



MEDICAL MUTUAL Insureds Offer Strong Response to Member Survey

MEDICAL MUTUAL recently mailed a member survey to our Insureds. The questionnaire was designed to help us determine the best ways to continue to meet your professional liability insurance needs in this fast-changing world.

YOUR RESPONSE HAS BEEN WONDERFUL!

We have received a tremendous amount of information and feedback from our Policyholders. Please accept our very sincere thanks for your time and assistance. We will share highlights of the survey results with you in a future issue of this newsletter. Most importantly, we will use the data and your comments to provide even better service to you!



Notes

MEDICAL MUTUAL
Liability Insurance Society of Maryland

Fall/Winter
2001
Issue

FROM THE CHAIR OF THE BOARD

- Premium Rates to Remain Unchanged for 2002
- Tort Reform Dividend Credit Returned to Policyholders
- MEDICAL MUTUAL Receives National Accreditation
- A.M. Best Reaffirms "A-" (Excellent) Rating
- More News Inside!



Notes

MEDICAL MUTUAL
Liability Insurance Society of Maryland

FROM THE CHAIR OF THE BOARD

October 2001

Dear MEDICAL MUTUAL Member:

Please take a few minutes to carefully read this newsletter. This issue of *Notes* contains important news for our Policyholders.

First, we are happy to say we will not be taking a rate change for the January 1, 2002 renewal. Additionally, we are very pleased to be able to announce a 24% Tort Reform Dividend Credit for 2002. Since January 1989, MEDICAL MUTUAL has returned almost \$175,000,000 in Tort Reform Dividend Credits to Policyholders. Additional details on this topic are enclosed and, as always, your broker or our Customer Service Representatives are available to answer any specific questions you may have.

Second, this issue of *Notes* includes information on the problems facing the medical professional liability insurance market in the United States. We expect continuing pressure on insurance companies in the form of increased claims severity. Your awareness and understanding of the key issues are vital to our efforts to meet this challenge.

Lastly, we will also report to you on our recent member survey, the reaffirmation of our "A-" (Excellent) A.M. Best rating, the stress management section of our web site, and our new four-year national accreditation as a sponsor of continuing medical education for physicians.

MEDICAL MUTUAL appreciates your trust and will work tirelessly in the coming year to earn your continued confidence. Because of your loyalty we expect to remain strong and be the number one professional liability insurer of physicians in Maryland.

Sincerely,

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

HEADLINES

2002 Premium Rates To Remain Unchanged

2002 MEDICAL MUTUAL premium rates will remain unchanged from 2001 for Maryland Policyholders.

Tort Reform Dividend Credit

MEDICAL MUTUAL is pleased to announce that we will be providing a 24% Tort Reform Dividend Credit for policies renewed for 2002.

A.M. Best Reaffirms MEDICAL MUTUAL'S "A-" (Excellent) Rating

A.M. Best has once again issued an "A-" (Excellent) rating for MEDICAL MUTUAL in recognition of our financial strength.

MEDICAL MUTUAL Receives National Accreditation

MEDICAL MUTUAL is now nationally accredited for four years as a sponsor of continuing medical education for Physicians.

MEDICAL MUTUAL
Liability Insurance Society of Maryland
Box 8016, 225 International Circle
Hunt Valley, MD 21030

FIRST CLASS
U.S. POSTAGE
PAID
PERMIT NO. 5415
BALTIMORE, MD

Premium Rates to Remain Unchanged for 2002 Renewals

There will be no premium rate increase for MEDICAL MUTUAL Policyholders in 2002. Despite a national trend of large price increases, caused in part by increased claims severity, MEDICAL MUTUAL is able to maintain current rates for the coming year. Much of the credit for this is due to the company's long term commitment to fiscally responsible pricing and efficient operations. Although price increases are avoided whenever possible, MEDICAL MUTUAL has implemented them when absolutely needed to ensure that our premiums are consistent with loss experience. We feel gradual increases and a financially sound insurer are much better alternatives than sudden, huge increases or an insolvent insurance company.

Turmoil in the Medical Professional Liability Insurance Market: Questions and Answers

Q. Is there a new "Malpractice Crisis"?

A. It will appear so to Insureds in particularly hard-hit states, such as West Virginia and Pennsylvania, as well as Policyholders of some insurance companies. To maintain their financial viability in the face of increasingly larger jury verdicts against Physicians, many insurers across the country are taking huge rate hikes. These changes are sometimes high double-digit or even triple-digit amounts. Even this step may be too-little too-late for selected companies. PHICO, at one time one of the country's largest liability insurers, was recently placed in rehabilitation by the Pennsylvania Insurance Department. This has left thousands of Physicians scrambling for coverage with other carriers.

Q. What is the cause?

A. Two factors are frequently cited. First, some companies kept premiums artificially low for years to gain market share. Second, the cost of closing claims has risen dramatically in many areas due to growing jury awards and settlement costs. Prudent insurers implemented regular but moderate rate increases to ensure adequate premiums to cover these claims. However, those insurers who have been underpriced are now forced to raise rates substantially.

Q. Does this situation affect MEDICAL MUTUAL?

A. Yes, but in a much more limited manner. We are feeling the impact of rising claims costs. Fortunately, MEDICAL MUTUAL has never backed away from hard decisions. If a rate increase was justified based on actual claims experiences and exposures, then we took one as it was needed. We have also never tried to buy market share with irresponsible pricing. Because of this consistently foresighted approach we do not now face the same pressure to raise rates that others are experiencing. Most importantly, MEDICAL MUTUAL has worked aggressively for years to help enact significant medical malpractice legal reforms in Maryland. This has improved the environment in which medical malpractice issues are resolved for Physicians and has been critical to the more stable medical professional liability setting in Maryland. The benefits to Maryland Physicians from the MEDICAL MUTUAL approach are many. In fact, as a result of these legal reforms, in combination with judicious claims management, we are able to return millions of dollars this year to our Insureds as a Tort Reform Dividend Credit. And, because of our financial strength and stability we can remain a dependable, long-term source of protection for you and your practice.

IMPORTANT NEWS FOR 2001

Tort Reform Dividend Credit Announced for 2002

For the 13th consecutive year, the MEDICAL MUTUAL Liability Insurance Society of Maryland is pleased to announce that we will be returning a Tort Reform Dividend as a credit to your 2002 renewal policy. The dividend percentage for 1/1/2002 renewal policies will be 24%. This dividend is the positive result of our aggressive advocacy efforts on behalf of Maryland Physicians. As a mutual company these additional savings are returned to our Insureds in dividend credits. Since January 1989, MEDICAL MUTUAL has returned almost \$175,000,000 in Tort Reform Dividend Credits to our Policyholders.

MEDICAL MUTUAL Receives Four Year National Accreditation

At its July 2001 meeting, the Accreditation Council for Continuing Medical Education (ACCME) took action on the reaccreditation of the MEDICAL MUTUAL Liability Insurance Society of Maryland. The ACCME determined that MEDICAL MUTUAL has fulfilled the accreditation requirements set forth by the ACCME and accredited MEDICAL MUTUAL as a provider of continuing medical education for physicians for a period of four years. The ACCME accreditation, which included several "Exemplary Compliance" ratings, is given only for educational programs meeting the high standards of the Essentials and Standards for accreditation as specified by the ACCME. We think this decision confirms that the risk management programs offered to our Insureds are among the nation's finest! If you would like additional information about the risk management services we can offer you, including details about the CME credits and discount on your MEDICAL MUTUAL professional liability insurance policy, please call 410-785-0050 or 800-492-0193.

A.M. Best Reaffirms "A-" (Excellent) Rating for MEDICAL MUTUAL

The A.M. Best Company, the world's oldest and most authoritative source of insurance company ratings, has reaffirmed its "A-" (Excellent) rating for MEDICAL MUTUAL in recognition of our strong financial position and operating performance. The "A-" rating is given by A.M. Best to "companies which have, on balance, excellent financial strength, operating performance and market profile when compared to the standards established by the A.M. Best Company. These companies...have a strong ability to meet their ongoing obligations to policyholders." A.M. Best ratings are independent third-party evaluations that subject all insurers to the same rigorous criteria, and can be a valuable benchmark for comparing insurers.

MEDICAL MUTUAL Offers Free, Online Stress Management Program

Due to the changing nature of the health care delivery system, Physicians face more than their share of stress. Growing government regulations, rising practice costs, increased litigation, downward pressures on earnings and many other factors exert enormous daily pressure. To assist you, MEDICAL MUTUAL offers a free, online educational program on stress management specifically created for Physicians. This program is available 24/7, at your convenience, at www.weinsuredocs.com, the MEDICAL MUTUAL web site on the internet. Visit the site today to review reference material on stress, tips and techniques for stress management, and a comprehensive list of links to other stress management web sites.