

Notes

MEDICAL  MUTUAL
Liability Insurance Society of Maryland

FROM THE CHAIR OF THE BOARD

July 2000

MEDICAL MUTUAL to file for rate increase

After a period of relative stability in the medical liability insurance environment in the mid-1990s, deteriorating legal trends over the past three years are now exerting very serious pressures on physicians and their insurers. Despite the continued efforts of insurance companies, such as MEDICAL MUTUAL, to advocate for tort reform and hold the line on rates, it is necessary for fiscally responsible carriers to react to these worsening conditions. For this reason, MEDICAL MUTUAL has filed a request to raise rates with the Maryland Insurance Administration.

We take very seriously the decision to raise our rates. But, we know far too well what failing to take timely and appropriate action can mean. Some insurers, including several who insured a significant number of Maryland physicians, have gone into liquidation in recent years. Other carriers have abandoned the physician liability market altogether, or delayed too long and been forced to take very large rate increases. We believe the better course of action is to recognize the changing environment at this time and take modest steps to deal with it.

As a physician-owned company we have always felt a unique responsibility to honor our fiduciary duty by managing our financials to ensure long-term stability and avoid drastic price fluctuation. Our superior defense team has insulated us from much of the adverse trends in the claims area that others are seeing. Even so, we continue to see an upward trend in loss severity, or the dollar cost of each paid claim. In spite of this growing severity problem, our average rate has not increased over the past five renewal years.

To respond to this continuing up-trending claims severity, it is necessary we take a rate increase to be effective 1/1/2001. Consequently, we have filed with the Maryland Insurance Administration for an overall rate increase of 7%. This is the average increase and will vary among specialties consistent with loss experience. However, no specialty will experience a net payment increase that exceeds 10%.

A hearing may be requested with respect to our rate increase filing pursuant to §11-208(e) of Subtitle 2 of the Insurance Article of Maryland. An order, hearing or refusal of a hearing by the Commissioner may be appealed under Subtitle 5 of Title 11 of the Insurance Article of Maryland.

Sincerely,



D. Ted Lewers, M.D.
Chair of the Board

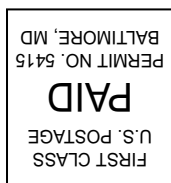


RISK MANAGEMENT REMINDERS:


- There are dozens of informative risk management programs remaining on our 2000 schedule. If you haven't already attended a seminar, register today! Physician participants receive CME credits and a 5% premium discount on year 2001 medical professional liability renewal policies. If you have attended a session, register for a second program at a reduced fee and receive additional CME credits, or register your medical office staff for our "CPT Coding" or "Trustbusters" programs. (*Note: You can receive CME credits for every seminar you attend. But, you can only receive a maximum of one 5% risk management premium discount per year.*)
- Don't forget to take the quiz on "Internet Liability" included in the Spring/Summer issue of our *Doctors RX* risk management newsletter. Successful completion of this activity earns you one CME credit.

NEW ON THE WEB . . .

The Risk Management Department is pleased to announce several convenient new features on the MEDICAL MUTUAL web site (www.weinsuredocs.com). Driving directions are now included for each seminar location. To help you in managing your liability risk, a new section has been added to the web site. The Risk Management Reference Library allows you to read or download insightful articles on important patient care and liability issues. Additionally, starting in 2001 you will be able to easily register and pay for program registrations on-line with a secure credit card transaction.



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