

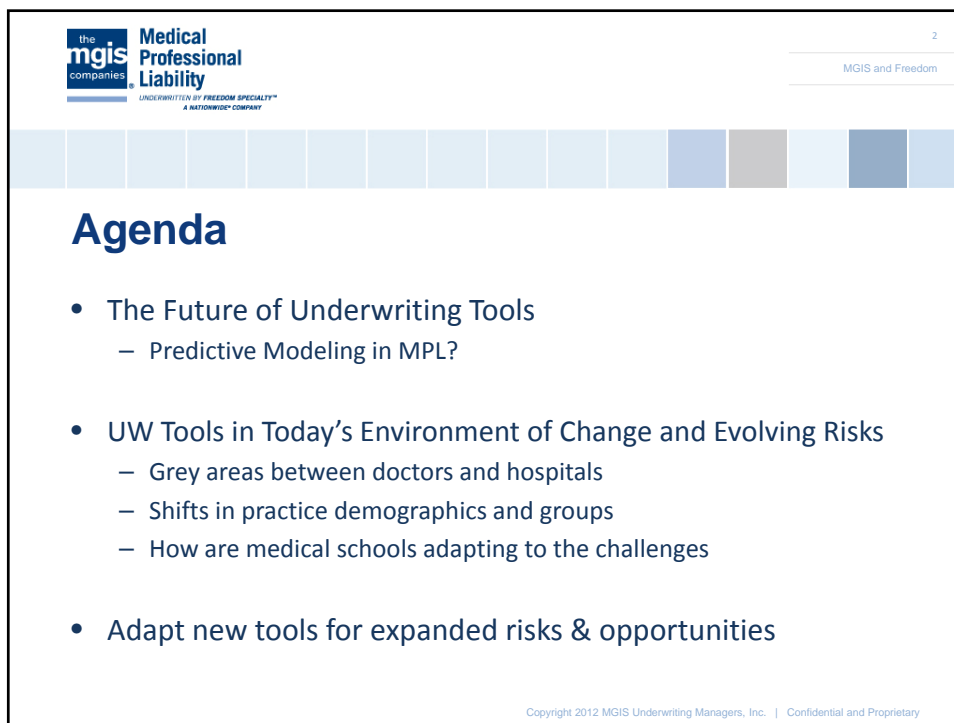
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June 5, 2012

CS-3 Medical Professional Liability: Where Do We Go From Here?

Elke Kirsten-Brauer
EVP/Chief Underwriting Officer
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Agenda

- The Future of Underwriting Tools
 - Predictive Modeling in MPL?
- UW Tools in Today's Environment of Change and Evolving Risks
 - Grey areas between doctors and hospitals
 - Shifts in practice demographics and groups
 - How are medical schools adapting to the challenges
- Adapt new tools for expanded risks & opportunities

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The Future of Underwriting Tools

- Predictive Modeling
 - Can it be used in MPL business in a meaningful way?
- MPL Underwriting Process Today
 - Qualitative Information & Subjective Elements used

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Predictive Analytics

- Benefits from Predictive Analytics Approach:
 - Selection of risk/ID profitable customer segments
 - Support Risk Differentiation
 - Driving Claims and/or Underwriting Improvements
- What variables are predictive?
 - Different Strategies
 - Data Considerations
- Challenges from the application of Predictive Analytics

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Benefits of Applying Predictive Analytics

- Gaining an improved understanding of the portfolio
- Refine/Verify existing risk factors/segments
 - Loss experience – highly predictable
 - External, Risk specific, Risk environment factors
 - ID and add new factors, if predictable
- Qualify and streamline UW judgment and process
 - Use results by incorporating into our UW/ Selection/Pricing Process
- Capturing factors for continuous re-evaluation/improvement
- ID and isolate competitive advantages

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UW Tools in Today's Environment of Change and Evolving Risks

- Grey areas – Physicians and Hospitals
- Shifts in Practice Demographics & Group sizes
 - Owned vs. employed
 - Trends in the Medical Profession & Physician Demographics
- Challenges to the Medical Profession

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Challenges to the Medical Profession

- Trends in the Medical Profession
 - Gender Shift, Dual Income Earners, IMGs, Specialties/Sub-specialties
- Hospital owned vs. Independent
 - Career satisfaction
- Age Distribution/Generational Differences/Shortage Projections
 - Physician Care Challenges
 - Demographic changes to the patient population
- Impact on medical schools, residents, medical groups

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How Are Medical Schools Adapting?

- Selection criteria for new medical students
- Teaching better bedside manners
 - Connecting with patients over a longer term process
- Changing doctor/patient relationship
 - Interviewing and teaching other communication skills
- Graduates/Residents entering the market
 - Working to live
 - To have a life outside of residency
 - Tech Savvy, Work in Teams

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Adapt New Tools/Analytics for Expanded Risks and Opportunities

- Mid-level Providers taking on a more active role in the delivery of healthcare
- Expanded product offerings to the larger forming organizations, ACOs
- EMR, Cyber, Fraud, or other regulatory liabilities

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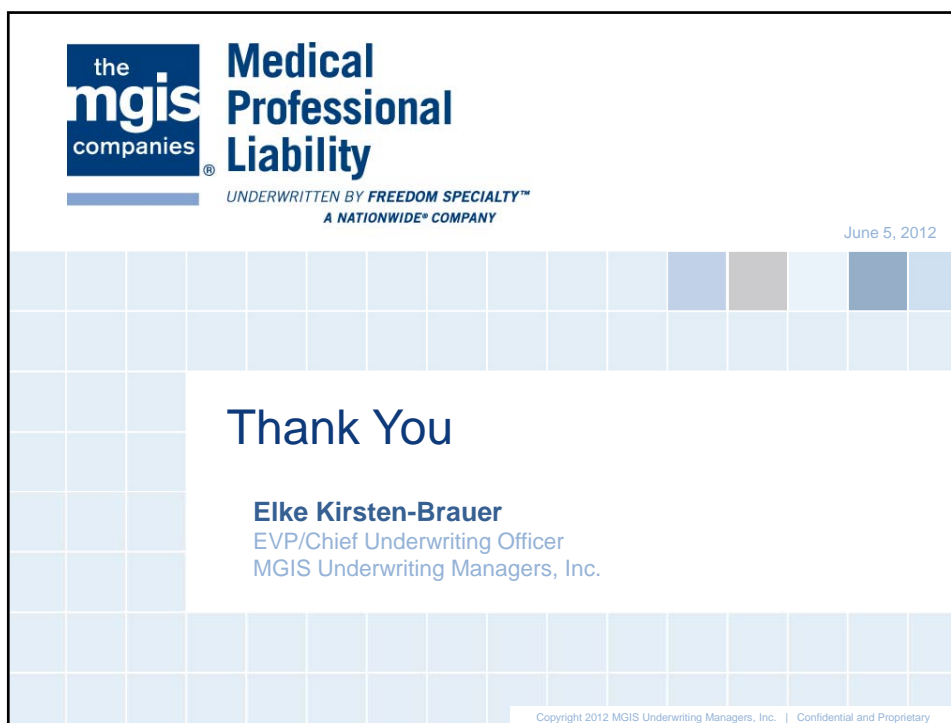
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Future of Predictive Analytics in MPL UW

- Continue to use UW Tools derived from Predictive Analytics to assist in effectively managing UW and Risk exposures beyond the current cycle

"The best way to predict your future is to create it!" -- Abraham Lincoln

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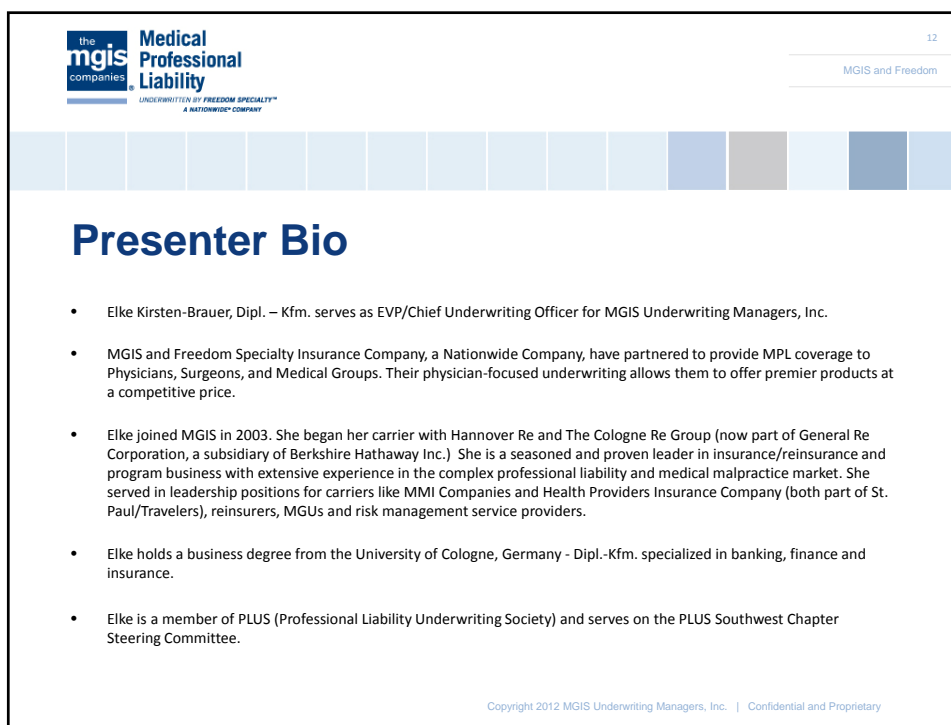

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Thank You

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Presenter Bio

- Elke Kirsten-Brauer, Dipl. – Kfm. serves as EVP/Chief Underwriting Officer for MGIS Underwriting Managers, Inc.
- MGIS and Freedom Specialty Insurance Company, a Nationwide Company, have partnered to provide MPL coverage to Physicians, Surgeons, and Medical Groups. Their physician-focused underwriting allows them to offer premier products at a competitive price.
- Elke joined MGIS in 2003. She began her carrier with Hannover Re and The Cologne Re Group (now part of General Re Corporation, a subsidiary of Berkshire Hathaway Inc.) She is a seasoned and proven leader in insurance/reinsurance and program business with extensive experience in the complex professional liability and medical malpractice market. She served in leadership positions for carriers like MMI Companies and Health Providers Insurance Company (both part of St. Paul/Travelers), reinsurers, MGUs and risk management service providers.
- Elke holds a business degree from the University of Cologne, Germany - Dipl.-Kfm. specialized in banking, finance and insurance.
- Elke is a member of PLUS (Professional Liability Underwriting Society) and serves on the PLUS Southwest Chapter Steering Committee.

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