



THE MAGNET™



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NORTH CAROLINA'S SOURCE FOR IMPORTANT PHYSICIAN INFORMATION

Risk Management Tips

Up-to-the Minute FDA Patient Safety Alerts

Recent surveys of practicing physicians reveal that more than 90% want patient safety alerts sent to them immediately online instead of the current "Dear Doctor letters" they receive via traditional U.S. mail – a process that can be slow and error prone.

In 2006, the FDA endorsed the online delivery of such alerts as preferable in most cases to paper-based delivery. The iHealthAlliance, comprised of representatives from medical societies, liability carriers, patient advocacy groups and the FDA, created the Health Care Notification Network (HCNN) in order to improve the speed and efficacy of the delivery of FDA-mandated patient safety alerts to physicians and other healthcare providers.

Because the HCNN uses a dedicated online network as the primary alert notification vehicle, subscribers can be confident they will receive recall alerts in a fast and effective manner – before their patients learn about them in the press. The HCNN may also be used to notify physicians in the event of national public health emergencies or bio-terror events.

HCNN is completely free to those who sign up, and guarantees that physician email addresses will not be shared, sold, or leased to any third parties. Physicians are encouraged to send the safety alerts to patients using secure, HIPAA compliant language and tools.

MAG Mutual's Senior Management and Risk Management Consultants recommend policyholders register for HCNN. We believe this system will improve patient safety and reduce physician liability risks. For more information on HCNN and to enroll in the service, go to www.magmutual.com/riskmanagement or contact HCNN at www.hcnn.net.

How Premium Rates Are Determined - Part II

In an earlier issue, we discussed the most important and largest cost factor in determining premium rates: expected claims expenses the company will incur to defend physicians and pay claims. In this issue, we'll focus on the remaining factors and their impact on premiums: Expenses necessary to run the company and provide policyholder services, investment income and profit.

When highlighted in the media, medical professional liability insurance premiums are usually depicted as increasing and decreases are rarely reported. How rates are actually determined often gets overlooked. As a physician-owner, it is important to understand how your policy's rates are determined.

MANAGING OPERATING EXPENSES

Every month your Board of Director's, comprised primarily of physicians, meets with members of MAG Mutual's management team. The leadership is committed to keeping operating expenses as low as possible, while maintaining our focus on defending, advocating and providing exceptional service for our policyholders.

INVESTMENT INCOME/PROFIT

Investment income consists of interest, dividends and similar income received from the invested assets held by a company. Statutory restrictions are typically conservative and limit the amount and types of investments MAG Mutual can make. Therefore, the company's investments are largely held in bonds with less than 10 percent invested stocks.

An independent actuary reviews all investments and includes investment income and profit in the calculation to establish premiums. As a mutual company, we may return a portion of any profits to policyholders as dividends.

Note: Beginning June 1, 2007, MAG Mutual began returning a \$10 million dividend to its policyholders.

(Continued on page 2)

In Practice. In Life.

Just for MAG Mutual Policyholders:

New Choices of Guaranteed Issue, Payroll Deductible Life Insurance.

Through MAG Mutual Financial Services, Inc.'s alliance with Partners Benefit Group, we can now offer special multiple-life, payroll deductible insurance options.*

Term Life Insurance

Special offer for MAG Mutual medical liability policyholders:

- Rates are guaranteed for the first five years
- Guaranteed issue for \$50,000 (employee only)

Whole Life Insurance

Special offer for MAG Mutual medical liability policyholders:

- Guaranteed Issue up to \$12 per week (employee only)
- Guaranteed Issue for employee spouses and dependent children for \$2 per week

Universal Life Insurance

Special offer for MAG Mutual medical liability policyholders:

- Guaranteed Issue up to \$12 per week (employee only)

Call **1-800-300-7983** for more information and options.

* Insurance provided by and applicants are subject to the underwriting standards of The Cincinnati Life Insurance Company. This is not a policy. For a complete statement of coverage's and exclusions, please see the policy contract.



(How Premium Rates Are Determined Part II, continued from page 1)

COMPETITIVE PRICING

Occasionally some insurers do charge lower premiums than MAG Mutual, however these rates are not always actuarially sound and may be used to "buy" market share. History shows us that these companies are likely to raise premiums later to recoup the dollars needed to cover actual claims and operating expenses (and in order to show a profit). As a result, trade-offs are made in many important areas and policyholders soon learn the differences between that approach and MAG Mutual's.

Our goal is to offer the lowest possible premiums to our physicians while maintaining a stable and fiscally responsible market.●

Save the Date! Greensboro Healthcare Heroes, June 26

MAG Mutual Insurance Company is sponsoring the Triad Business Journal's HealthCare Heroes Awards, Thursday, June 26, 6 to 9 p.m. at the Embassy Suites in Greensboro.

The 2nd annual event recognizes outstanding individuals who have made a significant impact in the community for their commitment to and compassion for the field of medicine. The honorees will also be recognized in a special publication of the Business Journal's on June 27th. MAG Mutual is proud to serve as a partner in honoring these everyday champions. To purchase tickets go to www.triangle.bizjournals.com/triad/. For more information, contact Grace Johnston-Smith at the Business Journal at **336-370-2905**.●

Kudos!

Congratulations to: **Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P.**, one of the law firms that defends MAG Mutual physicians in North Carolina.

In evaluating the law firms in North Carolina practicing medical liability law, **The Best Lawyers in America 2008** ranked Smith Anderson's Medical Professional Liability practice #1 in the State, with a separate #1 ranking in the Raleigh-area. Compiled annually, Best Lawyers bases its rankings on a multi-tiered review process which includes confidential balloting of thousands of North Carolina lawyers and phone interviews. MAG Mutual is proud to have you on our team of talented medical professional liability defense attorneys. We want to hear from you! Fax news tidbits to **404-842-3369**.●

0% Premium Installment Financing Plans

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