

Notes

MEDICAL MUTUAL
Liability Insurance Society of Maryland

FROM THE CHAIR OF THE BOARD

Fall/Winter 2000

Dear **MEDICAL MUTUAL** Member:

Please take a few minutes to carefully read this newsletter. This issue of *Notes* contains important information on billing changes to take affect for your 1/1/2001 policy renewal, including the introduction of a pre-payment discount, and revised procedures for reminder and cancellation notices. The billing changes were prompted by continuing efforts to streamline our processes. We appreciate your understanding.

Additionally, we are again very pleased to be able to announce a 30% Tort Reform Dividend Credit for 2001. This is the third consecutive year with a 30% credit. Since January 1989, the "**MEDICAL MUTUAL** Advantage" has returned more than \$160,000,000 in Tort Reform Dividend Credits to policyholders. Complete details on these topics are enclosed and, as always, your broker or our Customer Service Representatives are available to answer any specific questions you may have.

Finally, this issue of *Notes* includes a very informative article on **MEDICAL MUTUAL's** advocacy efforts on behalf of Maryland physicians. We expect serious, continuing challenges in the Maryland Legislature to the existing legal reforms that moderate the impact of the medical liability environment on physicians. Your awareness of the key issues and involvement with our efforts and those of your professional organizations will be vital.

MEDICAL MUTUAL is extremely fortunate to have your support and that of our other Maryland Insureds. Our Policyholders know that as a physician-owned and directed company we are dedicated to remaining strong and providing a stable source of professional liability insurance. Yes, occasionally rates and procedures must change to respond to emerging legal trends and market conditions. But, **MEDICAL MUTUAL** is the only medical liability insurance company to put your needs first for the past 25 years. And you can be confident that **MEDICAL MUTUAL** will take only the needed actions to ensure the long-term protection of your practice.

MEDICAL MUTUAL appreciates your trust and will work tirelessly in the coming year to earn your continued confidence. **MEDICAL MUTUAL** will be here when you need us.

Sincerely,



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

HEADLINES

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 2001.

Installment Plan Charges Discontinued and Pre-Payment Discount Option Offered

Insureds may now choose to pay their annual policy premium in quarterly payments with no additional installment charges. Alternatively, a 2¹/₂% pre-payment discount option is now offered for full payment at time of renewal.

MEDICAL MUTUAL Announces Changes to Board of Directors

MEDICAL MUTUAL announces the retirement of a Board Member, the addition of a new Board Member, and the election of a new Vice Chair.

Physician Advocacy: Tort Reform – The Battle Heats Up

MEDICAL MUTUAL expects significant challenges by plaintiffs' lawyers to existing tort reforms in the Maryland Legislature. Find out why this could lead to a crisis in your medical liability environment.

Physician Advocacy:

TORT REFORM – THE BATTLE HEATS UP

by Stephen P. Carney, Senior Vice President and General Counsel
MEDICAL MUTUAL Liability Insurance Society of Maryland

As the company was formed in 1975 to provide medical malpractice insurance for Maryland physicians, MEDICAL MUTUAL's mission has been one of service to and advocacy on behalf of Maryland physicians. These important goals are reflected in our extensive educational and risk management programs, experienced claims staff, and strong defense of claims filed against Maryland physicians through the use of top defense attorneys.

Advocacy, however, goes beyond defending individual medical malpractice claims. Because MEDICAL MUTUAL was created as a result of a medical malpractice crisis, we are keenly aware of the effect the overall medical liability environment has on physicians and their ability to focus their attention on patient care. Accordingly, MEDICAL MUTUAL has, since its creation, been a leader in lobbying for and maintaining legal reforms that moderate the impact of the medical liability environment on physicians, on both a national and state level.

In Maryland, these efforts have focused on several areas. In the late 1970s, MEDICAL MUTUAL was instrumental in efforts to create a Health Claims Arbitration System. In 1986 and 1987, MEDICAL MUTUAL, the MedChi and other health care and business groups were successful in having the Maryland General Assembly enact a package of legal liability reforms that stabilized the medical malpractice environment. The most significant reform in this package was the enactment of a cap on noneconomic damages of \$350,000.

Prior to 1987, medical malpractice rates had skyrocketed as a result of dramatically increasing claims frequency and severity. This deteriorating medical liability environment not only placed a severe financial strain on physicians, it also created an availability crisis for certain types of medical care. This crisis was particularly profound in certain high risk specialties, including obstetrics. Since the enactment of these reforms, malpractice premiums have remained relatively stable and MEDICAL MUTUAL has been able to return significant dividends to its physician policyholders. Indeed, when factoring in dividends, most physicians are paying less today for their malpractice insurance than they were in 1987.

For the past ten years, MEDICAL MUTUAL's efforts in the medical liability arena have continued unabated. In 1993, the cap on noneconomic damages was removed by court decision from the most significant cases, cases alleging personal injury that result in death. MEDICAL MUTUAL, together with the MedChi and other health care groups, spearheaded an effort in 1994 before the Maryland General Assembly to reinstate the cap on noneconomic damages in death cases. Although this effort was successful, the amount of the cap was increased as a result of the efforts of the plaintiffs' lawyers.

During the past several years the plaintiffs' lawyers have mounted an all-out assault on those aspects of the Maryland liability system that allow us to defend medical malpractice claims filed against Maryland physicians. These efforts have focused on two significant areas. The first is the elimination of or reduction of the effect of the noneconomic damages cap discussed above. The second is changing the doctrine of contributory negligence to one of comparative fault. Contributory negligence is an important tool in defending claims against physicians whose patients have not complied with the treatment prescribed. Losing the cap on noneconomic damages and changing contributory negligence to comparative fault would likely lead to a crisis in the medical liability environment, malpractice premiums and in the availability of medical care in high risk specialties similar to the one that affected Maryland physicians and the citizens of this state in the mid-1980s.

For these reasons MEDICAL MUTUAL will continue its vigorous advocacy efforts before the Maryland legislature. In order to be successful in the long term, however, these efforts must be supported by Maryland physicians, their organizations and their health care providers in Maryland.

IMPORTANT NEWS FOR 2001

Tort Reform Dividend Credit Announced for 2001

For the 12th consecutive year, the MEDICAL MUTUAL Liability Insurance Society of Maryland is pleased to announce that we will be returning a tort reform dividend as a credit to your 2001 renewal policy. The dividend percentage for 1/1/2001 renewal policies will be 30%. This dividend is the positive result of MEDICAL MUTUAL's better than expected claims experience against Maryland Physicians. As a mutual company these additional savings are returned to our Insureds in dividend credits. Since January 1989, the "MEDICAL MUTUAL Advantage" has returned more than \$160,000,000 in Tort Reform Dividend Credits to our Policyholders.

Installment Plan Charges Discontinued; Pre-Payment Discount Offered

MEDICAL MUTUAL has discontinued its Installment Plan charges and is offering a Pre-Payment Discount Option for Insureds who elect to pay their policy premium in full at renewal time. Insureds may continue to pay their annual policy premium in quarterly installments with no installment charges. Alternatively, Insureds may make their entire premium payment at the time of renewal and receive a 2½% discount as a credit. This option applies only at the time of policy renewal and payment for the entire 2001 renewal policy premium must be received by the due date in order to qualify for the discount.

Modifications to Cancellation and Reminder Notices

The Maryland insurance laws were amended this year to require that we provide 10 days notification to an Insured prior to cancellation of a policy due to non-payment of premium. We must now mail Cancellation Notices for non-payment of premium at least 10 days prior to the policy effective date to ensure compliance with this law. This means an Insured who fails to pay a 2001 first quarter premium invoice by the due date could receive a Cancellation Notice as early as December 15. Subsequent quarterly installment invoices will be mailed 45 days prior to the quarterly due date and Cancellation Notices will be mailed approximately 30 days later. Because of the timing changes required by this schedule, we are no longer able to send Reminder Notices to Policyholders for past due quarterly invoices.

New Format for Liability Insurance Policy Invoices

Because of the changes to MEDICAL MUTUAL's billing options and processes, the invoice forms for our liability insurance policies have been redesigned. Please review your invoice carefully when it is received. If you have any questions or problems, please contact our Customer Service Department immediately at 410-785-0050, or toll free at 1-800-492-0193.

**MEDICAL MUTUAL
BOARD OF DIRECTORS**

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MEDICAL MUTUAL Announces Changes to Board of Directors

Recent changes to the **MEDICAL MUTUAL** Liability Insurance Society of Maryland Board of Directors include: After more than 12 years of service, Angelo J. Troisi, Hospital and Healthcare Consultant, retired from the Board; and T. Michael Preston, Esquire, the Executive Director of the MedChi, was elected to the Board. Additionally, Mary Ellen Valliant, Registered Investment Advisor for Valliant Associates Advisory Services of Centreville, MD, was elected Vice Chair of the Board. Ms. Valliant joined the **MEDICAL MUTUAL** Board in 1996. **MEDICAL MUTUAL** extends its sincere gratitude to Mr. Troisi for his years of guidance to the company and the physicians of Maryland. **MEDICAL MUTUAL** welcomes T. Michael Preston as a Board member and congratulates Ms. Valliant on her new leadership role on the Board of Directors.

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Liability Insurance Society of Maryland
Box 8016, 225 International Circle
Hunt Valley, MD 21030