

Chiropractic Malpractice Insurance Co. (PHICO) Downgraded

Editorial Staff

On August 21, 2001, A.M. Best announced that it had downgraded the PHICO group from B ("fair") to an E rating ("under regulatory supervision"). This was done because PHICO was placed in "rehabilitation" on August 16, 2001 by the Pennsylvania insurance commissioner. The action by the Commissioner is designed to protect policyholders and follows a decline in PHICO's surplus from \$127 million to \$6.8 million.

Although many of their insureds are still with PHICO the International Chiropractic Association's (ICA's) ChiroSecure insurance program began moving its policyholders to ACE ("A+" A.M. Best rating) last year when it became concerned with PHICO's financial strength. The move by the Pennsylvania commissioner prevents PHICO from writing any new policies, while maintaining remaining surplus to address the needs of existing policyholders.

As PHICO is an admitted carrier in all states where ICA's ChiroSecure writes its policies, their insureds would generally be covered by their state's insurance guarantee fund, should PHICO's remaining surplus prove insufficient. Because their policyholders may not receive a refund if they switched carriers prior to their renewal date, ICA's ChiroSecure is notifying each policyholder and offering the option to switch carriers early, or wait until their renewal period.

Stuart Hoffman, DC, president of ChiroSecure commented:

"Our primary concern is always the practicing doctor of chiropractic. The ICA Board approved ACE as our backup insurer last year to protect our policyholders from what has proven to be an unstable insurance market. We are contacting every policyholder personally to help them assess their individual needs and take the best course of action to protect their practice at all times.

"Through our negotiations with ACE, we have been able to maintain the strength of our malpractice policy while negotiating even lower rates in most states. Doctors can contact me directly for answers to any questions or for additional information (480-657-8500)."

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