

VERMONT

This manual contains the rules, classifications, rates and rating procedures for the Human Services Professional Liability Program.

Any other rules, rates, or forms approved on behalf of the Company may apply when not in conflict with this program.

Section I. General Rules and Application of the Human Services Professional Liability Product Manual

A. POLICY TERM

All premium and rates contained in this manual are annual, unless otherwise specifically identified. Each renewal or anniversary premium shall be computed according to the then current rules, rates and forms.

B. PROGRAM ELIGIBILITY

This Human Services Program is designed to provide coverage for Human and Social Service organizations that are focused on managing services and programs to improve the wellbeing of individuals, families and communities. The most common type of programs can be geared towards, but not limited to, any or all of the following:

1. **Communities** – consisting of community action agencies, outreach referral services, homeless shelters, food banks, soup kitchens, thrift stores and job skills training;
2. **Developmentally Disabled** – consisting of sheltered workshops, supervised living, group homes, in-home respite care and job skills training;
3. **Youth** – consisting of outpatient counseling, supervised living, group homes, mentor programs and daycare;
4. **Substance Abuse** – consisting of outpatient counseling, detoxification, halfway houses and transitional living;
5. **Behavioral and Mental Health** – consisting of outpatient counseling, supervised living and group homes.
6. **Elderly** – consisting of daycare, outreach services, community centers and meals on wheels.

C. PREMIUM CALCULATION

The premium is calculated using the annual rates, rules and rating factors in **Section II. Rates** of this manual. The premium is then rounded to the nearest dollar amount.

D. LIMITS OF LIABILITY

Basic Limits: \$1,000,000 each claim
 \$3,000,000 aggregate

Refer to **Section II. Rates, Rule C. RATING FACTORS, Paragraph 1, INCREASED LIMITS/DECREASED LIMITS FACTORS** for the available limits and applicable factors.

E. DEDUCTIBLES

Refer to **Section II. Rates, Rule C. RATING FACTORS, Paragraph 2, Deductible Factors** for the available deductibles and applicable factors.

F. MID TERM CHANGES

1. Additional Premium Changes

- a. Prorate changes requiring additional premium
- b. Apply rates and rules in effect on the effective date of the change

2. Return Premium Changes

- a. Compute the return premium in accordance with **CANCELLATION** in this section.

G. CANCELLATION

1. **Pro Rata Cancellation** – The premium is adjusted proportionally based upon the time that the policy has been in force. This method is utilized when the Company cancels the policy or when the insured no longer has an insurable interest in the business.
2. **Short Rate Cancellation** – The premium is not in exact proportion to the time that the policy has been in force. An industry standard factor of 0.9 is applied to the premium that is adjusted proportionally based upon the time that the policy has been in force.

Section II. Rate Rules

A. BASE RATES – PROFESSIONAL LIABILITY COVERAGE PARTS

Human Service Professional Liability Base Premiums

Limit of Liability	Occurrence Base Premium
\$1,000,000 each claim / \$3,000,000 aggregate	\$966

- The base rate per full time para-professional social worker employee is \$46.
- To calculate the premium for a part time worker a factor of .5 is applied to the relativity factor per each applicable professional worker class description.
- Independent contractors are classified and rated based on their equivalent professional worker class description.

The following relativity factors and rates apply to professional workers classified as indicated:

PROFESSIONAL WORKER CLASS DESCRIPTION	RELATIVITY FACTOR Per full time professional
Para-professional/ Treatment Coordinator/Treatment Assistant/Peer Support Specialist	1.0
Homemaker/Home Health Nurse Aide/Sitter/Companion/Clerical/Treatment Technician/Aide/Certified Nursing Assistant	1.3
Resident Manager/Dietitian/Nutritionist	2.1
LPN/Dental Hygienist/Pharmacy Asst/Lab Tech/EKG-Ultrasound Tech/X-Ray Tech/Radiologist Tech/Certified Medical Asst/Medical Technician	2.8
Registered Nurse/Therapist/Teacher/Counselor/Case Manager/Social Worker/Dialysis Tech	3.5
Occupational Therapist/Speech Pathologist	4.1
Medical Director	4.7
Pharmacist	6.2
Physical Therapist/Respiratory Therapist/Phlebotomist/Clergy/Nuclear Medicine Tech/ Radiation Therapist	8.1
Psychologist	13.2
Nurse practitioner/Physician Assistant/Paramedic/EMT	17.3
	RATE
Psychiatrist	\$1,528

Minimum Premium \$1,000

B. OPTIONAL AND ADDITIONAL COVERAGE CHARGES FOR PROFESSIONAL LIABILITY

1. Coverage for Foster Parents for the Developmentally Disabled Endorsement

- If Budget* is less than \$2,000,000, the flat charge is \$75.
- If Budget* is less than \$5,000,000, the flat charge is \$150.
- If Budget* is less than \$10,000,000, the flat charge is \$200.
- If Budget* is equal to or greater than \$10,000,000, the flat charge is \$250.

2. Coverage for Foster Parents Endorsement

This optional coverage will be available when insuring risks that provide Foster Care Services. A factor of 1.05 is applied to the final professional liability premium.

3. Blanket Additional Insured Endorsement

- If Budget * is less than \$2,000,000, the flat charge is \$250.
- If Budget * is less than \$5,000,000, the flat charge is \$500.
- If Budget * is less than \$10,000,000, the flat charge is \$750.
- If Budget * is equal to or greater than \$10,000,000, the flat charge is \$1,000.

4. Additional Insured Endorsement

This optional coverage will be available at the request of the insured and there is a flat charge of \$250.

5. Maximum Limit of Liability – Punitive Damages Endorsement

This optional coverage is available to provide a maximum amount of \$100,000 punitive damages limit of liability coverage where insurable by law. A factor of .95 is applied to the final professional liability premium.

6. Employed Physician Coverage Endorsement

Rates for physicians – These rates shall apply per physician using the following table.

Physician	Class Code	Rate
Physicians-Non Surgical (Excluding Psychiatrists)	80135	\$10,500
Dentists-Non Surgical	80210	\$4,086

***Budget** is the quantitative estimate of revenues and expenses for the projected year. Evaluating the annual budget information is an integral part of the underwriting process. The annual budget is captured on all of the Human Service Professional Liability program applications. Budget is a critical factor in determining whether an account meets the threshold for the large account modification rule and may be entitled to premium modification.

C. RATING FACTORS

The following rating factors apply to all coverages unless otherwise indicated.

1. Increased Limits /Decreased Limits Factors

The limit of liability factors listed below are applied to the Human Services Professional Liability Policy premium:

Limit of Liability	Factor
\$50,000/\$100,000	0.75
\$100,000/\$300,000	0.77
\$250,000/\$500,000	0.80
\$500,000/\$500,000	0.84
\$500,000/\$1,000,000	0.85
\$1,000,000/\$1,000,000	0.95
\$1,000,000/\$2,000,000	0.98
\$1,000,000/\$3,000,000	1.00
\$1,000,000/\$4,000,000	1.03
\$1,000,000/\$5,000,000	1.04
\$2,000,000/\$2,000,000	1.25
\$2,000,000/\$3,000,000	1.43
\$2,000,000/\$4,000,000	1.45
\$2,000,000/\$5,000,000	1.49
\$3,000,000/\$3,000,000	1.65
\$3,000,000/\$4,000,000	1.68
\$3,000,000/\$5,000,000	1.85
\$4,000,000/\$4,000,000	2.15
\$4,000,000/\$5,000,000	2.25
\$5,000,000/\$5,000,000	2.45

2. Deductible Factors – Professional

The deductible factors listed below are applied to the Human Services Professional Liability Policy premium:

Deductible	Factor
\$0.00	1.00
\$1,000	0.99
\$2,500	0.97
\$5,000	0.95
\$10,000	0.90
\$25,000	0.85
\$50,000	0.35

3. Schedule Rating

A schedule rating provision may apply if the Human Services Professional Liability Policy premium is greater than or equal to \$1,000.

Underwriting considerations	Modification Range
Professional experience of applicant	+25% to -25%
Nature of Operations	+25% to -25%
Quality of Risk Management of applicant	+25% to -25%
Education and Training of employees	+25% to -25%

Modification Subject to Maximum Range of +25% to -25%

4. Experience Rating

An experience rating provision shall apply if the Human Services Professional Liability Policy premium, (not including increased limits, deductible credit and schedule rating), is equal to or greater than \$5,000. This rating provision is calculated using historical data of actual claim activity and includes claims expenses, claims reserves and claims payments. Based on a review of the claim activity which analyzes and measures type of claim, frequency of claim and severity of claim, a category and factor is selected from the table below.

Historical claim experience factor shall apply as shown in the table below:

Experience considerations	Factor
No claims in the past 5 or more years	0.80
No claims in the past 3 years	0.90
No claims in the past 1 year	1.00
Total of all claims is 0.44% or less of total of all premiums paid in the same period of time not to be less than a 3 year time period	1.05
Total of all claims is 0.45% or more of total of all premiums paid in the same period of time not to be less than a 3 year time period	1.15
Material payout anticipated for open claim.	1.35
Significant multiple claims reported and/or multiple claims with expected payouts	1.60

5. Extended Reporting Period Factors (Claims Made Only)

In the event of termination of coverage, the Named Insured shall have the right, subject to the limitations in the policy, to purchase coverage for claims arising from covered events that occurred after the retroactive date of coverage, before the expiration date of coverage, and are reported during the Extended Reporting Period (ERP).

The premium due for the optional extended reporting period will be calculated by multiplying the appropriate factor and the annual premium for the final policy term. The appropriate factors are determined according to the length of time requested for the optional extended reporting period and are as follows:

Optional Extended Reporting Period	Factor
1 year	1.00
2 years	1.50
3 years	1.85
4 years	2.00
5 years	2.25

6. Step Factors or Retroactive Coverage (Claims Made Only)

After all other exposure factors have been applied the rates will be modified by a retroactive date factor to account for how far back the retroactive date is from the upcoming policy year. The difference in time will be measured from the retroactive date to the date coverage begins under the policy. Since the retroactive date will not move, this factor will increase every year until it reaches 1.00.

These step factors are applied to occurrence rates shown in **Section II. Rate Rules A. Base Rates – Professional Liability Coverage Part.**

Years From Retro Date to Inception	Factor
0 to < 1	0.45
1 to < 2	0.69
2 to < 3	0.82
3 to < 4	0.91
4 to <5	0.95
5 and greater	1.00
Occurrence	1.00

7. Prior Acts Coverage for Claims Made Conversion to Occurrence (Nose Coverage)

The premium for this coverage will be calculated by multiplying the annual occurrence premium for the policy term by the appropriate factor. The appropriate factors are determined according to the prior acts date of the prior claims-made policy and are as follows:

Prior Years to Inception	Factor
1 year	1.55
2 years	1.75
3 years	1.90
4 years	1.95
5 years and greater	2.00

Section III. Policy Level Rules

LARGE ACCOUNT MODIFICATION

This rule applies to Human Services Professional Liability. A risk may be eligible for the Large Account Modification Rule when the annual estimated budget* is equal to or greater than \$10,000,000. When determining the premium under this rule, we calculate the premiums using our filed rating plans. Premiums are then modified, with supporting documentation in the underwriting file for characteristics that differentiate a risk from the average risk in the class.

***Budget** is the quantitative estimate of revenues and expenses for the projected year. Evaluating the annual budget information is an integral part of the underwriting process. The annual budget is captured on all of the Human Service Professional Liability program applications. Budget is a critical factor in determining whether an account meets the threshold for the large account modification rule and may be entitled to premium modification.