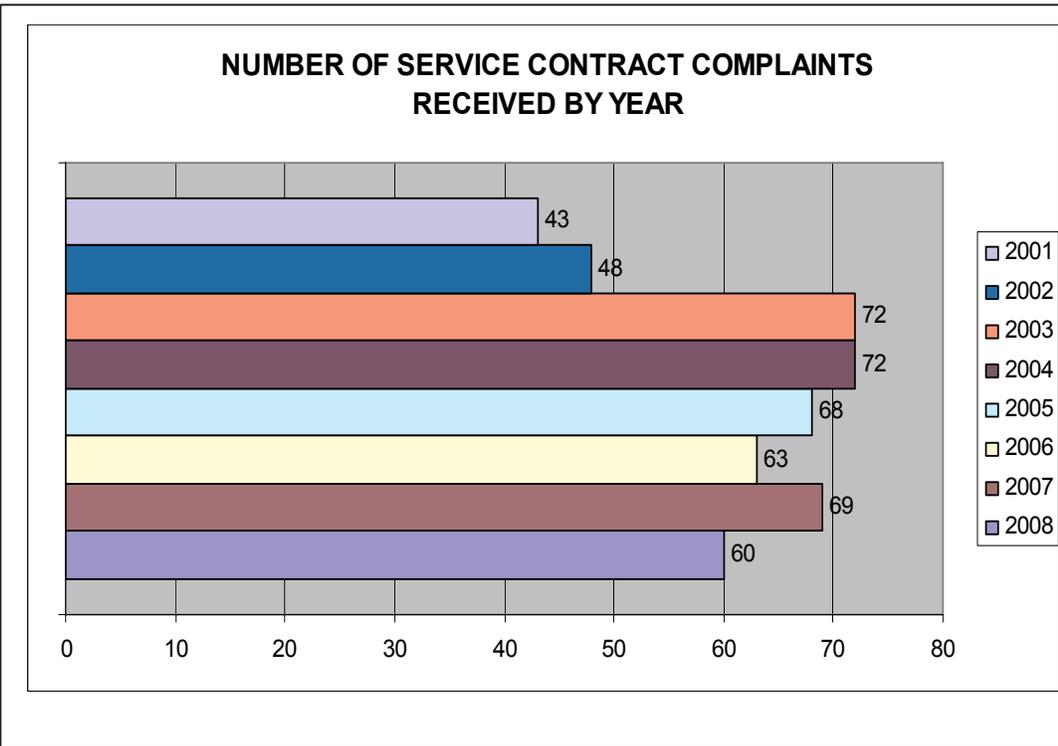
The Division has carefully monitored this newly regulated product. The Division became aware that some companies failed to complete repairs adequately in some emergency situations. Repairs were not completed in a timely manner, nor were consumers kept informed of the providers’ progress of the repairs. Subsequently, the Division proposed a regulation to amend NAC 690C.110 (LCB File No. R067-07). The intent of the proposed regulation was to ensure that damaged goods covered under a service contract would be repaired in a timely manner when the covered item relates to essential health and safety. A working group was formed to work with Division staff to establish a proposed regulation to address this serious problem and enable industry to comply with the new requirements. An amended regulation was adopted early in 2008. Some of the effective changes are the following:

- To require service contract providers to repair damaged goods as soon as reasonably practicable;
- To require providers to regularly and completely update service contract holders as to claim status and estimated time of repair completion including the status of parts required to complete the repair;
- To allow the service contract holder to make additional inquiries as needed; and
- To assure that providers promptly respond to service contract holder inquiries.

An important aspect of home warranty service contracts is to ensure that, in emergency situations, goods essential to the health and safety of the service contract purchaser are repaired promptly. With the adoption of this regulation, the Division believes that consumers who purchase home warranty service contracts will be better served.

The Division receives approximately 60 formal complaints related to service contracts annually. The complaints include customer service, contract disputes and misunderstandings of coverage. Many of the complaints received concern claim denials. The Division reviews and resolves consumer complaints. Service contract providers are contacted in writing, and all complaints are submitted to providers in order to obtain a written provider response. With rare exception, a resolution satisfying both the consumer and the provider is reached. Provider insolvencies, although infrequent, have occurred since the effective date of Nevada’s service contract law.

In such cases, the Division assists consumers concerning reimbursement and refund issues as they pertain to service contracts purchased. On occasion, Division enforcement action may be necessary.



Note: 2008 reflects complaints through 10/31/08

According to estimates released on December 27, 2007 by the U.S. Census Bureau, Nevada returned to the top of the list as the nation’s fastest-growing state, with a population increase of 2.9 percent between July 1, 2006, and July 1, 2007. The Division anticipates that the service contract market in Nevada will continue to grow at a rapid pace to meet the demands of a growing population.

SURPLUS LINES INSURANCE

The majority of insurance is written by admitted insurance companies that are licensed by the Division of Insurance (Division.) An admitted insurer holds a certificate of authority authorized by the Commissioner of Insurance (Commissioner) to write insurance in Nevada. The Commissioner regulates admitted insurers in many ways, including solvency review and approval of insurance rates, policy forms, underwriting guidelines and market practices.

Certain hard-to-place risks may be written by nonadmitted insurers, also known as surplus lines insurers. Admitted insurers may be unwilling or unable to write these difficult risks because they are high-risk, unique or complex; have excessive loss history; or require high limits. Surplus lines insurers do not hold a certificate of authority, but are deemed eligible to receive business by the Commissioner in accordance with NRS 685A.070. The Commissioner does not regulate the rates and policy forms used by surplus lines insurers. Surplus lines insurance is governed under the provisions of Chapters 685A of the NRS and the NAC.

The driving force of the surplus lines market is its innovation. The surplus lines industry makes difficult to insure products available to the marketplace. During any given year, the market need for surplus lines fluctuates, but the mission remains to provide market capacity for those difficult to insure risks that the admitted market cannot provide. Construction liability, professional liability, asbestos coverage and aviation parts manufacturing are a few examples of how the surplus lines market responds to provide an insurance product to protect difficult risks.

Current federal legislation dealing with the nonadmitted market includes H.R. 1065, known as the “Nonadmitted and Reinsurance Reform Act of 2007” (NRRRA). This bill was introduced in the House on February 15, 2007, and passed on June 25, 2007. The legislation grants sole regulatory authority for multi-state surplus lines transactions to the insured’s home state so that each transaction is only subject to one set of rules, oversight and taxation. The bill was received in the Senate on June 26, 2007, where it was referred to the Committee on Banking, Housing and Urban Affairs. A companion bill, S. 929, based on a 2006 version of the legislation, was introduced in the Senate on March 20, 2007, and was referred to the Committee on Banking, Housing and Urban Affairs. There is a chance that these bills will not get passed this session.

If either bill is signed into law, it will impinge on the regulation of surplus lines in Nevada. A provision within the bill preempts state laws pertaining to how insurance policies with multi-state risks are taxed and how those taxes are distributed among states. The premium tax would be allocated among the other states according to an interstate compact or other process. The intent is for each

state to adopt a nationwide procedure, such as an interstate compact, to provide for the allocation.

Another aspect to consider is how the assuming insurer's state will address unique mandated coverage scenarios. An example of such a scenario in Nevada is that primary auto liability insurance may not be written in the non-admitted market. This restriction would not apply if the home state did not include the same restriction.

The legislation also establishes a single-state authority over credit for reinsurance and reinsurer solvency assessment. The credit for reinsurance determination will be made solely by the ceding insurer's (the insurer that cedes all or part of the insurance or reinsurance it has written to a reinsurer) domiciliary state, while solvency assessment is overseen solely by the reinsurer's domiciliary state.

The National Association of Insurance Commissioners (NAIC) has testified before Congress that an interstate compact approach may be needed to resolve conflicting rules regarding multi-state tax treatment. The Surplus Lines Insurance Multi-State Compliance Compact (SLIMPACT), an interstate compact intended to provide the fundamental provisions of modernizing and simplifying a multi-state revenue sharing process, has been proposed. The compact would function through a joint public agency commission comprising members from compacting states. The compact commission is to become effective upon the earlier of the compact's adoption by ten states or states representing 40 percent of the U.S. surplus lines market share.

The Division will continue to analyze and monitor the impact and progress of the NRRA bill and SLIMPACT commission.

All surplus lines policies must be placed by a licensed surplus lines broker and "exported" to an eligible surplus lines insurer. The broker is responsible for filing an affidavit with the Nevada Surplus Lines Association (NSLA) within 90 days after the policy effective date. The affidavit includes information such as the names of the insurer and the insured, the kind of coverage offered and the premium. The brokers must also attest to the insurer's solvency and eligibility.

The NSLA is entitled to receive a fee of .4 percent for the review of the surplus lines coverage, which must be paid by the broker within 30 days after receipt of an invoice from the organization. The filing fees are used to fund the organization. Surplus lines insurance is also subject to the 3.5 percent premium tax.

The chart below displays the top twenty-five risks as reported by surplus lines premium. These risks reflect approximately 90 percent of the surplus lines premium written in Nevada, beginning in January 2006. Information for 2006 and

2007 reflects calendar year data; while 2008 data is reported for the time period of January 1 to December 5.

| DESCRIPTION | 2006 | | 2007 | | 2008 | |
|---|--------------------|-------------------|--------------------|-------------------|--------------------|------------------|
| | PREMIUM | TAX | PREMIUM | TAX | PREMIUM | TAX |
| <u>ELIGIBLE FOR EXPORT</u> | | | | | | |
| Umbrella over 5 mil. (5190) | 43,917,905 | 1,537,126 | 28,725,023 | 1,005,375 | 33,435,706 | 1,170,249 |
| General Contractor (5260) | 36,737,417 | 1,285,810 | 14,327,113 | 501,449 | 11,876,166 | 415,666 |
| Residential Const. Mgr.(5550) | 9,024,213 | 315,847 | 2,720,790 | 95,227 | 1,172,355 | 41,032 |
| Architects and eng E & O (9040) | 8,122,539 | 284,289 | 6,639,557 | 232,384 | 4,629,265 | 162,024 |
| Carpentry-Residential (5530) | 7,874,169 | 275,169 | 5,684,816 | 198,968 | 1,841,424 | 64,450 |
| Concrete Const. Residential(5540) | 5,282,748 | 184,896 | 3,368,181 | 117,886 | 2,226,882 | 77,940 |
| Roofers (5420) | 5,200,470 | 182,016 | 3,883,868 | 135,935 | 1,768,977 | 61,914 |
| Environmental Impairment(5170) | 3,795,832 | 132,854 | 2,571,808 | 90,013 | 2,594,376 | 90,803 |
| Excavation-Residential (5580) | 3,751,145 | 131,290 | 1,966,212 | 68,817 | 506,421 | 17,724 |
| Plumbing-Residential (5630) | 3,654,823 | 127,919 | 2,444,292 | 85,550 | 1,705,403 | 59,689 |
| Grading of land-Residential (5600) | 2,830,418 | 99,064 | 2,421,393 | 84,748 | 533,268 | 18,664 |
| Pollution (5370) | 2,657,529 | 93,013 | 3,609,624 | 126,337 | 3,077,820 | 14,500 |
| Plastering/Stucco (5620) | 2,573,192 | 90,061 | 1,943,858 | 68,035 | 1,028,158 | 35,985 |
| | <u>135,422,400</u> | <u>4,739,354</u> | <u>80,306,535</u> | <u>2,810,724</u> | <u>66,396,221</u> | <u>2,230,640</u> |
| <u>NOT ELIGIBLE FOR EXPORT</u> | | | | | | |
| Liability/other than listed(0500) | 83,469,685 | 2,921,451 | 85,279,332 | 2,984,790 | 42,599,505 | 1,490,993 |
| Fire/other than listed (0300) | 51,193,843 | 1,791,786 | 32,752,050 | 1,146,324 | 38,187,037 | 1,336,548 |
| Construction/other than listed(0520) | 43,091,571 | 1,508,207 | 37,357,026 | 1,307,498 | 23,112,225 | 808,929 |
| Prof. Liability/other than listed(0900) | 20,853,461 | 729,872 | 20,250,983 | 708,785 | 14,518,385 | 508,144 |
| Excess Property(0340) | 15,656,058 | 547,962 | 8,631,834 | 302,114 | 9,721,509 | 340,253 |
| Excess Limits under 5 mil (0550) | 15,636,355 | 547,273 | 14,908,396 | 521,794 | 7,962,096 | 278,674 |
| Multi Peril/other than listed(0560) | 14,686,555 | 514,034 | 13,909,823 | 486,848 | 11,619,855 | 406,699 |
| Medical Malpractice (0960) | 3,345,948 | 117,108 | 1,836,274 | 64,269 | 1,480,363 | 51,812 |
| Inland Marine/other than listed(0400) | 2,331,923 | 81,617 | 1,438,877 | 50,361 | 11,987,974 | 419,579 |
| Attorneys E & O (0920) | 1,916,023 | 67,060 | 1,202,853 | 42,100 | 1,523,864 | 53,335 |
| Terrorism (0730) | 1,730,576 | 60,570 | 1,184,861 | 41,470 | 2,413,621 | 84,476 |
| Garage liability (0570) | 1,728,206 | 60,488 | 1,304,306 | 45,651 | 1,101,770 | 38,562 |
| | <u>255,640,204</u> | <u>8,947,428</u> | <u>220,056,615</u> | <u>7,702,004</u> | <u>166,228,204</u> | <u>5,818,004</u> |
| Totals | <u>391,062,604</u> | <u>13,686,782</u> | <u>300,363,150</u> | <u>10,512,728</u> | <u>232,624,425</u> | <u>8,048,644</u> |

| | 2006 | 2007 | 2008 |
|---------------------------------------|---------------|---------------|---------------|
| All Surplus Lines Written Premium | \$443,921,610 | \$360,154,862 | \$227,691,038 |
| All Surplus Lines Premium Tax | \$15,537,292 | \$12,606,458 | \$9,719,218 |
| Surplus Lines Items Filed | 28,904 | 29,878 | 26,805 |
| % of premium difference from prior yr | 19.97% | -18.87% | -14.06% |

The above chart indicates the traditional insurance market is competitively writing coverage previously written in the nonadmitted market.

As of December 5, 2008, Nevada had 1,926 licensed individual and agency surplus lines brokers. Of these, 560 licenses were issued to Nevada residents and 1,366 were issued to non-residents. The chart below also provides license information for calendar years 2006 and 2007.

| SURPLUS LINES LICENSE TYPE | 2006 | 2007 | * 2008 |
|---------------------------------------|-------------|-------------|---------------|
| Resident | 504 | 507 | 560 |
| Non-Resident | 942 | 1086 | 1366 |
| | <u>1446</u> | <u>1593</u> | <u>1926</u> |

TERRORISM

The Terrorism Risk Insurance Act of 2002 (TRIA) was enacted by Congress to provide a financial federal backstop for acts of terrorism. This program stemmed from the uncertainty in the markets for commercial property and casualty insurance created by the substantial losses experienced by the insurance industry on the tragic day of September 11, 2001. TRIA gave insurers three years to create a private terrorism insurance market by providing a federal backstop for insured losses resulting from foreign terrorist attacks in the United States. TRIA was extended through December 31, 2007, with the enactment of the Terrorism Risk Insurance Extension Act of 2005 (TRIEA). On December 26, 2007, President Bush signed into law the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA), which extends the Act an additional seven years to December 31, 2014.

There were several changes made to the Program by TRIPRA. The substantial changes include:

- The requirement that the individual(s) must be acting on behalf of a foreign person or foreign interest in order for the act to be certified as an Act of Terrorism was eliminated. The act of terrorism will qualify to be a certified Act of Terrorism and trigger the backstop if committed by a United States citizen.
- Fixing the program trigger at \$100,000,000 for all additional program years.
- Fixing the insurer deductible at 20 percent of an insurer's direct earned premium, and the federal share of compensation at 85 percent of the insured losses that exceed the insurer's deductibles.
- Neither the insurance company nor the federal government will be liable for payment of any portion of insured losses that exceeds \$100 billion in the aggregate during any program year (January 1 – December 31).
- Requiring the U.S. Treasury to promulgate regulations for determining pro rata shares of insured losses under the program.
- Requiring the Comptroller General to study the availability and affordability of insurance coverage for losses caused by terrorist attacks involving nuclear, biological, chemical and radiological (NBCR) and to issue a report not later than one year after the enactment of TRIPRA.
- Requiring the President's Working Group on Financial Markets to continue an ongoing study of the long-term availability and affordability of terrorism insurance.

In response to the extension of this program, the Nevada Division of Insurance (Division) issued Nevada Bulletin No. 08-001 on January 15, 2008. This bulletin explained to Nevada licensed insurance companies changes that occurred to the program by TRIPRA, and the filing process to implement the forms necessary to comply with the amended Act without disrupting the Nevada insurance market. The Division was inundated with terrorism forms filings for approval, but to the Nevada market, it was a transparent process.

Terrorism coverage for commercial exposures is available in Nevada, as coverage must be offered pursuant to the Act. However, an insured has the option to reject an offer of terrorism coverage. The premium for the terrorism coverage and the federal government's share, along with the \$100 billion cap, must be disclosed to the potential insured. The Division has not received any complaints regarding terrorism disclosures or the affordability of the coverage indicating that the cost is reasonable. Nevada does not allow exclusions for terrorism for workers' compensation insurance or personal lines of insurance.

In conclusion, although the terrorism program has been extended through the year 2014, a long-term mechanism to cover the exposure of terrorism continues to be explored. However, the question remains whether a long-term solution will be in place when TRIPRA expires in seven years. What will be the mechanics of the solution? Will the solution be government sponsored, private industry sponsored or a combination of both?

TITLE INSURANCE

Title insurance is a contract in which the title insurance company, in exchange for a one-time premium at close of escrow, indemnifies an owner or lender for future losses resulting from defects in the title to real property that exist at the time of purchase but are unknown or undisclosed. Defects may include undisclosed liens, errors and omissions in recorded deeds and fraud or forgery.

Unlike casualty insurance, which provides coverage for future events such as fire or theft, title insurance provides coverage for events that have already happened but have not been discovered. In order to minimize losses, the title insurer or agent conducts a thorough search of the public records before the policy is issued. Because of this, the portion of premium allocated to losses is much lower than casualty insurance while the portion allocated to expenses is much higher.

Another distinctive feature of title insurance is the way it is marketed. Rather than shopping around for a title insurer or agent that best meets their needs, consumers typically rely on real estate professionals or mortgage lenders for referral to a title agent. Consumers often do not understand the purpose or nature of title insurance or the options available to them. To educate consumers, the Division has published a "Consumer's Guide to Title Insurance." The guide includes answers to questions about title insurance, tips for consumers buying title insurance and a comparison of title insurance rates. The rate comparison lists rates by county for an owner's policy and a simultaneously issued lender's policy in the amounts of \$150,000, \$300,000 and \$500,000 for each title insurer doing business in Nevada. These rates are updated semi-annually. The guide is available in English and in Spanish at the Carson City and Las Vegas offices of the Division and may also be downloaded from the Division's Web site. Copies are also available at the Division of Housing, real estate licensing schools in the Las Vegas, Reno and Carson City areas and public libraries across the state. Consumers may also call the Division to request a copy by mail.

The decline in housing sales and prices over the last few years has caused a corresponding decline in title insurance revenue. This is especially true in states like Nevada where the housing market was previously booming. According to annual statement data obtained from the National Association of Insurance Commissioners, direct written premiums for all title insurers operating in Nevada dropped 2.7 percent nationally and 11.5 percent in Nevada between 2005 and 2006. They dropped another 14.8 percent nationally and 25.5 percent in Nevada between 2006 and 2007.

While there does not appear to be an overall solvency problem in the industry, there are areas of concern. Four independent title agencies in Las Vegas were forced to close in 2008 because of lack of business. In addition, Land America Financial Group, the parent company of three title insurers representing

approximately 20 percent of the title insurance premium in Nevada in 2007, filed for Chapter 11 bankruptcy protection in November 2008. Land America's financial difficulties, however, may be due, in part, to a subsidiary other than its title insurers. The three Land America title insurers were acquired by Fidelity National Financial Group in December 2008. Fidelity National Financial Group owns five other title insurers who accounted for approximately 30 percent of the title insurance premium in Nevada in 2007.

The decline in revenue in the title insurance industry does not seem to have had an impact on rates. Residential title insurance rates have remained relatively stable over the past two years. A review of the basic rates filed with the Division of Insurance between October 1, 2006 and October 1, 2008 for an owner's standard coverage policy and lender's extended coverage policy issued at the same time indicates that the lowest and highest rates for \$150,000 and \$300,000 policies have not changed in that time period. The average rates changed as follows:

- For a \$150,000 owner's policy, an increase of eight dollars or 1.1 percent;
- For a \$150,000 lender's policy, a decrease of one dollar or 0.5 percent;
- For a \$300,000 owner's policy, an increase of ten dollars or 0.9 percent; and
- For a \$300,000 lender's policy, an increase of eight dollars or 2.2 percent.

WORKERS' COMPENSATION INSURANCE

Workers' compensation insurance is industrial insurance. NRS 616A.260 defines industrial insurance as “. . . insurance which provides the compensation required by chapters 616A to 617, inclusive, of NRS and employer's liability insurance incidental to and provided in connection with that insurance.” In Nevada, there are three workers' compensation insurance mechanisms: private insurers, associations of self-insured employers and individual self-insured employers. This segment focuses on private insurers.

Private insurers are not required to insure every employer that applies for coverage. If an employer is unable to find a private carrier that will voluntarily underwrite the employer or has had its application for coverage declined by at least two private insurers, that employer is generally eligible for coverage from the involuntary market, also known as the assigned risk plan. The assigned risk plan is a risk sharing pool. Three servicing carriers administer the policies but the profits or losses from the assigned risk policies are allocated to the voluntary market insurers in proportion to their voluntary market share. Thus, if the residual market runs at a profit, the underwriting profits are allocated to the voluntary insurers in proportion to their market shares. If the residual market runs at a loss, the underwriting losses are allocated to the voluntary insurers and ultimately passed on to policyholders in the voluntary market.

Since July 1, 2001, the National Council on Compensation Insurance, Inc. (“NCCI”) has filed proposed “prospective loss costs” for the voluntary market. NRS 686B.17605 defines “prospective loss cost” as “the portion of a rate that is based on the historical aggregate losses and loss adjustment expenses, which are adjusted to their ultimate value and projected to a future point in time. . . the term does not include provisions for profit or expenses, other than loss adjustment expenses.”

Insurers may then either file a loss cost multiplier (“LCM”) to increase the loss cost for other expenses and profit (taking into account investment income), or file full rates based on the approved NCCI loss costs.

The NCCI also files proposed rates for the involuntary market. For the involuntary market, the NCCI files rates that include all expense provisions. The rates are a function of the loss costs and the assigned risk plan administrative expenses. The NCCI administers the residual market. Every three years, there is a competitive bidding process to select the servicing carrier. Quality indicators and pricing are weighted in the selection process. Four carriers submitted a bid to act as servicing carriers for the triennial period from January 1, 2009 through December 31, 2011. The current servicing carriers, Berkley Regional Insurance Company, LM Insurance Corporation and Travelers Indemnity Company, were again selected to be the servicing carriers. The shares of the market awarded to each of these carriers were selected to minimize the overall costs to the system.

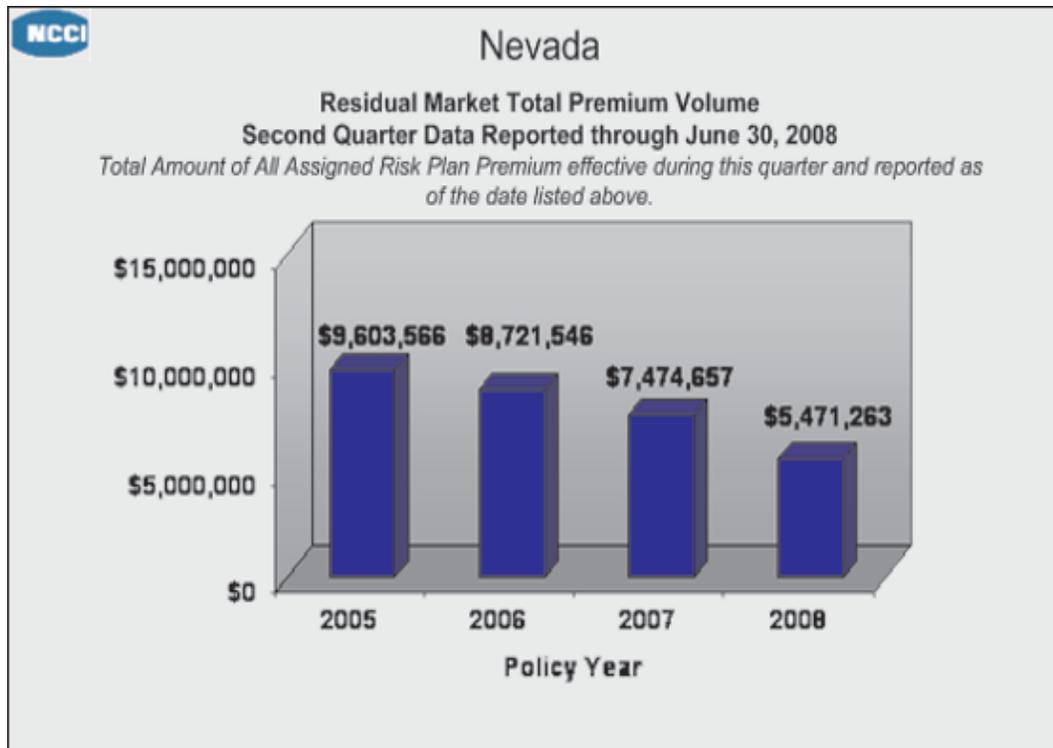
The Commissioner had the option to reduce the number of servicing carriers to two at a marginally lower overall system cost but elected to maintain three carriers, both to encourage continued competition to provide the best service at the lowest cost and to reduce the disruption to the system that would result if one or two servicing carriers ceased providing its services to the Nevada assigned risk plan.

The Commissioner strives to keep the operating costs of the assigned risk plan as low as possible to minimize costs to employers and to avoid any assessment on voluntary insurers. The servicing carriers are encouraged to focus on employer safety and loss control. The most recent projections from the NCCI indicate that the Commissioner has been very successful with respect to this goal. No other state where NCCI administers the residual plan has avoided operating losses during this entire time span.

| Residual Market Projected Operating Gain (Loss) | | | | | | |
|---|------|------|------|------|------|------|
| % of Voluntary Market Written Premium | | | | | | |
| 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| 1.2% | 2.1% | 3.3% | 1.7% | 2.1% | 1.5% | 0.7% |

Source: NCCI Residual Market Results as of First Quarter 2008

Changes in the residual market size are indicative of the health of the market. The residual market started out very small but grew significantly in 2001. The residual market growth leveled off in 2004 but continued to increase at a slower rate through 2005. From 2006 to 2008, the residual market decreased. Following is a chart showing the size of the residual market over the past four years.



Source: RM Policy Data

A contributing factor to the decrease in size of the market is the implementation of the Voluntary Coverage Assistance Program (“VCAP”). This program, implemented on July 1, 2006, allows participating insurers to review applications for assigned risk coverage. Risks that meet the participating insurers’ underwriting guidelines are offered coverage by the participating insurer in the voluntary market, thus keeping new risks out of the assigned risk plan.

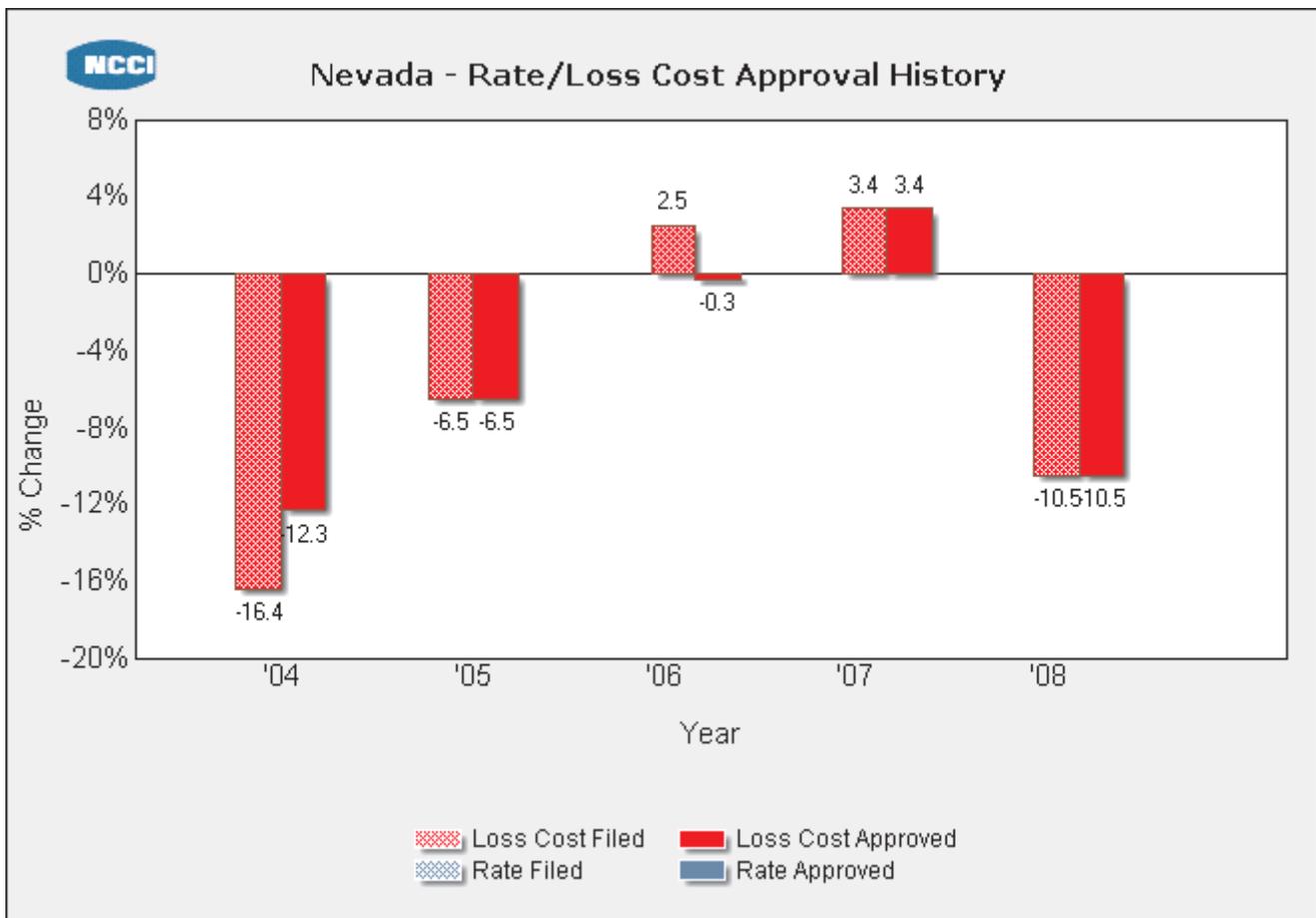
In calendar year 2007, 1,893 applications were processed through VCAP. Of these, 916 matched a voluntary insurer’s underwriting profile and 123 received confirmed offers from at least one voluntary insurer; 117 of these accepted offers. Those securing coverage through VCAP saved an average of 15.3 percent or \$1,360 per employer compared to what they would have paid in the assigned risk plan.

Likewise, in the first three quarters of calendar year 2008, 1,317 applications were processed through VCAP. There were 509 that matched a voluntary insurer’s underwriting profile and 92 received confirmed offers from at least one voluntary insurer; 91 of these accepted offers. Those securing coverage through VCAP saved an average of 15.5 percent or \$1,536.

Workers’ compensation insurers continue to enter the market. As of early December 2008, 341 insurers were authorized to write workers’ compensation coverage in Nevada; however, not every company that is authorized is actively writing. For calendar year 2007, the number of carriers with positive direct

written premium increased to 180 companies, of which 123 underwrote at least \$100,000 of premium. For calendar year 2006, there were 174 companies with positive direct written premium, of which 110 underwrote at least \$100,000 of premium. In general, a healthy voluntary market leads to a smaller residual market.

The following chart and table display loss cost filing activity in the voluntary market. The shaded bars represent what was requested by the NCCI, and the solid bars represent what was approved by the Commissioner. Loss costs decreased by 12.3 percent in 2004, by 6.5 percent in 2005, by 0.3 percent in 2006, and by 10.5 percent in 2008. In 2007, there was a small increase 3.4 percent. NCCI has proposed a 4.9 percent decrease for 2009.

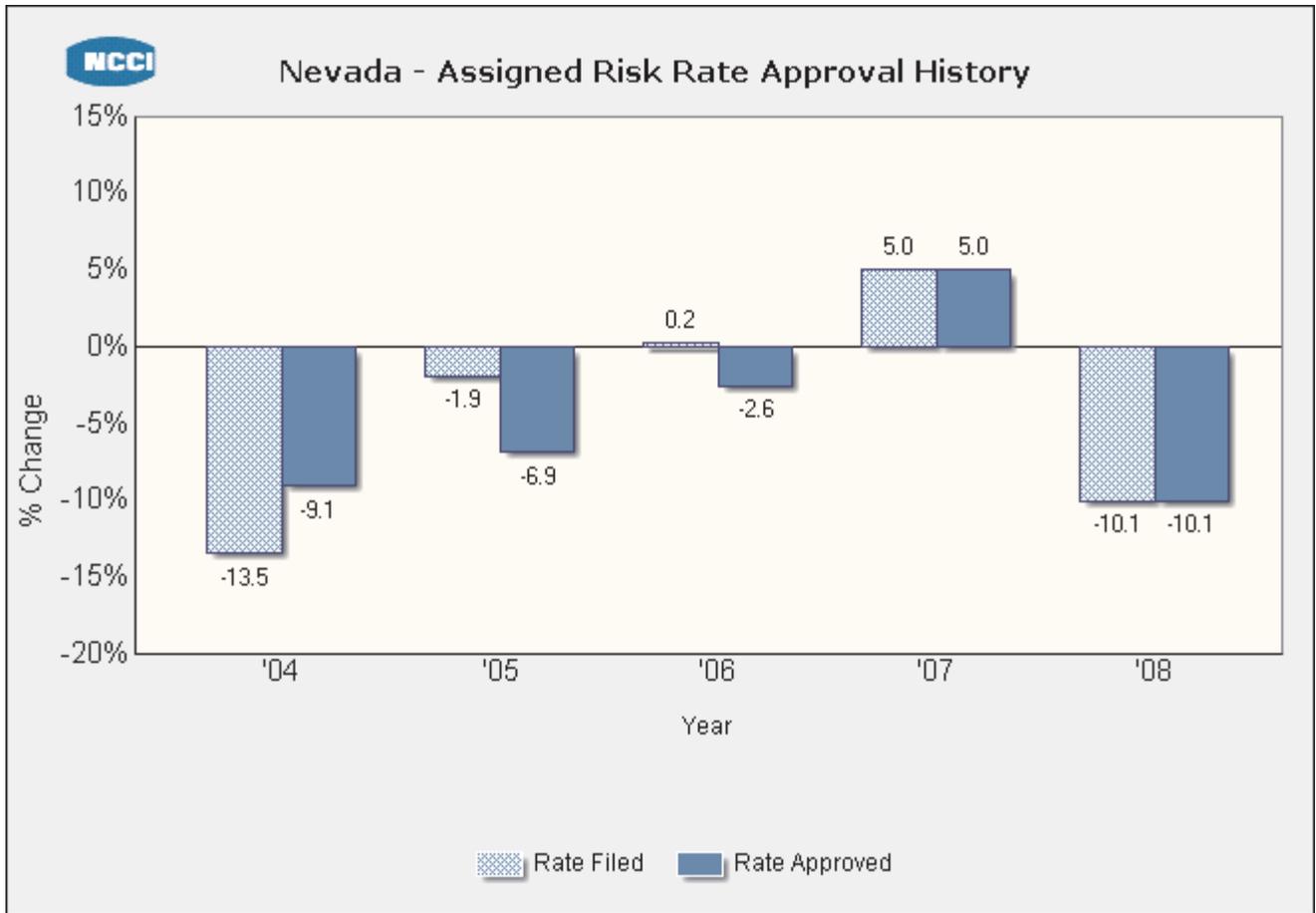


Nevada - Rate/Loss Cost Filing Activity

| Filing Type | Filing Action | Filing Reason | No Filing Year | Filed | | | Approved | | |
|-------------|---------------|---------------|----------------|--------------|------------|----------|--------------|------------|----------|
| | | | | Applies To | Date | % Change | Applies To | Date | % Change |
| Loss Cost | Approved | Experience | | New/Renewal | 01/01/2006 | 2.50 | New/Renewal | 03/01/2006 | -0.30 |
| Loss Cost | Approved | Experience | | New/Renewal | 01/01/2005 | -6.50 | New/Renewal | 01/01/2005 | -6.50 |
| Loss Cost | Approved | Experience | | New/Renewal | 01/01/2004 | -16.40 | New/Renewal | 01/01/2004 | -12.30 |
| Loss Cost | No Filing | | 2003 | | | | | | |
| Loss Cost | Approved | Experience | | New/Renewal | 07/01/2002 | 1.50 | New/Renewal | 07/01/2002 | 1.50 |
| Loss Cost | Approved | Experience | | New/Renewal | 07/01/2001 | -6.00 | New/Renewal | 07/01/2001 | -6.00 |
| Rate | Approved | Experience | | New/Renewal | 07/01/2000 | -1.90 | New/Renewal | 07/01/2000 | -1.90 |
| Rate | Approved | Law Only | | All Policies | 01/01/2000 | 6.40 | All Policies | 01/01/2000 | 6.40 |

Source: NCCI (Nevada-Rate/Loss Cost Approval History graph, Loss Cost Approved bar for Year '04 is actually -12.3

The rate change table below shows the rate change history for the assigned risk plan. Loss costs decreased by 9.1 percent in 2004, by 6.9 percent in 2005, by 2.6 percent in 2006, and by 10.1 percent in 2008. In 2007, there was a small increase of 5.0 percent. NCCI has proposed a 6.0 percent decrease for 2009.



Nevada - Assigned Risk Rate Filing Activity

| Filing Type | Filing Action | Filing Reason | No Filing Year | Filed | | | Approved | | |
|-------------|---------------|---------------|----------------|-------------|------------|----------|-------------|------------|----------|
| | | | | Applies To | Date | % Change | Applies To | Date | % Change |
| Rate | Approved | Experience | | New/Renewal | 03/01/2008 | -10.10 | New/Renewal | 03/01/2008 | -10.10 |
| Rate | Approved | Experience | | New/Renewal | 03/01/2007 | 5.00 | New/Renewal | 03/01/2007 | 5.00 |
| Rate | Approved | Experience | | New/Renewal | 01/01/2006 | 0.20 | New/Renewal | 03/01/2006 | -2.60 |
| Rate | Approved | Experience | | New/Renewal | 01/01/2005 | -1.90 | New/Renewal | 01/01/2005 | -6.90 |
| Rate | Approved | Experience | | New/Renewal | 01/01/2004 | -13.50 | New/Renewal | 01/01/2004 | -9.10 |
| Rate | No Filing | | 2003 | | | | | | |
| Rate | Approved | Experience | | New/Renewal | 07/01/2002 | 0.90 | New/Renewal | 08/01/2002 | -9.80 |
| Rate | Approved | Experience | | New/Renewal | 07/01/2001 | 1.10 | New/Renewal | 07/01/2001 | 1.10 |
| Rate | Approved | Experience | | New/Renewal | 07/01/2000 | -1.90 | New/Renewal | 07/01/2000 | -1.90 |

Source: NCCI

Nevada workers' compensation insurance is becoming less inflation sensitive because workers' compensation payrolls are truncated by the impact of the \$36,000 payroll cap (NRS 616B.222), as well as the impact of the deemed wage laws for corporate officers, sole proprietors and others. While the payroll used to compute the premium is capped, benefits are not capped. Maximum wage loss benefits are a function of the average weekly wage, not the payroll cap. Medical benefits are unlimited and are not a function of payroll. For example, an injured worker whose premium was based on a \$300 monthly deemed wage is eligible for full medical benefits. Wage loss and medical benefits each make up about half of overall workers' compensation claim costs. For some classes of occupations, including construction and debris removal and health care, the majority of workers have annual incomes higher than the payroll cap, according to statistics from the 2008 Occupational Employment Statistics Wage Survey conducted by the Nevada Department of Employment, Training and Rehabilitation as updated May 2008. For these classes, workers' compensation rates are less inflation sensitive since the majority of workers are already at the maximum payroll allowed.

The following table shows the loss cost multipliers for the ten top voluntary workers' compensation insurers based on premium volume. The loss cost multipliers are applied to the loss costs filed by the advisory organization by classification to determine the rate. Several of the companies have multiple loss cost multipliers in place in order to segment their books of business by underwriting factors. The table illustrates there is a wide range of loss cost multipliers in-force. Employers, particularly those with desirable underwriting factors, may shop around to find lower cost coverage.

Top Ten Nevada Workers' Compensation Voluntary Insurers Loss Cost Multipliers as of January 1, 2009.

| Company Name | Loss Cost Multiplier(s) |
|-------------------------------------|--------------------------------|
| American Home Assur Co | 1.611 |
| Employers Ins Co Of NV | 1.2; 1.45; 1.595 |
| Builders Ins Co Inc | 1.2; 1.3; 1.4; 1.5 |
| Firstcomp Ins Co | 1.2; 1.65 |
| Zurich American Ins Co | 1.446; 1.591 |
| New Hampshire Ins Co | 1.369 |
| Advantage Workers Comp Ins Co | 1.201; 1.397 |
| National Union Fire Ins Co Of Pitts | 1.611 |
| Ins Co of the West | 1.2; 1.3 |
| Liberty Mut Fire Ins Co | 1.366; 1.633 |

The following table represents Nevada workers' compensation experience reported on the insurers' 2007 annual statements. Workers' compensation has been a relatively profitable line of business for most of the Nevada insurers. Note that LM Insurance Corporation is one of servicing carriers for the assigned risk plan. The 225.3 percent reported direct loss ratio is due to an error in the material understatement of the 2006 direct losses that was corrected in 2007. According to the carrier, if the correction was not reflected, the LM Insurance Corporation loss ratio for 2007 would have been 46 percent, bringing the overall direct loss ratio for 2007 for all companies combined down from 62.8 percent to 56.3 percent.

| Company Name | Domicile | Direct Premiums Written | Market Share | Cumulative Market Share | Direct Premiums Earned | Direct Loss Incurred | Direct Loss Ratio |
|-------------------------------------|----------|-------------------------------|-----------------|-------------------------------|------------------------------|----------------------------|----------------------|
| American Home Assur Co | NY | 75,677 | 14.3% | 14.3% | 65,742 | 31,131 | 47.4% |
| Employers Ins Co Of NV | NV | 60,257 | 11.4% | 25.7% | 62,705 | 49,363 | 78.7% |
| Builders Ins Co Inc | NV | 37,731 | 7.1% | 32.8% | 37,731 | 22,547 | 59.8% |
| Firstcomp Ins Co | NE | 21,318 | 4.0% | 36.9% | 21,812 | 7,521 | 34.5% |
| LM Ins Corp | IA | 17,075 | 3.2% | 40.1% | 18,308 | 41,241 | 225.3% |
| Zurich American Ins Co | NY | 15,964 | 3.0% | 43.1% | 12,409 | 7,087 | 57.1% |
| New Hampshire Ins Co | PA | 14,384 | 2.7% | 45.8% | 10,129 | 4,092 | 40.4% |
| Berkley Regional Ins Co | DE | 13,925 | 2.6% | 48.5% | 14,922 | 6,883 | 46.1% |
| Advantage Workers Comp Ins Co | IN | 11,897 | 2.2% | 50.7% | 12,606 | 5,303 | 42.1% |
| National Union Fire Ins Co Of Pitts | PA | 11,836 | 2.2% | 53.0% | 10,826 | 9,548 | 88.2% |
| Insurance Co Of The West | CA | 10,632 | 2.0% | 55.0% | 10,363 | 5,725 | 55.2% |
| Liberty Mut Fire Ins Co | WI | 9,767 | 1.8% | 56.8% | 9,912 | 2,112 | 21.3% |
| Insurance Co Of The State Of PA | PA | 9,314 | 1.8% | 58.6% | 8,515 | 3,983 | 46.8% |
| Twin City Fire Ins Co Co | IN | 9,269 | 1.8% | 60.3% | 10,258 | 2,958 | 28.8% |
| Commerce & Industry Ins Co | NY | 9,189 | 1.7% | 62.1% | 10,407 | 4,036 | 38.8% |
| Ace Amer Ins Co | PA | 9,156 | 1.7% | 63.8% | 9,255 | 3,599 | 38.9% |
| Star Ins Co | MI | 8,325 | 1.6% | 65.4% | 7,553 | 4,992 | 66.1% |
| Sequoia Ins Co | CA | 8,304 | 1.6% | 66.9% | 9,059 | 4,795 | 52.9% |
| Travelers Ind Co | CT | 8,164 | 1.5% | 68.5% | 9,266 | 4,093 | 44.2% |
| Charter Oak Fire Ins Co | CT | 7,534 | 1.4% | 69.9% | 7,144 | 4,151 | 58.1% |
| Williamsburg Natl Ins Co | MI | 7,449 | 1.4% | 71.3% | 7,702 | 4,949 | 64.3% |
| Republic Ind Co Of Amer | CA | 7,052 | 1.3% | 72.7% | 7,132 | 15,858 | 222.4% |
| Sequoia Indemnity Co | NV | 6,136 | 1.2% | 73.8% | 5,428 | 4,895 | 90.2% |
| Federal Ins Co | IN | 6,092 | 1.2% | 75.0% | 5,643 | 9,198 | 163.0% |
| Hartford Underwriters Ins Co | CT | 5,777 | 1.1% | 76.1% | 5,177 | 1,802 | 34.8% |
| Explorer Ins Co | CA | 5,531 | 1.0% | 77.1% | 5,695 | 2,472 | 43.4% |
| Liberty Ins Corp | IL | 4,953 | 0.9% | 78.0% | 5,062 | 1,961 | 38.7% |
| Hartford Fire In Co | CT | 4,876 | 0.9% | 79.0% | 4,410 | 1,937 | 43.9% |
| Indemnity Ins Co Of North Amer | PA | 3,848 | 0.7% | 79.7% | 3,359 | 497 | 14.8% |

| Company Name | Domicile | Direct Premiums Written | Market Share | Cumulative Market Share | Direct Premiums Earned | Direct Loss Incurred | Direct Loss Ratio |
|-----------------------------------|----------|-------------------------------|-----------------|-------------------------------|------------------------------|----------------------------|-------------------------|
| Travelers Ind Co Of CT | CT | 3,737 | 0.7% | 80.4% | 3,293 | 1,497 | 45.5% |
| Travelers Property Cas Co Of Amer | CT | 3,721 | 0.7% | 81.1% | 3,223 | 806 | 25.0% |
| Benchmark Ins Co | KS | 3,524 | 0.7% | 81.8% | 2,925 | -140 | -4.8% |
| SeaBright Ins Co | IL | 3,454 | 0.7% | 82.4% | 3,024 | 1,676 | 55.4% |
| Arch Ins Co | MO | 3,405 | 0.6% | 83.1% | 2,850 | 1,519 | 53.3% |
| Truck Ins Exch | CA | 3,336 | 0.6% | 83.7% | 3,255 | 1,274 | 39.1% |
| Westport Ins Corp | MO | 3,235 | 0.6% | 84.3% | 3,197 | 416 | 13.0% |
| Republic Ind Co of CA | CA | 3,216 | 0.6% | 84.9% | 3,234 | 140 | 4.3% |
| Wausau Underwriters Ins Co | WI | 3,108 | 0.6% | 85.5% | 2,797 | 1,974 | 70.6% |
| Liberty Mut Ins Co | MA | 3,065 | 0.6% | 86.1% | 3,249 | 1,784 | 54.9% |
| American Zurich Ins Co | IL | 2,848 | 0.5% | 86.6% | 2,193 | 617 | 28.1% |
| Old Republic Ins Co | PA | 2,721 | 0.5% | 87.1% | 3,112 | 9,446 | 303.5% |
| Ace Prop & Cas Ins Co | PA | 2,670 | 0.5% | 87.6% | 2,661 | 711 | 26.7% |
| Employers Ins of Wausau | WI | 2,522 | 0.5% | 88.1% | 2,158 | 1,514 | 70.2% |
| SUA Ins Co | IL | 2,467 | 0.5% | 88.6% | 1,482 | 547 | 36.9% |
| Delos Ins Co | DE | 2,423 | 0.5% | 89.0% | 1,645 | 653 | 39.7% |
| Old Republic Gen Ins Corp | IL | 2,365 | 0.4% | 89.5% | 1,054 | 533 | 50.6% |
| State Farm Fire And Cas Co | IL | 2,285 | 0.4% | 89.9% | 2,161 | 877 | 40.6% |
| Farmers Ins Exch | CA | 2,241 | 0.4% | 90.3% | 2,178 | 790 | 36.3% |
| Tower Ins Co Of NY | NY | 2,073 | 0.4% | 90.7% | 656 | 181 | 27.6% |
| US Fidelity & Guaranty Co | MD | 2,057 | 0.4% | 91.1% | 2,130 | 1,151 | 54.0% |
| Hartford Cas Ins Co | IN | 1,907 | 0.4% | 91.5% | 1,931 | 946 | 49.0% |
| XL Specialty Ins Co | DE | 1,785 | 0.3% | 91.8% | 1,781 | 987 | 55.4% |
| Continental Cas Co | IL | 1,674 | 0.3% | 92.1% | 1,634 | 617 | 37.8% |
| Mid Century Ins Co | CA | 1,597 | 0.3% | 92.4% | 1,704 | 213 | 12.5% |
| Everest Natl Ins Co | DE | 1,552 | 0.3% | 92.7% | 1,343 | 379 | 28.2% |
| Wausau Business Ins Co | WI | 1,439 | 0.3% | 93.0% | 1,186 | 712 | 60.0% |
| American Intl S Ins Co | PA | 1,432 | 0.3% | 93.3% | 1,432 | 574 | 40.1% |
| Sentry Ins A Mut Co | WI | 1,380 | 0.3% | 93.5% | 1,251 | 437 | 34.9% |
| National Fire Ins Co Of Hartford | IL | 1,336 | 0.3% | 93.8% | 1,238 | 258 | 20.8% |
| Sentinel Ins Co Ltd | CT | 1,329 | 0.3% | 94.0% | 628 | 284 | 45.2% |
| American Cas Co Of Reading PA | PA | 1,288 | 0.2% | 94.3% | 1,327 | -702 | -52.9% |
| American States Ins Co | IN | 1,233 | 0.2% | 94.5% | 1,209 | 133 | 11.0% |
| Transportation Ins Co | IL | 1,219 | 0.2% | 94.8% | 1,009 | 208 | 20.6% |
| United States Fire Ins Co | DE | 1,190 | 0.2% | 95.0% | 1,243 | 182 | 14.6% |
| Zenith Ins Co | CA | 1,108 | 0.2% | 95.2% | 1,096 | 172 | 15.7% |
| Valley Forge Ins Co | PA | 940 | 0.2% | 95.4% | 680 | 5 | 0.7% |
| American Family Mut Ins Co | WI | 935 | 0.2% | 95.5% | 834 | 199 | 23.9% |

| Company Name | Domicile | Direct Premiums Written | Market Share | Cumulative Market Share | Direct Premiums Earned | Direct Loss Incurred | Direct Loss Ratio |
|--------------------------------------|----------|-------------------------------|-----------------|-------------------------------|------------------------------|----------------------------|-------------------------|
| Argonaut Ins Co | IL | 931 | 0.2% | 95.7% | 751 | 586 | 78.0% |
| Pennsylvania Manufacturers Asn Ins C | PA | 887 | 0.2% | 95.9% | 450 | 243 | 54.0% |
| Accident Fund Ins Co of Amer | MI | 843 | 0.2% | 96.0% | 617 | 184 | 29.8% |
| Hartford Ins Co Of The Midwest | IN | 834 | 0.2% | 96.2% | 782 | 94 | 12.0% |
| Tokio Marine & Nichido Fire Ins Co | NY | 722 | 0.1% | 96.3% | 683 | 1,327 | 194.3% |
| Phoenix Ins Co | CT | 699 | 0.1% | 96.5% | 703 | 179 | 25.5% |
| Zurich American Ins Co Of IL | IL | 686 | 0.1% | 96.6% | 676 | 277 | 41.0% |
| Pacific Ind Co | WI | 684 | 0.1% | 96.7% | 531 | 210 | 39.5% |
| Travelers Cas & Surety Co | CT | 602 | 0.1% | 96.8% | 510 | 136 | 26.7% |
| Hartford Accident & Ind Co | CT | 581 | 0.1% | 97.0% | 422 | 186 | 44.1% |
| California Ins Co | CA | 573 | 0.1% | 97.1% | 573 | 468 | 81.7% |
| Majestic Ins Co | CA | 554 | 0.1% | 97.2% | 460 | 280 | 60.9% |
| Lumbermens Underwriting Alliance | MO | 540 | 0.1% | 97.3% | 278 | -111 | -39.9% |
| Maryland Cas Co | MD | 530 | 0.1% | 97.4% | 317 | 190 | 59.9% |
| Discover Prop & Cas Ins Co | IL | 514 | 0.1% | 97.5% | 511 | 232 | 45.4% |
| American Ins Co | OH | 500 | 0.1% | 97.6% | 543 | 1,517 | 279.4% |
| Vanliner Ins Co | MO | 499 | 0.1% | 97.7% | 368 | 404 | 109.8% |
| Church Mut Ins Co | WI | 482 | 0.1% | 97.7% | 455 | 257 | 56.5% |
| Chubb Ind Ins Co | NY | 448 | 0.1% | 97.8% | 199 | 79 | 39.7% |
| American Interstate Ins Co | LA | 440 | 0.1% | 97.9% | 98 | 0 | 0.0% |
| Work First Cas Co | DE | 438 | 0.1% | 98.0% | 417 | 555 | 133.1% |
| Electric Ins Co | MA | 430 | 0.1% | 98.1% | 430 | 314 | 73.0% |
| First Natl Ins Co Of Amer | WA | 429 | 0.1% | 98.2% | 389 | 47 | 12.1% |
| Northern Ins Co Of NY | NY | 403 | 0.1% | 98.2% | 316 | 21 | 6.6% |
| Virginia Surety Co Inc | IL | 398 | 0.1% | 98.3% | 1,715 | -253 | -14.8% |
| Praetorian Ins Co | IL | 380 | 0.1% | 98.4% | 324 | 1,336 | 412.3% |
| Pacific Employers Ins Co | PA | 375 | 0.1% | 98.5% | 396 | -326 | -82.3% |
| North River Ins Co | NJ | 372 | 0.1% | 98.5% | 533 | 719 | 134.9% |
| Alaska Natl Ins Co | AK | 346 | 0.1% | 98.6% | 445 | 35 | 7.9% |
| Employers Mut Cas Co | IA | 346 | 0.1% | 98.7% | 342 | 105 | 30.7% |
| Ace Fire Underwriters Ins Co | PA | 343 | 0.1% | 98.7% | 249 | 61 | 24.5% |
| Protective Ins Co | IN | 336 | 0.1% | 98.8% | 336 | 134 | 39.9% |
| General Ins Co Of Amer | WA | 320 | 0.1% | 98.8% | 190 | 10 | 5.3% |
| American Mining Ins Co Inc | AL | 310 | 0.1% | 98.9% | 310 | 295 | 95.2% |
| Technology Ins Co Inc | NH | 296 | 0.1% | 99.0% | 202 | 26 | 12.9% |
| Vigilant Ins Co | NY | 283 | 0.1% | 99.0% | 190 | 82 | 43.2% |
| OneBeacon Amer Ins Co | MA | 269 | 0.1% | 99.1% | 168 | 76 | 45.2% |
| Associated Ind Corp | CA | 268 | 0.1% | 99.1% | 230 | 126 | 54.8% |

| Company Name | Domicile | Direct Premiums Written | Market Share | Cumulative Market Share | Direct Premiums Earned | Direct Loss Incurred | Direct Loss Ratio |
|-----------------------------------|----------|-------------------------------|-----------------|-------------------------------|------------------------------|----------------------------|-------------------------|
| Redland Ins Co | NJ | 260 | 0.0% | 99.2% | 212 | 59 | 27.8% |
| State Natl Ins Co Inc | TX | 252 | 0.0% | 99.2% | 303 | 51 | 16.8% |
| First Liberty Ins Corp | IA | 233 | 0.0% | 99.3% | 343 | 142 | 41.4% |
| Federated Rural Electric Ins Exch | KS | 228 | 0.0% | 99.3% | 221 | 193 | 87.3% |
| American Automobile Ins Co | MO | 218 | 0.0% | 99.3% | 213 | 72 | 33.8% |
| Great Amer Ins Co of NY | NY | 211 | 0.0% | 99.4% | 201 | 12 | 6.0% |
| Preferred Professional Ins Co | NE | 185 | 0.0% | 99.4% | 93 | 57 | 61.3% |
| Federated Mut Ins Co | MN | 180 | 0.0% | 99.5% | 154 | 13 | 8.4% |
| Sentry Select Ins Co | WI | 180 | 0.0% | 99.5% | 167 | 142 | 85.0% |
| Cincinnati Ins Co | OH | 160 | 0.0% | 99.5% | 133 | 57 | 42.9% |
| Employers Fire Ins Co | MA | 156 | 0.0% | 99.5% | 100 | 12 | 12.0% |
| Compwest Ins Co | CA | 151 | 0.0% | 99.6% | 143 | 68 | 47.6% |
| Transguard Ins Co Of Amer Inc | IL | 150 | 0.0% | 99.6% | 149 | 55 | 36.9% |
| AIG Cas Co | PA | 139 | 0.0% | 99.6% | 124 | -52 | -41.9% |
| American Economy Ins Co | IN | 135 | 0.0% | 99.7% | 65 | 2 | 3.1% |
| Manufacturers Alliance Ins Co | PA | 119 | 0.0% | 99.7% | 68 | 45 | 66.2% |
| National Interstate Ins Co | OH | 114 | 0.0% | 99.7% | 118 | -34 | -28.8% |
| Pharmacists Mut Ins Co | IA | 112 | 0.0% | 99.7% | 81 | 0 | 0.0% |
| Great West Cas Co | NE | 94 | 0.0% | 99.7% | 94 | -70 | -74.5% |
| Travelers Ind Co Of Amer | CT | 89 | 0.0% | 99.8% | 158 | 106 | 67.1% |
| Cherokee Ins Co | MI | 82 | 0.0% | 99.8% | 82 | 9 | 11.0% |
| American Guar & Liab Ins | NY | 77 | 0.0% | 99.8% | 48 | -37 | -77.1% |
| Amerisure Mut Ins Co | MI | 77 | 0.0% | 99.8% | 76 | 20 | 26.3% |
| Nova Cas Co | NY | 69 | 0.0% | 99.8% | 14 | 9 | 64.3% |
| American Hardware Mut Ins Co | OH | 63 | 0.0% | 99.8% | 69 | 5 | 7.2% |
| North Amer Specialty Ins Co | NH | 62 | 0.0% | 99.8% | 13 | 57 | 438.5% |
| Imperial Cas & Ind Co | OK | 62 | 0.0% | 99.8% | 62 | 21 | 33.9% |
| Great Northern Ins Co | IN | 61 | 0.0% | 99.9% | 37 | -5 | -13.5% |
| Great Divide Ins Co | ND | 57 | 0.0% | 99.9% | 56 | 16 | 28.6% |
| Assurance Co Of Amer | NY | 55 | 0.0% | 99.9% | 29 | -2 | -6.9% |
| Springfield Ins Co Inc | CA | 54 | 0.0% | 99.9% | 36 | 62 | 172.2% |
| Safety Natl Cas Corp | MO | 54 | 0.0% | 99.9% | 55 | 12 | 21.8% |
| Florists Mut Ins Co | IL | 53 | 0.0% | 99.9% | 52 | 25 | 48.1% |
| Ullico Cas Co | DE | 50 | 0.0% | 99.9% | 53 | -11 | -20.8% |
| Mitsui Sumitomo Ins Co of Amer | NY | 50 | 0.0% | 99.9% | 44 | -17 | -38.6% |
| American Motorists Ins Co | IL | 47 | 0.0% | 99.9% | 47 | 3 | 6.4% |
| Nationwide Agribusiness Ins Co | IA | 43 | 0.0% | 99.9% | 43 | 21 | 48.8% |
| National Amer Ins Co | OK | 42 | 0.0% | 100.0% | 42 | 81 | 192.9% |

| Company Name | Domicile | Direct Premiums Written | Market Share | Cumulative Market Share | Direct Premiums Earned | Direct Loss Incurred | Direct Loss Ratio |
|--------------------------------------|----------|-------------------------------|-----------------|-------------------------------|------------------------------|----------------------------|-------------------------|
| Pennsylvania Manufacturers Ind Co | PA | 41 | 0.0% | 100.0% | 91 | 64 | 70.3% |
| Great Amer Alliance Ins Co | OH | 40 | 0.0% | 100.0% | 37 | 3 | 8.1% |
| Hanover Ins Co | NH | 38 | 0.0% | 100.0% | 10 | 29 | 290.0% |
| Fidelity & Deposit Co Of MD | MD | 38 | 0.0% | 100.0% | 35 | -29 | -82.9% |
| Guideone Mut Ins Co | IA | 36 | 0.0% | 100.0% | 31 | 9 | 29.0% |
| T.H.E. Ins Co | LA | 34 | 0.0% | 100.0% | 36 | 91 | 252.8% |
| Employers Direct Ins Co | CA | 33 | 0.0% | 100.0% | 21 | 13 | 61.9% |
| Sompo Japan Ins Co of Amer | NY | 31 | 0.0% | 100.0% | 38 | -3 | -7.9% |
| Nipponkoa Ins Co Ltd US Br | NY | 26 | 0.0% | 100.0% | 22 | 6 | 27.3% |
| National Surety Corp | IL | 26 | 0.0% | 100.0% | 22 | 3 | 13.6% |
| Regent Ins Co | WI | 26 | 0.0% | 100.0% | 30 | 33 | 110.0% |
| Federated Serv Ins Co | MN | 26 | 0.0% | 100.0% | 26 | 5 | 19.2% |
| Utica Mut Ins Co | NY | 23 | 0.0% | 100.0% | 20 | 1 | 5.0% |
| General Cas Co Of WI | WI | 22 | 0.0% | 100.0% | 16 | 0 | 0.0% |
| Dallas Natl Ins Co | TX | 21 | 0.0% | 100.0% | 21 | 3 | 14.3% |
| Universal Underwriters Ins Co | KS | 18 | 0.0% | 100.0% | 52 | -81 | -155.8% |
| Colonial Amer Cas & Surety Co | MD | 16 | 0.0% | 100.0% | 12 | 2 | 16.7% |
| Arrowood Ind Co | DE | 14 | 0.0% | 100.0% | 14 | -639 | -4564.3% |
| Granite State Ins Co | PA | 12 | 0.0% | 100.1% | 24 | 38 | 158.3% |
| Badger Mut Ins Co | WI | 12 | 0.0% | 100.1% | 4 | 0 | 0.0% |
| Illinois Natl Ins Co | IL | 10 | 0.0% | 100.1% | 312 | 112 | 35.9% |
| St Paul Protective Ins Co | IL | 9 | 0.0% | 100.1% | 25 | -22 | -88.0% |
| Crum & Forster Ind Co | DE | 8 | 0.0% | 100.1% | 8 | -5 | -62.5% |
| ACIG Ins Co | IL | 8 | 0.0% | 100.1% | 8 | -14 | -175.0% |
| Safety First Ins Co | IL | 8 | 0.0% | 100.1% | 10 | 1 | 10.0% |
| American Fire & Cas Co | OH | 8 | 0.0% | 100.1% | 6 | 0 | 0.0% |
| Bancinsure Inc | OK | 7 | 0.0% | 100.1% | 6 | 1 | 16.7% |
| Greenwich Ins Co | DE | 6 | 0.0% | 100.1% | -60 | 77 | -128.3% |
| Middlesex Ins Co | WI | 5 | 0.0% | 100.1% | 4 | 2 | 50.0% |
| Argonaut Midwest Ins Co | IL | 4 | 0.0% | 100.1% | 51 | -1 | -2.0% |
| Atlantic Specialty Ins Co | NY | 3 | 0.0% | 100.1% | 7 | -30 | -428.6% |
| American Intl Specialty Lines Ins Co | IL | 3 | 0.0% | 100.1% | 5 | 28 | 560.0% |
| Farmland Mut Ins Co | IA | 1 | 0.0% | 100.1% | 2 | 0 | 0.0% |
| Midwest Employers Cas Co | DE | 1 | 0.0% | 100.1% | 4 | 1 | 25.0% |
| Ohio Security Ins Co | OH | 1 | 0.0% | 100.1% | 3 | -2 | -66.7% |
| Firemans Fund Ins Co | CA | 1 | 0.0% | 100.1% | 8 | 51 | 637.5% |
| Bituminous Cas Corp | IL | 1 | 0.0% | 100.1% | 1 | -4 | -400.0% |
| Insurance Corp Of Amer | MI | 0 | 0.0% | 100.1% | 0 | 15 | 0.0% |

| Company Name | Domicile | Direct Premiums Written | Market Share | Cumulative Market Share | Direct Premiums Earned | Direct Loss Incurred | Direct Loss Ratio |
|--------------------------------------|----------|-------------------------|--------------|-------------------------|------------------------|----------------------|-------------------|
| Athena Assur Co | MN | 0 | 0.0% | 100.1% | 5 | 1 | 20.0% |
| Farmington Cas Co | CT | 0 | 0.0% | 100.1% | 0 | -2 | 0.0% |
| Allianz Global Risks US Ins Co | CA | 0 | 0.0% | 100.1% | 0 | -2 | 0.0% |
| Evanston Ins Co | IL | 0 | 0.0% | 100.1% | 0 | -3 | 0.0% |
| United WI Ins Co | WI | 0 | 0.0% | 100.1% | 0 | 17 | 0.0% |
| Fidelity & Guar Ins Underwriters Inc | WI | 0 | 0.0% | 100.1% | 0 | 333 | 0.0% |
| Centennial Ins Co | NY | 0 | 0.0% | 100.1% | 0 | 77 | 0.0% |
| Commercial Cas Ins Co | CA | 0 | 0.0% | 100.1% | 0 | -961 | 0.0% |
| Constitution Ins Co | NY | 0 | 0.0% | 100.1% | 0 | -6 | 0.0% |
| American Manufacturers Mut Ins Co | IL | 0 | 0.0% | 100.1% | 0 | 65 | 0.0% |
| American Safety Cas Ins Co | OK | 0 | 0.0% | 100.1% | 0 | -174 | 0.0% |
| Great Amer Assur Co | OH | 0 | 0.0% | 100.1% | 0 | -4 | 0.0% |
| TIG Ind Co | CA | 0 | 0.0% | 100.1% | 0 | 23 | 0.0% |
| Continental Ins Co | PA | 0 | 0.0% | 100.1% | 0 | 132 | 0.0% |
| Travelers Cas & Surety Co Of Amer | CT | 0 | 0.0% | 100.1% | 0 | -1 | 0.0% |
| Bankers Standard Ins Co | PA | 0 | 0.0% | 100.1% | 0 | 1,145 | 0.0% |
| Great Amer Ins Co | OH | 0 | 0.0% | 100.1% | 0 | -55 | 0.0% |
| Westchester Surplus Lines Ins Co | GA | 0 | 0.0% | 100.1% | 0 | -7 | 0.0% |
| Insurance Co of N Amer | PA | 0 | 0.0% | 100.1% | 0 | -27 | 0.0% |
| Atlantic Ins Co | TX | 0 | 0.0% | 100.1% | 0 | -1 | 0.0% |
| Standard Fire Ins Co | CT | 0 | 0.0% | 100.1% | 0 | 60 | 0.0% |
| Northbrook Ind Co | IL | 0 | 0.0% | 100.1% | 0 | 175 | 0.0% |
| TIG Ins Co | CA | 0 | 0.0% | 100.1% | 0 | -68 | 0.0% |
| Safeco Ins Co Of Amer | WA | 0 | 0.0% | 100.1% | 0 | -5 | 0.0% |
| Alea North America Ins Co | NY | 0 | 0.0% | 100.1% | 0 | -90 | 0.0% |
| OneBeacon Ins Co | PA | 0 | 0.0% | 100.1% | 0 | 14 | 0.0% |
| Fairfield Ins Co | CT | -2 | 0.0% | 100.1% | -2 | -94 | 4700.0% |
| St Paul Guardian Ins Co | MN | -3 | 0.0% | 100.1% | 3 | 14 | 466.7% |
| AIU Ins Co | NY | -6 | 0.0% | 100.1% | -6 | -52 | 866.7% |
| Bituminous Fire & Marine Ins Co | IL | -7 | 0.0% | 100.1% | -3 | 0 | 0.0% |
| St Paul Fire & Marine Ins Co | MN | -12 | 0.0% | 100.1% | 243 | 728 | 299.6% |
| Lumbermens Mut Cas Co | IL | -20 | 0.0% | 100.1% | -20 | -26 | 130.0% |
| St Paul Mercury Ins Co | MN | -23 | 0.0% | 100.1% | -2 | -41 | 2050.0% |
| Clarendon Natl Ins Co | NJ | -39 | 0.0% | 100.0% | 51 | 397 | 778.4% |
| American Alt Ins Corp | DE | -44 | 0.0% | 100.0% | 106 | 43 | 40.6% |
| Fidelity & Guar Ins Co | IA | -101 | 0.0% | 100.0% | -101 | 2,247 | -2224.8% |
| Atlantic Mut Ins Co | NY | -109 | 0.0% | 100.0% | -109 | -56 | 51.4% |
| 218 Companies in Report | | 528,815 | 100.0% | 100.0% | 504,767 | 317,153 | 62.8% |

Historically, workers' compensation claims costs have increased in periods of economic downturn. So far, the Division has seen no evidence of deteriorating results in the statistical data but it is too soon to rule out deterioration. The Nevada workers' compensation market has had only one significant period of economic downturn since privatization when in 2002 and 2003 the market hardened and the assigned risk plan size grew.

In summary, the Nevada workers' compensation market is very healthy and well-placed to weather the current economic turbulence.

SELF-INSURED WORKERS' COMPENSATION PROGRAMS

The Division is tasked with monitoring the self-insured employers (SIEs) and self-insured groups (SIGs) to ensure that self-insured workers' compensation funds are adequate to pay claims. The Division annually assesses the SIEs and SIGs based on their security deposit amount. These assessments are referred to as an "insolvency fund" – one for SIEs and another for SIGs.

Nevada presently has 141 active SIEs for workers' compensation, representing approximately 326,666 employees. This is a decrease of about 13 percent since the last report in 2007 when there were 164 active SIEs for workers' compensation. There are 13 SIGs, representing approximately 3,000 employers and an estimated 106,000 employees, compared to 12 SIGs reported in 2007. The Division notes that there has never been an insolvent SIG since the inception of the Nevada self-insured group program. An outside auditing firm examined 9 associations of self-insured employers in 2008. In addition, the Division completed 48 audits of individual self-insured employers in fiscal year 2008 and 48 audits in fiscal year 2007. There were no issues identified as a result of the examinations and audits that required regulatory action.

There is a trend of increasing self-insured retention (SIR) limits. If a self-insured's retention limit increases, the Division requires an additional security deposit to be posted. The security deposits currently posted by active self-insured employers are close to \$100 million. These do not include surety bonds purchased by a self-insured employers, which contribute to the funds available for paying claims to injured workers. The security deposits represent the outstanding liability for known claims through FY08 and anticipated claims for FY09. The security deposits for self-insured associations posted are approximately \$19 million, representing the outstanding liability for known claims through FY08 and a projection of anticipated claims for FY09.

The current distribution of security deposits by type is displayed in Exhibit I for self-insured employers and Exhibit II for the self-insured groups.

The self-insured workers' compensation program has been effective in serving the needs of Nevada employers with no insolvent SIGs and a small number of insolvent SIEs over the years. There is every reason to believe the program will remain active, solvent and effective in serving the needs of Nevada employers in the future.

Exhibit I: Security Deposits - Self-Insured Employers

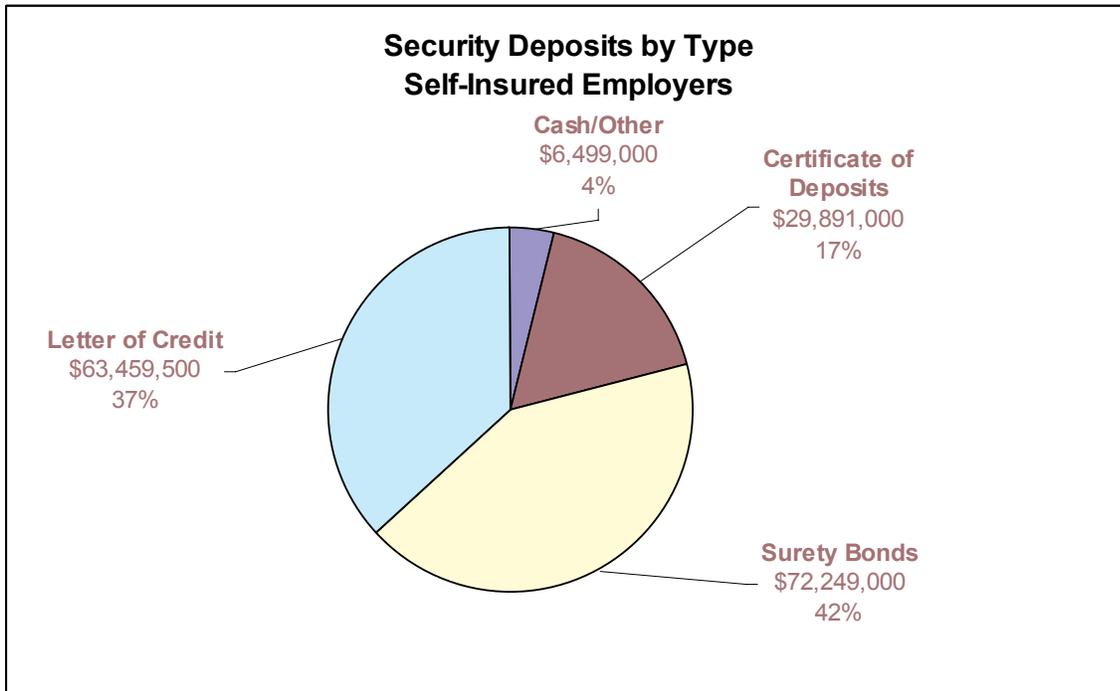
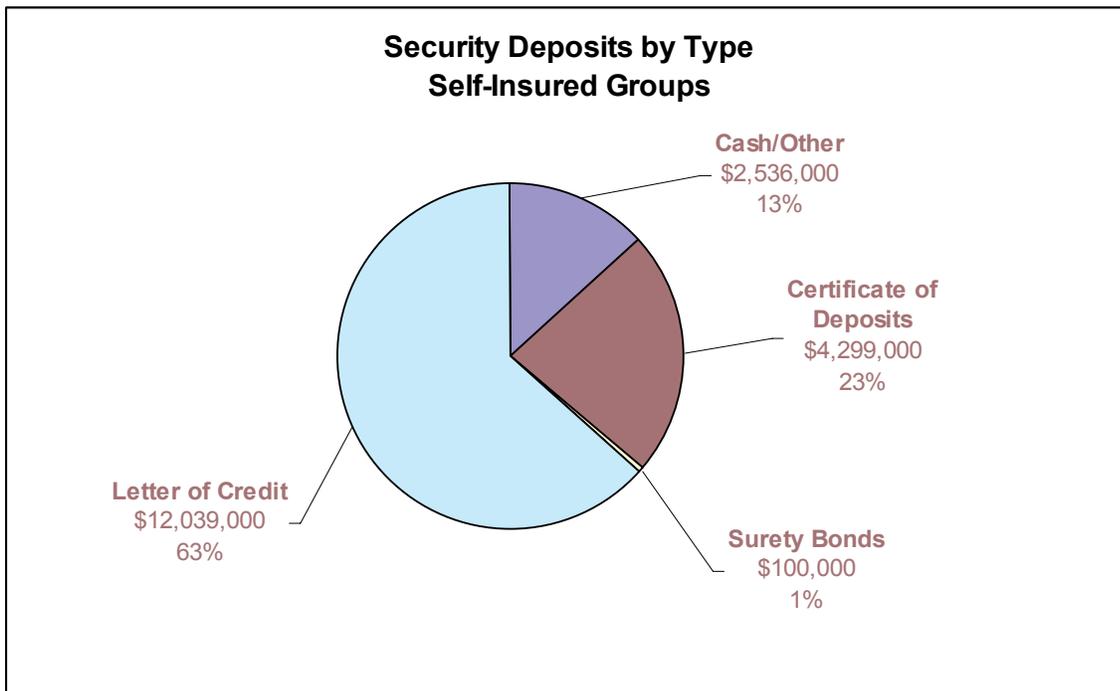


Exhibit II: Security Deposits - Self-Insured Groups



NEVADA INSURANCE GUARANTY ASSOCIATION

The Nevada Insurance Guaranty Association (NIGA), established and operated pursuant to Chapter 687A of NRS, pays claims and refunds premium payments to Nevada consumers when an insurer becomes insolvent. In October 2005, NIGA initiated a declaratory relief action seeking judicial guidance regarding NIGA's coverage obligation for excess workers' compensation claims made by self-insured entities against insolvent excess workers' compensation carriers. The case, involving MGM and Steel Engineers, Inc., sought clarification from the Court on whether excess workers' compensation carriers are deemed "insurers" under the NIGA Act (NRS 687A.020). Specifically, NIGA sought the Court's guidance on whether these insolvent claims should be covered claims under NRS 687A.033.

In April 2007, the Clark County District Court ruled in favor of NIGA and declared MGM and Steel Engineers, Inc. (self-insured employers), as being defined as insurers under NRS 616A.270, since the term insurer is not defined in Chapter 687A of NRS. The Court concluded that for the purposes of the NIGA Act, NRS 616A.270 precludes defendants from receiving NIGA benefits for workers' compensation claims. This decision was appealed by Steel Engineers, Inc., in May 2007 and is currently pending with the Nevada Supreme Court for a final determination of any outstanding issues. The State of Nevada, Department of Business & Industry, Division of Insurance, filed an amicus brief on behalf of MGM and Steel Engineers, Inc., arguing that NIGA should pay the claims. The Supreme Court has scheduled oral arguments for February 2009.