



YOUR FEEDBACK MATTERS:

Results of NORCAL's 2004 Customer Satisfaction Survey

NORCAL's mission has always been to deliver products and services that support our policyholders in their practice of medicine and protect them against the professional, financial and emotional devastation of malpractice claims.

Our annual Customer Satisfaction Survey, which we have conducted every year for the past 11 years, is our most valuable tool for measuring how satisfied you are with our performance.

In 2004, the Customer Satisfaction Survey took on some important new dimensions. For the first time, we surveyed each individual policyholder segment—solo physicians and small groups, medium and large groups, and hospitals—all simultaneously. In addition, we refined our survey format and language to enhance readability and flow, and we added more areas for open commentary so that you could tell us what you think in your own words.

The following sections show the highlights of the 2004 survey results.*

Response Rates Across Policyholder Segments

In 2004, we surveyed a total of 4,000 policyholders and included a representative sampling from each policyholder segment. Overall, the response rate averaged 26 percent—a very strong response for a survey of this type.

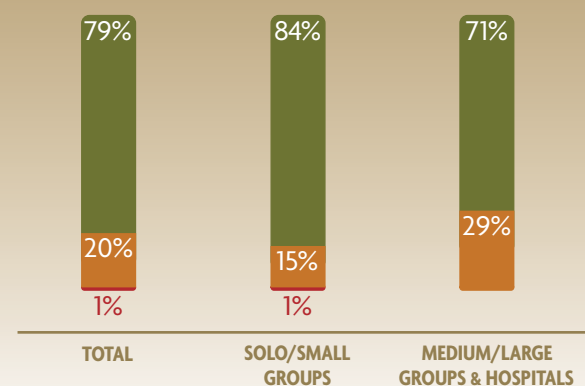
Policyholder Segment	Number Mailed	Number Returned	Response Rate
Total Policyholders	4,000	1,054	Average: 26%
Solo Physicians and Small Groups	3,329	913	27%
Medium and Large Groups	161	42	26%
Hospitals	510	99	19%

*How to Read the Survey Results

All responses to survey questions were based on a 6-point scale, with the top 2 scores representing an overwhelmingly positive response, the middle two scores representing a positive response and the bottom two scores representing a negative response. In the charts shown here, these rankings are represented by green, orange and red, respectively.

Overall Satisfaction

■ Very Satisfied ■ Somewhat Satisfied ■ Not Satisfied



How Did NORCAL Do?

Overall Satisfaction is one of the best indicators of how well we're meeting—or exceeding—your expectations. According to the survey results, 79 percent of customers are Very Satisfied with NORCAL and another 20 percent are Somewhat Satisfied. Only 1 percent of policyholders do not feel satisfied with our performance. While we always strive to make sure that each and every policyholder has a good experience with the company, our 99 percent positive response rate suggests that we are excelling in most of the areas you feel are truly important.

The results indicate that you appreciate our level of commitment and believe NORCAL will be there for you when you need us. The data also show that you are satisfied with our ability to resolve meritorious claims fairly and promptly, and believe that we employ aggressive strategies and tactics to defend you against nonmeritorious claims.

Likelihood to Recommend NORCAL

Driven by Overall Satisfaction with NORCAL, 71 percent of customers said they are Very Likely to recommend us to colleagues. Twenty-six percent said

(CONTINUED ON PAGE 2...)

MICRA PACS PLAN FOR GROWTH IN 2005

Since 2005 is not an election year, the MICRA PACs are focusing on building a strong infrastructure for the 2006 general election. MICRA PACs will be purchasing PAC software, creating a MICRA PAC website, educating PAC members and holding several campaign events in California. These "FUNraising" events will offer PAC members a chance to meet and evaluate current legislators and other declared candidates in next year's elections.

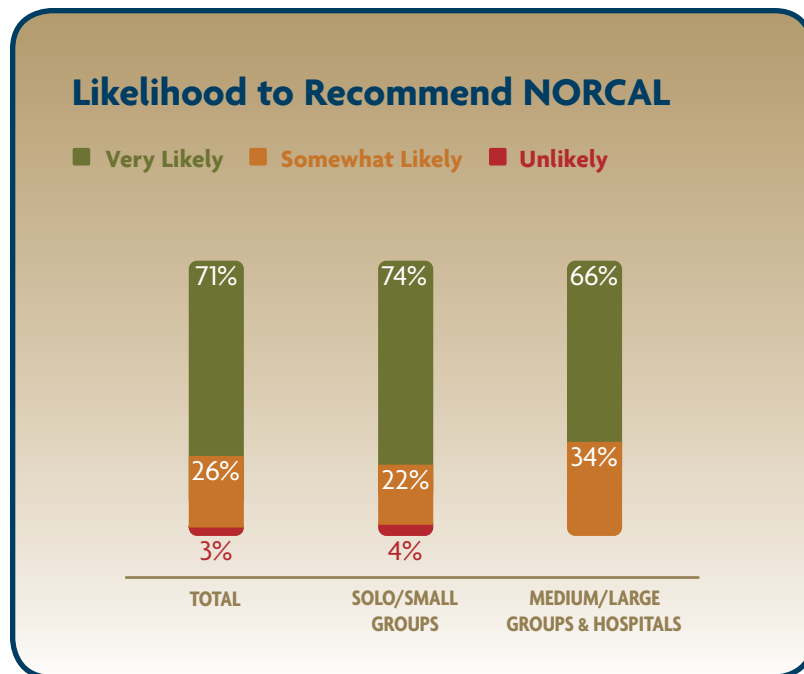
The initial event was a reception for freshman Assemblyman **Ira Ruskin (Dem-Palo Alto)** that was held on Thursday, June 16, 2005, at

the Los Gatos Hotel. This event was a great opportunity for MICRA PAC members to meet Assemblyman Ruskin and was cohosted by the Santa Clara County Medical Association. Before becoming a member of the State Assembly, Ruskin was a city councilman and former mayor of Redwood City. He was elected to the City Council in 1995 and re-elected in 1999 and 2003. Assemblyman Ruskin was chosen unanimously by his peers as mayor from 1999-2001. Assemblyman Ruskin received his M.A. from Stanford University in Communications and his B.A. in History from the University of California, Berkeley.

The second event will be a reception for Assemblyman **Joe Nation (Dem-San Rafael)** on Thursday, August 11, 2005 from 6:00 p.m. to 7:30 p.m., and will be held at the home of James Sunseri, NORCAL President and CEO. Assemblyman Nation was first elected to the Assembly in 2000. He has been an Assistant and Adjunct Professor of Economics, University of San Francisco where he taught microeconomics, macroeconomics, public policy and public finance. He previously taught international economics and foreign policy at the Monterey Institute for International Studies, and has written more than 30 publications, including *The De-escalation of*

(CONTINUED ON PAGE 4...)

(YOUR FEEDBACK MATTERS...continued from page 1)



they are Somewhat Likely to recommend NORCAL and 3 percent indicated they were Unlikely to recommend NORCAL. Peer-to-peer referrals, especially among physicians, are one of the most effective ways we can communicate with the medical community about the quality of our products and services; we appreciate that so many policyholders are spreading the word about the benefits of being insured with NORCAL.

Primary Customer Satisfaction Drivers

The survey results show that the top three drivers of customer satisfaction are the Price/Value of NORCAL's Medical Liability Insurance Policy, Policy Coverage and Policy Administration. Below is an explanation of your results for each of these key drivers.

Price/Value

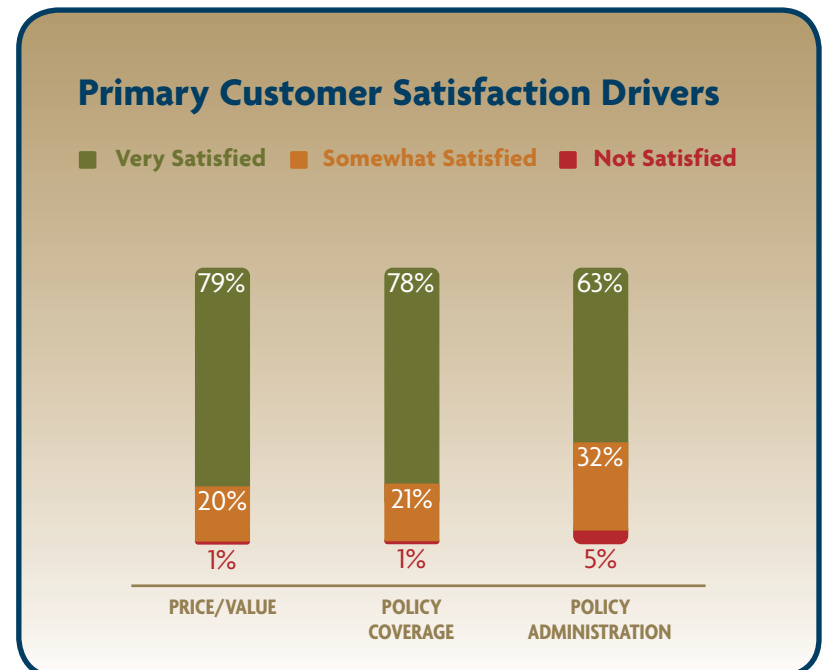
Price/Value refers to the perceived value of NORCAL's policy relative to the premium paid. In other words, is the cost of your coverage with NORCAL equal to the value of the products and services you receive? By this definition, 79 percent of customers indicated that they think NORCAL offers Excellent Value. Another 20 percent said NORCAL offers Good Value and 1 percent thought NORCAL offered Poor Value.

Policy Coverage

Policyholders indicated that NORCAL is performing very well in terms of our Policy Coverage. Seventy-eight percent of customers said they are Very Satisfied with Policy Coverage and believe their policies offer adequate protection. Twenty-one percent of customers said they are Somewhat Satisfied with their coverage and 1 percent said they are Not Satisfied. You also indicated that you believe we are flexible and able to adapt to changing practice needs.

Policy Administration

Sixty-three percent of customers said they are Very Satisfied with NORCAL's Policy Administration services. Thirty-two percent said they are Somewhat Satisfied and 5 percent said they are Not Satisfied with Policy Administration. Although you indicated that you would like us to be easier to contact, you also stated that NORCAL performs very well in terms of assisting customers with various policy changes and understanding customer requests.



Secondary Customer Satisfaction Drivers

While statistically Price/Value, Policy Coverage and Policy Administration are the key customer satisfaction drivers, Claims Handling, Risk Management and Continuing Medical Education (CME) Course Offerings are also of high importance in terms of gauging overall customer satisfaction. Below is an explanation of your results for these secondary satisfaction drivers.

Claims

Ninety-nine percent of customers are satisfied with our ability to handle policyholders' Claims, with 87 percent of customers reporting that they are Very Satisfied, 12 percent reporting that they are Somewhat Satisfied and only 1 percent reporting that they are Not Satisfied. Your feedback also indicates that you believe NORCAL's Claims Representatives understand policyholders' situations, behave in a supportive manner, follow through on commitments and know how to help.

2005 CME COURSES NOW AVAILABLE

If you haven't yet registered for any CME courses this year, it's not too late! NORCAL's 2005 CME Catalog offers the following course options to our insureds:

Clinical Courses

- Pain Management
- Preventing Birth Injuries
- Reducing Medication Errors
- Failure to Diagnose Breast Cancer
- Failure to Diagnose Acute Myocardial Infarction
- Failure to Diagnose Colorectal Cancer
- Failure to Diagnose Lung Cancer

Administrative Courses

- Communication and Follow Up
- Informed Consent
- Medical Records Management and Practice Management

All materials are available in both monograph and Internet formats and can be completed in the comfort of your home or workplace. They include sample forms, reference materials and other helpful tools for you to use in your practice. Please contact the Risk Management Department at (800) 652-1051, ext. 2244 to register. ☎

Risk Management

The survey indicates that 76 percent of customers are Very Satisfied with our Risk Management consulting services. Twenty-two percent are Somewhat Satisfied, while 5 percent of customers are Not Satisfied. Furthermore, you indicated that our top Risk Management strengths include our ability to help customers reduce risk and our extensive knowledge about liability exposures and issues.

Continuing Medical Education (CME)

Finally, 77 percent of customers indicated that they are very satisfied with NORCAL's CME course offerings. Another 18 percent said that they are Somewhat Satisfied with our CME courses and 4 percent stated that they are Not Satisfied. Customers also indicated that they believe NORCAL's CME courses are convenient to complete and free of commercial bias.

Communication

Policyholders indicated that NORCAL needs to improve how we communicate important new company initiatives, policy changes and other pertinent information to our customers. In mid-2004, NORCAL created a Corporate Communications Unit expressly to address this issue and improve the timeliness, frequency and quality of our communications.

Policy Readability

Your survey results indicate that certain aspects of your NORCAL policy are difficult to understand. Beginning in 2004, NORCAL undertook a major policy rewrite initiative, and a key aspect of this rewrite has been devoted to drafting a policy that offers clearer language in a more readable format. Most policyholders will receive their new policy when their coverage next renews after October 1, 2005.

*Your confidence
in us as a
partner in your
practice of medicine
is something
we must continue
to earn.*

Conclusion

As a direct result of your feedback from past Customer Satisfaction Surveys, NORCAL has instituted a host of changes and improvements. To name just a few, we have redesigned and clarified our billing statements, automated our policy issuance, rating and billing processes for our hospitals and clinics, created secure login sections of the NORCAL website for our policyholders and expanded our catalog of Risk Management continuing medical education (CME) materials.

In 2005, we are working harder than ever to respond to the evolving needs of our policyholders. This year, which happens to mark NORCAL's 30th anniversary, we have undertaken a major customer service initiative to help reinvigorate and preserve our legacy of being a policyholder-oriented mutual insurance company. The Think Customers First! initiative touches all levels of the organization, fostering more responsive customer service, more timely and relevant communications, and increased opportunity to provide feedback on services received.

Finally, we'd like to take this opportunity to thank all policyholders who provided us with feedback through the 2004 Customer Satisfaction Survey. Your confidence in us as a partner in your practice of medicine is something we must continue to earn. During uncertain times in an often tumultuous industry, it is more important than ever that we solicit open and honest feedback from you so that we can continually evaluate our products and services, make enhancements where necessary and strive to maintain your loyalty.



Improvement

Though your feedback from the 2004 Customer Satisfaction Survey indicated a high degree of overall satisfaction, your results also pinpointed areas we could improve. Here's what we're doing to address some of those areas:

Reaching NORCAL Staff

Many indicated that at times our Policy Administration staff can be difficult to contact. Though a recent internal Underwriting report indicated that 98 percent of all customer calls are answered, we recognize that there is still room for improvement. NORCAL has devoted significant resources to addressing this issue, and we will continue to do so as we strive to answer 100 percent of our customer calls.

(MICRA PACS PLAN FOR GROWTH IN 2005...continued from page 1)

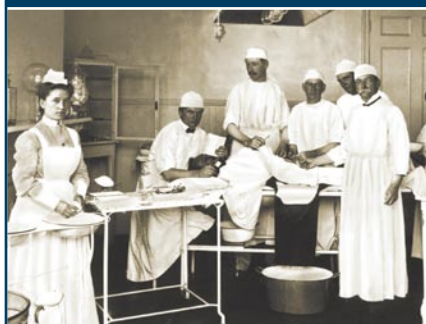
Nuclear Crises (St. Martin's Press), a study of how superpowers can step back from the brink of a nuclear crisis. Assemblyman Nation was also an assistant at Georgetown University to Madeleine Albright.

The third fundraising event will be a theater night on Thursday, December 1, 2005 at the American Conservatory Theater (A.C.T.) in San Francisco for Assemblyman **Leland Yee (Dem-San Francisco)**. This theater night event will be cohosted with the San Mateo County Medical Association and includes a "behind-the-scenes" tour. Elected to the California State Assembly in November 2002, Assemblyman Yee was appointed to the Speaker's leadership team as the Assistant Speaker pro Tempore, making him the first Asian Pacific American to be appointed Speaker pro Tempore, the number-two position in the California State Assembly. Prior to the Assembly, Dr. Yee spent eight years on the San Francisco Unified School District Board of Education. In 1996, he was elected to the San Francisco Board of Supervisors. As Chair of the Finance Committee, he championed fiscal responsibility and accountability and established the largest "Rainy Day" budget reserve in San Francisco's history. Assemblyman Yee is a strong MICRA supporter who believes in caps on noneconomic damages.

The MICRA PAC Advisory Committee and staff understand that the most difficult task is not raising money, but spending it wisely. This means finding legislators and candidates who truly will support MICRA when the chips are down.

You can help by marking August 11 and December 1 on your 2005 calendar and help NORCAL support these MICRA champions. If you cannot attend, call the MICRA PAC Office at (415) 395-8774 to find out what else you can do to help. 🏥

THE PRACTICE OF MEDICINE HAS COME A LONG WAY
Why should your medical liability coverage be any different?



NORCAL is excited to announce our NEW INDIVIDUAL/ ENTITY POLICY

- Coverage that better fits your practice
- Increased medical expense and trial attendance benefits
- Increased limit for Physicians Administrative Defense (PAD) reimbursement coverage
- Clearer policy format and language



(800) 652-1051
www.norcalmutual.com

Most policyholders will receive their new policy at their next policy renewal date after **October 1, 2005**. If you have any questions, please contact Policyholder Services at (877) 443-7232 and we'll be happy to help you.

C O R P O R A T E
C O R N E R

NORCAL Prepares to Launch New Policy for Individuals/Entities

NORCAL is pleased to announce the upcoming launch of our new and improved medical professional liability insurance policy for individual and entity policyholders. The new policy, which takes effect on October 1, 2005, is designed to:

- Provide coverage that better fits individual and entity practice needs
- Increase medical expense and trial attendance benefits
- Increase NORCAL Physicians Administrative Defense (PAD) reimbursement coverage
- Deliver enhanced service to ensure that the overall policyholder experience with NORCAL is a good one

The individual/entity policy is the first in a series of new policies tailored to the specific practice needs of our diverse policyholder segments. Policyholders can look forward to the launch of the new hospital and group policies on January 1, 2006 and the new facilities policy on June 1, 2006.

NORCAL Invites You to Try Our Policyholder Login Services

In September 2004, NORCAL launched the secure Policyholder Login section of our website in order to provide you with an easy-to-use, time-saving option for managing your NORCAL account. This automated program allows you to update contact information, generate certificates of insurance (COIs) and pay premium bills, all online.

To register for this convenient service, simply log on to www.norcalmutual.com, access the "Policyholder Login" section and click to enroll. Our goal is to make doing business with NORCAL easier than ever, so we hope you'll take a moment to find out what this new program has to offer. 🏥

MEDICAL LIABILITY watch



560 Davis Street, 2nd Floor
San Francisco, California 94111-1902

C O N T E N T S :

MAIN ARTICLES

YOUR FEEDBACK MATTERS: RESULTS OF NORCAL'S 2004 CUSTOMER SATISFACTION SURVEY

MICRA PACS PLAN FOR GROWTH IN 2005

2005 CME COURSES NOW AVAILABLE

CORPORATE CORNER

NORCAL PREPARES TO LAUNCH NEW POLICY FOR INDIVIDUALS/ENTITIES

NORCAL INVITES YOU TO TRY OUR POLICYHOLDER LOGIN SERVICES

