BULLETIN TO ALL MEMBERS:

RE: THREE YEAR ENDORSEMENT - MALPRACTICE LIABILITY

In reference to Bulletin No. 61 regarding the issuance of three year malpractice certificates, the following letter being quoted verbatim has just been received in this office from the Insurance Commissioner:

"This will confirm our telephone conversation of February 9, 1959, and our understanding that a three year endorsement providing for adjustment of premium each year if the admitted market rate has changed but committing the non-admitted insurers to continue the policy for three years is not unlawful under our surplus line laws. This decision was predicated upon the proposition that rates would be subject to adjustment each year so that there will be no rate advantage over the admitted market arising out of the three year term."

It will please be noted that it is in order to now issue a three year certificate, provided the policy is endorsed in accordance with paragraph 6 headed "Calculation of premium--three year policies" on page 5 of the "General Rules" Physicians', Surgeons' and Dentists' Professional Liability of the Malpractice Manual of the National Bureau.

No discount for a term policy is permitted.

Please be governed by the above.

[Signature]

MANAGER

EMAIL