

Employee Spotlight

Zach Sinclair



Zach Sinclair is the new featured employee of the Keane Insurance Group.

Along with Ellen Kuhn, Zach recently opened the new Kansas City office for Keane. He comes from several years of experience with other insurance firms, most recently Liberty Mutual.

"In some respects, opening an office in Kansas City is like starting my own business, but you still have the great support and legacy of Keane to rely upon," says Zach. "I'm very excited to be a part of the team."

Zach has known the Keane family for many years, and his new employment is a natural extension of the friendship. "I like the family atmosphere of the company," he says.

In this spare time, Zach enjoys weight lifting and a variety of other sports. He is also an active volunteer with the Fellowship of Christian Athletes.

INTERMED UPDATE

INTERVIEW WITH BUCK LONG,
VICE PRESIDENT, UNDERWRITING & MARKETING

Intermed Insurance Company, one of the state's largest and longest-running medical liability providers, has had a moratorium on new business other than renewals for nearly two years.

We spent a few minutes with Buck Long to gauge his perspective on today's marketplace.

Question:
Where do you expect rates to settle in 2004?
Answer:
At this time, we do expect any change from last year. However, 2003 increases still affect renewals through mid-September of this year.

Question:
What is driving current rates?
Answer:
They are driven by losses that have incurred since 1999. Those losses continue to compound, primarily because of aggressive trial lawyers, which in turn drive defense costs higher.

Question:
Why should physicians remain with Intermed coverage?
Answer:
We've stood side-by-side our covered

physicians since 1976. We have a long track record of financial integrity and remain committed to using the best defense attorneys and to charging a rate that is actuarially sound allowing us to pay claims now and in the future.

Question:
What can physicians do to reduce their rates?
Answer:
First and foremost, they need to continue to communicate the need for Tort Reform to their patients, their community, and most important to their local legislators. However, our actuaries have cautioned us to expect a possible rate stabilization not an immediate reduction for the first year or two after any significant reform.

Question:
What else?
Answer:
No one is saying that patients should not be allowed to sue. All of us including Doctors need accountability. But seventy five percent of lawsuits filed against our Insureds are dismissed or are frivolous, and the costs associated with handling those are simply overwhelming.

The Keane INSURANCE

Volume 8, Issue 1
Spring 2004

REPORT

News and Information for
Medical Professionals
Concerned About the Rising
Costs of Malpractice Insurance

MARCH 2004

Letter from Our Leader



Welcome to another edition of the Keane Insurance Newsletter. We have several interesting reports in this issue, including an update on Missouri Physicians Mutual, the new doctor-owned malpractice insurance company that captured a significant share of the market last year.

You will also find an informative interview with Buck Long, vice president of underwriting and marketing with Intermed.

We will also share news of MPM's new relationship with Physician Risk Services, Inc., a risk management consulting firm based in St. Louis.

The Keane Insurance Group recently opened a new office in Kansas City, and we have two new colleagues.

Finally, local CPA Craig Campbell and financial planner David Obedin offer their insight into new tax laws and the importance of proper estate planning.

We were pleased to see the large turnout at the recent forum on malpractice sponsored by the St. Louis Metropolitan Medical Society. Tort reform and other issues related to the rising cost of liability insurance is obviously top-of-mind for many doctors. At the Keane Insurance Group, we strive to be your partner as your search for the most complete and cost-effective coverage available.

As always, please don't hesitate to contact me directly with any questions or concerns.

Thank you very much for your business.

John Keane
Keane Insurance Group

KEANE OPENS NEW KANSAS CITY OFFICE

The Keane Insurance Group is pleased to announce the new opening of its Kansas City office located at 9393 West 110th Street in Overland Park, Kansas.

"Our Kansas City client base has grown to the point where having a local presence became essential to providing the best possible service" says Brian Dames, Director of Business

Development for The Keane Insurance Group.

Two new staffers have joined the firm and will be located in the new office. They include Zach Sinclair, professional liability consultant, and Ellen Kuhn, client service representative.

Zach or Ellen can be reached at 913.323.6816.

MPM and Keane Offer Risk Management through St. Louis based Consulting Firm

Missouri Physicians Mutual and Keane Insurance Group are now offering risk management for physician services through Physician Risk Services, Inc., a St. Louis-based consulting firm.

risk management services, including seminars, practice audits, one-on-one consulting and more. In

physician|risk|services

"We are pleased to offer physician risk management services to MPM and Keane Insurance clients, and look forward to working with doctors to lower their risk of being sued," says Scott Anderson, president of Physician Risk Services. Anderson's company provides a host of

many cases, physicians can earn up to 10 percent discounts on their malpractice premiums by participating in risk management educational forums and

making specific operational improvements in their practice.

"Every physician is looking for ways to lower their malpractice premium, and risk management is one of the most effective tools to do that," says John Keane. "Our sales team will be well versed on the new offerings available to doctors."

You can find more information on Physician Risk Services at www.physician-risk.com.

THE KEANE INSURANCE REPORT
Spring 2004

Return Service Requested

10777 Sunset Office Drive
Suite 310
St. Louis, MO 63127
Phone 314/966-7733
1-800-966-7731



PRSR1 STD
US postage
PAID
St. Louis, MO
Permit NO. 4713

TAX SAVINGS ARE HERE!

By Craig R. Campbell, CPA
Partner - Anders Minkler & Diehl, CPA

Congress passed last spring the third tax bill of the Bush presidency called the Jobs and Growth Tax Relief Reconciliation Act of 2003.

The new law is good news because there are no tax increases in the package. Some of the best changes are retroactive to January 1, 2003. The people who will be happiest about the new law are married couples with children under age 17, investors, high-income individuals, and small business owners.

The existing 10% and 15% rates remain unchanged. Furthermore, under a sunset rule, your rates will return to the pre-2001 Tax Act rates of 15%, 28%, 31%, 36%, and 39.6% after 2010 unless Congress takes further action. The 10% rate would disappear entirely with 15% becoming the lowest rate.

Bigger 10% Bracket for Most Folks.

In another favorable change, the new law widens the 10% rate bracket effective back to January 1st. This means a bit more income will be taxed at the lowest 10% rate for all but taxpayers who claim head of household filing status. These expansions of the 10% rate bracket will expire after 2004.

Major Relief for Married Taxpayers (Finally).

The unfairness of the "marriage penalty" has been a constant tax topic for many years. It just doesn't seem right that getting married can cause a higher federal income tax bill for the newly wedded pair. While the 2003 Act doesn't completely eliminate the problem, it delivers significant relief to joint filers. It also helps married persons who file separately from their spouses.

Our New and Improved 2003 Federal Income Tax Rate Structure.

If you happen to be in the 10% or 15% rate bracket (see the new rate table presented earlier in this letter), your dividends will be taxed at only

This table includes all the taxpayer-friendly new rules we've covered so far.

	Single	Joint	Head of Household	Married Filing Separately
10% Bracket	\$0-7,000	\$0-14,000	\$0-10,000	\$0-7,000
15% Bracket	\$7,001-28,400	\$14,001-56,800	\$10,001-38,050	\$7,001-28,400
25% Bracket	\$28,401-68,800	\$56,801-114,650	\$38,051-98,250	\$28,401-57,325
28% Bracket	\$68,801-143,500	\$114,651-174,700	\$98,251-159,100	\$57,326-87,350
33% Bracket	\$143,501-311,950	\$174,701-311,950	\$159,101-311,950	\$87,351-155,975
35% Bracket	\$311,951 and up	\$311,951 and up	\$311,951 and up	\$155,976 and up
Standard deduction	\$4,750	\$9,500	\$7,000	\$4,750

Child Credit "Kicked up a Notch" to \$1,000.

For 2003 and 2004, the tax credit for each under-age-17 dependent child, stepchild, foster child, or grandchild is raised to \$1,000 (up from only \$600 for 2002).

Great News For Investors

Dividends Now Taxed at Only 15% (Maybe Less). As long as anyone can remember, dividends paid on stocks held in taxable accounts were taxed as "ordinary income." So, you paid your "regular" federal rate, which could be as high as 35% under the new law (down from 38.6% in 2002). This is a big change.

For all of 2003 through the bitter end of 2008, your dividends from domestic corporations and qualified foreign corporations will be taxed at no more than 15% (the same as the new maximum rate on most long-term capital gains).

5%. (For 2008, your rate will be an unbeatable zero percent, but just for that single year.)

Great News for Small Business Owners, Too Huge Increase in Annual Section 179 Allowance.

As a medical practice owner, the best new tax law may be the huge increase in the Section 179 first-year depreciation break. Under the much-loved Section 179 rule, you can generally instantly deduct 100% of the cost of most new and used personal property (non-real estate) assets in the year you place them in service. Until the new law, however, this year's Section 179 deduction was limited to \$25,000. That was then. You can now deduct up to \$100,000 for tax years beginning in 2003, 2004, and 2005 (subject to a taxable income limitation and another limitation if you add over \$400,000 of qualifying assets during the same tax year).

MISSOURI PHYSICIANS MUTUAL

Missouri Physicians Mutual Continues to Grow

Missouri Physicians Mutual, the new doctor-owned malpractice insurance company, completed 2003 on a torrid pace, providing coverage for more than 1,500 doctors located throughout Missouri.

"MPM is off to a faster start than even we anticipated," says Tim Trout, managing director for the company. "We have written more than \$27 million in premium, and expect an even better year in 2004."

Keane Insurance Group acts as the exclusive broker for MPM.

According to Trout, there are several factors that can be attributed to MPM's rapid growth. "First, MPM is owned by Missouri doctors and insures only Missouri doctors, thereby keeping premiums down by basing rates only on Missouri physician experience and loss ratios" he says. "Secondly, because it is a non-profit organization, the company does not have to pay shareholders and thus can pass the savings along to physicians."

"MPM is now just one of two insurance companies writing new policies in the state," says John Keane. "We are proud of our association with MPM, and look forward to working with the company this year and beyond."

Please consult your liability consultant or call 314.966.7733 to learn more information about the fastest-growing malpractice insurance company in the state.



THE FINANCIAL CORNER

Estate Planning Basics

David Obedin
Renaissance Financial, Inc.

"Only the rich need estate planning." "I'm too young to need a will." "My family knows how to divide up my assets." "I do not want artificial life support administered."

One of these or countless other myths about estate planning may be keeping you from planning your family's sound financial future.

While creating a thorough estate plan should be a financial priority, relatively few Americans realize this: an alarming high percent of adult Americans do not have a valid will or other depository document – an essential part of any estate plan.

With the April tax-filing deadline in sight, many are thinking that proactive tax planning could reduce their future tax bill, now is also the time to review your estate planning as well. While there are varying levels of complexity and sophistication, here is a primer to the basics.

Arrange a will

A will is one of the primary documents for transferring your assets upon your death and if you die without one, state law controls how your assets will be distributed. In addition, your loved ones may

be headed for lengthy and costly delays in probate court and unneeded emotional and financial stress. In addition to a will, a revocable trust or other documents may be necessary to protect the confidentiality of your affairs. The unwinding of an estate without a trust is a public process – something that most individuals seek to avoid.

Wealth preservation is key

Now is the time to organize and plan your financial future to ensure your assets are divided according to your wishes. First, take a look at some of the most common objections to estate planning and the facts negating these objections.

Facts and Myths

Objection: I'm too young to need estate-planning documents. **Fact:** Age does not lessen the importance of having a completed plan, especially if you have minor children. The process of estate planning is the only way, without court appointment, to name guardians to raise your children and to ensure their inheritances are managed in the way you intended.

Objection: My family knows how to

divide up my assets. **Fact:** Even if your family agrees with you, your wishes will not be upheld if they conflict with your state's rules about who inherits property if you die without a will.

Objection: My assets are insufficient to have a taxable estate. **Fact:** Your taxable estate includes many items you may not be aware of, including the payout from your life insurance policies and your share of jointly owned property such as your house, IRAs, retirement plans, cash, bonds, stocks and other investments – which can add up quickly to reach the \$1,500,000 exemption cap for 2004.

Objection: In 2010 the estate tax is repealed. **Fact:** True, the estate tax is repealed in 2010, but it springs back to life on January 1, 2011, unless the law is extended by Congress. Therefore flexible planning is key to avoiding pitfalls that work in 2010 but not 2011.

Securities and Investment Advisory Services Offered Through Securian Financial Services, Inc., Member NASD/SIPC Investment Advisory Services Offered Through R.F. Advisors, A Registered Investment Advisor Renaissance Financial and its affiliate R.F. Advisors are independently owned and operated.

Professional Liability Specialists

PHYSICIANS • HOSPITALS • MANAGED CARE

We are one of the single largest providers of Healthcare Professional Liability Insurance in the Midwest, with over 2500 medical-related clients. Our staff members – all dedicated and experienced insurance professionals – are experts in finding the most cost-effective and secure solutions to your specific insurance needs. Visit our web site and take a moment to learn more about The Keane Insurance Group and our wide variety of insurance products specifically-tailored to meet the growing demands of healthcare professionals.

www.keanegroup.com

