



a member of the Berkshire Hathaway group of businesses

Actuarial Importing

November 17, 2008

Medical Protective: Company Profile

\$700MM Medical Malpractice Premium


72,000 Customers Nationwide

- 46,000 Physicians / Surgeons (44 States)
- 26,000 Dentists (48 States)
- 60 Hospitals (30 States)

Physician Med Mal is a Concentrated Market

No. of Companies	No. of States at 75% Mkt Share	No. of States at 50% Mkt Share
1	10	37
2	23	9
3	7	5
4	4	0
5	2	0
6+	5	0





Outsourcing decisions based on resource gaps ... staff projects that we 'never got around to'

Dedicated, Out-Sourced Actuarial team for Dental Business

- Member of the Portfolio Team
- Annual State Rate Reviews and Filings
- DOI Interactions and Responses

Design and Maintenance of Competitor Rate Database

- Monitor Availability of New Filings
- Translate Filings into Template Format
- Load and Maintain Database



Outsourcing Issues

Who directs the resources – The BPO or You?

How much time is spent on BPO related administration?

Proprietary Process / Tools (Consultant Risk)

Connectivity Issues – No Hard Drives

Contractual Complications

Keys to Success

Create a culture where the outsourced team feels like part of the home office team.

- Schedule meetings at times when all can attend
- Include in Staff Meetings
- O/S team present work
- Celebrate 'in spirit'

Keep Communication Channels Open

- US Manager needs to be available when there is overlap – both early and late
- Have weekly (the more the better) status meetings

Travel

- Visit the O/S Office annually
- Have select O/S team members to US for OJT

Keys to Success

O/S Team Development

- Provide feedback for yearly reviews and input for development plans
- Have one-over-one discussions with all team members

Be a Teacher – Test Understanding

- What is a reasonable result?
- Ask the team questions
- Don't accept head nodding
- Have them describe next steps

Compensation

- Bonus plan tied to long term retention and performance

Exams – Institute of Actuaries of India (IAI)

Syllabus Overview

CT Series

CT1 - Financial Mathematics
CT2 - Finance and Financial Reporting
CT3 - Probability and Mathematical Statistics
CT4 - Models
CT5 - General Insurance, Life and Health Cont.
CT6 - Statistical Methods
CT7 - Economics
CT8 - Financial Economics

CA1 - Core Applications Concepts
CA3 - Communications

Specialist Technical Stage (ST)

ST1 - Health and Care
ST2 - Life Insurance
ST3 - General Insurance
ST4 - Pension and Other Employee Benefits
ST5 - Finance and Investment A
ST6 - Finance and Investment B

Specialist Application Stage (SA)

SA1 - Health and Care
SA2 - Life Insurance
SA3 - General Insurance
SA4 - Pension and Other Employee Benefits
SA5 - Finance
SA6 - Investment

Exam Waiver Credits

Subject of the Faculty of Actuaries, Institute of Actuaries, Institute of Actuaries of Australia, or Institute of Actuaries of India	Waiver Granted for CAS Exam/Educational Experience
CT1	Exam 2/FM
CT2	VEE-Corporate Finance
CT3	Exam 1/P
CT4, CT5, CT8	Exam 3
CT6	Exam 4/C and VEE-Applied Statistical Methods
CT7	VEE-Economics

Exams – Med Pro's India Student Program

Blend of IAI and CAS exams

- Core Module > CAS Associate Module > CAS Fellowship Module
- Core Module > CAS Associate Module > ASI Associate Module

Study Time Provided for all Modules

Support for Exam Materials and Seminars

Exam Increases ... More for CAS Exams

Membership Dues

Outsourcing vs. Importing

Efficiency & Control

- Improved communication and work product
- Individual Employee Development
- Removes risk of BPO interference

Costs – Salary, Transition and Administration

	Outsource	Short Term Visa	Long Term Visa
Comp & Bene	75%	158%	125%
Incentive Plan	8%		
Travel	17%	3%	
<hr/> Total	100%	162%	125%
*Transition		16,000	10,000
*Visa			5,000

Overview of Visa Types

L1 Visa

- BPO Employed Intra-company Transferee
- No Annual Quota ... Flexible Start Dates
- No Employer Attestations Required
- Dependent on Company Model
- Maximum of 6 years
- Higher Costs w/ BPO Margins

H1B Visa

- US Employed Professional in a Specialty Occupation
- Limited Annual Quota ... 4/1 Application & 10/1 Start
- Extensive Employer Attestations Required
- 6 years + extensions
- Standard FTE Cost + Visa Process