

OGRRGA Frequently Asked Questions

Who is eligible to be insured by OGRRGA?

Only obstetricians and gynecologists and groups of obstetricians and gynecologists who meet the underwriting standards of the Company are eligible to become members of the Company, or obstetricians and gynecologists who practice in jurisdictions subsequently developed by the Company. A sole practitioner or a group of obstetricians and gynecologists becomes insured by OGRRGA at such time as he/she/they subscribe(s) with their capital and become(s) mutual owners of OGRRGA and has/have an effective insurance policy issued by OGRRGA. A person (or group) ceases to be an Insured and a Member at such time the Insured is no longer insured by the Company. All OGRRGA members must also be members of the Obstetricians & Gynecologists National Association in Montana, and are automatically enrolled in this Association upon joining OGRRGA.

What type of policies does OGRRGA write?

OGRRGA today operates an insurance business providing professional medical malpractice liability insurance coverage with only \$1,000,000 per patient occurrence and up to \$3,000,000 in total annually to ob/gyn applicants who become insured. The policy covers claims for which the insured obstetricians and gynecologists are legally responsible and which might arise out of acts or omissions in connection with the delivery of professional medical services. Separate coverage may be provided for a professional organization (e.g., a partnership or corporation). A single separate per patient and annual total limit applies to the organization. The policy does not cover fines, penalties or punitive or exemplary damages that an Insured may be required to pay and does not cover claims arising out of dishonest, fraudulent, criminal or malicious acts. OGRRGA provides coverage on a claims-made basis. Under a claims-made policy, an RRG provides coverage only for claims that are reported during the policy period and that relate to professional services that an Insured performed or should have performed after the retroactive date stated in the policy. For purposes of determining whether a particular claim is covered by the policy, it would be considered to have been reported to OGRRGA on the date that the accident or incident, which eventually gives rise to the claim, was first reported to OGRRGA. The policy generally covers claims arising out of actions occurring FIVE YEARS prior ("Nose Coverage" or "Prior Events Coverage") to the inception of coverage by the Company. Upon termination of its liability insurance policy, OGRRGA may also offer continuing coverage ("Tail Coverage") on a case-by-case basis to its Member obstetricians and gynecologists. To physicians who have been claims-free for at least 10 years and who are so approved by the company's Underwriting & Risk Management Committee, or who meet the requirements of the Company's Risk Management and Loss Prevention programs, OGRRGA may provide a discounted capital and premium policy relationship.

By providing five years' prior events coverage, OGRRGA hopes to assist those physicians who have had to "go bare" due to extreme insurance costs, and to help those who might save cash by "going bare" prior to taking on insurance with OGRRGA.

OGRRGA has obtained reinsurance, which allows it to offer the five types of coverage limits outlined above.

Final coverage terms and conditions of the policy are subject to change. Always refer to the policy form itself as controlling. A sample policy is provided in this information package. However, please note that individual policies may differ as to endorsements, exclusions and other elements. Read your policy carefully.

Will OGRRGA continue to expand its geographical coverage?

New Jersey, Connecticut, Florida and the other five states in which OGRRGA is approved are attractive market for the RRG given that there are some 9,000 licensed and active obstetricians and gynecologists from whom to solicit membership. The company hopes to extend its offering of coverage to all states in the U.S. upon the development of actuarial analysis for its new proposed state markets, and subject to the approval of the RRG's Board of Directors for such expansion.

Expansion of the geographical coverage through prudent application of stringent underwriting requirements benefits OGRRGA as it may enhance profitability, provide for diversification of risk and for an increase in surplus from new membership. Final geographical expansion requires the approval of the Montana Department of Banking and Insurance.

For how long am I committed to maintain my insurance coverage with OGRRGA?

Members must maintain their insurance coverage with OGRRGA for a minimum of two years. In order to remain an insured, an eligible ob/gyn will purchase insurance coverage from OGRRGA, regardless of the financial condition of the OGRRGA or the amount of the annual premium to be charged and regardless of the amount of the capital contribution that the Insured will make. The Board of Directors intends to set the annual premiums, which vary by county, at the lowest possible level required to maintain the actuarially determined fiscal integrity of the RRG.

Can I finance my capital contribution to OGRRGA or my insurance premium?

Several entities provide secured or unsecured, signature-based low-cost five-year term recourse loans for obstetricians and gynecologists to finance all or a portion of their capital contribution. Currently, most of our members are financed by First Insurance Funding, a large, successful provider of premium and capital financing. Under certain conditions the Company itself can finance a member's capital contribution. However, please note that the members' capital interest in OGRRGA cannot be pledged, transferred, assigned or hypothecated to any party.

Who is the manager of OGRRGA?

Medical Development and Management Co, Inc. ("MDMC"), a privately owned corporation domiciled in Delaware, with its principal office in Miami, Florida, is the manager for OGRRGA reporting to the Board of Directors. MDMC is responsible for marketing, underwriting, policy administration, billing and claims management functions for OGRRGA in accordance with the policies established by its Board of Directors. MDMC receives management fees for its services. These fees consist of a base fixed fee plus variable fees based on the number of insured doctors. OGRRGA has also contracted with Risk Services, LLC of Sarasota, Florida to provide certain administrative, accounting and other functions to support its operations. Risk Services, LLC is an insurance brokerage and management company, and has extensive experience in the creation and management of risk retention groups such as OGRRGA. Two principals of MDMC will serve on the OGRRGA Board of Directors. Gene Rosov is President of OGRRGA and Michael Mazzola is OGRRGA's Treasurer.

Who handles underwriting, policy decisions, pricing and application review at OGRRGA?

All applications are initially reviewed by MDMC to determine compliance with the underwriting guidelines established by OGRRGA's Underwriting and Risk Management Committee (URMC), and all applications are reviewed and approved by the URMC. The underwriting process may include an on-site review and includes preparation of an underwriting file for each potential insured. MDMC presents its recommendations for eligibility to the Committee, including pricing of the policy, which will make a decision as to acceptance.

If appropriate, a quotation as to the amount of the required capital contribution and the annual premium is presented. An individual becomes an insured of OGRRGA upon payment of the required annual premium installment and the required contribution to surplus and finally upon the issuance of a policy of insurance.

What factors are considered in the underwriting process?

MDMC, in conjunction with OGRRGA's Underwriting and Risk Management Committee, evaluates the degree of underwriting risk associated with each application for insurance on the basis of documentation review, and accepts or rejects the proposed member. The OGRRGA Underwriting and Risk Management Committee has adopted underwriting standards to be applied in determining the acceptance or rejection of eligible obstetricians and gynecologists for insurance. Underwriting standards developed by the Company are applied in evaluating applications for insurance and determining possible underwriting actions. Various factors are considered, including the prospective Insured's county of residency, the recommendation of MDMC's review team, and the claims history of the individual prospective Insured and his/her practice.

Are members required to meet underwriting criteria annually?

Insureds must be evaluated and policies underwritten each year. Pursuant to the Company's underwriting standards, Insureds may be required to participate in loss prevention and risk management education programs adopted by OGRRGA and will work with the Underwriting and Risk Management Committee on annual or semi-annual practice reviews. Insureds may earn premium refunds through participation in the Company's loss prevention and risk management education programs. All members are required to have all their patients sign binding arbitration agreements to protect the company, the membership capital, and the members' premiums from legal actions against the members.

Are tail policies offered?

In the event of cancellation or non-renewal of a policy by an Insured or by OGRRGA for a reason other than non-payment of Annual Premiums or contribution to surplus, the Insured has the right upon application to the Company's Underwriting & Risk Management Committee, and the Board of Directors, to purchase for an additional premium an extended reporting policy, more commonly referred to as a "tail policy," provided such Insured requests the policy in writing within 30 days of policy cancellation or non-renewal. If, however, an Insured's policy is rendered void for reasons of fraud, such Insured will not be permitted to purchase the extended reporting policy.

Pursuant to this extended reporting policy, the RRG allows the reporting of claims made after the cancellation or non-renewal of the expiring policy, but which arose from acts that occurred on or after the retroactive date of the Insured's expiring policy coverage and prior to the termination of the expiring policy term.

The length of the extended reporting period and the premium to be charged for the coverage will be determined based upon the rules and rating plans in place at the time the extended reporting policy begins, as well the amount of such premium to be charged. Such benefits will be provided

at no charge to Insureds who become totally disabled, to the beneficiaries of Insureds who die, and to Insureds who retire at any age after having continually been insured with the Company for the previous five years. All applications for such coverage will be reviewed and ruled upon by the Company's Underwriting & Risk Management Committee, by the Board of Directors, and are ultimately subject to the oversight of the Department of Banking and Insurance of the State of Montana, as required by the federal Liability Risk Retention Act of 1986.

Is OGRRGA a rated insurance carrier?

For some period of time, OGRRGA will not have a financial strength rating from A.M. Best Company. Once OGRRGA has demonstrated a successful operating history it will seek such a rating. Typically, a five-year operating history is required for an A.M. Best rating. The absence of an A.M. Best rating does not indicate anything other than a lack of longevity, as several "A.M. Best rated" carriers have become insolvent, and many unrated carriers are financially secure and have been for decades.

Does OGRRGA participate in state insurance guaranty funds?

As a risk retention group under the federal Liability Risk Retention Act, OGRRGA is exempt from most of the insurance laws and regulations of jurisdictions other than the State of Montana. Accordingly, Insureds do not receive the benefits that such regulation might provide, including the benefits of state insurance insolvency guaranty funds established under state law for the purpose of paying the claims of policyholders whose insurance companies become insolvent.

OGRRGA is substantially and effectively reinsured by prestigious "A rated" reinsurers through Lloyd's of London. OGRRGA's reinsurance covers all claims against the company for \$750,000 excess of \$250,000 for all its million-dollar policies. The Company believes that the state insurance guaranty funds do not generally provide effective protection for physicians, and in some cases represent a meaningful liability to doctors.