

**Greater Cincinnati Health Council Roundtable**  
**USI-Midwest/Insurance 101**  
**January 15, 2008**

**I. Healthcare Professional Liability Update**

**a) Tort Reform in Ohio**

- 1) Arbino vs. Johnson and Johnson- Upheld/ Challenged to U.S. District Courts
  - Case involved Ms. Arbino that changed to a birth control (Ortho Evra) patch and this caused blood clots and other medical side effects.
- 2) Plaintiffs' Attorneys being challenged for damages for Frivolous Lawsuits
  - Two Cases involve no expert testimony.
  - One Case involved the "wrong party" being named in the suit.
- 3) Frequency down 40% and Severity remains unchanged.

**b) Market Update- See attached**

- 1) Medical Protective is now owned by Berkshire- Hathaway. They provide flexible underwriting, stable pricing, "occurrence" coverage form, A++ rating, and a premium cap on a separate corporate limit.
- 2) ProAssurance is a publicly owned carrier. They provide flexible underwriting, competitive pricing, they are known for their aggressive defense strategy, long-term advantages, and they have a strong policy coverage form.
- 3) TDC is physician owned out of California. They purchased OHIC and Tri-Med in 2007, they have a loyalty pool (Tribute Program), they pay dividends to policy holders for a successful year, and they are looking to be aggressive in the future to pick up business.
- 4) American Physicians is a publicly owned carrier. They provide the most aggressive pricing, flexible underwriting, currently B++ rated (s/b A- by mid-year), and they are looking to secure the market share that they once controlled (prior to downgrade).
- 5) HUG (of Kentucky and Ohio) is 100% physician owned and governed. They have a separate company set up in each State that provides aggressive pricing, physician ownership, flexible underwriting, currently unrated, and more control.
- 6) Other Carriers that are active in this area are Hudson, AIG, ACE, CARE RRG, OHA, and other Wholesale Markets.

**c) Coverage Limits**

- Physicians are considering higher limits for asset protection, due the lower pricing.
- Plaintiff attorneys and Judges are still looking to avoid penetration in Physician Assets. Some carriers have agreed to pay over policy limits, to avoid "bad faith" settlement concerns.

**d) Deductible Options**

- Expense and Indemnity or Indemnity Only

- e) **Medicare/ Medicaid Billing Options or HIPPA Coverage**
  - Defense Only and limited
- f) **Risk Management Assistance**
  - Many carriers offer premium discounts
  - Hotline Assistance available at no charge
  - Audits or Staff Assistance Programs.
- g) **Attorney Preference**

## **II. Other Insurance Gaps or Concerns**

- a) **Business Owners Package Gaps**
  - EDP Limits (EMR), Crime, Spoilage, Umbrella, Non-Auto, Proper Limit on Property (to include additions and alteration expenses for leased property), Employee Benefits Liability, Medical Payment, and Additional Insured requirements.
- b) **Employment Practice Liability**
  - Wrongful Termination/Hiring, Sexual Harassment, Discrimination, etc.
- c) **Directors and Officers Liability**
- d) **Fiduciary Liability- Qualified Plans**
- e) **ERISA Bond- Qualified Plans**
- f) **Employee Benefits**
  - Broker should provide renewal strategy throughout the year to control cost, consider carrier options, changes to plan design, and consider consumer driven products. Brokers know provide Intranet support, Employee Handbooks, Benchmarking Assistance, Employee/Employer Advocates, as part of services at no charge to secure your business.

## **III. What to expect out of your Broker/Partner**

- a) **Renewal Delivery 60 days prior to expiration.**
- b) **Market Options- Not just Manual Options with last look agreements.**
- c) **Cost Control Options**
- d) **Administrative Assistance- Paperwork**
- e) **Looking out for the group's best interest at all times**
- f) **Claims Assistance**
- g) **Risk Management Coordination**
- h) **Solid Carrier Relationships**
- i) **Complete Service Team with Healthcare focus to support 24/7 service**

## **IV. Questions and Wrap-Up**



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# OHIO MEDICAL MALPRACTICE MARKETPLACE OVERVIEW as of January 1, 2008

	MEDICAL PROTECTIVE	PRO ASSURANCE	A.P. CAPITAL	THE DOCTORS COMPANY *
<b>% of Ohio Market</b>	30%	30%	10%	20%
<b>A.M. Best Rating</b>	A ++ Superior	A- Excellent	B++ Very Good	A- Excellent
<b>Assets Y/E 2006</b>	\$2.2 Billion (2005)	\$4.3 Billion	\$1.1 Billion	\$2 Billion
<b>Net Premium Earned Y/E 2006</b>	\$849 Million (1) (2005)	\$583 Million	\$149.7 Million	\$531 Million (Gross)
<b>Surplus Y/E 2006</b>	\$571 Million (2005)	\$1.1 Billion	\$268.8 Million	\$690 Million
<b>Net Premium Earned / Surplus</b>	1.92 to 1	.53 to 1	.56 to 1	.77 to 1
<b>Combined Ratio 2002</b>	127 %	113.0 %	123.3 %	Net U/W Loss \$91.3 Million
<b>Combined Ratio 2003</b>	105	105.1	135.3	Net U/W Loss \$70.8 Million
<b>Combined Ratio 2004</b>	96.3	104.8	109.90	Net U/W Gain of \$2.2 Million
<b>Combined Ratio 2005</b>	87%	97.6	97.5	Net Income of \$83.5 Million
<b>Combined Ratio 2006</b>	95% est.	94.2	87.5	72%
<b>Latest Rate Adjustment</b>	7-10% Decrease (1/1/08)	6% in May/ 6% in October of 2007	10% decrease 8/01/07	8% decrease in June

**Notes:**

(1) Net Written Premiums for Medical Protective were not available. Gross written premium were used. Therefore, the net premium earned to surplus is inflated.

\* The Doctors Company results do not reflect the increased premium & other financial impact of the recent OHIC merger.

The above referenced carriers insure approximately 90% of the eligible physicians and surgeons in Ohio. The following carriers insure the remaining doctors: Healthcare Underwriters Group of Ohio, Hudson, Preferred Physicians Insurance Company, P.U.L.I.C, and Professional Solutions, etc..



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# KENTUCKY MEDICAL MALPRACTICE MARKETPLACE OVERVIEW as of January 1, 2008

	MEDICAL PROTECTIVE	PRO NATIONAL	A.P. CAPITAL	HEALTHCARE UNDERWRITERS GROUP of KENTUCKY	THE DOCTORS' COMPANY
<b>% of Ohio Market</b>	30%	30%	15%	10%	Less than 5%
<b>A.M. Best Rating</b>	A ++ Superior	A- Excellent	B++ Very Good	Not rated	A- Excellent
<b>Assets Y/E 2006</b>	\$2.2 Billion (2005)	\$4.3 Billion	\$1.1 Billion	N/A	\$2 Billion
<b>Net Premium Earned Y/E 2006</b>	\$849 Million <sup>1</sup> (2005)	\$583 Million	\$149.7 Million	\$5 Million (2005)	\$500 Million (Gross)
<b>Surplus Y/E 2006</b>	\$571 Million (2005)	\$1.1 Billion	\$268.8 Million	\$6.7 Million (2005)	\$700 Million
<b>Net Premium Earned / Surplus</b>	1.92 to 1	.53 to 1	.56 to 1	.75 to 1	.71 to 1
<b>Combined Ratio 2002</b>	127 %	113.0 %	123.3 %	N/A	121%
<b>Combined Ratio 2003</b>	105	105.1	135.3	Began operations 12/03	114%
<b>Combined Ratio 2004</b>	96.3	104.8	109.90	111.3	99%
<b>Combined Ratio 2005</b>	87%	97.6	97.5	105.3	80%
<b>Combined Ratio 2006</b>	92.6	94.2	87.5	T.B.D.	72%
<b>Lastest Rate Adjustment</b>	No Change 05/01/07	4% decrease 9/1/07	10% decrease 1/1/08	No Change 1/1/08	No Change 4/1/07

<sup>1</sup> Net Written Premiums for Medical Protective were not available. Gross written premium were used. Therefore, the net premium earned to surplus is inflated.

### Notes:

The above referenced carriers insure approximately 90% of the eligible physicians and surgeons in Kentucky. The following carriers insure the remaining doctors: Hudson Specialty, Preferred Physicians Insurance Company, State Volunteer Insurance Company, P.U.L.I.C, etc



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**2008 Non-Discounted Rates for GCHC Meeting**  
**USI-Midwest Overview**  
**January 15, 2008**

**General Surgeons (Ohio) - \$40,278 to \$57,626**  
**Vascular Surgeon (Ohio) - \$44,430 to \$57,537**

**Urology- Surgery (Ohio) - \$16,748 to \$25,256**  
**(KY) - \$17,262 to \$28,259**

**Cardiology-no surg (Oh) - \$10,435 to \$13,304**  
**Cardiology-Minor (Oh) - \$16,748 to \$31,232 (includes Angioplasty)**

**Oncology/ Hema-No Surg (Oh) - \$9,997 to \$13,304**  
**Oncology-Hema- Minor (Oh) - \$13,232 to \$22,816**

**Ob/Gyn (130 delivery) (Oh) - \$61,113 to \$75,820**

**Gastro. -No Surgery (Ohio) - \$11,165 to \$18,253**  
**Gastro. -Minor Surg(Ohio) - \$16,748 to \$19,280**

**Neurology-Minor Surg (Oh) - \$18,422 to \$22,816**  
**Neurology-Major Surg (Oh) - \$75,364 to \$109,190**

**Plastic- Major Surgery (Oh) - \$33,948 to \$50,243**  
**Plastic- Major Surgery (KY) - \$40,060 to \$49,972**

**\*Above rates are based on a "Mature" claims-made rate without any discounts applied to the premiums (TMAC, Med Pro, TDC, APA, and PSIC).**

**\*Final rates should be negotiated with Loss Free, Risk Management, and other Scheduled credits for groups with acceptable loss experience.**



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