

NHMMJUA
Summary of Operations and Activities
2010-2014

Operations:

Underwriting: During the period 2010 through 11/14, the JUA saw a decrease in the number of insured policyholders as follows:

2010: 676

2011: 550

2012: 504

2013: 469

2014: 457

The current breakdown of policyholders is as follows:

Physicians and Osteopaths:	214
Surgeons:	10
Dentists:	14
Certified Midwives:	10
Chiropractors:	9
Podiatrists:	17
Physician Assistants:	19
Optometrists:	48
Nurses:	50
Facilities:	21
Other:	45

The split between those purchasing Claims Made coverage and Occurrence coverage has remained constant at 65% (C/M) vs. 35% (Occ.). Written Premium at 1/1/10 was \$6.025 Million and at the end of the 3rd Q of 2014 was \$2.073 Million.

The JUA also has funded \$3.4 MM to cover the cost of 'tail' premium for those Claims Made policyholders who will retire under the modified claims made program. According to that plan, any insured holding a claims made policy for at least ten years and fully retires from the practice of medicine at age 55 or later will receive a reporting endorsement ('tail') at no cost.

At 1/1/10, total of 37 policyholders were experience rated for excessive indemnity paid. The number of experience rated policyholders at 11/1/14 is 27.

During the summary period, the JUA has each year offered a fifteen (15%) per cent premium credit to any policyholder taking advantage of a Risk Management home study course. The courses offered have mirrored issues which figure prominently in JUA loss experience such as Misdiagnosis, Record Keeping and Communications among Team Members. For 2014, a total of 182 insureds out of 419 participated in this offering.

Claims: Claims activity during the summary period has been variable as follows:

	<u>Total Paid Indemnity</u>	<u>Outstanding Case Reserves</u>
2010	\$3.4 MM	\$11.3 MM
2011	\$6.9 MM	\$8.8 MM
2012	\$2.8 MM	\$5.6 MM
2013	\$2.9 MM	\$5.5 MM
2014 (Q3)	\$3.1 MM	\$6.4 MM

Since 1984, the JUA has consistently followed the same posture in negotiating closure of claims. NO claim is paid unless the claim is legitimate and the demand is reasonable. In most cases, claims are resolved without resorting to litigation but in the rare circumstance where the claim or demand is deemed unreasonable, litigation is pursued.

Investment Activity: During the summary period, the value of the JUA portfolio has continued to improve. Save for the distribution of the \$110 MM pursuant to SB 170, the value of JUA equity through the period is as follows:

2010:	\$164.5 MM
2011:	\$62.3 MM (\$110 MM paid to policyholders)
2012:	\$76.2 MM
2013:	\$81.9 MM
2014 (Q3)	\$82.9 MM

(N.B. These figures do not include \$8 MM in Stabilization Reserve Fund Assets.)

Actuarial Activity: No rate change was effected in either 2010 or 2011. IN 2012, the JUA increased rates by 12%, in 2013 by 3.5% and in 2014 by 4.0%. In 2013, the JUA Board

established a Premium Deficiency Reserve of \$600K as security in the event that premiums collected were insufficient against projected liabilities and expenses. JUA actuaries have recommended an eighty (80%) per cent rate increase overall for both claims made and occurrence policies for 2015.

Activity:

In 2010, the NH legislature passed Senate Bill 170 obligating the JUA to distribute a surplus of \$110 MM to policyholders of record from 1986. The result of the Senate action has seen a number of material changes to the JUA structure. Most significant is the elimination of the JUA's exemption from federal income tax. The formation of a legislative study commission, also the result of SB 170, has compelled an analysis of the current nature and future structure of the JUA.