

October 2010

RE: Political Action Funds

Dear Doctor,

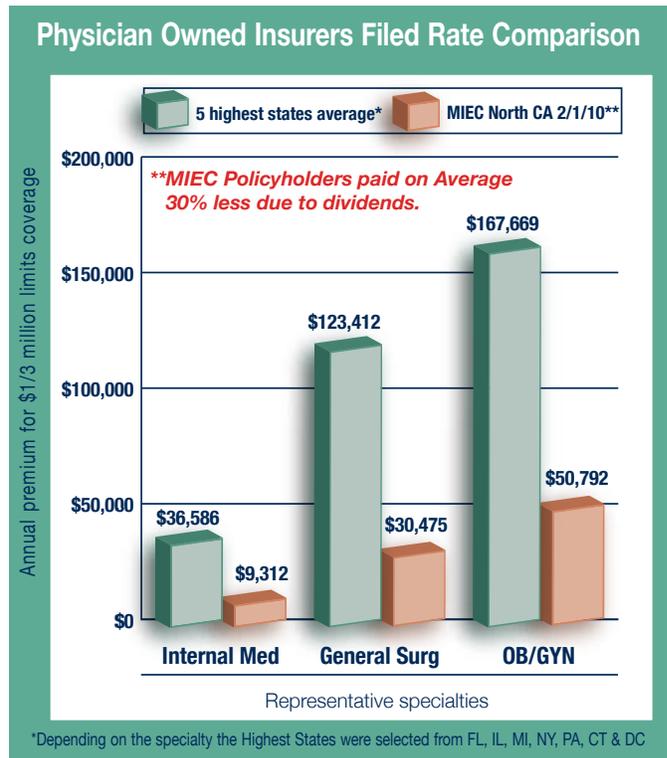
In late 2009 the Board of Governors of Medical Insurance Exchange of California (MIEC) approved the creation of a PAC (Political Action Committee) for California policyholders (the "MIEC CA PAC") to support critical issues relating to Medical Professional Liability – MPL (medical malpractice) in the California Legislature.

The Board took this action to strengthen the medical profession's influence in the legislature to preserve the Medical Injury Compensation Reform Act (MICRA), California's landmark, highly effective tort reform laws that were enacted in 1975.

The success and importance of MICRA to California physicians is graphically demonstrated by the much lower premiums California physicians paid over the past 30 years relative to practitioners in other states. The most recent survey from *The Medical Liability Monitor* shows that, on average, the filed rates for the representative specialties surveyed are nearly 300% higher. This is not because the physicians are any more prone to allegations of malpractice in these states – nor is it because California plaintiff attorneys are any less capable of filing suit. The difference is MICRA.

Active participation of physicians is critical to counter those who would seek to roll back medical liability reform protections and increase our liability costs. MICRA's opponents are well organized and well funded. We are writing to you today because your Board has determined that our PAC program should be adequately funded ahead of a possible legislative challenge to MICRA in 2011, following the 2010 elections, and the important elections in 2012. If we have to mobilize after a challenge is launched it will likely be too late and we might spend years paying higher premiums while we work to undo the damage.

Your participation in any PAC is entirely voluntary. However, remember no other issue is more important to the preservation of a fair legal climate in California. With MICRA gone, our malpractice insurance costs and resulting premiums would quickly reach levels that prevail in other large states. That is why MIEC's Board asks you to participate in funding our PAC, which will provide much needed support for legislators who believe MICRA should be preserved. It will also keep individual contributions as low as possible. Accordingly, we are writing to you today to outline the steps we are taking to make it easy for you to participate. Even small contributions, when made by many policyholders, will make a significant difference in MIEC's ability to defend these important legal protections.



In December you will receive the customary invoice for your renewal premium. This year it will include an automatic one-time contribution to the MIEC CA PAC for the 2011 policy year. The invoice will clearly show the following:

1. the premium due for your coverage
2. less any credit you are receiving from the dividends that have been declared
3. plus a voluntary contribution to the MIEC CA PAC

If you do not wish to participate in the MIEC CA PAC, simply check the box to indicate your non-participation and pay the net quarterly or annual premium as in past years.

The suggested contribution amounts in item 3 will vary as detailed below. If you would like to participate but wish to contribute larger or smaller amounts, you may do so by simply amending your payment accordingly and indicate the contribution by hand on your invoice.

Suggested Contributions for 2011 Policy Year

- Full-time physicians \$99
- Part-time/less than 20 hours physicians \$50
- Part-time/less than 10 hours physicians \$25
- Acupuncturists \$25

The other major California MPL carriers have had active PAC's for several years and we have decided it is time for MIEC to participate more fully than in the past. We encourage your support of this program.

Please let me know either by mail or at chair@miec.com if you have any comments or questions.



James O Gemmer
Chair - MIEC Board of Governors