

FPIC

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NEWS & VIEWS

First Professionals gets OIR approval for Second Base Rate Decrease in Two Years

For the second year in a row, First Professionals Insurance Company (First Professionals) filed for a double-digit base rate decrease of 10 percent, recently approved by the Florida Office of Insurance Regulation (OIR). Unfortunately it was also announced recently that the Florida Insurance Guaranty Association (FIGA) approved a third assessment that totaled \$4.2 million for our company and reduced the impact of our filed decrease to 6.39 percent.

FIGA is state-created and is funded by assessments against property and casualty insurers based on their written premium dollars. In the event a licensed property and casualty insurer in the state goes bankrupt, its losses are paid by FIGA. All three FIGA assessments have been made because of the insolvency of the insurance subsidiaries of the Poe Financial Group and the insolvency of Vanguard Fire & Casualty Company. Both Poe and Vanguard became insolvent as a result of claims arising from the intense hurricane activity of 2004 and 2005.

Our Goal: Rate Stability

First Professionals strives to maintain rate stability for doctors and to operate a financially sound insurance company so that state-mandated funds like FIGA do not have to bail us out at the expense of policyholders. We have done so for more than 30 years in Florida.

“We believe in rate stability because we understand the economics of the

practice of medicine, and we know that premium payments are a significant cost of doing business for a doctor,” said President Robert E. White Jr. “We are happy that we are able to again reduce our base rates and look forward to being able to lower them even further.”

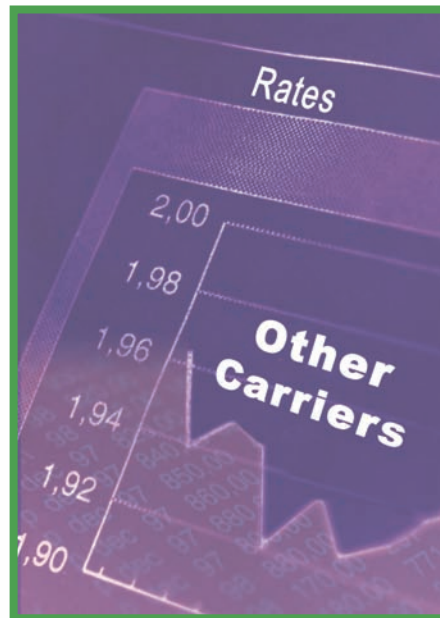
Ongoing we monitor the loss trends and the rates we charge, and respond with rate changes as warranted. As long as the number of claims against doctors continues at these low levels, we expect future rate decreases.

We are Florida's Physicians Insurance CompanySM

These decreases demonstrate our continued commitment to Florida's doctors and their patients. For more

than 30 years, First Professionals has operated in Florida while other carriers have come and gone, and come back again, depending on whether or not they perceive there is an opportunity to make a profit. First Professionals has maintained its support and protection of doctors in Florida through every peak and valley, and works closely with organized medicine around the state to keep a strong pulse on Florida's health care environment.

Patients in Florida are indemnified when warranted in the event of a medical mistake. Medical professional liability coverage makes that process easier because the cost of legal defense for our insured physicians is above and beyond the policy limits. Any settlement or judgment amount is paid by the insurer,



Inside This Issue:

- ▶ Hazards of Shopping for Price
- ▶ First Professionals Announces New Medical Society Endorsement

Information in this newsletter does not establish a standard of care, nor is it a substitute for legal advice. The information and suggestions contained here are generalized and may not apply to all practice situations. First Professionals recommends you obtain legal advice from a qualified attorney for a more specific application to your practice. This information should be used as a reference guide only.

First Professionals Insurance Company is Florida's Physicians Insurance CompanySM and the endorsed carrier for professional liability insurance by 22 county medical societies, 15 specialty societies, and three statewide associations in Florida.

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up to the policy limits (exclusive of any deductibles). At First Professionals we are committed to our policyholders' defense—even when legal costs exceed policy limits (in medically defensible cases).

We manage twice as many claims as other carriers, yet we close more claims with \$0 indemnity than any other carrier's total claims closed. Our claims management staff consistently closes more than 60 percent of claims with \$0 indemnity, a direct result of our longstanding presence in Florida and knowing the attorneys and judges here. That equates to an extensive understanding of Florida's unique needs relative to medical professional liability cases. It is an understanding that evolves from our 30-plus-year history in the state, and it is an advantage our competitors cannot offer to Florida doctors.

The Best Protection Available

First Professionals is proud to have a Best's Rating of A- Excellent, and a Fitch rating of A- with a Stable Outlook from both rating agencies. Fitch ranked our company the #1 med mal insurance writer in Florida, and among the top 15 U.S. writers of medical malpractice insurance. Both ratings validate that we are a stronghold among insurance carriers and that our

policyholders have the full protection in which they have invested.

We are the largest and longest-serving medical professional liability insurance carrier in Florida. Being a Florida-based company adds value for all our policyholders because it means we know how to protect doctors. After all, we do it—and do it best—in one of the most challenging legal jurisdictions in the country.

First Professionals provides superior medical professional liability insurance (MPLI, a.k.a. med mal), nationally renowned risk management products and services, and claims management expertise that sets the industry benchmark.

We are committed to Florida and the doctors we serve here. For more information about the impact of this latest filed rate decrease on your premiums, contact your agent representative or our Marketing Department at (800) 741-3742 ext. 3071. ■

First Professionals Expands its Societal Relations

First Professionals Insurance Company is pleased to announce that we recently finalized an Exclusive Endorsement and Sponsorship Program with the Broward County Medical Association.

This endorsement means that members in good standing of Broward County Medical Association may now be eligible for a 5 percent discount on professional liability insurance coverage from First Professionals.

First Professionals is endorsed by 22 county medical societies, 15 specialty societies, and three statewide associations in Florida. Our commitment to organized medicine and to our policyholders remains steadfast. Welcome to our Broward County friends, and we look forward to our work with them.

For information about this program, contact Assistant Director of Society Relations Shelly Hakes at (800) 741-3742, ext. 3294. ■



**Broward County
Medical Association**
ESTABLISHED 1926

Shopping for Price

Can be hazardous to your (financial) health

At First Professionals Insurance Company (First Professionals) we understand that insurance pricing is a key factor when purchasing medical professional liability insurance (MPLI). A significant cost of doing business in a medical practice is the MPLI premium paid. It is natural to want to select what appears to be the same product from a carrier who offers a lower price than another carrier.

First Professionals Vice President of Marketing Angie Nykamp reminds us, "As in most transactions, buyer beware applies here, too."

Somebody always pays

On the surface, assessments made by the Florida Insurance Guaranty Association (FIGA) may sound like a plausible method to protect policyholders, but ultimately they add to the price tag you pay from any MPLI carrier. As in retail, stores recover shoplifting losses from paying customers in the form of higher prices for the same goods. Going on the offensive to stop shoplifters is best for the store and its paying customers. Likewise in the insurance industry in Florida, policyholders will not need to pay FIGA assessments if all carriers follow sound operating standards. An insurance policy is a promise to pay in the future, based on actuarially sound data to assure adequate funding when losses do occur. That is the way we do business at First Professionals.

Products have an established value that assures the store (or any business) can run a financially sound operation. Operations cannot be sustained indefinitely if the store earns less than that established value. How many times have we seen retail establishments repeatedly undercut their pricing, only to soon find themselves going broke? That can and does happen to insurers, and is the reason FIGA exists. (See sidebar for information about FIGA.) In Florida, policyholders across lines are incurring the costs of the insolvency of the Poe Financial Group and of Vanguard Fire & Casualty Company.

"At First Professionals we pride ourselves on our long history – more than three decades – of sound business operation," said Nykamp. "That means we price our products, i.e., rate our policies, such that we can pay policyholder losses when necessary, and we have the financial ability to provide the best defense in the state for our policyholders when that is necessary."

FIGA at a glance

The Florida Insurance Guaranty Association (FIGA) is state-created and is funded by assessments against property and casualty insurers based on their written premium dollars. In the event a licensed property and casualty insurer in the state goes bankrupt, its losses are paid by FIGA, which helps to further protect Florida policyholders.

In 2006 two FIGA assessments were made because of the insolvency of the insurance subsidiaries of the Poe Financial Group and to fund its larger than originally anticipated losses. A third assessment was recently announced because of the insolvency of the Poe Financial Group and of Vanguard Fire & Casualty Company. For more information about FIGA, visit www.figafacts.com.

Relentless claims management and defense

In fact, we consistently close more than 60 percent of our claims with \$0 indemnity. Our claims experts, who average 25.2 years of experience each, are located across the state. They are keenly familiar with the attorneys and judges in the state and the nuances of the varied geographic regions in the state, and have established relationships with superior medical experts, which mean incomparable claims management on behalf of our policyholders. We provide the best and most cost-effective protection.

But cost alone is not the only factor we consider. On multiple occasions we have spent more than \$250,000 in allocated loss adjustment expense to defend medically defensible claims against policies with a \$250,000 per claim limit. We believe in our policyholders and our duty to protect them, inside and outside the courtroom.

In addition to that, we protect our policyholders against Board of Medicine (BOM) investigations. Our policyholders are not left standing alone to face the BOM, as can and does happen to doctors insured elsewhere. In fact we hired Carol Lanfri and Randy Collette from the BOM, part of our expert legal team dedicated solely to BOM investigations against our policyholders.

Lanfri and Collette are there for our policyholders every step of the way, and are the reasons at First Professionals we have a 98 percent to 99 percent dismissal rate of BOM investigations, excluding wrong

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Shopping for Price continued

site cases. (Refer to our Summer 2006 issue of News & Views for a detailed article about our BOM defense, online at www.firstprofessionals.com.)

First Professionals protects doctors better than other carriers

We have protected Florida's doctors and health care professionals since 1975, and we have seen start-up companies and non-Florida based companies come and go. Florida is one of the most challenging legal jurisdictions in the country, and it does not fit a "cookie cutter" model of claims management that many other carriers want to use. We know how it works here and we have proven our long-established loyalty to Florida's medical community.

It's a bit like buying a vehicle. You can buy a Honda or a Mercedes, and both will get you where you are going. Certainly a Honda is a good car with a solid reputation at a reasonable price, but the Mercedes offers the engineering and aesthetic appeal that you want and need and you are willing to pay more for that.

Would you really want any less from your medical professional liability insurance carrier? Our protection is for you, your patients, your reputation, your family and the assets you have worked so hard to accumulate.

At First Professionals we will always do our best to work with you on price—without sacrifice to the protection we provide. Talk with your agent representative or contact our Vice President of Marketing Angie Nykamp at (800) 741-3742 ext. 3071. ■



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