

CARRIERS HONE IN ON GROWING HOSPITALIST CLASS

Carriers across the board include the rapidly growing profession of hospitalists, physicians who specialize in patient care within the hospital setting, in their books of business. **The Medical Insurance Exchange (MIEC)** provides coverage to the class in the West. **ProAssurance** sees steady and growing demand for this physician specialty. Berkshire Hathaway's **Medical Protective (Med Pro)** insures all physician specialties. Expect insurers to continue to see growth in this segment, as hospitals look to provide more streamlined care, especially in light of looming federal funding cuts, which will put even more pressure on hospitals to keep costs down.

According to the Society of Hospital Medicine, there are over 20,000 hospitalists in the country at this time. Expect this number to double over the next two years. Hospitalists tend to be employed by hospitals or members of multi-specialty, hospitalist or academic groups. These physicians are board certified in internal or family medicine and take on some of the responsibilities once under the purview of primary care physicians, freeing them to concentrate their efforts on in-office visits.

IPC The Hospitalist Company (IPC) has 800 affiliated hospitalists, approximately 550 of which are employed full time. The company utilizes **The Doctors Company** for professional liability coverage of its physicians. It has practices from coast to coast and saw its number of patient visits increase to 2.1 million in 2007, up from 1.7 million in 2006. IPC's 2007 net revenue showed similarly significant growth. In 2007, the company's net revenue was \$190 million while in 2006 it was \$148.1 million.

MIEC provides coverage to hospitalists in Alaska, California, Hawaii and Idaho. The nonprofit offers a range of limits: \$500,000/\$1.5 million, \$1 million/\$3 million and \$2 million/\$4 million. Higher limits may be available for individual physicians and groups. Defense costs are outside the limits of the coverage. A \$25,000 administrative defense coverage is included in the policy. Physicians coming to MIEC after having claims-made insurance from a different carrier can purchase prior acts coverage. Tail coverage can also be purchased from the insurer. Hospitalists in the Los Angeles area pay \$3,958, the highest quarterly premium for limits of \$1 million/\$3 million. Physicians in San Diego and Ventura counties pay a fully mature premium of \$3,492 per quarter. Hospitalists in Hawaii pay \$2,571 per quarter, while Northern California physicians pay \$2,328. The lowest rate for MIEC insured hospitalists is for Idaho physicians, who pay a fully mature quarterly premium of \$1,388. MIEC is doling out a 15 percent premium reduction on renewal premiums, based on the company's performance last year.

ProAssurance Group is the top med mal writer in Alabama, Delaware, Ohio, Washington D.C. and Wisconsin. In its first quarter of the year, the company reported an improved combined ratio, 89.5 percent, compared to 1Q2007's 91.8 percent. The company attributes this to an increase in favorable reserve development, and reports that severity trends for accident years 2003-2006 came in below expectations. Renewal rates were 7 percent lower in 1Q 2008 than in 1Q 2007. ProAssurance's 1Q 2008 policyholder retention rate was 89 percent. The company will write all specialties in all venues. It writes medical professional liability insurance through **The Medical Assurance Co., ProNational Insurance Co., NCRIC, Physicians Insurance Company of Wisconsin** and **Red Mountain Casualty Insurance Co.**

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