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Statement to be read on March 24, 2003, to the Nevada State Legislature:

Re: Impact of MICRA legislative and tort reform.

Mr. Chairman, members of the committee, my name is Chip Wallace from Las Vegas, Nevada. I am the Director of Provider Relations and Communication for Nevada Mutual Insurance Company. Nevada Mutual is the only Nevada physician-owned company, with currently over 630 insured doctors; we believe this makes us the single largest writer in Nevada. These 630 doctors are our insureds, sole owners and governing body, all residents all of Nevada. Nevada Mutual's success is critical to assisting Nevada doctors in taking back control of their insurance costs, which directly allows Nevada doctors to provide the highest quality medical service to our communities.

I would like to read a statement from the President of Nevada Mutual, Mr. Andrew O'Brien.

"Dear members of the Nevada legislature,

We cannot express enough the pride and gratitude we at Nevada Mutual feel, given the show of support we have received from the doctors of Nevada. The early success of this mutual insurance company is a testament to the real financial commitment Nevada doctors have made to establish their own alternative to the catastrophic impact of the current insurance market, and most importantly, their desire to find a way to stay in Nevada and continue to practice quality medicine. We thank this body for your support and assistance.

For over 25 years, my team and I have been involved in medical liability insurance throughout the United States. I was personally involved in establishing reinsurance and management support for many of the 45 plus current operating doctor-owned carriers in the country. Over this period, it is fair to say that we have come to the conclusion that the only way to successfully manage the cyclical nature of the medical liability industry is to first, have a successful state-specific, doctor-owned, non-profit carrier, such as Nevada Mutual; and second, to have effective tort reform such as MICRA. These two options take the Wall Street-type investment greed out of the decision making for the insurance company, focuses the carrier on doctor-specific needs and claim assistance, and if the product is over priced, it is returned to the insured owners in dividends or premium reductions. MICRA makes for a less volatile environment to practice medicine, and allows an insurance carrier to more clearly budget and predict potential liabilities, taking some, if not all, of the erratic swings out of the insurance pricing process.

In Nevada, the doctors themselves have addressed the first component of this strategy to provide continued quality medical care in Nevada by forming Nevada Mutual Insurance Company, the second component is up to you, the legislative body, to pass effective MICRA-like reforms to soften the market volatility, to protect our doctors and the quality of medical care provided in our communities.

We are cognizant of the pressure this legislative body is feeling regarding this matter and we want to help you make your decision. **Our actuary and our Chief Underwriting Officer at Nevada Mutual feel strongly that if the initiative put forward by the doctors of Nevada was enacted in its entirety, Nevada doctors insured by Nevada Mutual should see a reduction in premium of up to 25 to 30 percent.** It is our opinion that passage should, by all reasonable expectation, mirror the success representative of the California experience with MICRA. In California, the Supreme Court has affirmed the tort reforms that are before you.

We strongly support Keep our Doctors in Nevada; we want to thank this legislative body and this committee for taking up the issue of liability reforms and working with our doctors to assist them in the continuation of providing quality medicine in Nevada communities. We remind you that Nevada Mutual is the only company owned by Nevada doctors; we ask you to pass SB 97. Thank you.

Sincerely,

/s/ Andrew M. O'Brien

Andrew M. O'Brien
President
Nevada Mutual Insurance Company"