

ROBERT L. EHRLICH, JR.  
Governor

R. STEVEN ORR  
Commissioner

MICHAEL S. STEELE  
Lt. Governor

JAMES V. MCMAHAN, III  
Deputy Commissioner

LESTER C. SCHOTT  
Associate Commissioner  
Examination and Auditing

525 St. Paul Place, Baltimore, Maryland 21202-2272  
Direct Dial: 410-468-2119 Fax: 410-468-2101  
Email: lschott@mdinsurance.state.md.us  
1-800-492-6116 TTY: 1-800-735-2258  
www.mdinsurance.state.md.us

### **MIA BULLETIN 06- 26**

**TO:** Property and Casualty Insurance Companies Holding Certificates of Authority to Write Medical Professional Liability Insurance Business in Maryland

**SUBJECT:** Maryland Health Care Provider Rate Stabilization Fund - Rate Stabilization Account - Procedures for Calculating 2007 State Subsidies and Obtaining Reimbursements from the Rate Stabilization Account

**DATE:** December 1, 2006

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MIA Bulletin 05-7, *Procedures for Obtaining Reimbursements from the Maryland Health Care Provider Rate Stabilization Fund - Rate Stabilization Account*, described in detail how Chapter 1, Laws of Maryland 2005 (Senate Bill 836) created the Maryland Health Care Provider Rate Stabilization Fund (the "Fund"), which consists primarily of premium tax revenue collected from health maintenance organizations and managed care organizations. The Fund is divided into three sub-funds: the Rate Stabilization Account (the "RS Account"); the Medical Assistance Program Account (the "Medicaid Account"); and a third component consisting of funds that are not allocated to either the RS Account or the Medicaid Account.

Monies allocated to the RS Account are to be used to pay authorized medical professional liability insurance premium subsidies ("State Subsidies") to medical professional liability insurers who wish to participate in the Fund ("Participating Insurers") on behalf of policyholders who are eligible health care providers.

MIA Bulletin 06-19 advised Participating Insurers of the 2007 Subsidy Factor to be used in computing the 2007 State Subsidies. This Bulletin provides Participating Insurers with information and instructions for Subsidy Year 2007 as to the procedures and forms to be used by Participating Insurers a) how State Subsidies are to be calculated; b) the procedures and forms to be used by Participating Insurers when applying to the RS Account for reimbursement; and c) what Participating Insurers must do to prepare for the statutorily mandated annual audit of their reimbursement requests.

## *Calculating 2007 State Subsidies*

For policies with an effective date during Subsidy Year 2007, the State Subsidy is to be calculated as the policyholder's premium for the prior year (as clarified below) times the *2007 Subsidy Factor*. Premium increases resulting from the imposition of a surcharge and/or the loss of a discount due to the policyholder's loss experience are not subject to the State Subsidy.

Under §19-805(e) of the Insurance Article, Participating Insurers are required to calculate the amount of the State Subsidy they expect their eligible policyholders to receive and to notify those policyholders of that amount on an annual basis. Each notice must give the eligible policyholders the opportunity to decline the State Subsidy.

In calculating the State Subsidy for Subsidy Year 2007 applicable to each eligible policyholder who does not decline the State Subsidy, the Administration recommends that Participating Insurers utilize the following methodology in order to conform to the requirements that the Administration has developed for evaluating and auditing requests for reimbursement from the Rate Stabilization Account:

1. Determine the rating factors applicable to the policyholder at the time that the 2007 Subsidy Year policy was issued (e.g., medical specialty, applicability of discounts, etc., exclusive of those factors related to loss experience). These are the *2007 Subsidy Year Rating Factors*.
2. Calculate the amount of premium that would have been charged to the policyholder in the current year (Subsidy Year 2007) by applying the policyholder's *2007 Subsidy Year Rating Factors* to the approved rates in effect in 2006. This is the *2006 Rate Premium*.

Please note that the *2006 Rate Premium* may be different than the actual premium charged to the policyholder in 2006. This is because the *2006 Rate Premium* should be computed using the policyholder's *2007 Subsidy Year Rating Factors*, which may have changed since the time the previous policy was issued. For example, a policyholder may have changed from working part time to full time, or may have changed specialties.

3. Premiums resulting from the imposition of a surcharge due to the policyholder's loss experience are not included in the *2006 Rate Premium*, since these amounts are not subject to the State Subsidy.
4. Premium increases resulting from a change in any discount due to the policyholder's loss are eliminated from the *2006 Rate Premium* by including any discounts on the *2006 Rate Premium* at the loss-related discounts in effect during Subsidy Year 2006, rather than those in effect during Subsidy Year 2007. Any changes in premium as the result of increases in discounts due to the policyholder's loss experience would be included in the *2007 Subsidy Year Rating Factors*.
5. Multiply the *2006 Rate Premium* by the *2007 Subsidy Factor*. This is the *2007 State Subsidy*.

6. Subtract the *2007 State Subsidy* from the 2007 premium that would have been billed to the policyholder, calculated in accordance with the 2007 rates and 2007 rating factors. This is the *2007 Subsidized Premium*.

### ***Applying for Reimbursement***

#### ***I. Reimbursement Application Procedures and Rate Stabilization Account Reimbursement Form***

§19-805(e) of the Insurance Article provides that a Participating Insurer seeking reimbursement from the RS Account on behalf of eligible policyholders must apply for reimbursement, on at least an annual basis, on a form and in the manner approved by the Commissioner. Attached to this Bulletin is the 2007 “Rate Stabilization Account Reimbursement Form” which has been adopted by the Commissioner. Each Participating Insurer is required to complete this form and to deliver it to the Administration in order to obtain reimbursement from the RS Account.

The Form and the supporting Schedules (the “quarterly report”) are to be completed and filed with the Administration on a quarterly basis. Each Participating Insurer should file their quarterly reports as soon as practicable after they have determined with reasonable certainty the amount of the State Subsidy reimbursement the Participating Insurer is eligible for in that quarter (See further comments on determining the reimbursement amount under the heading “*Timing of Reimbursement Requests*”). Any changes to the reimbursement amount for a quarter as a result of transactions processed after the report is filed (e.g., for new policies, endorsements and cancellations) should be adjusted for in the next quarterly report. Once filed, the Commissioner has a 60-day period in which to review and process the reimbursement requests.

The quarterly report will show: a) the amount of the State Subsidy in aggregate for all policies written or renewed from the beginning of Subsidy Year 2007 to the end of the period covered by the report, calculated in the manner described above under “Calculating 2007 State Subsidies”; b) the reimbursement amount previously requested on prior quarterly reports for the subsidy year; and c) the reimbursement amount requested with the current report. In this regard, the reports for the year will be cumulative.

The Rate Stabilization Account Reimbursement Form consists of 4 parts. The Summary Information Page seeks aggregate information regarding the amount of the reimbursement requested. Specifically, Participating Insurers are required to provide:

- The number of eligible policyholders on whose behalf reimbursements are being requested at the time that the Form is submitted;
- The aggregate premium charged by the insurer at the 2007 Subsidy Year approved rates, for those policyholders covered by the request, exclusive of 2007 Subsidy Year premium surcharges or loss of discounts due to policyholders’ loss experience;

- The aggregate premium determined by the insurer by applying the 2007 Subsidy Year rating factors to rates in effect during the 2006 subsidy year for those policyholders covered by the request, exclusive of premium surcharges or loss of discounts due to policyholders' loss experience;
- The gross 2007 State Subsidy;
- The amount of the 2007 State Subsidy to be requested in future quarterly reports (i.e., for policies that pay on an installment basis, the portion of the State Subsidies related to installment payments that are due in future periods);
- The amount of any dividend to be declared by a Participating Insurer which is a mutual company;
- The amount of 2007 State Subsidy to be applied to 2008 Subsidy Year policies as directed by the insured;
- The net amount of the 2007 State Subsidy reimbursement requested;
- The amount of the net 2007 State Subsidy reimbursement previously requested on prior quarterly reports; and,
- The amount of net 2007 State Subsidy reimbursement requested with the current quarter report.

Schedule A seeks similar information, broken down by geographic territory and provider classification.

Schedule B requires Participating Insurers to provide the Administration with several examples of how the insurer computed the State Subsidy for individual policyholders. While circumstances will vary from insurer to insurer, the Administration expects each insurer to provide a sufficient number of examples (e.g., 5 to 10 examples) to demonstrate that the insurer properly computed the State Subsidy under the various scenarios encountered. The examples should demonstrate that the State Subsidy for the policy in question represents the premium for the 2007 Subsidy Year rating factors at the rates in effect one year before the date that the policy was issued times the *2007 Subsidy Factor*. In addition, the examples should demonstrate that the State Subsidy does not include the amount by which any rate increase results from premium surcharges and/or the loss of discounts due to the providers' loss experience. The Schedule B format included in this Bulletin is an example only. Individual carriers may submit an alternative format that reflects their rating scheme, provided that similar information is provided.

Finally, Schedule C requires Participating Insurers to report the names, classifications and geographical territories of all eligible policyholders who have elected not to receive a State Subsidy.

An electronic version of the Rate Stabilization Account Reimbursement Form will be posted with this Bulletin on the Administration's web site ([www.mdinsurance.state.md.us](http://www.mdinsurance.state.md.us)) under 'Insurer Services' – 'Bulletins' – 'Examination & Auditing' – '2006 Bulletins'.

## ***II. Timing of Reimbursement Requests***

The Administration's objective is to provide State Subsidy reimbursements to Participating Insurers as close as possible to the date the Participating Insurers would have received the related premium from their policyholders.

For carriers whose policyholders renew on a single, common date, four quarterly reports will need to be filed for Subsidy Year 2007. For carriers whose policyholder renewals are staggered throughout Subsidy Year 2007, up to eight quarterly reports will be required to address all policies for Subsidy Year 2007 (i.e., reports will be required until the last policy written or renewed in a Subsidy Year has expired, which could be up to two years, or eight quarters, from the date the first policy for a Subsidy Year was written or renewed).

Each quarterly report should request reimbursement for an amount of the 2007 State Subsidies proportionate to the amount of premiums due to the Participating Insurer during that quarter (up to the date of the end of the period covered by the report). For policies that were due to be paid in full during that quarter, the Participating Insurer should request reimbursement for 100% of the related State Subsidies. For policies that are paid on an installment basis, the Participating Insurer should request reimbursement for the portion of State Subsidies equal to the portion of the annual premiums due to the Participating Insurer during that quarter. For example, if a policyholder pays premiums in equal installments due each quarter, the Participating Insurer should request reimbursement for 25% of the related State Subsidy each quarter. Appropriate adjustments should be reported for policy endorsements and cancellations.

In the event that a policyholder elects to have the 2007 State Subsidy applied against the policyholder's 2008 premium, the Participating Insurer should request reimbursement for that amount in the 2007 quarterly report filed immediately prior to the start of Subsidy Year 2008.

Finally, the Administration is aware of circumstances where policy endorsements affecting 2007 policies may be recorded up to two years after the end of the 2007 Subsidy Year. To the extent that such a policy endorsement is processed and the endorsement would change the 2007 State Subsidy amount due to the policyholder, the Participating Insurer should submit another quarterly report and either request an additional State Subsidy payment or provide a refund to the Administration.

## ***Preparing for the Audit***

Senate Bill 836 requires the Commissioner or the Commissioner's designee to conduct an annual audit to verify the information submitted by each Participating Insurer applying for reimbursement from the Rate Stabilization Account. For each policyholder for whom the insurer

requests reimbursement from the Rate Stabilization Account, the insurer will need to maintain and make available for audit purposes sufficient documentation to support the accuracy of the State Subsidies disbursed. This documentation shall include:

- (1) The 2007 Subsidy Year policy and rate computation, including details of all premium discounts and surcharges, including premium surcharges and discounts lost due to a health care provider's loss experience;
- (2) The policy and rate computation for the policy issued one year before the date that the 2007 Subsidy Year policy was issued, including details of all premium discounts and surcharges, including premium surcharges and discounts lost due to a health care provider's loss experience; and
- (3) A computation of the amount of the State Subsidy for each eligible policyholder.

For audit purposes, Participating Insurers will need to maintain documentation of how the State Subsidy applicable to each individual policyholder was determined and totaled to support the aggregate Rate Stabilization Account reimbursement amount requested. The Administration may request additional information it deems necessary to verify the accuracy of the reimbursement amount requested by a particular insurer.

#### ***Administration Contact***

Questions concerning this bulletin may be directed to Lester C. Schott, Associate Commissioner, at 410-468-2119.

R. STEVEN ORR  
INSURANCE COMMISSIONER

By: Signature on file with original document  
Lester C. Schott  
Associate Commissioner  
Exam and Auditing Section

**MARYLAND INSURANCE ADMINISTRATION  
RATE STABILIZATION ACCOUNT REIMBURSEMENT FORM  
FOR SUBSIDY YEAR 2007**

**SUMMARY INFORMATION**

Page 1 of 3

- (1) Period covered by this report \_\_\_\_\_, 200\_  
to  
\_\_\_\_\_, 200\_
- (2) Number of policyholders for whom subsidies are being requested \_\_\_\_\_
- (3) Aggregate premium charged by the insurer at the 2007 approved rates, for those policyholders covered by this request, exclusive of 2007 surcharges or loss of discounts due to loss experience \$ \_\_\_\_\_
- (4) Aggregate premium determined by the insurer by applying to the 2006 rates the 2007 rating factors for those policyholders covered by this request exclusive of 2007 surcharges or loss of discounts due to loss experience \$ \_\_\_\_\_
- (5) Gross 2007 State Subsidy amount \$ \_\_\_\_\_
- (6) 2007 State Subsidy reimbursement amount to be requested in future quarterly reports (i.e., for new or renewal policies written that pay on an installment basis, the portion of the State Subsidies related to installment payments that are due in future periods) \$ \_\_\_\_\_
- (7) Gross 2007 State Subsidy reimbursement amount [(5) – (6)] \$ \_\_\_\_\_
- (8) Amount of any dividend declared by a Participating Insurer that is a mutual insurer \$ \_\_\_\_\_
- (9) Amount of 2007 State Subsidies to be applied to 2008 Subsidy Year policies as directed by the insured \$ \_\_\_\_\_
- (10) Net 2007 State Subsidy reimbursement amount [(7) – (8) – (9)] \$ \_\_\_\_\_
- (11) Net 2007 State Subsidy reimbursement amount requested in prior quarterly reports \$ \_\_\_\_\_
- (12) Net 2007 State Subsidy reimbursement amount requested with the current quarterly report [(10) – (11)] \$ \_\_\_\_\_

**MARYLAND INSURANCE ADMINISTRATION  
RATE STABILIZATION ACCOUNT REIMBURSEMENT FORM  
FOR SUBSIDY YEAR 2007**

**SUMMARY INFORMATION**

Page 2 of 3

For the amount on line 5 of Page 1 of 3:

- (1) Gross State Subsidy amount for which payment of 100% of premium was due as of the report date \$ \_\_\_\_\_
- (2) For policies written or renewed in the first quarter of Subsidy Year 2007 that pay on an installment basis, the portion of the Gross State Subsidy amount for which payment of premium was due as of the report date \$ \_\_\_\_\_
- (3) For policies written or renewed in the first quarter of Subsidy Year 2007 that pay on an installment basis, the portion of the Gross State Subsidy amount for which payment of premium is due in future periods \$ \_\_\_\_\_
- (4) For policies written or renewed in the second quarter of Subsidy Year 2007 that pay on an installment basis, the portion of the Gross State Subsidy amount for which payment of premium was due as of the report date \$ \_\_\_\_\_
- (5) For policies written or renewed in the second quarter of Subsidy Year 2007 that pay on an installment basis, the portion of the Gross State Subsidy amount for which payment of premium is due in future periods \$ \_\_\_\_\_
- (6) For policies written or renewed in the third quarter of Subsidy Year 2007 that pay on an installment basis, the portion of the Gross State Subsidy amount for which payment of premium was due as of the report date \$ \_\_\_\_\_
- (7) For policies written or renewed in the third quarter of Subsidy Year 2007 that pay on an installment basis, the portion of the Gross State Subsidy amount for which payment of premium is due in future periods \$ \_\_\_\_\_
- (8) For policies written or renewed in the fourth quarter of Subsidy Year 2007 that pay on an installment basis, the portion of the Gross State Subsidy amount for which payment of premium was due as of the report date \$ \_\_\_\_\_
- (9) For policies written or renewed in the fourth quarter of Subsidy Year 2007 that pay on an installment basis, the portion of the Gross State Subsidy amount for which payment of premium is due in future periods \$ \_\_\_\_\_

NOTE – See the attached “Summary Information Worksheet” for additional guidance on the preparation of this schedule.



**MARYLAND INSURANCE ADMINISTRATION  
RATE STABILIZATION ACCOUNT REIMBURSEMENT FORM  
FOR SUBSIDY YEAR 2007**

**SUMMARY INFORMATION**

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**ATTACHED SCHEDULES**

Schedule A: Summary by Classification and Geographical Territory.

Schedule B: Providers Electing to Not Receive State Subsidies.

Schedule C: State Subsidy Computation Examples.

**CERTIFICATION**

Under penalty of perjury, the undersigned designated officer of \_\_\_\_\_ certifies that to the best of my knowledge and belief the information included in this Rate Stabilization Account Reimbursement Form is a true and correct statement for the period specified.

(SEAL) Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**MARYLAND INSURANCE ADMINISTRATION  
 RATE STABILIZATION ACCOUNT REIMBURSEMENT FORM  
 SCHEDULE A: SUMMARY BY CLASSIFICATION AND GEOGRAPHICAL TERRITORY**

<b>Geographical Territory</b>	<b>Provider Classification</b>	<b>Number of Policyholders for Whom Subsidies are Being Requested</b>	<b>Premium Charged at the 2007 Approved Rate Exclusive of 2007 Surcharges or Loss of Discounts Due to Loss Experience</b>	<b>Premium Applying to the 2006 Rate the 2007 Rating Factors Exclusive of 2007 Surcharges or Loss of Discounts Due to Loss Experience</b>	<b>State Subsidy Amount</b>
Territory 1 (e.g., Baltimore County)	Classification (e.g., Anesthesiology)	#	X	Y	Y x subsidy factor
<b>Total Territory 1</b>		<u>∑ #</u>	<u>∑ X</u>	<u>∑ Y</u>	<u>∑ (Y x subsidy factor)</u>
Territory 2 (e.g., Western Maryland)	Classification (e.g., Anesthesiology)	#	X	Y	Y x subsidy factor
<b>Total Territory 2</b>		<u>∑ #</u>	<u>∑ X</u>	<u>∑ Y</u>	<u>∑ (Y x subsidy factor)</u>
<b>Grand Totals - All Territories Combined</b>		<u>∑ #</u> (NOTE 1)	<u>∑ X</u> (NOTE 2)	<u>∑ Y</u> (NOTE 3)	<u>∑ (Y x subsidy factor)</u> (NOTE 4)

NOTE 1 - Grand Total should equal the amount reported on line 2 of the Summary Information section of the Rate Stabilization Account Reimbursement Form Summary Information sheet

NOTE 2 - Grand Total should equal the amount reported on line 3 of the Summary Information section of the Rate Stabilization Account Reimbursement Form Summary Information sheet

NOTE 3 - Grand Total should equal the amount reported on line 4 of the Summary Information section of the Rate Stabilization Account Reimbursement Form Summary Information sheet

NOTE 4 - Grand Total should equal the amount reported on line 5 of the Summary Information section of the Rate Stabilization Account Reimbursement Form Summary Information sheet

**MARYLAND INSURANCE ADMINISTRATION  
RATE STABILIZATION ACCOUNT REIMBURSEMENT FORM  
SCHEDULE B: STATE SUBSIDY COMPUTATION EXAMPLES**

**Components of Premium**

Classification: \_\_\_\_\_  
 State Rating Territory: \_\_\_\_\_  
 Year of Policy: \_\_\_\_\_  
 Other (Specify) \_\_\_\_\_  
 Other (Specify) \_\_\_\_\_

	NOTE 1	NOTE 2	NOTE 3
	Actual 2006 Subsidy Year Premium	2006 Rate Premium	Actual 2007 Subsidy Year Premium
I. Base Rate	10,000	10,000	12,000
II. Premium Discounts not due to Loss Experience			
Discount 1 - 2006 Rate	0.00% 0		
Discount 1 - 2007 Rate	0.00%	0	0
Discount 2 - 2006 Rate	0.00% 0		
Discount 2 - 2007 Rate	0.00%	0	0
III. Premium Surcharges not due to Loss Experience			
Surcharge 1 - 2006 Rate	0.00% 0		
Surcharge 1 - 2007 Rate	0.00%	0	0
Surcharge 2 - 2006 Rate	0.00% 0		
Surcharge 2 - 2007 Rate	0.00%	0	0
IV. Premium Surcharges and Discounts due to Loss Experience			
Surcharge - 2006 Rate	2.00% 200		
Surcharge - 2007 Rate	3.00%		360
Discount - 2006 Rate	4.00% (400)		(2)
Discount - 2007 Rate	0.00%		
Net Premium to Insured	9,800	10,000	12,360
2007 Subsidy Factor		x 17%	
2007 State Subsidy		2,500	(2,500)
2007 Subsidy Year Subsidized Premium			9,860

NOTE 1 - This column represents the actual premium charged to the policyholder during 2006, before a subsidy.

NOTE 2 - This column represents the premium that would have been charged to the policyholder for a policy issued at the approved rates in effect one year before the date that the Subsidy Year 2007 policy was issued, using the policyholder's *Subsidy Year 2007 Rating Factors*.

NOTE 3 - This column represents the actual premium charged to the policyholder in Subsidy Year 2007 at the approved rate.

NOTE 4 - The insurer will need to adjust the formulas for computing discounts and surcharges based upon its own rating mechanism.

NOTE 5 - Senate Bill 836 provides that the State Subsidy may not include the amount of a rate increase resulting from a premium surcharge or the loss of a discount due to a health care provider's loss experience. In order to properly exclude these from the computation of the State Subsidy, the insurer should report these amounts as follows:

(1) Surcharges: The 2007 Subsidy Year Surcharges due to Loss Experience are not included in the 2006 Rate Premium column.

(2) Discounts Lost due to Loss Experience: If a policyholder qualified for a discount for the policy issued one year before the date that the 2007 Subsidy Year policy was issued, but was no longer eligible for or has had a reduction in that discount for the policy issued in the 2007 Subsidy Year, the insurer should include the discount on this line in the 2006 rate premium column at the same discount rate in effect for the policyholder during Subsidy Year 2006. This will ensure that the additional premium the policyholder is paying because of the loss of or reduction in the discount is not included when the 2007 Subsidy Factor is applied.



**MARYLAND INSURANCE ADMINISTRATION  
RATE STABILIZATION ACCOUNT REIMBURSEMENT FORM  
FOR SUBSIDY YEAR 2007**

**SUMMARY INFORMATION WORKSHEET**

	<b>First Subsidy Year 2007 Filing</b>	<b>Second Subsidy Year 2007 Filing</b>	<b>Third Subsidy Year 2007 Filing</b>	<b>Fourth Subsidy Year 2007 Filing</b>	<b>Fifth Subsidy Year 2007 Filing</b>	<b>Sixth Subsidy Year 2007 Filing</b>	<b>Seventh Subsidy Year 2007 Filing</b>	<b>Final Report for Subsidy Year 2007</b>
<b>State Subsidies Included on Page 1, Line (5):</b>								
<b>Policies Paid in Full</b>	100% of Subsidy for policies written or renewed in 1Q that paid in full	100% of Subsidy for policies written or renewed thru 2Q that paid in full	100% of Subsidy for policies written or renewed thru 3Q that paid in full	100% of Subsidy for policies written or renewed thru 4Q that paid in full	100% of Subsidy for policies written or renewed thru 4Q that paid in full	100% of Subsidy for policies written or renewed thru 4Q that paid in full	100% of Subsidy for policies written or renewed thru 4Q that paid in full	100% of Subsidy for policies written or renewed thru 4Q that paid in full
<b>Policies Paid on an Installment Basis</b>	25% of Subsidy for policies written or renewed in 1Q that paid in installments	50% of Subsidy for policies written or renewed in 1Q that paid in installments	75% of Subsidy for policies written or renewed in 1Q that paid in installments	100% of Subsidy for policies written or renewed in 1Q that paid in installments	100% of Subsidy for policies written or renewed in 1Q that paid in installments	100% of Subsidy for policies written or renewed in 1Q that paid in installments	100% of Subsidy for policies written or renewed in 1Q that paid in installments	100% of Subsidy for policies written or renewed in 1Q that paid in installments
		25% of Subsidy for policies written or renewed in 2Q that paid in installments	50% of Subsidy for policies written or renewed in 2Q that paid in installments	75% of Subsidy for policies written or renewed in 2Q that paid in installments	100% of Subsidy for policies written or renewed in 2Q that paid in installments	100% of Subsidy for policies written or renewed in 2Q that paid in installments	100% of Subsidy for policies written or renewed in 2Q that paid in installments	100% of Subsidy for policies written or renewed in 2Q that paid in installments
			25% of Subsidy for policies written or renewed in 3Q that paid in installments	50% of Subsidy for policies written or renewed in 3Q that paid in installments	75% of Subsidy for policies written or renewed in 3Q that paid in installments	100% of Subsidy for policies written or renewed in 3Q that paid in installments	100% of Subsidy for policies written or renewed in 3Q that paid in installments	100% of Subsidy for policies written or renewed in 3Q that paid in installments
				25% of Subsidy for policies written or renewed in 4Q that paid in installments	50% of Subsidy for policies written or renewed in 4Q that paid in installments	75% of Subsidy for policies written or renewed in 4Q that paid in installments	100% of Subsidy for policies written or renewed in 4Q that paid in installments	100% of Subsidy for policies written or renewed in 4Q that paid in installments
Gross 2007 State Subsidy reimbursement amount (Page 1, Line (7))	0	0	0	0	0	0	0	0

Note: The purpose of this page is to provide guidance to Participating Insurers on the amount of State Subsidy funds that should be requested in the quarterly reports for policies that are paid in full and those that pay on an installment basis. This worksheet can be used to develop the information reported on page 2 of the Summary Information portion of the quarterly reports.

The portions of the installment payments shown above (e.g., 25%) are for illustration purposes only. The Participating Insurer should include an amount of the 2007 State Subsidies proportionate to the amount of the installment payments due through the end of the period covered by the report.

The State Subsidy amounts included in each cell above should be the amounts related to premiums payments actually due on or before the ending date of the period covered by the report. State Subsidy reimbursement amounts related to premium payments due in the quarter, but after the ending date of the period covered by the report, should be included in the next quarterly report. Any changes to the reimbursement amount for a quarter as a result of transactions processed after the report is filed (e.g., policy endorsements and cancellations) should be adjusted for in the next quarterly report.