

By Physicians. For Physicians.

(How Premium Rates Are Determined Part II, continued from outside flap)

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 Directors, 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 \$10 million to our policyholders-owners.

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**.●

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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.●

Insurance provided through MAG Mutual Insurance Company or other carriers.

MAG Endorsement is Renewed

The Board of Directors of MAG Mutual Insurance Company is proud to announce the renewal of the exclusive endorsement by the Medical Association of Georgia.

As the leading medical liability insurer of Georgia's physicians, MAG Mutual's exclusive endorsement, first initiated in 1989, continues the long history the two entities have shared. The endorsement renewal began October 1, 2007.●

Partners Benefit Group Alliance Unveiled

In October MAG Mutual Financial Services Inc. (MMFSI), began to offer an exciting new benefit for policyholders' practices, providing physicians access to a variety of benefits for their employees.

We've aligned with the Partners Benefit Group, LLC (PBG), a full service Georgia-based agency providing health, dental and vision insurance and other group employee benefits.

The consumer-driven plans are designed to lower employer premiums, while providing employees complete coverage.

MMFSI provides a wide array of financial services and employee benefit programs through alliances with carefully selected, national and local companies that focus on providing superior products.

For detailed information about available services call **Mr. Carroll Curry** at **1-800-300-7983**.●

Georgia Chamber of Commerce Discount Membership

Gearing up for Georgia's '08 legislative session and any attempts to undo tort reform, the Georgia of Commerce and the

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MAG MUTUAL®
Because your patients come first.

INSURANCE • FINANCIAL SERVICES
OFFICE SOLUTIONS • PRACTICE MANAGEMENT

In Practice. In Life.

Auto, home and personal liability insurance - ONE trusted source.

Group and Package Rates. MAG Mutual Service.

MAG Mutual Insurance Agency, LLC offers insurance for **your auto, home and personal assets** with several financially strong insurers. We can tailor your coverage, with pricing you won't find anywhere else. Best of all, you'll have a single contact for your personal insurance needs.

To find out more, call Donna Freeman at **1-800-295-5120** or visit us at www.magmutual.com/insurance/home-auto.html for a free, no-cost, no-obligation review and analysis.

MAG Mutual Insurance Company does not provide coverage for these products. Insurance provided through nationally recognized providers.

(Georgia Chamber of Commerce Discount Membership for Policyholders, continued from page 1)

Medical Association of Georgia, supported by MAG Mutual Insurance, are galvanizing their efforts. Since its passage in 2005, tort reform has been weakened through court decisions, but the Georgia Chamber of Commerce and other organizations have continued their efforts to preserve the law.

In an effort to assist in protecting our medical community, the Georgia Chamber of Commerce and MAG Mutual want to be sure your voice is heard and has arranged a special Chamber membership rate for MAG Mutual policyholders. The membership rate of \$195 is 50% off the regular rate and covers all doctors within a practice! A phenomenal savings!

For more information, please call Tom King, SVP, Georgia Chamber of Commerce at **404-223-2278**.

Georgia Supreme Court Rules on Misdiagnosis Case

The Georgia Supreme Court recently ruled in the case of Canas v. Kaminer. The case involves a plaintiff who had surgery two months after his birth in 1984 to correct a rare heart defect. It is alleged that he contracted HIV at that time as a result of multiple transfusions of whole blood and blood products he received during and after the surgery.

From 1991 to February 2001 the plaintiff saw the defendant physicians for his cardiac and general pediatric care. It is alleged that at some point in time after the plaintiff began seeing these physicians, he displayed symptoms consistent with HIV infection and pediatric AIDS but both physicians attributed these symptoms to the plaintiff's heart defect. In April 2001 Canas was diagnosed with AIDS.

In December 2001, Canas filed a medical malpractice suit against both physicians. He later added MCG Health, Inc. and the Board of Regents of the University System of Georgia. The defendants filed motions for summary judgment, which were partially granted based on the applicable statutes of limitations and repose.

The parties appealed. The Georgia Court of Appeals affirmed the trial court, but in doing so created a new rule of law. The Court ruled that where a physician(s) misdiagnoses the same medical condition on more than one occasion, the medical malpractice statutes of limitations and repose can begin again at the time of each such misdiagnosis, if there has been a "significant change in manifestations" in the patient's condition.

The Georgia Supreme Court reversed the Georgia Court of Appeals holding that Canas was allegedly injured, and consequently the statutes of limitation and repose began to run, on the date the defendant physicians *first* failed to diagnose the plaintiff's AIDS condition. As a result, the plaintiff's claims "were time barred."

Silver Anniversary Tribute to Physicians DVD

In October, you should have received your copy of the Silver Anniversary DVD, commemorating our 25th year serving physicians and celebrating you and the thousands of physicians we serve.

If you did not receive your copy or would like another, please call Rosalyn Barnes at **404-842-5641** or email her at rbarnes@magmutual.com.



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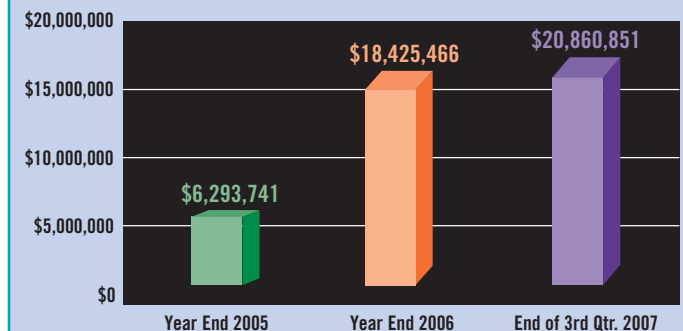
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Georgia's Contingent Refund Update

MAG Mutual Insurance Company pledged to return to its Georgia policyholders any excess medical professional liability insurance premiums collected from the date tort reform legislation became law (February 16, 2005) to the date the \$350,000 cap on non-economic damages is upheld by Georgia's Supreme Court.

This Contingent Return Fund is reviewed annually by an independent actuary to estimate any excess premiums. The estimate will change due to claims frequency and severity, among other things. The current accrual percentage is 5.25 % of each policyholder's premium.

When and if the \$350,000 cap is upheld, MAG Mutual's policyholders should receive a considerable refund.



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*

(Continued on inside flap)

MAG Mutual Rated A- (Excellent) with Stable Outlook by A.M. Best



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