

Notes

MEDICAL MUTUAL
Liability Insurance Society of Maryland

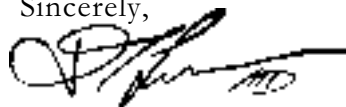
FROM THE CHAIR OF THE BOARD

October, 1999

Dear MEDICAL MUTUAL Member:

This issue of *Notes* reports on several important issues affecting our policyholders, including a premium rate adjustment between classes and a change with the Rate Stabilization Reserve Fund. Additionally, we are very pleased to include news on our national accreditation for continuing medical education, the MEDICAL MUTUAL web site, and a 30% Tort Reform Dividend Credit for 2000. Please take a few moments to read all the details. Finally, thank you for your continued support. MEDICAL MUTUAL is the only company providing professional liability insurance continuously to Maryland physicians since 1975. Because of your loyalty, we expect to continue to build strength in the coming millennium and remain the #1 professional liability carrier of physicians in Maryland.

Sincerely,



D. Ted Lewers, M.D.
Chair of the Board

HEADLINES

Rate Adjustment Announced

MEDICAL MUTUAL is adjusting rates to reflect changes in claims experiences between different specialties. This is revenue-neutral to MEDICAL MUTUAL.

Tort Reform Dividend Credit

MEDICAL MUTUAL is pleased to announce that we will be providing a 30% Tort Reform Dividend Credit for policies renewed for 2000.

MEDICAL MUTUAL regrets passing of Longtime Board Member

MEDICAL MUTUAL regrets to announce the death of Frederick W. Miltenberger, M.D., a longtime member of our Board of Directors.

Dr. D. Ted Lewers, Medical Mutual Chair, Named AMA Chairman

D. Ted Lewers, M.D., Chair of the Board of Directors of MEDICAL MUTUAL, has been named Chairman of the Board of Trustees of the American Medical Association.

MEDICAL MUTUAL Risk Management Receives National Accreditation

MEDICAL MUTUAL is now nationally accredited for two years as a sponsor of continuing medical education for physicians.

Rate Adjustment Announced

MEDICAL MUTUAL is adjusting premium rates for the coming year to reflect changes in claims patterns for various specialties. This adjustment will result in increases in premiums for some policyholders and decreases for others, and is revenue-neutral to MEDICAL MUTUAL.

This adjustment also contains a minor component related to the elimination of the Rate Stabilization Reserve Fund charge. This statutory requirement has been eliminated by the State legislature and amounts necessary to support Medical Mutual operations and previously collected from policyholders through this mechanism have been incorporated into the rate adjustment.

Although rate changes are not always pleasant, you can have confidence that MEDICAL MUTUAL is doing what is best for the long term stability and viability of your company and your insurance. MEDICAL MUTUAL does not cut corners. We make the hard decisions and because of this, the company remains strong

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Rate Adjustment Announced

(continued)

and viable. Not all insurers maintain responsible pricing. In fact, last year MEDICAL MUTUAL paid almost \$1,000,000 to the Guaranty Fund for losses not covered by the insolvency of PIE, and it is likely to pay more in the future.

MEDICAL MUTUAL was created in 1975 to provide a dependable and stable source of liability insurance to Maryland Physicians. MEDICAL MUTUAL is the only professional liability insurer to serve the physicians of Maryland continuously for the last 25 years. You can have confidence that we will remain strong and fulfill our primary mission: To provide and assure the availability of professional liability insurance for Maryland physicians on a financially sound and competitive basis.

MEDICAL MUTUAL will be here when you need us.

Rate Adjustment: Questions and Answers

Q **Will my premium go up as a result of this adjustment?**

A Some Insureds will experience a premium increase. However, an actual rate increase generates additional premium dollars for the insurer. Our rate adjustment is revenue-neutral. It was not designed for MEDICAL MUTUAL to gain or lose premium. Instead, selected specialties will see increases and others will see decreases based on their respective loss experiences and exposures.

Q **Why is the rate adjustment occurring now?**

A Periodic adjustments between rate classes are needed to maintain integrity in your pricing. MEDICAL MUTUAL carefully tracks claims histories for many individual medical specialties, or classes. Over time, these classes experience changing levels of claims based on advances in techniques, training or technology. Tort reform and changes in societal patterns also affect loss experiences. Regular rate adjustments mean that over the course of your career you will pay for insurance only what your specialty requires.

Q **Do all insurers need to adjust rates in the same way?**

A Yes. A rate change can manifest itself as either a revenue-neutral rate reallocation, as in this case with MEDICAL MUTUAL, or as a rate increase, if necessary. But, in either event, it is critically important to keep premiums consistent with loss experience. Failure to do this results in loss of pricing integrity and can lead to insolvency for the insurance company or withdrawal from a market. Additionally, it can result in a potential personal and financial crisis for physicians left without a dependable source of competitively-priced insurance.

Tort Reform Dividend Credit Returned to Policyholders

The MEDICAL MUTUAL Liability Insurance Society of Maryland is pleased to announce that for the 11th consecutive year we will be returning a tort reform dividend as a credit to your 2000 renewal policy. The dividend percentage for 1/1/2000 renewal policies will be 30 percent. This dividend is the result of better than expected claims experience from past years and is part of the MEDICAL MUTUAL advantage. Commercial carriers keep these funds as profit. As a mutual insurance company created by and for the physicians of Maryland, we return these funds to you to offset your current premium. MEDICAL MUTUAL has returned more than \$142,000,000 to policyholders since January, 1989.

MEDICAL MUTUAL Chair Named AMA Chairman

D. Ted Lewers, M.D., Chair of the Board of Directors of the MEDICAL MUTUAL Liability Insurance Society of Maryland, has been named Chairman of the Board of Trustees of the American Medical Association. Dr. Lewers will lead the AMA Board and oversee policy-making decisions as the AMA evaluates many important issues. Prior to becoming Chairman, Dr. Lewers served as Vice Chairman of the AMA Board. Previously, he served as President of MedChi, the Maryland State Medical Society. Dr. Lewers, an internist and nephrologist, is currently also Vice-Chair of the Board of Professionals Advocate, an insurance company jointly-owned by MEDICAL MUTUAL and NORCAL Mutual. Dr. Lewers' involvement with national medical issues will provide invaluable guidance as MEDICAL MUTUAL charts a course for the new century.

Risk Management Programs Receive National Accreditation

The Risk Management programs offered by MEDICAL MUTUAL have been surveyed by the Accreditation Council for Continuing Medical Education (ACCME) and MEDICAL MUTUAL is now accredited for two years as a sponsor of continuing medical education for physicians. This achievement is in addition to the accreditation the company currently has through MedChi, the Maryland State Medical Society. The ACCME accreditation is given only for educational programs meeting the high standards of the Essentials and Standards for accreditation as specified by the ACCME. We think the ACCME decision confirms that the risk management seminars offered to our Insureds are among the nation's finest! If you would like additional information about the risk management services we can offer you, including details about the CME credits and discount on your MEDICAL MUTUAL professional liability insurance policy, call 800-492-0193.

MEDICAL MUTUAL Regrets Passing of Longtime Board Member

MEDICAL MUTUAL regrets to announce that Frederick W. Miltenberger, M.D., a longtime member of our Board of Directors, passed away on August 3, 1999. Dr. Miltenberger joined MEDICAL MUTUAL at our founding in 1975 as a member of the first Board, and faithfully served us and the physicians of Maryland for the next quarter-century. In addition to the many hours devoted to our Board and Committees, Dr. Miltenberger maintained an active surgical practice in Cumberland, Maryland. Although he continued to serve as Chairman of our Claims Committee, Dr. Miltenberger recently retired from the Board of Directors. In recognition of his many contributions to our success, the Board named him an Emeritus Director. Dr. Miltenberger's experience and dedication will be missed by his many patients, friends and associates.

New MEDICAL MUTUAL Web Site Debuts

Getting information from MEDICAL MUTUAL is now easier than ever! MEDICAL MUTUAL introduced its new web site on the Internet on September 1. Visitors are able to get up-to-date Risk Management seminar schedules, download our annual report and brochures, or discover more about the coverages and services we offer. You can send us an e-mail, learn the best way to report a claim, and much more. New information will be added regularly. Make a note to visit us frequently at www.weinsuredocs.com.

Nation's Premier Rating Agency Reaffirms MEDICAL MUTUAL'S "A-" Excellent Rating



The A.M. Best Company, the nation's premier independent rating agency, has reaffirmed its "A-" (Excellent) rating for MEDICAL MUTUAL in recognition of our strong financial position and operating performance. The "A-" rating is given by A.M. Best to "companies which have, on balance, excellent financial strength, operating performance and market profile when compared to the standards established by the A.M. Best Company. These companies...have a strong ability to meet their ongoing obligations to policyholders." A.M. Best ratings are independent third-party evaluations that subject all insurers to the same rigorous criteria, providing a valuable benchmark for comparing insurers.

Notes


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