



# THE MAGNET™



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REGIONAL SOURCE FOR IMPORTANT PHYSICIAN INFORMATION

## Risk Management Tips

### Be Prepared to Answer Questions

In his new book, "I Need an Operation... Now What? A Patient's Guide to a Safe and Successful Outcome," Thomas R. Russell, MD, FACS, the Executive Director of the American College of Surgery, advises patients to ask 10 questions before having surgery:

1. Is this operation absolutely necessary and what could happen if I choose to forego it?
2. What are the likely long-term effects of this procedure?
3. Are you Board certified in the surgical procedure you'll be performing on me?
4. Do you perform this procedure on a regular basis?
5. Do you plan to do this procedure in a hospital or in your office?
6. How do other patients with health factors and surgical needs such as mine fare under your care?
7. What are the potential complications I could face and are you prepared to handle them?
8. What is the risk of infection?
9. Could I die?
10. What is my role as I recover from this procedure?

Dr. Russell says "Patients should know that they can improve their odds for a good outcome if they do their homework "up front." In this book he also lists helpful pre-and post-operative tips for patients..

These questions are important parts of the informed consent form and MAG Mutual's Risk Management Consultants recommend answering questions like these during the informed consent discussion. Research shows that informed patients make better decisions about their healthcare, have less anxiety, spend fewer days in the hospital, are more likely to "buy-in" with post operative care instructions and require few analgesics – prompting quicker recuperation.●

### How Premium Rates Are Determined

When articles are published and stories told about the cost of medical professional liability insurance premiums, it can get confusing and the facts are often distorted. As a physician-owned and led mutual insurer, we want you to understand how your policy's rates are set, so that you can make the most informed purchasing decision for your practice.

Independent actuaries use the following to determine premium rates: expected claims expenses the company will incur to defend physicians and pay injured patients, expenses necessary to run the company and provide policyholder services, investment income and profit. The most important factor by far is the claims expense. For this issue, we'll focus on the impact of those expenses on premiums.

The major difference in pricing insurance vs. pricing other products or services is that insurance rates are based on predictions of the future, using past experience as a guide. The actual number of claims and the cost of a claim – severity and length of time to defend and close the case – is not known when the policy is sold. Therefore actuarial science is used to determine premium rates.

A leading independent actuary in medical professional liability insurance develops MAG Mutual's rates, using past loss experience as a guide. Premiums can vary from physician for geographic location. There is an old saying in the insurance business that simplifies the message: "the losses are the losses – and losses drive the rates."

MAG Mutual is required to file actuarially determined rates with each state's Department of Insurance, where they are closely analyzed, authorized and monitored.

#### Competitive Pricing

Some insurers may initially offer premiums that are less than actuarially sound. They usually do so to "buy" market share, but since the "losses are the losses," these companies are likely to

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## In Practice. In Life.

### Protection from Computer-based Liabilities

After the terrorist attacks of 9/11, the White House warned of the destructive and costly potential that hackers and computer viruses posed to businesses. It strongly recommended they seek appropriate coverage for commercial data and other computer-based assets.

Many of us have no clue that cyber liability issues ranging from privacy to viruses can be devastating for a medical practice. Everyday technologies such as the Internet and even prescription reminders could put your data at risk.

Cyber security liability results from a seemingly minor network security failure, allowing unfettered access to computer networks - opening your practice up to the theft of data.

Many practices keep patient credit card information on file, however, notification after a security breach can be expensive and time consuming. The law requires that every affected person be notified their information may have been compromised. Most practices believe they're covered under general liability insurance or standard crime policies. However, those products are not designed to cover cyber losses.

MAG Mutual's Cyber Liability Insurance covers threats from viruses; disruption of web sites; unauthorized use of computer networks; extortion; crisis management and liability against lawsuits.

To learn more about Cyber Liability Insurance offered through MAG Mutual Insurance Agency, call **1-800-586-6891**.

\*MAG Mutual Insurance Company does not provide coverage for these products. Insurance is provided through nationally recognized insurance companies.

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raise premiums quickly to recoup the dollars needed to cover their actual claims expenses. As a policyholder-owned insurer, our goal is to offer the lowest possible premiums to our physicians and maintain a stable and fiscally responsible insurance company.

Companies who ignore or discount actuarially sound rates must sometimes make trade-offs with other areas to show a profit. Whether it's in the way claims are handled and defended (i.e., using out-of-area third parties to manage claims or hiring less experienced lawyers and expert witnesses), poor risk management, providing minimal customer service; a policyholder will soon learn the differences between that approach and MAG Mutual. MAG Mutual is recognized within the industry and by its satisfied policyholders as providing local, experienced and superior claims management and legal defense. Led by physicians on the company's Board of Directors and on the Claims and Underwriting, committees, our commitment to excellent policyholder service is unmatched.●

### Seminars Need a Lift?

MAG Mutual's Speaker's Bureau can present to your organization interesting and informative programs on a variety of topics free of charge. An educational service to the medical community, we provide speakers for meetings with specialty societies, hospitals, medical societies, office managers' associations and more.

Popular topics include medical liability trends, risk management guidelines, personal financial planning, employment practices and asset protection strategies. For more information about the Speaker's Bureau or to schedule a program, contact Steve Davis at **1-800-282-4882 ext. 5690** or email him at [sdavis@magmutual.com](mailto:sdavis@magmutual.com).

## New! 0% Premium Installment Financing Plans

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