

Medical malpractice insurer to fund retirement package

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The Doctors Co., a physician-owned medical malpractice insurance provider, has allocated \$250 million in funding over five years to a new retirement fund for long-term policyholders.

Rob Francis, the Doctors Co.'s chief operating officer, told the Business Times that it's allocating \$50 million annually for five years to the so-called Tribute Plan, meant to reward members for their loyalty to the organization.

Any doctor covered continuously by its professional liability insurance for five years or more is eligible for a payment upon permanent retirement from the medical profession, at age 55 or later, officials said. For example, a doctor who paid an annual premium of \$80,000 could accumulate a Tribute Plan balance of \$360,000 in 35 years; a physician with five years of coverage at \$40,000 per year could accumulate \$20,000.

Eligible members with policies in force Jan. 1 are automatically enrolled in the program and are accumulating balances.

Separately, in March the company's board approved a premium dividend to physician members expected to provide nearly \$7.3 million in premium relief this year to Golden State doctors, and more than \$21 million in premium reductions nationwide. Members of national specialty societies that endorse the Doctors Co. are also eligible for the dividend, which will be paid in July.



Francis

The Doctors Co. insures 32,000 physicians nationwide, including 10,615 in California. More than 4,300 of those doctors practice in the Bay Area.

It's too early to determine how many doctors will take advantage of the new retirement benefit in the near future, according to Francis. But roughly 250 of the Doctors Co.'s physician members/policyholders retire each year, he said, and approximately half of its current members are in their 50s.

The retirement payout is not legally guaranteed and is dependent on the company's financial performance and capital needs, officials said. But they expect to augment the initial allocation of \$250 million in upcoming years and to continue the program permanently, barring serious financial woes.

The program "is a long-term commitment to our members," said Richard Anderson, M.D., the organization's chairman and CEO. "We believe it is a benefit that no other national medical malpractice carrier can match."



Anderson

Francis said the new program is largely funded from investment income, which is why the Doctors Co. decided to add the new benefit rather than simply reducing premiums further.

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