

Superior Physicians
Superior Protection



COOPERATIVE OF
AMERICAN PHYSICIANS

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ORANGE
LOS ANGELES
PALO ALTO
SACRAMENTO

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COOPERATIVE OF
AMERICAN PHYSICIANS

CAP is...

Award-Winning Risk Management

Assertive Claims Defense

Representation by the State's Finest Malpractice Attorneys

An Insurance Agency for Physicians and their Practices

Superior Financial Stability

A State and Federal Advocate for California Physicians

Nearly 11,000 Members Strong

MPT and so much more.

INTRODUCTION

In 1975, a group of California physicians joined together to combat the escalating cost of one of the most vital types of insurance affecting their lives and careers – medical professional liability protection. They formed the Cooperative of American Physicians, Inc. (CAP), a California consumer cooperative. Two years later, this forward-thinking group launched the Mutual Protection Trust (MPT), a product designed to provide medical professional liability protection for California's superior physicians and their entities.

Since its inception, CAP has welcomed a special kind of physician – one who insists on excellence in patient care and is dedicated to the welfare of his or her professional colleagues. The high caliber of CAP's membership, combined with its disciplined underwriting, proactive risk management philosophy, experienced claims staff, and best-in-class legal defense, enable it to offer competitive rates and superior coverage.

MPT is CAP's core product, but physicians who are accepted into membership enjoy a wealth of other important benefits. This brochure offers an introduction to CAP's products and services. Our dedicated staff of professionals will be happy to give you more detailed information. We welcome your inquiries.

quality

“From the business structure of this physician-owned and –governed company to its proactive approach to risk management, CAP’s priorities are consistent with my own style of practice and business philosophies.”

– Tammy Wu, MD
Modesto



PRODUCTS AND SERVICES

Mutual Protection Trust

In 1977, CAP formed the Mutual Protection Trust to provide its members with superior medical professional liability protection.

Today, MPT is a market leader in the California medical professional liability arena, protecting nearly 11,000 of the state’s finest physicians.

integrity

As an unincorporated interindemnity arrangement, MPT operates pursuant to Section 1280.7 of the California Insurance Code and is governed by an all-physician Board of Trustees. All decisions on claims resolution, underwriting acceptance, and member retention involve practicing physician expertise. Even changes to the MPT Agreement must be approved by the members.

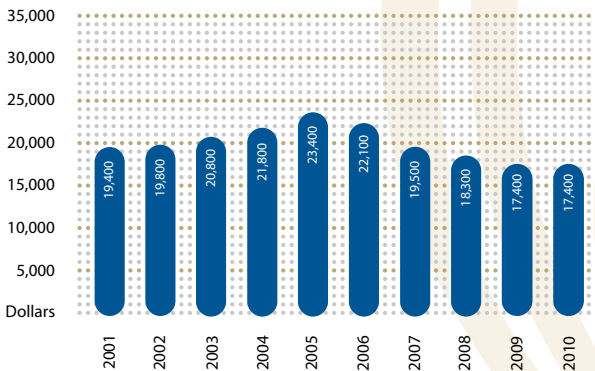
This integration of physician direction and administrative discipline has been enthusiastically received by physicians, and CAP membership has grown every year since its founding. That integration also underlies the financial stability of MPT, reflected in A.M. Best Company assigning it an A+ (Superior) Rating for four straight years.

“ The Cooperative of American Physicians is the best value. Sure, it saves me a lot of money, but more importantly, I know they’ll be there if I need them. ”

– Ramakrishna Thondapu, MD
Merced

financial stability

We believe that the consistent quality of the physicians admitted to CAP is a key reason why MPT’s prices have remained so stable.



This graph, based on Risk Class 5 (Los Angeles and Orange Counties), is even more impressive in the context of the medical professional liability insurance market cycle after September 11, 2001. That hard market, which included the departure of The St. Paul and Farmers/Truck Insurance Exchange, and the failure of PHICO and Reliance, among others, caused rates to skyrocket for many physicians. The strength, growth, and pricing stability of MPT during one of the most difficult insurance cycles in more than 30 years cannot be overstated.



CAP Physicians Insurance Agency, Inc.

Through CAP Physicians Insurance Agency, Inc., a wholly-owned subsidiary of the Cooperative of American Physicians, Inc., we protect your practice and you by offering tailored insurance programs for risks not included in medical professional liability coverage.

CAP members enjoy the following valuable CAP Agency services at *no additional cost*:

- **MedGuard coverage** that reimburses up to \$25,000 per year in legal expenses arising from disciplinary proceedings brought by the Medical Board of California, allegations of Medicare and Medicaid fraud and abuse, and EMTALA and HIPAA violations.
- **Employment Practices Defense coverage** for an individual insured member physician in the amount of \$50,000 per insured event and in the aggregate.
- **Disability coverage** of up to \$1,500 per month for a full year.

Other valuable services we make available to you through our dedicated agency include:

- Business Owner's Policy
- Workers' Compensation
- MEDefense Plus
- Employment Practices Liability Insurance
- Directors & Officers Liability Insurance
- Disability Insurance
- Term Life Insurance
- Critical Care Insurance
- Long-Term Care Insurance

Risk Management & Patient Safety

One of the most important functions of Risk Management & Patient Safety services is helping member physicians improve the quality and safety of patient care. Every new member is introduced to the CAP Risk Management & Patient Safety program at our award-winning risk management/loss prevention seminar. CAP is accredited through the California Medical Association to offer continuing medical education credits to members who attend the program.

Our Risk Management & Patient Safety Department provides on-site risk management education, office practice risk assessments, arbitration implementation, and sponsors CAP's Litigation Education Retreat. It also offers risk management guidance through *CAPsules*, CAP's monthly member newsletter, as well as other specialty-specific publications, and special bulletins.

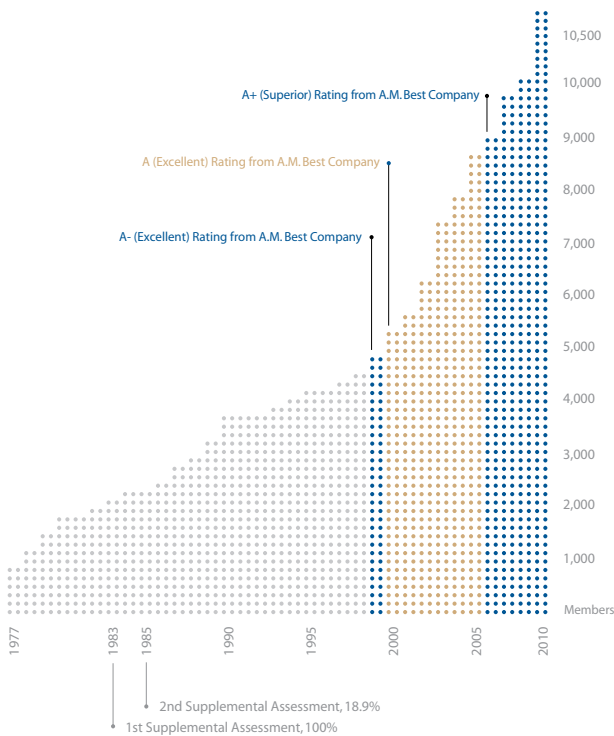
Schmid & Voiles

Schmid & Voiles is a 29-attorney law firm dedicated solely to the defense of MPT members. As the law department of MPT, the firm practices exclusively in defense of medical malpractice lawsuits. On average, the firm handles more than half of all newly reported MPT member claims, with the balance assigned to other carefully selected California professional liability defense firms. Schmid & Voiles is a leader in arbitration, enforcing MICRA, and representing MPT members at trial or arbitration.

resources

CAP Claims Services

CAP Claims Services has demonstrated more than 30 years of expertise in the management of medical professional liability claims in California. CAP Claims Services' experienced staff, composed of individuals with diverse backgrounds in law, medicine, nursing, and insurance claims management, works directly with physician members to ensure that every claim, and every member, receives the best possible service.



This graph shows growth in membership, representing a stronger financial risk pool, in relation to two supplemental assessments levied in the 1980s.

YOUR SECURITY

Instead of paying premiums to an insurance company, the physicians of CAP agree to support each other through the unique – and time-proven – MPT financial arrangement. This approach allows MPT to identify the collective cost of protecting members, in trial and arbitration, for a short, 12-month period. These costs form the basis for assessments levied by the Board of Trustees. This method, as set out in California law, allows MPT to charge substantially less for the superior medical professional liability protection demanded by California's best physicians.

Though MPT can give no assurance as to the amount or frequency of assessments, only twice in its history has it required members to supplement the original assessment levied in a given year. The last time was 25 years ago.

Since then, not only have our member physicians enjoyed superior protection at costs that are generally lower than those charged by insurance companies, but our MPT's financial tools have grown in sophistication. These tools, which involve a careful mix of reinsurance treaties, actuarial modeling, and close relationships with top financial institutions, now provide massive protection against an unexpected assessment of the membership.

In addition, the pool of Initial Trust Deposits – payments required of all new members in lieu of assessment expenses – provides additional operating revenue through conservative, statutorily governed investments. These deposits are refundable to physicians under the terms of the MPT Agreement.

“ The thoroughness and attention to detail regarding many areas of risk management and risk reduction, the ongoing commitment to selection of only the best physicians, and the lower rates make CAP my choice for medical professional liability coverage. ”

– Andrew Sew Hoy, MD
Los Angeles



SPECIAL INITIATIVES

Physician-Patient Arbitration: Passage of California’s Medical Injury Compensation Reform Act (MICRA) in 1975 carried with it a little-noticed provision establishing public policy in favor of resolving disputes over medical professional liability through binding arbitration. When our physician leaders decided in the mid-1980s that arbitration agreements could greatly benefit physicians and their patients, CAP embarked on a multi-level implementation program. Now, with some 30 percent of litigated claims in arbitration and average savings of one-third in defense costs for those claims, the intuition of those leaders has led to the savings of millions in litigation dollars.

Public Affairs and Tort Reform: Patient safety and access to care are public policy issues inextricably linked to medical professional liability and the preservation of MICRA. CAP is a significant participant in the effort to maintain affordable coverage for physicians and thus ensure access to care for all Californians. Through our state and federal political action committees, CAP members meet with candidates on a bipartisan basis to help them understand the connection between medical professional liability and access to care.

reliability

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CAP District Council Regions

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- Bay Area
- Central
- San Diego/Imperial



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● CAP OFFICE LOCATIONS