



PCA UPDATE

ISSUE 13 JANUARY 2012

ANNOUNCEMENT UPDATE

ALL PENNSYLVANIA PHYSICIANS AND SURGEONS

In our ongoing efforts to provide value to Pennsylvania's physician and surgeon community, Professional Third Party, LP, the Attorney-in-Fact for Professional Casualty Association (PCA) has partnered with The Hartford to offer a companion suite of coverages to address the non- professional liability side of your practice's insurance needs:

- Spectrum Business Owners Policy (Property and General Liability)
- Automobile
- Workers Compensation

PCA is very pleased to announce this collaborative endeavor, not just because of the involvement by The Hartford (A.M. Best rated "A", Excellent) but because it allows PCA to offer Pennsylvania doctors something that has not been available for ten (10) years: the convenience of "one stop shopping" for the basic insurance coverages you need to protect your practice.

a) Spectrum Business Owners Policy (BOP)

In addition to insuring your furniture and fixtures and premises liability exposures, the Spectrum BOP can be extended under the Property coverage to include computers, accounts receivables, business income, extra expense and high valued diagnostic equipment. In response to the transition towards electronic medical records, Hartford has introduced a Data Breach, or Cyber Liability, extension. This includes coverage for expenses relating to a breach, including public relations and good faith advertising, in addition to liability and defense expense coverage. With this feature you also get access to a security breach preparedness website, which provides everyday tips and guidelines, not just for when you have a claim.

b) Automobile

In addition to insuring owned and leased vehicles, this form is easily endorsed to cover employees using their own vehicles in the conduct of the practice's business, as well as coverage for short term rentals.

c) Workers Compensation

Require by statute when you have 3 or more employees, Hartford caters to the medical profession through the creation of a cash flow product devised specifically for the healthcare industry. It is called "XactPAY" and is their patent pending billing solution for their policyholders. Benefits include:

- 1) No large down payment
- 2) Pay as you go premium charges based on actual payroll;
- 3) Mitigation of audit surprises at the end of the policy year.

Perhaps more importantly, Hartford is one of only a few carriers that has devised a protocol for handling needle stick claims, which includes immediate payment for the initial cost of testing the injured healthcare worker and provides reimbursement for the initial blood testing of the source patient.

This offering is available immediately to all PCA clients and prospects. Please contact your broker for more information, or you may inquire by giving us a call at 610-337-3374. Ask for Mary Beth Wiggins or Jim Gillespie.

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*FIGHTING BACK IS
GOOD BUSINESS*

We are a Pennsylvania licensed insurance company founded to restore financial protection and security to Pennsylvania's practicing physicians and their corporations. We invite interested physicians to contact their insurance Broker for information about applying for medical professional liability coverage through PCA. You can also visit our website to download an application @

www.professionalca.com



PROFESSIONAL CASUALTY ASSOCIATION FINANCIAL HIGHLIGHTS

As December gives way to January, PCA marks the completion of another successful year of operation. There were several significant milestones achieved during the year that are worthy of noting:

- The Pennsylvania Insurance Department completed our first ever Five (5) Year Risk Focused Examination. At its conclusion, our results and procedures over the 5 year period were affirmed and the company received high marks from the Department.
- We surpassed the 2011 target of insuring more than 1800 physicians and surgeons.
- Policyholder's Surplus exceeded \$12,000,000 for the first time and is expected to approach \$13 million by the end of the year.
- Our "return of capital contributions" (surplus) program will complete on December 31, 2011, by which time PCA will have returned nearly \$2.3 million to policyholders who remained with us over the 5 year period.
- We continued to produce excellent results for our policyholders in the courtroom, maintaining a ninety (90%) percent defense verdict ratio, compared to a statewide average of seventy – nine (79%) percent.

It is too early to predict whether pricing will begin to firm in 2012 or remain generally the same. As you review PCA's third quarter results below, rest assured that we will continue to be the strong and consistent medical malpractice associate you have come to expect.

	Quarter Ended <u>9/30/2011</u>
Direct Written Premium	\$12,764,286
Assets	\$55,151,289
Combined Ratio	93.6%
Policyholders' Surplus	\$12,916,268

REINSURANCE UPDATE

PCA continues to purchase reinsurance on an excess of loss basis as a hedge against catastrophic loss. While the company has historically partnered with a single reinsurer to secure that coverage, this year we have expanded that participation. Effective January 1, 2012, ACE Tempest Re (A.M. Best, rated "A+", Superior) will be joined by two other "A" rated reinsurers on the PCA treaty – XL Re and SCOR Re.

MANAGEMENT STAFF

- *Barton L. Post*
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