



# THE MAGNET™



VOL. 26 NO. 2 - 2008

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REGIONAL SOURCE FOR IMPORTANT PHYSICIAN INFORMATION

## Risk Management Tips

### 10 Steps to Reduce Employment Liability Exposure

It's a fact that new developments in employment law emerge daily, making it difficult for even the most prudent employer to avoid Employment Practices Liability (EPL) claims. However, there are key components that should be addressed in every EPL program. Every medical practice should:

1. Consolidate human resources functions.
2. Develop and enforce clear policies and procedures for hiring, training, supervision, discipline and discharge of employees.
3. Inform employees that discrimination and harassment will not be tolerated. Employees should know the procedure to file complaints.
4. Communicate policies and procedures verbally, and in its employee handbook.
5. Update its handbook on at least an annual basis.
6. Consider hiring an outside trainer to update managers and supervisors proper and procedures to avoid common employment-related mistakes.
7. Conduct annual seminars for all staff on the organization's human resources policies.
8. If an incident does occur, handle the situation with the employee(s) involved promptly. Contemporaneous documentation is vital.
9. Secure EPL insurance appropriate for your organization.
10. Avoid treating your own employees for work-related injuries.

Protect your practice with EPL coverage from MAG Mutual Insurance Agency, LLC. Call Chip Goen today at

**1-800-294-1735** or visit [www.magmutual.com/mmia](http://www.magmutual.com/mmia).

Insurance provided through MAG Mutual Insurance Company or other carriers.

### 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)*

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

## 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.



### 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.

**Looking for an interesting speaker?** MAG Mutual's Speaker's Bureau can help! Contact **Steve Davis** at **1-800-282-4882**.

## When a Physician Retires

For most people, retirement invokes thoughts of extensive travel, enjoying leisure activities and spending time with friends and family. However, before heading off to cruise the world, physicians, must put certain safeguards in place to ensure a smooth transition for patients and themselves.

MAG Mutual insureds are entitled to a free reporting endorsement upon their full and complete retirement from the practice of medicine (tail coverage) if they have been insured with the company for at least the past five years and are at least 55 years of age. To receive the benefit, notification of retirement must be sent to MAG Mutual in writing. For example, if you have been insured with MAG Mutual:

- **5+ years = reporting endorsement is free of charge**
- **4 years = reduction of 80%**
- **3 years = reduction of 60%**
- **2 years = reduction of 40%**
- **1 year = reduction of 20%**

It is recommended that physicians notify their colleagues, employees and all active patients at least two months prior to leaving or closing the practice. This will allow enough time for and patients will have time to have their records transferred to a new physician. It is important to retain all medical records and if a patient requests his/her medical records, send copies only. A MAG Mutual Retention Associate can provide detailed procedures that will make retirement worry-free. Call **1-800-282-4882** for more information. ●

## 0% Premium Installment Financing Plans

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MAG Mutual Insurance Co.  
P.O. Box 52979  
Atlanta, GA 30355-0979

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