

C O N T E N T S :

MAIN ARTICLES

YOU SPOKE, WE LISTENED

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CORPORATE CORNER

- NORCAL to Launch 2004 Customer Satisfaction Survey
- 2004 Proxy Response Highest in 3 Years
- Report on the 2004 Annual Meeting of Members



MEDICAL LIABILITY *watch* Exploring the Business Side of Medicine

CORPORATE CORNER

NORCAL to Launch 2004 Customer Satisfaction Survey

In August, NORCAL will mail the 2004 Customer Satisfaction Survey to a representative sample of policyholders. This annual survey helps us gauge your level of satisfaction with our products and services and plays a critical role in how we:

1. Assess policyholders' needs
2. Evaluate how well we are currently meeting those needs
3. Allocate resources to ensure an optimal service experience

The feedback we received from policyholders on the 2003 Survey led to the creation of new customer service positions within the company.

If you receive the Survey in August, please fill it out and return it to us. Our success—and your continued satisfaction—depend on it.

2004 Proxy Response Rate Highest in 3 Years

In April 2004, NORCAL mailed the 2003 Annual Report & 2004 Proxy Package to our members. We are pleased to report that our proxy voting response rate climbed to 16 percent this year from 12 percent last year. This is the best response we have had since 2001 and we would like to thank all members who participated for helping shape the direction of your company.

This year we asked a series of four Advisory Questions to help us understand the issues that are important to you. Following are the results:

1. Should NORCAL take a public stance on legislative issues that affect the medical community? YES: 85% NO: 15%
2. Would you like to see NORCAL offer fully interactive online or cd-rom CME courses? YES: 71% NO: 29%
3. Do you believe that telemedicine is or will become an integral part of part of the practice of medicine? YES: 60% NO: 40%
4. Would you like to receive policyholder communications via e-mail (Claims Rx, policy-related communications, etc.)? YES: 27% NO: 73%

Proxy Results: Report on the 2004 Annual Meeting of Members

NORCAL's Annual Meeting of Members was held in Monterey, California on June 5, 2004. Before the members were two measures: 1) the election of four Class 2 Directors and 2) the appointment of Ernst & Young LLP as independent auditors for 2004.

James R. McFarland, MD received 92 percent of votes confirming his re-election as Vice Chairman. Harry B. Richardson, Jr., MD received 93 percent of votes confirming his re-election as Director. Candace L. Dyer, MD received 94 percent of votes confirming her election as Director. Roger M. Hayashi, NORCAL's newest Board Member, also received 94 percent of votes confirming his election as Director. Ninety-four percent of voters confirmed the appointment of Ernst & Young LLP.



YOU SPOKE, WE LISTENED:

NORCAL's Annual Customer Satisfaction Survey

Ownership by our policyholders is the bedrock of NORCAL's entire business philosophy. Since our inception in 1975, we have strived to provide products and services that make a positive impact on our policyholders' practices.

However, we can only gauge if we are providing you the best possible medical liability coverage if you tell us what we're doing well and which areas we need to improve. For this very reason we have conducted an annual Customer Satisfaction Survey for the past ten years. The Survey has allowed us to gather feedback and guidance from you, the policyholder, which has directly led to many improvements in the products and services we offer. We think you'll be happy to see that in most areas in 2003 we exceeded our members' expectations and we're working hard this year to maintain our high standards.

The 2003 Customer Satisfaction Survey

Following is a summary of the results from the 2003 Customer Satisfaction Survey. There were many successes and a few areas where the feedback and guidance you provided have already helped shape the direction of your company in 2004.

What's Important to Our Members

According to the 2003 Customer Satisfaction Survey, comprehensive policy coverage and aggressive claims handling continue to be the most critical components our members look for in their medical liability policy. Comprehensive coverage is important because it allows you to tailor your policy to your individual practice situation so there are no hidden gaps or liabilities. Aggressive claims defense is, of course, the single most powerful tool we can provide to protect your career and reputation against a non-meritorious claim of medical malpractice.

Why Our Members Chose NORCAL

Many companies write medical liability insurance policies in the states where NORCAL does business. So why did NORCAL policyholders choose us over the competition?

The following ranked among the top reasons for choosing NORCAL:

- NORCAL offers comprehensive policy coverages.
- NORCAL is a physician-owned mutual company.
- NORCAL has a strong reputation in the industry and is financially stable.
- NORCAL retains the best attorneys and medical experts.

How You Rated NORCAL's Services

Claims Handling

NORCAL's industry-leading claims handling services are the backbone of our reputation among the physician and healthcare communities. Year after year, NORCAL claims investigators, defense counsel and other claims staff provide peace of mind for our members and work together to protect them from the volatile medical malpractice litigation environment.

NORCAL Claims Representatives

The number of respondents (96 percent) indicating overall high satisfaction with NORCAL claims representatives in 2003 remained unchanged from 2002. This indicates NORCAL continues to live up to our reputation by delivering exceptional service in this area.

Risk Management

Sound risk management practices are the first line of defense for physicians in reducing their clinical and administrative liabilities, avoiding claims and consistently delivering quality care to their patients.

Risk Management Representatives

In 2003, of those who utilized individual risk management consulting services, 9 out of 10 were very satisfied with the services overall.

Continuing Medical Education (CME)

Seventy-nine percent of members surveyed know that NORCAL offers CME courses, though some have not completed a course within the past two years. One policyholder who availed himself of CME commented that "[NORCAL's] risk management education programs are excellent and the discount added to premium costs is a good incentive and very helpful in this climate of poor reimbursement."

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NORCAL Announces Formation of Political Action Committees

The NORCAL Government Affairs team has been busy unveiling NORCAL's newly created MICRA Political Action Committees (PACs). NORCAL has established four PACs that use the "MICRA PAC" name—a federal MICRA PAC, as well as PACs in Alaska, California and Rhode Island. The MICRA PACs were created to preserve and protect MICRA from adverse legislative or judicial modifications in California, and to enact medical liability reform statutes similar to MICRA at the federal level and in other states where NORCAL does business.

"In order to extend MICRA protection to all our policyholders wherever they are located, we encourage all of our employees and policyholders to participate," said Jim Sunseri, President & CEO of NORCAL.

Policyholders will be receiving more information about NORCAL's PACs in August 2004. A contribution of \$75

will go a long way to building a war chest for the upcoming challenges. It is important to note that contributions from donors in Alaska will support Alaska reform efforts, contributions from donors in Rhode Island will support Rhode Island reform efforts, and contributions from California donors will support efforts to keep MICRA strong and effective. All NORCAL policyholders can support our federal MICRA PAC. Contributions are voluntary and will be distributed to candidates who support MICRA regardless of party affiliation.

There is no better time than now to renew the "Spirit of '75" that gave birth to California's MICRA legislation. At a time when healthcare policies are challenging your bottom line, support of your MICRA PACs is essential to help protect the investment you have made in your profession and your practice. 🗳️



Claims Rx

In 2003, 96 percent of NORCAL's policyholders indicated they received the *Claims Rx* newsletter; 93 percent said they read it on a regular basis. Regarding overall satisfaction, policyholders rate *Claims Rx* positively as helpful and relevant. One policyholder indicated, "*Claims Rx* [is] pertinent, professional, concise—a good value. I presume you are telling me [about an issue] because it's important and a priority."

Billing and Policyholder Services

The value of a good billing system and helpful policyholder services is primarily to make your life simpler and your experience with NORCAL more satisfying. While NORCAL did experience some billing problems in 2002, we met them head-on by making several changes to the way we administer billing statements. In 2003, the number of policyholders indicating a high degree of satisfaction with billing representatives remained at 75 percent. Policyholders also indicated that NORCAL's "billing services ha[d] improved in the six to nine months" before the 2003 Survey was distributed.

Your Overall Satisfaction with NORCAL

In 2003, NORCAL maintained a high level of policyholder satisfaction. Seventy-five percent of respondents rated NORCAL 6 or 7 in satisfaction on a 7-point scale, with a mean rating of 5.9. The same percentage indicated they would recommend NORCAL to a colleague and 80 percent planned to renew their policy.

Sixty-six percent of respondents expressed confidence in NORCAL through the value they place on our products and services.

Listening to Your Needs: 2003-04 Operational Initiatives

In direct response to policyholder input, NORCAL undertook the following initiatives in 2003 and the first half of 2004 to better serve the needs of our members:

Risk Management

- Published three new CME courses in 2003, *Preventing Birth Injuries, Pain Management and Informed Consent*.
- Offered CME credit for select issues of the *Claims Rx* newsletter.
- Will publish four new CME courses in 2004.
- Will publish updated *2004-05 CME Catalog* in summer 2004.

Billing and Policyholder Services

- In 2003, created the Policyholder Services Unit to assist you with the management of your account.
- Overhauled NORCAL's billing process, resulting in improved timeliness and 99.9 percent accuracy in billing by the fourth quarter of 2003.
- Created a new and improved billing statement in the second quarter of 2004, to be mailed to all members at their next billing cycle.

Underwriting

- Conducted an address audit of our 13,000 policyholders (including individual physicians, small groups, large groups and clinics) to improve accuracy and timeliness of policyholder communications, including billing statements, the *Claims Rx* newsletter and other important materials.

Legal

- Launched four NORCAL MICRA Political Action Committees (PACs) in early 2004 to influence pro-physician legislation in California, Alaska, Rhode Island and at the federal level.

Sales & Marketing

- Created Corporate Communications Unit to improve customer communications with more customer focus and improved service.
- In 2003, launched the *Medical Liability Watch* newsletter, which explores issues that affect our policyholders.
- Created new tools for continually surveying and responding to policyholder needs. 📧

**81¹⁷ BY
85 the
26³ Numbers¹**

- According to the National Practitioner Data Bank, payments to plaintiffs in medical malpractice cases increased from 1999 to 2003: **+30%**
- Number of times the U.S. House of Representatives has passed tort reform since 1995: **8**
- Number of times the Senate has passed tort reform in the same period: **0**
- According to an Emory University study, the average percentage by which premiums are lower in states with caps on non-economic damages than in states without: **17%**
- Number of states with caps on non-economic damages for medical malpractice cases: **20**
- Number of states that have enacted caps on damages that were later overturned by state courts as unconstitutional: **11**
- Number of states where the constitution explicitly prohibits caps on damages: **3**
- Number of state legislatures that debated medical liability reform in 2003: **41**
- Number that actually passed tort reform legislation: **11**

1 The facts and figures represented in this article are for illustrative purposes only. Research was compiled by NORCAL from independent sources. For a full list of sources, please write to druvalcaba@norcalmutual.com.

summer 2004

MEDICAL LIABILITY *watch*



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