**Explanatory Memorandum – Chiropractor Professional Liability Plus Program**

**Massachusetts**

National Union Fire Insurance Company of Pittsburgh, Pa. submits for your review and approval several forms, rules and rates to be used with its Chiropractor Professional Liability Plus Insurance Program on file with your Department under our filing nos. AIC-13-EO-07 and CHS-11-EO-15. Please be advised that the attached rating rules will replace those currently on file with your Department.   
  
In this countrywide filing, we are making minor changes to our policy forms, applications, and rating rules, and adding two additional endorsements to the program. The details of the changes being made to the program are as follows:

**Policy Forms:**

**108762 (5/15) Chiropractor Professional Liability Plus – Claims Made**

1. Page 1, Paragraph 1 - We are removing the reference to the application from the policy form and the application will no longer be a part of the policy. In our experience on this program, having the application attach to the policy has shown no benefit to the insured or the company and we are removing this reference to simplify the policy for the insured
2. Page 15, Number 6, Paragraph b – We are removing the words “by us” from the insurance requirement that grants an insured a free unlimited Extended Reported Period in the case of Death, Disability or Retirement. It is not our intention to require that the insured be insured continuously by us to be granted this free tail for these life events, but rather that they have been continuously insured on a claims made policy for at least 5 years. This update accomplishes our intent.
3. Page 15, Number 7 – We are reducing the number of years of continuous claims made coverage with the company to qualify for a free tail from 10 to 7. We are also removing the clause that requires any new claims made policy issued within 5 years of the free tail to the insured will be issued at the mature claims made rate. This clause puts the company at a competitive disadvantage with long term valuable insureds, as they can simply go to another carrier and get a first year claims made policy at that time.

**108763 (5/15) Chiropractor Professional Liability Plus – Occurrence**

1. Page 1, Paragraph 1 - We are removing the reference to the application from the policy form and the application will no longer be a part of the policy. In our experience on this program, having the application attach to the policy has shown no benefit to the insured or the company and we are removing this reference to simplify the policy for the insured

**Endorsements:**

**110068 (10/11) Corporate Identity Protection (CIP) Coverage Extension Endorsement**

This endorsement corresponds to the new rating rule 18. It provides Corporate Identity Protection Coverage at an additional cost should the insured wish to purchase it. This endorsement was previously approved on another Healthcare Professional Liability program under filing CHS-11-EO-28 for dentists. We believe this product fits this program very similarly to that, as we are insuring private practice healthcare providers in both programs.

**119248 (6/15) Amendment to Animal Adjusting Exclusion Endorsement**

This endorsement corresponds with rating rule 12 and provides a sublimit of coverage for our insured chiropractors if they choose to purchase coverage for Animal Adjusting services. We anticipate less than 1% of the insured universe partakes in this type of practice, but our insureds do request the coverage and this is our chosen method of providing it.

**Rating Rules:**

**Rule 3 – Classification Procedure**

**Class 1 – Straight Chiropractor**

We are redefining this class as anything not specifically listed in class 2, 3 or 4. The state licensing boards determine what is in the scope of practice of a chiropractor. Based on our experience, we have denoted specific procedures that are deemed to change the exposure basis of a chiropractor, making them class 2, 3, or 4. Anything within the scope of practice not specifically listed in those class plans will be class 1. This rule greatly simplifies the underwriting and application process, as well as makes the process much more transparent to the insureds.

**Class 2, 3, and 4 % of practice qualifier**

So as to not overly penalize chiropractors for their risk profile, we are adding this rule to state that only chiropractors who have procedures in class 2, 3, or 4 as more than 25% of their practice will receive the rate for that class. Otherwise they will be considered class 1 – Straight Chiropractor.

**Class 2 – Modified Straight Chiropractor**

We have updated this section to include only acupuncture. In our experience we have found that ultrasound and diathermy have proven to be treatments used widely in the practice that do not increase the risk profile.

**Class 3 – Mixer Chiropractor**

We have removed Sports Chiropractor from this section. After careful review, we found it unnecessary to change the class of a chiropractor based on their patient universe. The treatments used for Sports Chiropractic have not proven any more risky than Class 1 in our experience.

**Class 4 – Liberal Mixer Chiropractor (Diagnosis/Medical)**

We have combined rules B and C for simplicity as these treatments are rarely performed and fall into the same treatment category.

We have removed Manipulation under Anesthesia and Animal Adjusting and moved to a flat charge system for these procedures to be more consistent with the market.

**Rule 4 – Rating Procedure**

**Corporation/Partnership**

We have changed the rating basis for adding the corporation on a separate limit from 10% of the total professional liability premium to 10% of the five highest rated chiropractors. We’ve found for larger groups this charge becomes prohibitively high at 10% of the total professional liability premium.

**Policy Limits**

We have added the phrase “except where required by law” as states frequently update their liability limit requirements and we aim to provide our insureds with coverage that meets local statutory limits.

**Rule 7 – Group Discount**

We have updated the rating table to determine the discount based on number of chiropractors in the practice rather than premium size. This is largely due to claims made policies where step factors can increase or decrease the premium based on the retroactive date creating the potential for larger premium swings year to year for groups. Using number of chiropractors in practice will keep this more consistent for the insureds.

**Rule 11 – Manipulation under Anesthesia**

We are moving to a flat rate charge on this coverage to be more in line with the market. We anticipate this will effect less than 1% of chiropractors.

**Rule 12 – Animal Adjusting**

We are moving to a flat rate charge on this coverage to be more in line with the market. We anticipate this will effect less than 1% of chiropractors.

**Rule 13 – New Practitioner Discount**

We are removing the phrase “the discount applies only to the first year of coverage with this company” and likewise for second, third and fourth years. This change provides equal rating opportunity to all recently graduated chiropractors interested in our program regardless of prior insurance carrier.

**Rule 15 – Locum Tenens**

We have removed the phrase “coverage is only issued when the replacement chiropractor does not have medical professional liability insurance.” We found this phrase placed too much onus on a chiropractor who may have to suddenly leave their practice for a time and find replacement care for their patients. The intent is to cover the continuing practice for a short time.

**Rule 18 – Corporate Identity Protection Coverage**

# This is a coverage part that we have previously filed for the Dentist Programs under filing number

# CHS-11-EO-28. We have found given data security issues, this is a coverage Chiropractors are requesting more and more. They will have the option to purchase this coverage if desired.

**Applications**

We have made minor clarifying edits to the following applications to make the application easier for our insureds to complete accurately. As the application no longer attaches to the policy, we are hereby withdrawing the filed application for this program where state law allows however we are providing copies of our updated application for transparency.

108764 (8-13) Chiropractor Professional Liability Plus Application

108765(5-13) Chiropractor Professional Liability Plus Renewal Application

108772 (5-13) Student Chiropractor Professional Liability Application

We are also including Corporate Identity Protection Insurance Supplemental Application form number 110087 (11-11) used in connection with the Corporate Identity Protection Coverage (CIP) Coverage Extension Endorsement.