



THE MAGNET™



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SOUTH CAROLINA'S 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 (MMIA). 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.

By Physicians. For Physicians.

0% Premium Financing Plans Introduced October 1, 2007

MAG Mutual is now offering installment payment options without a service charge to pay your medical professional liability and other insurance premiums. **That's 0% Financing!** The new options are available for new or renewing medical professional liability and selected business / practice policies effective October 1, 2007.

Policyholders may choose among three installment payment options with 0% financing, paying three, four or six times a year. The two and ten-payment plan options are no longer available. At renewal, policyholders with these plans will automatically be switched to the closest available payment schedule. For example, if you were on a 10-pay plan, your renewal notice will reflect a change to the 6-pay plan.

Policyholders may also switch payment plans by indicating their preference when receiving the renewal notice, or by calling **1-800-282-4882** and speaking with an underwriting representative.

MAG Mutual Insurance Company is always looking for ways to help our policyholders. The insurance savings and new 0% financing plan, together with the dividend are just some of the initiatives MAG Mutual has introduced in 2007 to help our Georgia physician policyholders. ●

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

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In Practice. In Life.

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

Group and Package Rates. MAG Mutual Service.

MAG Mutual Insurance Agency, LLC (MMIA) 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.

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 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.●

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.●

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

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