

## RRG HEADS INTO TOUGH NEW STATE

**Applied Medico-Legal Solutions RRG** (AMS RRG) shows its financial strength through expansion into the tumultuous New York medical malpractice market. It also looks for business in West Virginia. The RRG was given an A rating by Demotech in May 2008. The RRG offers professional liability coverage to physicians and groups as well as hospitals emphasizing an adherence to covering clients with good practices. The company has risen and expanded quickly since its 2003 inception. The RRG is domiciled in Arizona, and it finds strong business in Florida and Texas. It writes in 24 states and is registered in 33. It is open to coverages for all specialties, and is reinsured through **Lloyd's** and **The Amlin Syndicate**. With a 12 percent increase in premium, AMS feels its financial stability and its rapid growth will sustain it through 2008 and into the New Year.

AMS RRG, where **Richard Welch** is president, faces stiff competition in New York from established carriers such as **Physicians' Reciprocal Insurers** (PRI) and **MLMIC Group**. Other established RRGs in New York include **J.M. Woodworth RRG** and **Academic Medical Professionals Insurance Exchange RRG** (AMPIE RRG). Competitive pricing in the state and strong finances from leading insurers like PRI leave smaller companies and RRGs with few options. AMS weathers the competition with strict underwriting and only allows quality clients with comparable risks. AMS offers limits of \$1 million/\$3 million to physicians. In New York, limits of \$1.3 million/\$3.9 million are available. The Empire State has been viewed as one in med mal crisis for most of the year, but is more in a state of flux toward the end of the year with rates stabilizing and more physicians and facilities riding the soft market shift with their current insurers.

Rates remain stable in West Virginia, which attracted AMS to the state. AMS views the climate in the Mountain State as one of stark contrast to New York's. However, the competition isn't much different. Leading regional insurer **West Virginia Mutual Insurance Co.** (WVMIC), which insures 60 percent of the state's physicians, will keep rates stable through the end of next year. **ProAssurance's Woodbrook Casualty Insurance Co.** has kept rates in the state stable since 2007 when it decreased rates overall by 10.7 percent and took in about 5 percent of the med mal market. While AMS would have to compete with **Physicians Specialty Ltd. RRG's** 12 percent rate decrease, which went into effect earlier this year, it doesn't see any reason to start undercutting rates in a stable environment.

AMS has strong business in Texas, but doesn't see a market share as big as any of the major insurance carriers. The RRG's trend of showing strong numbers in states that have had successful tort reform seems to be a solid business strategy as the year closes. Texas rates continue to drop as a result of 2003 tort reform. Since the reform, physicians have seen a 25 percent drop overall in medical liability rates.

**Medical Protective** (Med Pro) reduced its rates for 2009 in Texas. **Texas Medical Liability Trust** (TMLT) holds the majority share of the market in the Lone Star State in front of third place **American Physicians Insurance Co.** (API). TMLT has approval to make rate reductions effective the beginning of next year. The rates don't really reflect any drastic change in Texas, as prices are still higher than the majority of other states'. Tort reform placed limits of \$750,000 on non-economic damages against physicians, \$250,000 per individual physician and facility and \$250,000 for additional facilities. Since passage of reform, the tort API has lowered rates by 17.4 percent overall, AMS will want to continue to write quality policies for quality doctors with medium risk if it hopes to continue to stay competitive, or at the least, continue to show positive returns.

*Continued on Next Page*

**RRG HEADS INTO TOUGH NEW STATE...**

*Continued from Previous Page*

Competition is fierce in Florida as carriers file rate decreases in the state. AMS is one of a few RRGs that continue to stay afloat despite regional carriers taking the lion's share of the market. AMS will find stiff competition from the likes of **First Professionals Insurance Co. (FPIC)**, **MAG Mutual** and RRG competitor **Ponce de Leon** — a part of the **Uni-Ter Underwriting Management Corp.** which also owns J.M. Woodworth RRG. Tort in the state made competition increase due to the decrease in lawsuits, and that has meant an influx of startup insurers entering the state including AMS. Fifteen insurers were created almost instantaneously after reform was completed. To add to the ferocity of competition in the Sunshine State, physicians may be opting to go bare, which is legal, and could be a reason why loss ratios continue to drop. FPIC will lower rates in the state going into the New Year, but still awaits approval on them. The company leads the state with more than \$170 million in direct premium written (DPW) through 2007 and is likely to continue its hold over the state's market into 2009. MAG Mutual ranked second in DPW and reduced its rates by as much as 15 percent depending on specialty and location. Uni-Ter, where **Sandy Elsass** is president, considers Florida to be a barometer state for rate trends.

**CONTACT**

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