

2014

Medical Malpractice
Financial Information
Closed Claim Database
and Rate Filings

Annual Report
October 1, 2014



FLORIDA OFFICE OF
INSURANCE REGULATION

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Executive Summary

Section 627.912(6)(b)&(c), Florida Statutes, requires the Office of Insurance Regulation (the Office) to prepare an annual report about the medical malpractice insurance market in Florida. As required by law, this report provides:

- A review of the profitability and solvency of medical malpractice insurers doing business in Florida;
- A comparison of Florida medical malpractice insurance data to that of other states;
- A review of rate filings resolved by the Office during the 2013 calendar year; and
- An analysis of Florida medical malpractice closed claims.

It also provides:

- Detailed information by leading states and for leading companies that is targeted specifically to the physicians malpractice subline, and similar information for each of the other three sublines (other healthcare professionals, hospitals, and other facilities);
- Information on the breakdown of the market between licensed insurance companies, surplus lines companies, and risk retention groups for each of the four sublines;
- Information on competition and marketplace dynamics for the physicians malpractice market; and
- A comparison of malpractice premiums in leading states for physicians malpractice insurance.

This report satisfies the statutory requirements. Specifically it analyzes the financial performance of the 26 medical malpractice insurance writers that constituted 80% of the overall Florida market in 2013.

Market size and cost components – Florida is the fourth largest U.S. state in terms of total medical malpractice premium, with roughly \$540 million in 2013 direct written premium. Among the top 10 states by premium, Florida's:

- Combined loss and defense and cost containment ratio of 54.7% ranks fifth highest;
- Non-claims-based expense ratio of 18.8% is tied for third highest;
- Claims-based adjusting and other expense of 4.9% is fourth highest; and
- Combined ratio (total payouts to premium) of 84.8%, up slightly from 83% in 2012, is the fifth largest.

Carrier financial strength – It is estimated that the Florida medical malpractice line of business standing alone generated a direct (before reinsurance) return on surplus of 29.7% in 2013. This return compares very positively with the average countrywide all-lines net return on surplus for Florida's leading medical malpractice writers of 7.7% (up from 5.3% in 2012) This was generally consistent with stock market returns in 2013, although both were exceptional. This represents the tenth consecutive year of profitability. One should consider that the 2013 countrywide calendar year financial results of the various insurers may be heavily affected by improvements in their cost estimates for claims from older years. Data from the National Association of Insurance Commissioners (NAIC) financial database suggests that the 2012 and

prior year loss cost estimates were reduced by 10-30% of 2013 earned premium. Related financial information in the report also suggests that the leading malpractice carriers as a class are financially strong.

Breakdown of the market by subline – Physicians malpractice dominates the medical malpractice premium in Florida. Sixty-nine percent (69%) of the 2013 Florida medical malpractice written premium was for physicians, 16% was for other professionals, 6% was for hospitals, and 9% was for other medical facilities.

Breakdown of the market between licensed carriers and total of surplus lines insurers and risk retention groups – For the overall medical malpractice market, 67% of the premium is generated by licensed insurance companies (as opposed to surplus lines carriers and risk retention groups). However, the results are very different when the scope is limited to one of the individual sublines broken out in the annual statement. The following percentages of premium, by subline, are for licensed insurance companies:

- Physicians and surgeons: 81%
- Other healthcare professionals: 61%
- Hospitals: 5%
- Other facilities: 11%

For the most part, loss ratios within each segment did not differ materially by carrier type (other than where the premium volume is low, as with the hospital segment).

Admissions Unit activity – Eight (8) carriers [including one risk retention group (RRG)] entered the Florida malpractice market during 2013. Three carriers exited the market by either surrendering their license or by having their license withdrawn, or suspended. Five risk purchasing groups entered the market during 2013.

Legislation – There was no legislation affecting the medical malpractice environment that was passed during the 2014 legislative session. However, the Florida Supreme Court's decision in the *McCall v. United States* struck down the \$1 million total cap on noneconomic damages in wrongful death cases.

Key financial information on physicians malpractice – Florida is the fourth largest state for physicians malpractice, with \$366 million in 2013 direct written premium. Its loss ratio during 2013 (specifically excluding defense and cost containment), at 41.3%, was the fifth highest among the top 10 states. That midrange ranking nonetheless translates to an estimated 2013 combined (all costs divided by all premiums) ratio of 94%. Like the all medical malpractice estimated combined ratio of 85%, that suggests fairly strong profitability within this segment. Physicians malpractice loss ratios differ markedly among carriers, ranging from as low as 8% to as high as 53%.

Specialization among physicians insurers – The majority of leading physicians insurers in Florida may be said to specialize in insuring physicians malpractice. Some of them specialize specifically in Florida physicians, although most do not.

Market concentration – After the recent merger of the First Professionals Group into the Doctors Company, the commonly-used Herfindahl-Hirschman (Herfindahl) index of market concentration, at 1607, indicates that the physicians malpractice market is moderately concentrated. Since the types of insureds within the other sublines in the NAIC financial database are very diverse, the database does not contain enough information to evaluate the degree of market concentration in the remaining sublines.

Comparison of Florida rates to those of other states – A limited scope study contained within the report indicates that in one quarter of the examples priced, Florida rates were the highest among all nine states. In the remaining examples, Florida ranked second or third among the nine states reviewed.

Rate filings – There were 87 medical malpractice rate filings either approved or processed as informational during 2013 (down from 90 in 2012 but up from 46 in 2011) in Florida. The average rate change for a Florida physician as a result of rate filings resolved in 2013 was an increase of 0.4%. This was derived by taking the actual rate changes approved in 2013 and weighting them with zero rate change for the companies without approved filings. Some of the specialized areas of medical malpractice also experienced average rate changes in 2013, including:

- Dentists rates: +3.2%
- Professional nurses rates: +1.5%
- Podiatrists, optometrists, chiropractors and similar professionals rates: + 0.4%

Professional liability claims reporting system data – During 2013, 2,802 claims were reported as closed (up from 2,491 in 2012); 1,431 claims were closed for female claimants and 1,371 for male claimants. As in previous reports, hospital inpatient facilities were the most commonly reported claims location. As in prior reports, most claims were in the “severe to moderate” category. An estimated \$972 million (62% above 2012, which in turn was 29% below 2011) was paid over the lifetime of the claims closed in 2013; \$807 million was paid in damages, the remainder in loss adjustment expenses.

Historical context – The Office has continued to monitor the profitability of the medical malpractice insurance market in Florida. Prior to the 2003 legislative changes, the market experienced double-digit annual rate increases, an availability crisis, and had one of the highest defense and cost containment expense ratios in the country.

General conclusion – Based on the trends found in this report, it would appear that the 2003 changes to the law have benefited policyholders and the industry, assisted with the solvency of medical malpractice carriers, and directly contributed to a long-term lowering of the defense and cost containment ratios in the State of Florida.

Purpose and Scope

Section 627.912(6)(b)&(c), Florida Statutes, requires the Office to publish an annual report of the state of the medical malpractice insurance market in Florida. The statute requires the Office to utilize three data resources:

1) The National Association of Insurance Commissioners (NAIC) annual financial statement filings; 2) The closed claims database maintained by the Office; and 3) An analysis of rate filings filed with the Office during the previous year. Specifically:

(6)(b) The office shall prepare an annual report by October 1 of each year, beginning in 2004, which shall be available on the Internet, which summarizes and analyzes the closed claim reports for medical malpractice filed pursuant to this section and the annual financial reports filed by insurers writing medical malpractice insurance in this state.

The report must include an analysis of closed claim reports of prior years, in order to show trends in the frequency and amount of claims payments, the itemization of economic and noneconomic damages, the nature of the errant conduct, and such other information as the office determines is illustrative of the trends in closed claims. The report must also analyze the state of the medical malpractice insurance market in Florida, including an analysis of the financial reports of those insurers with a combined market share of at least 80 percent of the net written premium in the state for medical malpractice for the prior calendar year, including a loss ratio analysis for medical malpractice written in Florida and a profitability analysis of each such insurer. The report shall compare the ratios for medical malpractice in Florida compared to other states, based on financial reports filed with the National Association of Insurance Commissioners and such other information as the office deems relevant.

(c) The annual report shall also include a summary of the rate filings for medical malpractice which have been approved by the office for the prior calendar year, including an analysis of the trend of direct and incurred losses as compared to prior years.

Background on the Florida Market

Since Florida's population ranks fourth in the country, it would be expected that Florida would represent one of the largest medical malpractice insurance markets. Although data was compiled for all 50 States and all U.S. Territories (Appendix A), for purposes of comparison, this report compares Florida with other states in the top ten for the most medical malpractice premium written overall for the medical malpractice line of business: New York, California, Pennsylvania, Illinois, New Jersey, Ohio, Massachusetts, Texas, and Georgia. The report also compares Florida with other states in that top ten group as regards direct losses incurred, expenses borne, and other key financial criteria.

As part of this report, a few global adjustments to the data were necessary. Since captives of large healthcare chains have a different marketing structure than conventional insurers, they have

different operating characteristics than conventional insurance companies. One large carrier, Healthcare Indemnity (HCI), primarily covers the risks of its (hospital chain) owner, and its data was removed from the October 2013 version of this report. Another captive belonging to a large hospital chain, The Healthcare Underwriting Company, RRG, was also removed from the October 2013 version of this report. Therefore, both captives were removed from the data used to produce this report.

The largest malpractice insurer in Florida, First Professionals Insurance Company, and its affiliate Anesthesiologists Professional Assurance Company, were recently merged into the operations of their parent, Doctors Company, with the only remaining business in the two entities being the orderly runoff of existing policies until they are renewed into Doctors Company. Therefore, in much of this report the three companies are treated as a single company (with the breakdown among the three companies shown in many of the exhibits).

Organization of this Report

The primary financial data used to construct this report is obtained from the NAIC financial database. However, additional data from the Professional Liability Claims Reporting System (PLCR), internal reviews of rate filing activity, internal reviews of company admissions data, internal “CORE” system data, and the Office’s legislative summary was used as well. In that NAIC financial database, extensive information is provided regarding the total financial position of a company across all lines of business. A substantial, but lesser, amount of information is provided for just the medical malpractice line of business. An even lesser amount of information is provided when the scope is restricted to one of the “sublines” in the NAIC database, such as for only physicians, only non-physician healthcare professionals, only hospitals, or only non-hospital medical facilities.

The medical malpractice market for physicians is very different from the medical malpractice market for other sublines such as hospitals. Thus, information by subline can be of key interest. Therefore, the first section of this report focuses on the total malpractice market; the second section focuses on the results for just the policies covering physicians; the third on the malpractice market for other healthcare professionals, and so on. Those sections are followed by an analysis of the data from the PLCR system. Detailed comparisons of physicians medical malpractice premiums for the nine states where information could be readily obtained and other key fifty state plus U.S. territories data items are in the appendices.

Analysis of the Total Medical Malpractice Line of Business

As mentioned earlier, the first section of this report covers data from all types of medical malpractice coverage combined. The first subsection of that analysis involves comparisons among the leading medical malpractice states.

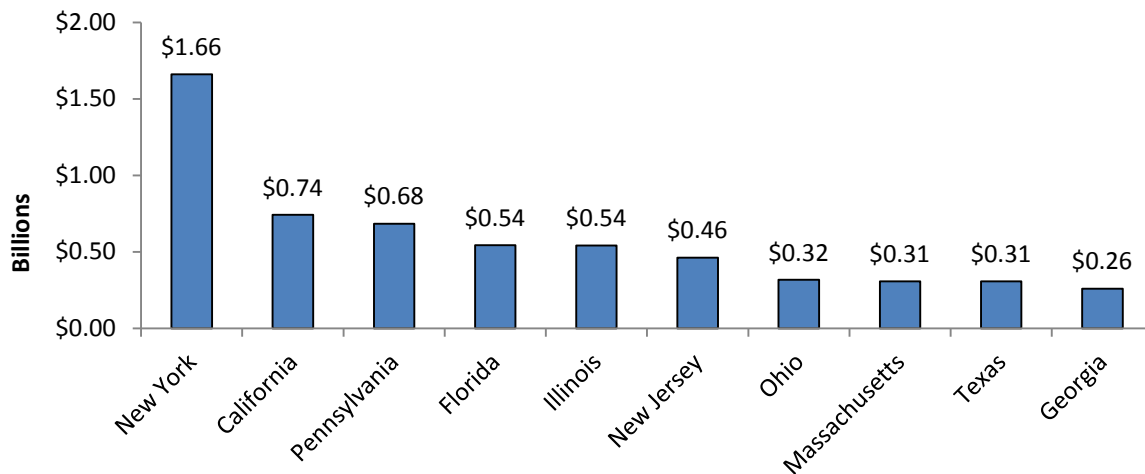
Comparisons to Other Leading States

Comparative data for the Florida medical malpractice market and that of the top ten states for total malpractice premium follows.

Top Ten States by Medical Malpractice Premium Volume

Written premium is a commonly used measure of the dollars of sales generated by an insurance company. As the graph below shows, however, there is not a direct 1:1 correlation between state population and total medical malpractice written premium. California, by far the most populous state, is a distant second to New York in the amount of medical malpractice premium written. Meanwhile, Texas is the second most populous state, but ranks ninth in terms of medical malpractice premium. As mentioned earlier, Florida ranks fourth by population and also fourth within its peer group for malpractice premium.

2013 Top Ten States for Medical Malpractice Direct Written Premium



Data from two captive insurers was removed from this analysis and all subsequent charts.

Loss and DCC Information for the Top Ten States

The loss ratio is a measure of the percentage of premium that will be expended on paying claims. It divides the total loss dollars accrued in a calendar year, by an "earned premium" value that adjusts the premium on each policy to match the 12 months of possible loss costs that the policy might have to pay. As such, a high loss ratio would suggest that losses are high in relation to premium. Further, a higher loss ratio would indicate a lower average markup on loss costs on the part of the various insurance companies doing business in a state. Data on the loss ratios of the top ten states and their loss ratio ranks are shown in the chart on the following page.

2013 All Medical Malpractice Direct Loss Ratios

Written Premium Rank	State	2013 All Medical Malpractice Direct Loss Ratio	Loss Ratio Rank
1	New York	60.0%	1
2	California	37.5%	5
3	Pennsylvania	47.2%	3
4	Florida	45.3%	4
5	Illinois	20.5%	8
6	New Jersey	54.1%	2
7	Ohio	15.2%	9
8	Massachusetts	32.6%	7
9	Texas	13.2%	10
10	Georgia	34.2%	6

Before discussing the results of the chart, a few points about this data should be mentioned. When actuaries and other professionals compute the rates companies charge, they replace this data with data that removes year-to-year fluctuations in estimates of the costs of claims, and reflects the historical rate changes companies have made. As a by-product, those adjustments remove some of the year-to-year volatility in loss data.

New York continues to lead this group, with New Jersey a close second. The aggregate direct loss ratio for the Florida market was fourth in 2013, up from seventh in 2012. The national average in 2013 for all states and territories was 40.2% – barely changed from the 40.4% loss ratio in 2012. Florida’s loss ratio increased considerably from 34.6% to 45.3% in 2013, although it still appears to be in a reasonable range.

However, losses are not the only benefits insureds receive from their policies. Insurance companies are also required to pay for legal defense of claims. Those additional defense and cost containment (DCC) dollars can be substantial and are included with loss in the “loss and DCC” ratios to earned premium shown below.

2013 All Medical Malpractice Direct Loss and DCC Ratios

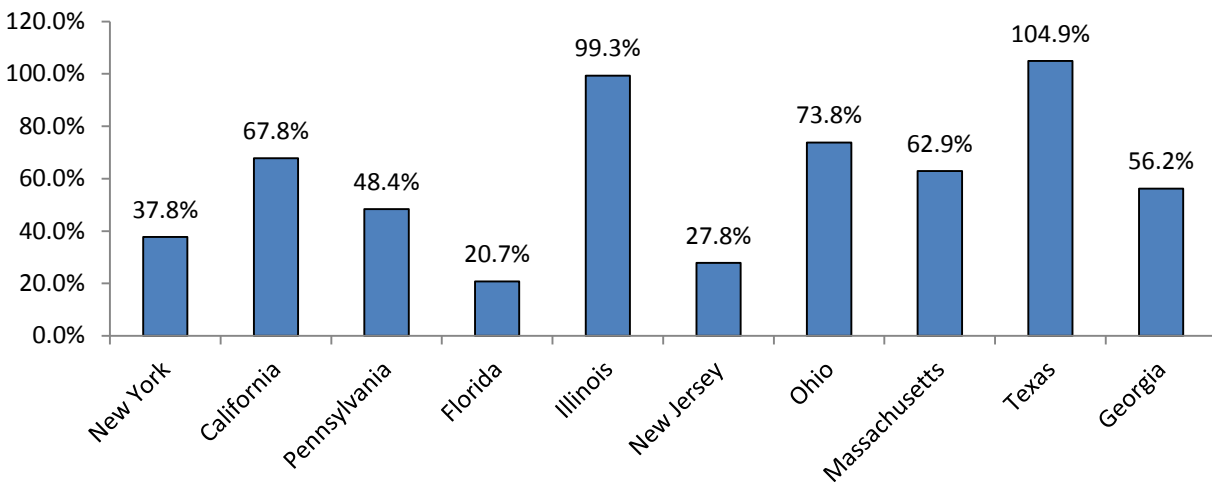
Written Premium Rank	State	2013 All Medical Malpractice Direct Loss and DCC Ratio	Loss & DCC Rank
1	New York	82.6%	1
2	California	63.0%	4
3	Pennsylvania	70.0%	2

Written Premium Rank	State	2013 All Medical Malpractice Direct Loss and DCC Ratio	Loss & DCC Rank
4	Florida	54.7%	5
5	Illinois	40.9%	8
6	New Jersey	69.1%	3
7	Ohio	26.4%	10
8	Massachusetts	53.1%	7
9	Texas	27.1%	9
10	Georgia	53.4%	6

The loss and DCC ratio rankings mirror the loss ratio rankings somewhat. New York had the highest loss and DCC ratio among the top ten states in 2013, in this case Pennsylvania was second, and Florida was fifth (up from sixth in 2012).

Alternatively, DCC can be considered as frictional costs associated with the payment of damages to claimants¹. Following that approach, the graph below shows the ratios of incurred (accrued in a calendar year) DCC to incurred loss.

2013 All Medical Malpractice Direct DCC to Loss Ratios



Note that Florida had the lowest ratio of DCC to loss among the top ten states in 2013. Although this data may also be distorted by the same factors that can distort the loss ratio, it is suggestive of relative efficiency in DCC expenditures.

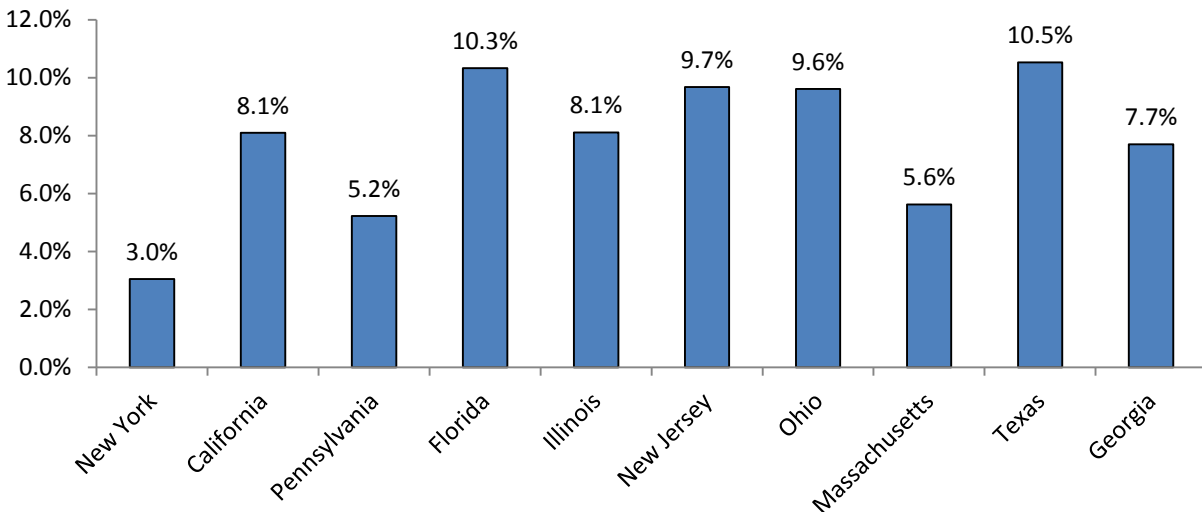
¹ It is important to note that DCC expenses are not the only frictional costs associated with payments to injured parties. In-house or other adjuster fees included in “adjusting and other” expense are also frictional costs. In some analyses, all expenses and profit would be considered as well. The payments made to plaintiff attorneys, plaintiff expert witnesses, etc. are also such frictional costs, although the NAIC database does not break down the loss amounts between the amounts received by the plaintiff and the amounts expended on plaintiff frictional costs.

Expense Information for the Top Ten States

While loss and DCC may be considered as the benefits provided under a malpractice policy, the insurance companies also have expenses associated with administering the policy. These are the adjusting and other expenses (AOE) associated with administering claims, the commissions paid to agents to sell policies, state premium taxes, non-commission policy acquisition costs called “other acquisition expense”, and general overhead costs defined as “general expense.” Of course, profit is also a cost paid by the insured, but that will be discussed separately. Detailed breakdowns of commission and taxes by company and state are included in the NAIC financial database. However, the NAIC database AOE, other acquisition, and general expense data is strictly on a countrywide basis. Florida AOE, other acquisition, and general expense for each company were determined by pro-rating countrywide figures using direct malpractice earned premium. In that way, if a state is dominated by (or has a higher-than-average percentage in the mix, by market share, of) companies with high expenses, the state would show a higher-than-average expense ratio. If a state had a high proportion of lower-overhead insurance companies, it would show as a lower expense state. By custom of the business, the commission and taxes are generally related to written premium (in effect, related to sales). AOE, other acquisition, and general expense are generally related to earned premium (relating them to the period when benefits are provided).

The largest expense provision related to written premiums is commission. The average commission ratios for the top ten states (by direct written premium) are shown below.

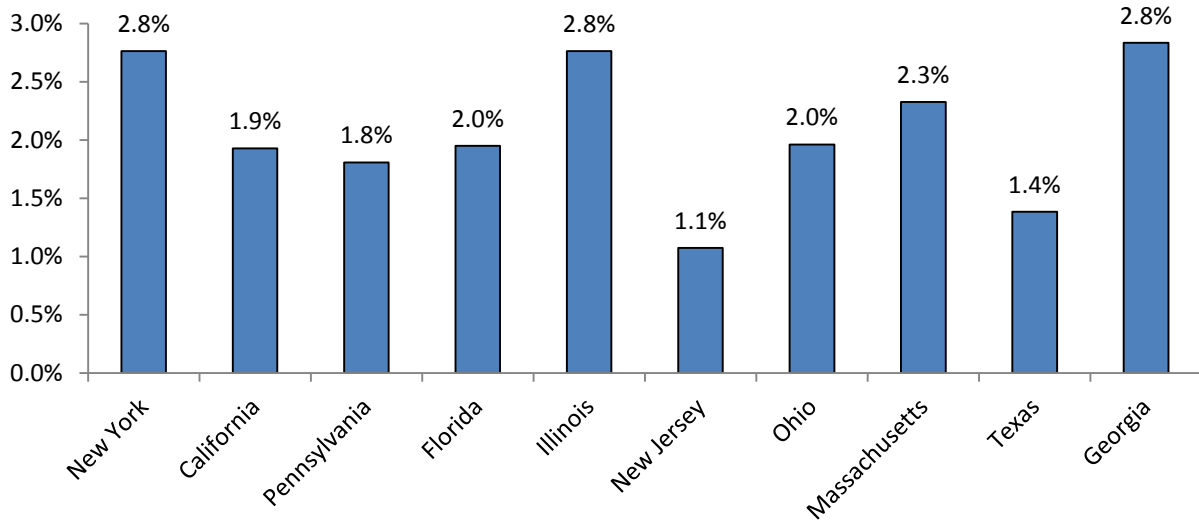
2013 All Medical Malpractice Direct Commission to Written Premium Ratios



Florida is among the states with the higher commission ratios (second highest), although the commission is nearly unchanged from last year’s 10.6%.

Ratios of premium tax to written premium for the top ten states follow.

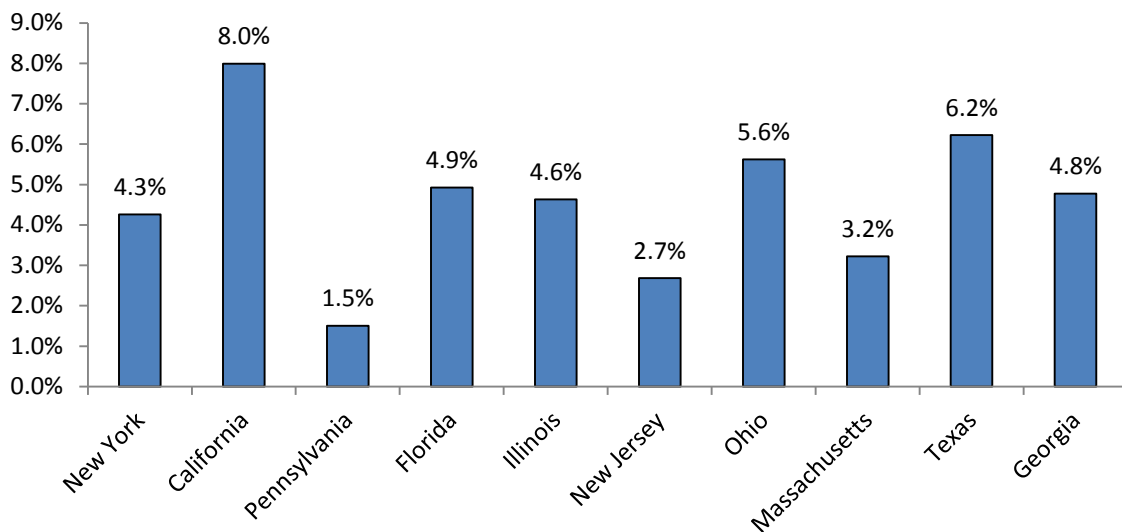
2013 All Medical Malpractice Premium Tax to Direct Written Premium Ratios



Differences in premium tax amounts are mostly minimal, but Florida's premium tax expense has increased slightly from 1.9% in 2012 to 2.0% in 2013.

The commission expense ratios shown on the prior page and premium tax expense ratios above are based on actual state and company data. The next step involves the expenses that are first prorated to states within each company (using direct earned premium), and then expressed as a ratio to the total direct medical malpractice earned premium in each state.

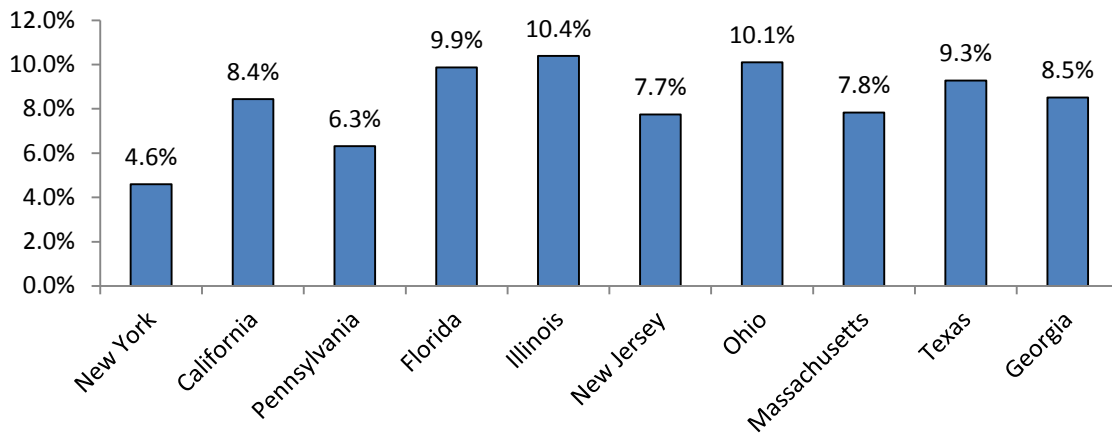
2013 All Medical Malpractice AOE to Direct Earned Premium Ratios



While last year Florida had the lowest AOE expense ratio within the peer group, Florida had a midrange AOE expense ratio in 2013.

General expense is often related to written premium. However, the NAIC data source from which the data was drawn is based on earned premium, and relating general expense to earned premium is sometimes done as well. The corresponding general expense ratios by state are shown below.

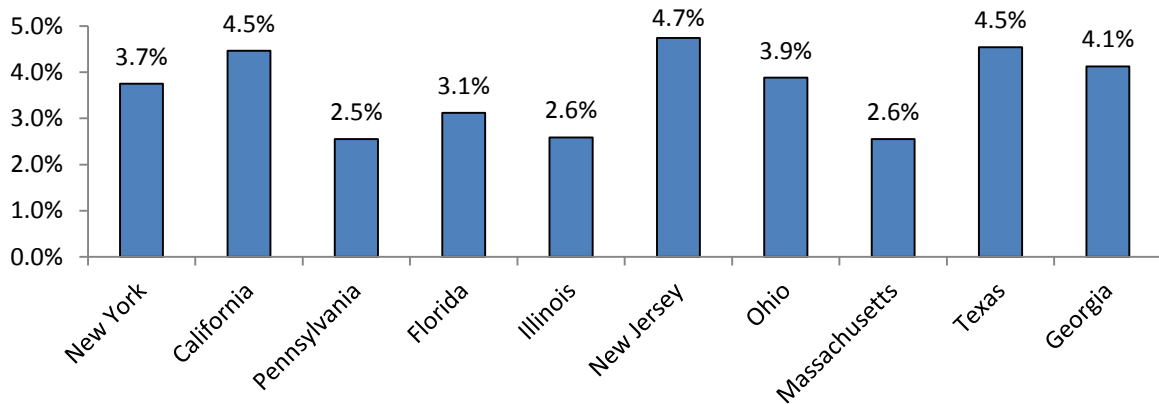
2013 All Medical Malpractice General Expense to Direct Earned Premium Ratios



Florida had the third highest general expense ratio amongst the states at 9.9%, down from the highest expense ratio (11.8%) of the peer group in 2012.

Other acquisition expense is also related to earned premium due to the way it is stored in the NAIC database. The other acquisition expense ratios are shown in the following graph.

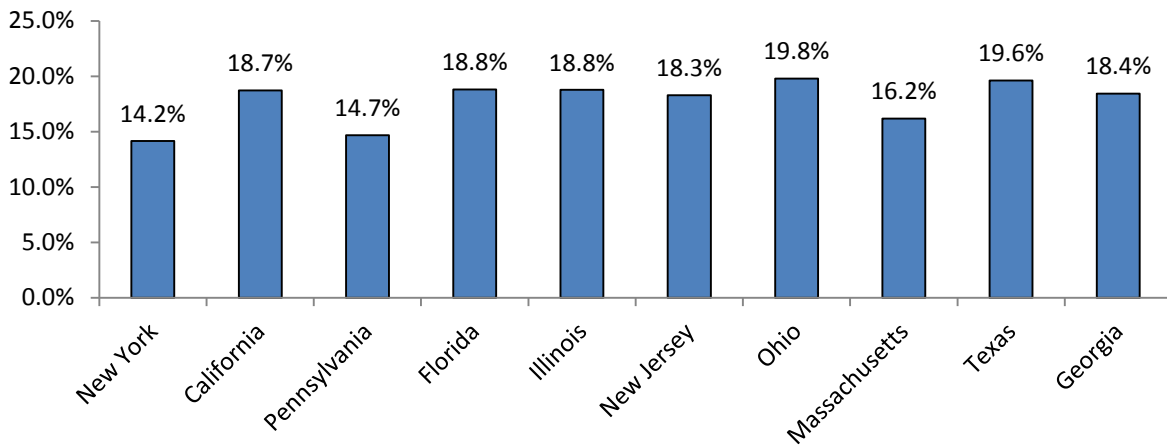
2013 All Medical Malpractice Other Acquisition Expense to Direct Earned Premium Ratios



The ratios are typically not as high as the general expense ratios. Although Florida's other acquisition expense ratio was low in the peer group (seventh), recall that Florida is near the upper end of commission expense so that Florida's total acquisition expense (commission and other acquisition combined of 13.4%) ratio was midrange (fourth) within the peer group.

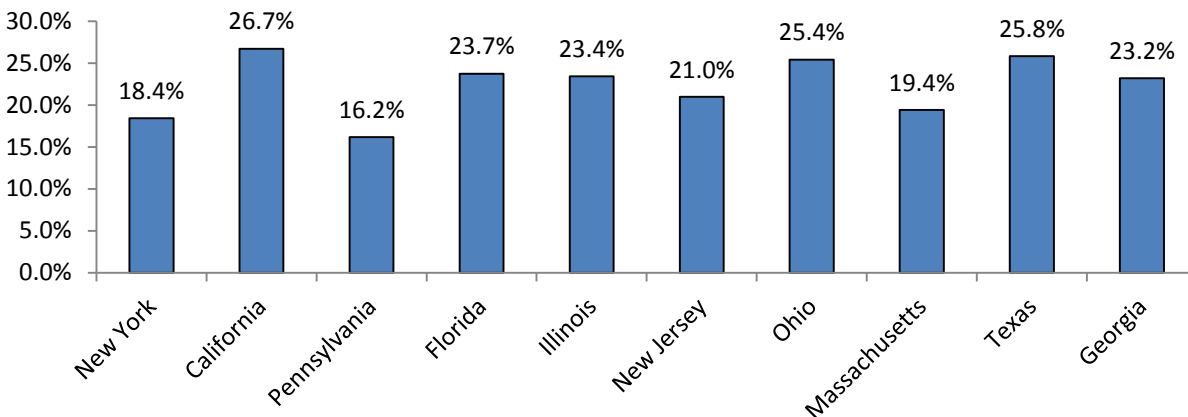
In calculating the overall expense ratio, the industry standard approach involves the combination of the commission, tax, general expense, and other acquisition ratios (and excludes AOE since the AOE ratio relates better to the amount of claims to be adjusted rather than premium). Ratios on that basis are shown below.

2013 All Medical Malpractice Standard (No AOE) Expense Ratios



A review of the chart shows that Florida's standard expense ratio is tied for third with that of Illinois among the top ten states, while New York's is the lowest. When AOE expense is added to the above expense ratios, Florida has only the fourth highest expenses of the top 10 states.

2013 All Medical Malpractice Expense Ratios (Inclusive of AOE)



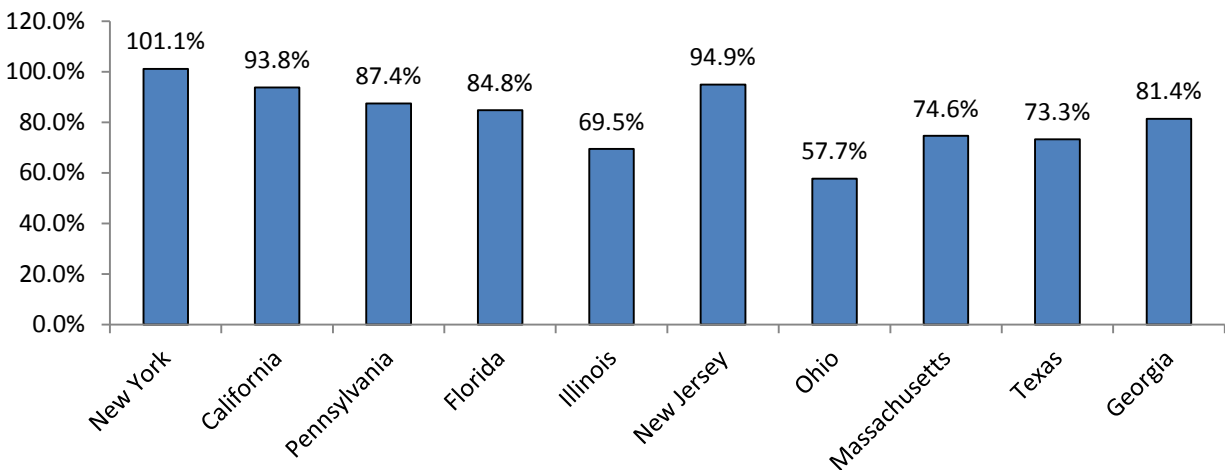
Profitability Measures for the Top Ten States

The standard gauge of underwriting profitability used in the insurance industry is the combined ratio. In this case the loss and both forms of claims management expense (DCC and AOE) are related to earned premium, general expense and other acquisition are related to earned premium for reasons discussed previously, and the commission and tax are related to written premium. The sum of the loss and DCC and expense ratios form the combined ratio. A ratio below one indicates that the total costs are less than the premiums paid, generating an underwriting profit. If the ratio is above one, an underwriting loss is generated. However, since investment income may offset all or part of an underwriting loss, the fact that a company is running an underwriting loss does not mean that the company is unprofitable. Generally, though, loss ratios well below one suggest a very high degree of profitability. Consequently, they are associated with high financial solvency and, theoretically, should lead to higher competition to enhance the value per dollar spent ratio for insureds. Loss ratios well above one are consistent with unprofitability and could lead to a problem of too few insurers offering coverage to meet the needs of all the healthcare providers.

The majority of the data available in the NAIC financial database is “calendar year” data. This represents the amounts associated with the experience that occurs during the calendar year regardless of when the policy was written or when the claim occurred or was filed. For example, calendar year losses are determined by adding the losses paid during the year and the loss reserve at the end of the year, then subtracting the loss reserve at the beginning of the year. Some types of volatility in the loss reserves will distort calendar year loss values. When the calendar year combined ratio of a state is taken as a bellwether, one should understand that a deeper actuarial analysis of the individual state data for each company (which is not included in the NAIC database) may be needed to fully understand medical malpractice profitability in the state.

The combined ratios for the top ten states are shown below.

2013 All Medical Malpractice Direct Combined Ratios



The chart shows that the overall medical malpractice line is generating very healthy underwriting profits in all the top ten states but New York. Even in New York, it is highly likely that investment income carriers earn more than offsets the underwriting loss. Florida is roughly in the middle of the peer group with an 85% combined ratio.

Analysis of Florida Malpractice Results for Leading Carriers in Overall Medical Malpractice Line in Florida

Section (6)(b) of Section 627.912, Florida Statutes, requires that this report include a financial analysis of the companies that comprise 80% of the medical malpractice *net written premium* in Florida. Financial information is reported by insurers in their statutory annual statements on both an aggregate, nationwide basis, and on a by-state, by-line of business basis. Net written premiums are reported in the annual statements in Schedule P Part 1F Sections 1 & 2. However, these premiums are aggregated on a nationwide basis and net written premiums by state are not included in the database. As such, the Office has utilized the direct written premiums by state that are included.

State specific data is primarily limited to information on page 19 of the annual statement, commonly referred to as the “state page” or “statutory page 14.” Data reported on the Florida market by line of business includes:

- Direct Premiums Written
- Direct Premiums Earned
- Dividends to Policyholders
- Direct Losses
- Direct Defense and Cost Containment (DCC)
- Commissions & Brokerage Expenses
- Taxes, Licenses and Fees

The 2004 Annual Report, prepared by Deloitte provided a financial analysis of insurers representing 80% of the market on a *direct written premium* basis as a surrogate for net written premium. The Office repeated this analysis for each of the subsequent annual reports. Eighty percent (80%) of the medical malpractice on a direct written premium basis should be a reasonable approximation of 80% of the market measured on a net written premium basis, although the analysis in this report may include a few companies that cede significant portions of their premium to other companies.

Due to the limited information on the reinsurance premiums, losses and expense ceded that is contained in the annual statement, the widely varying expense treatments in different reinsurance treaties, and the difficulties insurance companies may have in estimating ceded loss “reserves”, it is not possible to reliably estimate net of reinsurance values at anything other than the all-lines, all-states level for a company. Therefore a substitution, from “net” (reflecting reinsurance), to direct (not reflecting the impact of reinsurance) will be made throughout almost the entirety of this report. When net values are shown, the fact that the values are net will be stated explicitly.

Another distinction typically made in the insurance marketplace is between medical malpractice written for individuals (usually doctors), and those written for institutions (usually hospitals). The legislative intent for the reporting requirements appears to be aimed at medical malpractice availability and rates for individual doctors. However, large portions of the NAIC annual statement reporting requirements do not contemplate a distinction of hospital insurance versus physician insurance versus other types of malpractice insurance. Various types of care providers are aggregated into the “Medical Malpractice Insurance” category. Later in the report, analyses of medical malpractice insurance data limited to only physicians, only other healthcare professionals, only hospitals, and only other healthcare facilities are performed using data from the “Supplement A to Schedule T” included in the NAIC database.

While portions of the annual statement are limited to medical malpractice, the balance sheet, income statement, cash flow statement and investment information lump data from all lines of business together. Therefore, certain information must either be analyzed on all lines combined basis or allocated between lines or states.

Leading Medical Malpractice Carriers in Florida and Their Loss & DCC Ratios

With those caveats, the 2013 direct written premium of the companies that comprise 80% of the total medical malpractice insurance market in Florida is shown below (highlighted rows indicate insurers that are domiciled in Florida in this exhibit and other exhibits in this report).

2013 Florida Written Premium for the Top Total Malpractice Carriers

Premium Rank	Company	Direct Premium Written	Market Share	Cumulative Share
1	Doctors Company Group	\$135,620,217	24.9%	24.9%
	Doctors Company, An Interinsurance Exchange	\$133,826,402		
	First Professionals Insurance Company	\$1,783,341		
	Anesthesiologists Professional Assurance Company	\$10,474		
2	MAG Mutual Insurance Company	\$53,427,970	9.8%	34.7%
3	Medical Protective Company	\$35,986,089	6.6%	41.3%
4	Florida Doctors Insurance Company	\$28,866,129	5.3%	46.7%
5	ProAssurance Casualty Company	\$19,254,880	3.5%	50.2%
6	Evanston Insurance Company	\$13,673,548	2.5%	52.7%
7	American Casualty Company Of Reading, PA	\$11,572,680	2.1%	54.8%
8	Lexington Insurance Company	\$10,851,818	2.0%	56.8%
9	MedMal Direct Insurance Company	\$10,435,994	1.9%	58.7%
10	National Fire & Marine Insurance Company	\$10,208,467	1.9%	60.6%
11	Continental Casualty Company	\$9,604,208	1.8%	62.4%
12	Darwin Select Insurance Company	\$8,974,794	1.6%	64.0%

Premium Rank	Company	Direct Premium Written	Market Share	Cumulative Share
13	Columbia Casualty Company	\$8,549,584	1.6%	65.6%
14	Samaritan RRG, Inc.	\$8,406,086	1.5%	67.1%
15	Podiatry Insurance Company of America	\$6,735,977	1.2%	68.4%
16	Healthcare Underwriters Group of Florida	\$6,721,673	1.2%	69.6%
17	Southwest Physicians RRG, Inc.	\$6,571,693	1.2%	70.8%
18	Lancet Indemnity RRG, Inc.	\$6,475,842	1.2%	72.0%
19	NCMIC RRG, Inc.	\$6,349,310	1.2%	73.2%
20	Ophthalmic Mutual Insurance Company (A RRG)	\$6,050,763	1.1%	74.3%
21	Landmark American Insurance Company	\$6,048,312	1.1%	75.4%
22	Medicus Insurance Company	\$5,944,968	1.1%	76.5%
23	Physicians Insurance Company	\$5,868,034	1.1%	77.6%
24	Physicians Professional Liability RRG, Inc.	\$5,470,908	1.0%	78.6%
25	OMS National Insurance Company, RRG	\$5,334,938	1.0%	79.6%
26	Arch Specialty Insurance Company	\$5,213,342	1.0%	80.5%
Top 80% Total		\$438,218,224		
Total Florida Market		\$544,228,168		

In terms of organizational structure, ten of the sample companies are admitted Property & Casualty insurers, seven are surplus lines companies (#6 Evanston, #8 Lexington, #10 National Fire and Marine, #12 Darwin Select, #13 Columbia Casualty, #21 Landmark American, and #26 Arch Specialty). There were two reciprocal-type insurers (#1 Doctor's Company and #16 Healthcare Underwriters of FL), and seven Risk Retention Groups (#14 Samaritan, #17 Southwest Physicians, #18 Lancet, #19 NCMIC, #20 Ophthalmic Mutual, #24 Physicians Professional Liability, and #25 OMS National).

The list shows some differences and similarities in the market when compared to the sample firms in the 2013 Annual Report on 2012. This year, achieving the 80% market share requirement required the inclusion of 26 insurers, with four of the insurers being domiciled in Florida. This differs slightly from the number of companies required in prior annual reports:

- 26 insurers for the 2013 report (4 were domiciled in Florida)
- 25 insurers for the 2012 report (4 remained domiciled in Florida after Doctors Company merger)
- 24 insurers for the 2011 report (5 were domiciled in Florida);
- 22 insurers for the 2010 report (5 were domiciled in Florida);
- 22 insurers for the 2009 report (5 were domiciled in Florida);
- 22 insurers for the 2008 report (6 were domiciled in Florida);
- 17 insurers for the 2007 report (6 were domiciled in Florida);
- 15 insurers for the 2006 report (3 were domiciled in Florida);

- 12 insurers for the 2005 report (2 were domiciled in Florida); and
- 11 insurers for the 2004 report (2 were domiciled in Florida).

Another finding is that the total medical malpractice insurance written premium for the state of Florida as reported above rebounded (5.4%) to \$544 million in 2013. However, as explained in the previous report, this value is distorted by the approximately \$17 million of special adjustments made by Continental Casualty in 2012. If those adjustments were not made by the company, the increase would have been only 2.1%. The total gross Florida medical malpractice insurance premiums for prior reports are:

- 2004 - \$860 million;
- 2005 - \$850 million;
- 2006 - \$847 million;
- 2007 - \$663 million;
- 2008 - \$596 million;
- 2009 - \$550 million;
- 2010 - \$559 million;
- 2011 - \$546 million; and
- 2012 - \$533 million (with special adjustments removed).

Over the long term, this represents a substantial decrease (37%) in the overall medical malpractice premium reported in Florida since 2004. This could be partially attributable to the lowering of rates, however, it may also be due to new arrangements by physicians including the use of individual bonding, purchasing malpractice insurance through hospitals/employers as well as utilization of self-insurance funds, or other non-traditional insurance mechanisms.

The loss experience of those leading carriers in Florida is relevant as well. It is shown in the table below.

2013 Florida Earned Premium, Loss, and Loss & DCC Experience for the Top Total Malpractice Carriers

Premium Rank	Company	Direct Premium Earned	Loss Ratio	Loss&DCC Ratio
1	Doctors Company Group	\$153,096,319	54.6%	39.6%
	Doctors Company, An Interinsurance Exchange	\$93,768,034	39.5%	66.2%
	First Professionals Insurance Company	\$56,439,203	74.8%	-8.3%
	Anesthesiologists Professional Assurance Company	\$2,889,082	150.8%	108.0%
2	MAG Mutual Insurance Company	\$53,030,849	36.4%	55.1%
3	Medical Protective Company	\$28,347,045	40.8%	61.0%
4	Florida Doctors Insurance Company	\$31,832,084	46.5%	57.7%

Premium Rank	Company	Direct Premium Earned	Loss Ratio	Loss&DCC Ratio
5	ProAssurance Casualty Company	\$20,160,981	7.5%	17.7%
6	Evanston Insurance Company	\$11,148,123	85.0%	103.7%
7	American Casualty Company Of Reading, PA	\$11,407,050	55.7%	77.0%
8	Lexington Insurance Company	\$11,520,512	75.1%	105.5%
9	MedMal Direct Insurance Company	\$9,324,178	38.3%	58.2%
10	National Fire & Marine Insurance Company	\$9,768,936	233.0%	310.9%
11	Continental Casualty Company	\$8,861,126	30.9%	30.0%
12	Darwin Select Insurance Company	\$9,448,538	23.5%	26.1%
13	Columbia Casualty Company	\$9,322,827	54.0%	63.7%
14	Samaritan RRG, Inc.	\$7,834,335	41.0%	67.2%
15	Podiatry Insurance Company of America	\$6,616,219	7.0%	50.9%
16	Healthcare Underwriters Group of Florida	\$6,937,969	35.9%	59.4%
17	Southwest Physicians RRG, Inc.	\$6,571,693	37.0%	51.3%
18	Lancet Indemnity RRG, Inc.	\$6,605,290	47.8%	85.5%
19	NCMIC RRG, Inc.	\$4,409,119	41.5%	74.6%
20	Ophthalmic Mutual Insurance Company (A RRG)	\$6,027,018	31.4%	38.9%
21	Landmark American Insurance Company	\$5,317,937	33.3%	47.2%
22	Medicus Insurance Company	\$5,301,130	55.0%	83.6%
23	Physicians Insurance Company	\$6,229,061	23.6%	46.1%
24	Physicians Professional Liability RRG, Inc.	\$5,754,623	41.2%	47.8%
25	OMS National Insurance Company, RRG	\$5,405,616	2.4%	3.4%
26	Arch Specialty Insurance Company	\$4,896,297	24.9%	34.5%
Top 80% Total		\$445,174,875	48.7%	56.2%
Total Florida Market		\$549,159,427	45.3%	54.7%

As some of the very low loss ratios show, even carriers with as much as \$20 million in annual earned premium in a single state may exhibit significant fluctuations in loss ratios within the state. However, noting that in 2012 the Florida all companies loss ratio was 35%, and the 2012 Florida loss and DCC ratio was 53%, one may see that the overall state results are more stable than those of individual companies, but still subject to substantial changes from year to year.

The ratios above are “calendar year” values. As such they represent all the loss (or loss and DCC) amounts recorded during 2013. The actual claims reported in 2013 under claims made policies (so-called “report year”) are a portion of the calendar year result. Those represent the true costs associated with the policies earning in 2013. However, “development,” or increases and decreases in the insurers’ cost estimates for claims from older report years, is also included in the calendar year results. Because of those distortions, actuaries typically perform a detailed

analysis of supplemental data and prepare report year projected losses and DCC. Simplified estimates of the effects of changes in prior year costs for just Florida medical malpractice may be made using the “One Year Development Percentage” data for all lines and states that is shown in the annual statement. In the following chart, the development is allocated to just the Florida medical malpractice segment according to the reserves held for loss and DCC at the beginning of the year.

Estimates of Report Year 2013 Loss and DCC Ratios of Top Four Malpractice Writers Using All-Lines Countrywide Correction Factor

Company	One-Year Reserve Development as % of 2012 Reserves	Estimated Florida Reserve Development	Adjusted Florida Loss & DCC Ratio
Doctors Company Group	-8.1%	\$ (30,974,291)	59.8%
Doctors Company, An Interinsurance Exchange	-5.0%	\$(3,755,439)	70.2%
First Professionals Insurance Company	-10.2%	\$ (29,764,050)	44.5%
Anesthesiologists Professional Assurance Company	0.0%	\$186	108.0%
MAG Mutual Insurance Company	-15.6%	\$ (19,706,695)	92.3%
Medical Protective Company	-9.3%	\$(8,264,486)	90.2%
Florida Doctors Insurance Company	-6.1%	\$(2,915,876)	66.8%

MAG Mutual had the largest percentage impact from prior year development; but the amount of Florida reserves it held was lower than that of Doctors Company Group. Hence, Doctors Company group had the largest correction. Both Doctors Company and MAG Mutual had roughly a 30% change in the loss ratio when this reserve correction was used. This year, the correction generally produces somewhat higher loss ratios than the calendar year loss ratios.

Expense Information for Leading Medical Malpractice Carriers in Florida

The language of section 627.912, Florida Statutes, clearly suggests that information on the profitability of medical malpractice companies doing business in Florida is desired. Specific information on the profitability of just medical malpractice, strictly within the state of Florida would be desirable. However, certain expense information (AOE, general expense, and other acquisition expense) is only routinely reported on a countrywide basis. While only reported on a countrywide basis, countrywide expense data for the medical malpractice line is reported in the NAIC financial database. For other key financial information (committed/invested surplus, federal taxes paid) only an all-lines all-states summary for each company is reported in the NAIC database. Therefore, the profitability of medical malpractice within Florida for each of the top companies has been determined by using Florida-specific medical malpractice information wherever possible, and appropriate allocations were made for the other items.

The table below contains the Florida-specific medical malpractice commission and tax ratios for the top 80% of the Florida market.

2013 Direct Florida Medical Malpractice Commission and Premium Tax Ratios for the Top Total Malpractice Carriers

Premium Rank	Company	Commission to Direct Written Premium	Tax to Direct Written Premium
1	Doctors Company Group	7.5%	2.3%
	Doctors Company, An Interinsurance Exchange	8.9%	2.0%
	First Professionals Insurance Company	-93.0%	3.8%
	Anesthesiologists Professional Assurance Company	-715.6%	3388.1%
2	MAG Mutual Insurance Company	8.0%	3.0%
3	Medical Protective Company	11.4%	3.4%
4	Florida Doctors Insurance Company	10.2%	0.7%
5	ProAssurance Casualty Company	0.0%	2.2%
6	Evanston Insurance Company	12.8%	0.1%
7	American Casualty Company Of Reading, PA	38.5%	0.9%
8	Lexington Insurance Company	8.8%	0.0%
9	MedMal Direct Insurance Company	0.0%	2.6%
10	National Fire & Marine Insurance Company	27.9%	0.0%
11	Continental Casualty Company	13.4%	1.9%
12	Darwin Select Insurance Company	27.9%	0.0%
13	Columbia Casualty Company	11.4%	0.0%
14	Samaritan RRG, Inc.	6.2%	0.0%
15	Podiatry Insurance Company of America	0.0%	-0.1%
16	Healthcare Underwriters Group of Florida	6.4%	1.0%
17	Southwest Physicians RRG, Inc.	0.0%	5.0%
18	Lancet Indemnity RRG, Inc.	12.6%	0.0%
19	NCMIC RRG, Inc.	0.0%	5.1%
20	Ophthalmic Mutual Insurance Company (A RRG)	0.0%	0.7%
21	Landmark American Insurance Company	19.6%	0.0%
22	Medicus Insurance Company	10.8%	2.0%
23	Physicians Insurance Company	9.5%	1.9%

Premium Rank	Company	Commission to Direct Written Premium	Tax to Direct Written Premium
24	Physicians Professional Liability RRG, Inc.	0.0%	0.0%
25	OMS National Insurance Company, RRG	5.9%	0.0%
26	Arch Specialty Insurance Company	12.6%	0.0%

The ratios fluctuate widely, due in part to differences in sales strategies. The tax ratios also show significant fluctuations between companies, possibly due to differences in the types of tax that companies categorize as premium tax within the annual statement. Further, the presence of reciprocal taxes affects non-domestic insurer tax rates.

For the other categories of expense, it is necessary to use companies' countrywide ratios to direct earned premium (as contained in the NAIC database).

2013 Direct Countrywide Medical Malpractice AOE, General, and Other Acquisition Ratios for the Top Total Malpractice Carriers

Premium Rank	Company	AOE To Direct Earned Premium	General Exp Ratio	Other Acq Exp Ratio
1	Doctors Company Group	7.2%	13.2%	0.8%
	Doctors Company, An Interinsurance Exchange	8.4%	8.6%	2.5%
	First Professionals Insurance Company	5.2%	12.4%	0.0%
	Anesthesiologists Professional Assurance Company	5.2%	23.2%	0.0%
2	MAG Mutual Insurance Company	3.9%	10.7%	3.7%
3	Medical Protective Company	1.8%	10.0%	3.9%
4	Florida Doctors Insurance Company	0.5%	19.1%	0.0%
5	ProAssurance Casualty Company	14.1%	11.7%	3.2%
6	Evanston Insurance Company	6.5%	18.4%	0.3%
7	American Casualty Company Of Reading, PA	4.7%	2.3%	2.4%
8	Lexington Insurance Company	6.1%	3.2%	5.7%
9	MedMal Direct Insurance Company	3.2%	33.0%	3.4%
10	National Fire & Marine Insurance Company	13.8%	0.5%	0.2%
11	Continental Casualty Company	6.1%	5.5%	5.5%
12	Darwin Select Insurance Company	0.2%	0.1%	0.0%
13	Columbia Casualty Company	3.8%	11.7%	1.1%
14	Samaritan RRG, Inc.	2.7%	6.6%	0.0%
15	Podiatry Insurance Company of America	3.4%	0.1%	20.7%
16	Healthcare Underwriters Group of Florida	8.5%	23.4%	5.8%
17	Southwest Physicians RRG, Inc.	0.0%	0.0%	0.0%

Premium Rank	Company	AOE To Direct Earned Premium	General Exp Ratio	Other Acq Exp Ratio
18	Lancet Indemnity RRG, Inc.	1.2%	16.2%	0.0%
19	NCMIC RRG, Inc.	5.2%	1.4%	3.8%
20	Ophthalmic Mutual Insurance Company (A RRG)	3.4%	12.0%	9.6%
21	Landmark American Insurance Company	0.5%	0.3%	0.4%
22	Medicus Insurance Company	7.6%	5.6%	7.0%
23	Physicians Insurance Company	3.0%	8.2%	-0.4%
24	Physicians Professional Liability RRG, Inc.	0.0%	19.8%	0.0%
25	OMS National Insurance Company, RRG	1.9%	13.4%	3.0%
26	Arch Specialty Insurance Company	0.0%	0.0%	0.0%

There are also wide fluctuations in these expense ratios from carrier to carrier, some stemming from operational efficiencies, or from assignment of other acquisition expense to the general expense category. Further, some carriers with very low ratios in this chart have very high commissions in the previous chart. Those issues illustrate the need to show the total expense ratios by state.

To provide a more complete comparison, the total non-loss related direct expense ratios (using the mixed Florida and countrywide data presented earlier) of the top medical malpractice carriers in Florida are shown below.

2013 Direct Estimated Overall Non-AOE Expense Ratios for the Top Total Malpractice Carriers

Premium Rank	Company	Combined Non-AOE Expense Ratio	Expense Rank
1	Doctors Company Group	23.8%	14
	Doctors Company, An Interinsurance Exchange	22.0%	
	First Professionals Insurance Company	-76.8%	
	Anesthesiologists Professional Assurance Company	2695.7%	
2	MAG Mutual Insurance Company	25.3%	11
3	Medical Protective Company	28.7%	7
4	Florida Doctors Insurance Company	30.0%	5
5	ProAssurance Casualty Company	17.1%	22
6	Evanston Insurance Company	31.6%	4
7	American Casualty Company Of Reading, PA	44.0%	1
8	Lexington Insurance Company	17.7%	21

Premium Rank	Company	Combined Non-AOE Expense Ratio	Expense Rank
9	MedMal Direct Insurance Company	39.0%	2
10	National Fire & Marine Insurance Company	28.6%	8
11	Continental Casualty Company	26.4%	10
12	Darwin Select Insurance Company	28.0%	9
13	Columbia Casualty Company	24.2%	13
14	Samaritan RRG, Inc.	12.8%	23
15	Podiatry Insurance Company of America	20.7%	17
16	Healthcare Underwriters Group of Florida	36.6%	3
17	Southwest Physicians RRG, Inc.	5.0%	26
18	Lancet Indemnity RRG, Inc.	28.8%	6
19	NCMIC RRG, Inc.	10.2%	25
20	Ophthalmic Mutual Insurance Company (A RRG)	22.3%	16
21	Landmark American Insurance Company	20.3%	18
22	Medicus Insurance Company	25.3%	12
23	Physicians Insurance Company	19.2%	20
24	Physicians Professional Liability RRG, Inc.	19.8%	19
25	OMS National Insurance Company, RRG	22.3%	15
26	Arch Specialty Insurance Company	12.6%	24

While the differences are not as pronounced as in some of the individual expense component analyses, these ratios still range from as low² as 5% to a high of 44%. Among the top five carriers, one has an expense ratio of 30%, while the remaining four all have ratios in a range between 17% and 29%.

Profitability of Leading Medical Malpractice Carriers in Florida

As with the analysis of the medical malpractice line across different states, this report includes (consistent with the general guidance provided in the law) estimates of the profitability of medical malpractice in Florida. Specifically, it will be estimated for each of the carriers making up the top 80% of the Florida market. Exact information on the profitability of medical malpractice in Florida is not included in the NAIC financial database. Further, the calendar year loss ratios may be distorted by volatility in the loss reserves. However, the loss, DCC, commission, and tax information that is included in the NAIC database may be combined with reasonable allocations of the remaining quantities. As a first step, the Florida loss and DCC

² An expense ratio of 7% is very unusual since some expenses are needed to administer policies. Exactly what entity pays those costs for Southwest Physicians RRG or how they are funded is not known.

ratios may be added with the AOE and expense ratios shown above to produce estimated combined ratios. The results are shown in the table below.

2013 Direct Estimated Florida Malpractice Combined Ratios for the Top Total Florida Malpractice Carriers

Premium Rank	Company	Combined Ratio
1	Doctors Company Group	70.5%
	Doctors Company, An Interinsurance Exchange	96.7%
	First Professionals Insurance Company	36.5%
	Anesthesiologists Professional Assurance Company	2692.7%
2	MAG Mutual Insurance Company	84.4%
3	Medical Protective Company	91.5%
4	Florida Doctors Insurance Company	88.2%
5	ProAssurance Casualty Company	48.9%
6	Evanston Insurance Company	141.8%
7	American Casualty Company Of Reading, PA	125.7%
8	Lexington Insurance Company	129.2%
9	MedMal Direct Insurance Company	100.3%
10	National Fire & Marine Insurance Company	353.3%
11	Continental Casualty Company	62.6%
12	Darwin Select Insurance Company	54.3%
13	Columbia Casualty Company	91.7%
14	Samaritan RRG, Inc.	82.7%
15	Podiatry Insurance Company of America	75.0%
16	Healthcare Underwriters Group of Florida	104.6%
17	Southwest Physicians RRG, Inc.	56.3%
18	Lancet Indemnity RRG, Inc.	115.5%
19	NCMIC RRG, Inc.	89.9%
20	Ophthalmic Mutual Insurance Company (A RRG)	64.6%
21	Landmark American Insurance Company	67.9%
22	Medicus Insurance Company	116.5%
23	Physicians Insurance Company	68.2%
24	Physicians Professional Liability RRG, Inc.	67.6%
25	OMS National Insurance Company, RRG	27.7%
26	Arch Specialty Insurance Company	47.1%

There is a very broad range of different combined ratios among the top Florida malpractice carriers. Seven³ show combined ratios over 100%, with five showing combined ratios over 115%. Reserving complications could complicate this, but the 2012 year generated ten companies with combined ratios over 100%, five of which had loss ratios over 115%.

As with the loss and DCC ratios, these ratios are subject to potential distortions due to development on older years. Adding the expense estimates from this section to the loss and DCC ratios that were indirectly adjusted to remove development on prior years yields the following table.

Estimates of 2013 Florida Malpractice Combined Ratios of Top Four Malpractice Writers Using All-Lines Countrywide Correction Factor for Development on Older Years

Company	Adjusted Combined Ratio
Doctors Company Group	90.7%
Doctors Company, an Interinsurance Exchange	100.7%
First Professionals Insurance Company	-27.1%
Anesthesiologists Professional Assurance Company	2809.0%
MAG Mutual Insurance Company	121.6%
Medical Protective Company	120.7%
Florida Doctors Insurance Company	97.4%

These ratios show mixed results from carrier to carrier. The results of Doctors Company⁴ and MAG Mutual have improved about 30 percent from 2012; Medical Protective has deteriorated from a 53% ratio in 2012; whereas Florida Doctors' results are comparable to their 2012 results. It is quite possible, though, that an analysis with more data than could be gleaned from the NAIC database could narrow the gap considerably.

Subtracting each insurer's combined ratio from one will produce its underwriting profit ratio for Florida medical malpractice. Multiplying that underwriting profit ratio by the Florida medical malpractice earned premium produces the insurer's Florida medical malpractice underwriting profit. To that one must add investment income and deduct federal taxes to arrive at an overall post-tax⁵ profit. Further, one must relate that income to a measure of the capital investment made in the company.

³ Since Anesthesiologists Professional is now merged into Doctors Company, its results are not treated separately here and in subsequent charts.

⁴ Note that the abnormal results in First Professionals and Anesthesiologists Professional are likely because they are in runoff

⁵ Computing the post-tax profit is key whenever investment income is considered, as many carriers deliberately choose lower-yielding state and local government fixed income asset classes (bonds) due to the lower or foregone federal income taxes on the associated investment income.

A commonly used measure (since it is an estimate of what would remain if the company were liquidated) of the capital deployed in an insurance company is its policyholders surplus. However, the policyholders surplus of a company is there to secure its promises to insureds against any unanticipated increase in loss costs, regardless of what line of business and state it arises in. Consequently, the financial data in the NAIC database only includes a single countrywide all-lines surplus value for each company. However, to perform a direct return on surplus calculation for Florida medical malpractice, it is necessary to allocate surplus to strictly Florida medical malpractice. There are many ways in use to allocate surplus to line and state. In the interest of simplicity, a very simple approach of allocating surplus according to direct⁶ written premium was used. The results are shown in the chart below.

2013 Surplus Allocated to Florida Medical Malpractice for the Top Total Malpractice Carriers

Premium Rank	Company	Allocated Surplus in 1,000,000's
1	Doctors Company Group	\$520.91
	Doctors Company, An Interinsurance Exchange	\$323.54
	First Professionals Insurance Company	\$190.61
	Anesthesiologists Professional Assurance Company	\$6.76
2	MAG Mutual Insurance Company	\$168.50
3	Medical Protective Company	\$87.29
4	Florida Doctors Insurance Company	\$22.66
5	ProAssurance Casualty Company	\$60.23
6	Evanston Insurance Company	\$17.76
7	American Casualty Company Of Reading, PA	\$2.86
8	Lexington Insurance Company	\$19.48
9	MedMal Direct Insurance Company	\$9.97
10	National Fire & Marine Insurance Company	\$188.90
11	Continental Casualty Company	\$19.76
12	Darwin Select Insurance Company	\$2.47
13	Columbia Casualty Company	\$2.48
14	Samaritan RRG, Inc.	\$15.20
15	Podiatry Insurance Company of America	\$10.28
16	Healthcare Underwriters Group of Florida	\$23.65
17	Southwest Physicians RRG, Inc.	\$6.68

⁶ The resulting calculations are slightly distorted in that the surplus must only defend against unanticipated costs in losses after (net of) reinsurance. The degree to which reinsurance defends against unanticipated costs depends on the amount and type of reinsurance purchased as well as the key coverage features of each reinsurance contract. However, considering that the typical malpractice insurer does not cede an overly high amount of reinsurance, the results may be taken as a crude bellwether.

Premium Rank	Company	Allocated Surplus in 1,000,000's
18	Lancet Indemnity RRG, Inc.	\$2.34
19	NCMIC RRG, Inc.	\$1.79
20	Ophthalmic Mutual Insurance Company (A RRG)	\$22.89
21	Landmark American Insurance Company	\$2.19
22	Medicus Insurance Company	\$2.11
23	Physicians Insurance Company	\$8.83
24	Physicians Professional Liability RRG, Inc.	\$19.22
25	OMS National Insurance Company, RRG	\$15.79
26	Arch Specialty Insurance Company	\$2.86

The next step involves estimating the total profit that each company earned in Florida during 2013. First, the underwriting profit was computed by multiplying the difference of the combined ratio from 100% times the earned premium. Next, the policyholder dividends paid or declared in 2013 were subtracted from the underwriting profit so the results would be comparable to the way insurers report their overall profit. As a next step, the investment income and underwriting profit were added together. As with the surplus, the investment income must be allocated to Florida. Many methods may be used to perform the allocation. As before, this report uses a simplified approach. Investment was allocated to the Florida medical malpractice by computing the sum of the Florida loss and DCC reserve for medical malpractice, the Florida unearned premium reserve for medical malpractice, and the surplus allocated to Florida medical malpractice for each company. The ratio of that sum to the sum of the corresponding countrywide all-lines values for each company was used to prorate each company's investment income. The resulting pre-tax operating income estimates for Florida medical malpractice follow.

Components of 2013 Estimates (in Millions) of Pre-Tax Florida Medical Malpractice Profit for the Top Total Malpractice Carriers

Premium Rank	Company	Post-Dividend Underwriting Profit/Loss	Investment Income	Pre-tax Profit
1	Doctors Company Group	\$24.92	\$48.71	\$73.63
	Doctors Company, An Interinsurance Exchange	\$1.69	\$4.15	\$5.84
	First Professionals Insurance Company	\$101.50	\$43.81	\$145.31
	Anesthesiologists Professional Assurance Company	-\$78.27	\$0.74	-\$77.52
2	MAG Mutual Insurance Company	\$5.13	\$12.73	\$17.85

Premium Rank	Company	Post-Dividend		
		Underwriting Profit/Loss	Investment Income	Pre-tax Profit
3	Medical Protective Company	\$2.41	\$9.91	\$12.31
4	Florida Doctors Insurance Company	\$3.75	\$1.23	\$4.98
5	ProAssurance Casualty Company	\$10.29	\$6.06	\$16.35
6	Evanston Insurance Company	-\$4.66	\$2.13	-\$2.52
7	American Casualty Company Of Reading, PA	-\$2.93	\$2.07	-\$0.86
8	Lexington Insurance Company	-\$3.36	\$3.74	\$0.38
9	MedMal Direct Insurance Company	-\$0.03	\$0.66	\$0.63
10	National Fire & Marine Insurance Company	-\$24.75	\$10.49	-\$14.26
11	Continental Casualty Company	\$3.32	\$2.01	\$5.33
12	Darwin Select Insurance Company	\$4.32	\$0.19	\$4.51
13	Columbia Casualty Company	\$0.78	\$1.41	\$2.19
14	Samaritan RRG, Inc.	\$1.36	\$0.23	\$1.59
15	Podiatry Insurance Company of America	\$1.65	\$0.63	\$2.28
16	Healthcare Underwriters Group of Florida	-\$0.32	\$1.08	\$0.76
17	Southwest Physicians RRG, Inc.	\$2.87	\$0.87	\$3.74
18	Lancet Indemnity RRG, Inc.	-\$1.02	\$0.07	-\$0.96
19	NCMIC RRG, Inc.	\$0.44	-\$0.02	\$0.43
20	Ophthalmic Mutual Insurance Company (A RRG)	\$0.80	\$1.03	\$1.83
21	Landmark American Insurance Company	\$1.71	\$0.52	\$2.22
22	Medicus Insurance Company	-\$0.88	\$0.21	-\$0.67
23	Physicians Insurance Company	\$1.98	\$0.19	\$2.17
24	Physicians Professional Liability RRG, Inc.	\$1.87	\$0.97	\$2.84
25	OMS National Insurance Company, RRG	\$3.91	\$0.67	\$4.58
26	Arch Specialty Insurance Company	\$1.81	\$0.35	\$2.16

Using that, and the tax rate each company paid on total income in 2013 (capped between 0% and 35%), one may compute the estimate direct post-tax income and return on surplus. The results are shown on the following page.

**Estimated 2013 Post-Tax Florida Medical Malpractice Profit (in Millions) and
Return on Surplus for the Top Total Malpractice Carriers**

Premium Rank	Company	Capped Tax Rate	Post-Tax Income	Return on Surplus
1	Doctors Company Group	31.9%	\$50.13	9.6%
	Doctors Company, An Interinsurance Exchange	0.0%	\$5.84	1.8%
	First Professionals Insurance Company	10.8%	\$129.54	68.0%
	Anesthesiologists Professional Assurance Company	0.0%	-\$77.52	-1147.2%
2	MAG Mutual Insurance Company	14.2%	\$15.32	9.1%
3	Medical Protective Company	19.9%	\$9.86	11.3%
4	Florida Doctors Insurance Company	19.5%	\$4.01	17.7%
5	ProAssurance Casualty Company	12.3%	\$14.33	23.8%
6	Evanston Insurance Company	18.5%	-\$2.06	-11.6%
7	American Casualty Company Of Reading, PA	0.0%	-\$0.86	-30.0%
8	Lexington Insurance Company	2.5%	\$0.37	1.9%
9	MedMal Direct Insurance Company	2.0%	\$0.62	6.2%
10	National Fire & Marine Insurance Company	14.1%	-\$12.25	-6.5%
11	Continental Casualty Company	12.6%	\$4.66	23.6%
12	Darwin Select Insurance Company	35.0%	\$2.93	118.7%
13	Columbia Casualty Company	34.9%	\$1.42	57.4%
14	Samaritan RRG, Inc.	33.3%	\$1.06	7.0%
15	Podiatry Insurance Company of America	15.0%	\$1.94	18.9%
16	Healthcare Underwriters Group of Florida	7.6%	\$0.71	3.0%
17	Southwest Physicians RRG, Inc.	35.0%	\$2.43	36.4%
18	Lancet Indemnity RRG, Inc.	34.7%	-\$0.62	-26.7%
19	NCMIC RRG, Inc.	0.0%	\$0.43	23.7%
20	Ophthalmic Mutual Insurance Company (A RRG)	24.6%	\$1.38	6.0%
21	Landmark American Insurance Company	28.6%	\$1.59	72.3%
22	Medicus Insurance Company	35.0%	-\$0.43	-20.5%
23	Physicians Insurance Company	0.0%	\$2.17	24.5%
24	Physicians Professional Liability RRG, Inc.	0.0%	\$2.84	14.8%
25	OMS National Insurance Company, RRG	19.6%	\$3.68	23.3%
26	Arch Specialty Insurance Company	19.2%	\$1.75	61.0%

The leading Florida medical malpractice carrier, Doctors Company Group, generated an estimated 10% return in 2013. The two carriers showing the highest estimated returns on surplus

(#12 Darwin Select and #21 Landmark American) are part of large insurer groups that may have inter-company pooling agreements that could allow them to hold lesser amounts of surplus in subsidiaries. For example, Darwin Select's ratio of written premium to allocated Florida surplus is 363%, and Landmark's ratio is 276%, but the Doctors Company Group's ratio is 26%. That low ratio of premium to surplus also explains why Doctors Company, which has a significant underwriting profit on premium, has a fairly typical return on surplus.

The Florida values are compared to the countrywide returns on surplus posted by those carriers in the upcoming chart. To make the results more comparable, Florida returns with uncapped tax rates are computed and used in the comparison. Further, since the countrywide values reported to shareholders or other parties interested in financial performance are reported on a net (i.e. after deducting the premiums paid for reinsurance and adding in the loss reimbursements and other anticipated payments from reinsurers) of reinsurance basis, the countrywide results on a net of reinsurance basis are reported as well.

Comparison of Estimated 2013 Post-Tax Florida Medical Malpractice Direct Return on Surplus to All Lines Companywide Net Return on Surplus for the Top Total Malpractice Carriers

Premium Rank	Company	Florida Direct Post-Capped Tax Return on Surplus	Florida Direct Post-Tax Return on Surplus	Countrywide Net Post-Tax Return on Surplus
1	Doctors Company Group	9.6%	9.6%	16.3%
	Doctors Company, An Interinsurance Exchange	1.8%	2.2%	1.6%
	First Professionals Insurance Company	68.0%	68.0%	41.6%
	Anesthesiologists Professional Assurance Company	-1147.2%	-1280.4%	4.6%
2	MAG Mutual Insurance Company	9.1%	9.1%	7.0%
3	Medical Protective Company	11.3%	11.3%	14.6%
4	Florida Doctors Insurance Company	17.7%	17.7%	6.3%
5	ProAssurance Casualty Company	23.8%	23.8%	13.8%
6	Evanston Insurance Company	-11.6%	-11.6%	14.3%
7	American Casualty Company Of Reading, PA	-30.0%	-30.0%	5.9%
8	Lexington Insurance Company	1.9%	1.9%	23.0%
9	MedMal Direct Insurance Company	6.2%	6.2%	7.4%
10	National Fire & Marine Insurance Company	-6.5%	-6.5%	4.7%
11	Continental Casualty Company	23.6%	23.6%	7.1%
12	Darwin Select Insurance Company	118.7%	40.6%	1.3%
13	Columbia Casualty Company	57.4%	57.4%	2.9%

Premium Rank	Company	Florida Direct Post-Capped Tax Return on Surplus	Florida Direct Post-Tax Return on Surplus	Countrywide Net Post-Tax Return on Surplus
14	Samaritan RRG, Inc.	7.0%	7.0%	6.7%
15	Podiatry Insurance Company of America	18.9%	18.9%	12.5%
16	Healthcare Underwriters Group of Florida	3.0%	3.0%	1.6%
17	Southwest Physicians RRG, Inc.	36.4%	32.8%	15.2%
18	Lancet Indemnity RRG, Inc.	-26.7%	-26.7%	-30.9%
19	NCMIC RRG, Inc.	23.7%	23.7%	0.1%
20	Ophthalmic Mutual Insurance Company (A RRG)	6.0%	6.0%	7.8%
21	Landmark American Insurance Company	72.3%	72.3%	7.9%
22	Medicus Insurance Company	-20.5%	-12.1%	0.9%
23	Physicians Insurance Company	24.5%	24.5%	10.9%
24	Physicians Professional Liability RRG, Inc.	14.8%	23.4%	2.3%
25	OMS National Insurance Company, RRG	23.3%	23.3%	11.2%
26	Arch Specialty Insurance Company	61.0%	61.0%	2.0%
	Totals for Overall Florida Malpractice Market	29.7%	30.0%	7.7%

In preparing the post-tax return line (which uses an uncapped tax rate) shown above, two companies too small to be part of the top 26 but still part of the market (Nautilus Insurance Company and National Guardian RRG) with negative tax rates of sizes larger than -500% were found. These significantly distorted the results, so their tax rates were set at 0% in preparing the total post-tax return of 30%..

The data above suggest that in 2013, as in 2012, Florida medical malpractice policies generated higher returns than the carriers' other policies. However, it is possible that a significant portion of the difference may be generated by volatility in claims costs (as discussed on pages 13, 25 and 26).

While the Florida returns have been positive overall, five carriers posted negative returns on surplus from Florida policy earnings in 2013, just as in 2012. Should this situation worsen, it is possible that the overall direct return on surplus in Florida may be stressed at some future time.

Overall Financial Strength Measures for Leading Medical Malpractice Carriers in Florida

Insurers do not set up a special, segregated, surplus account for Florida medical malpractice. Rather, the total surplus funds of an insurer are available to meet all premium shortfalls from all sources. Should insurers suffer adverse results in other areas, it could affect their ability to sell medical malpractice policies in Florida. This report provides some metrics of the overall financial solidity of the top Florida medical malpractice carriers.

One key metric from the last chart of the previous section, the overall countrywide return on surplus, relates to the overall financial strength of the Florida malpractice carriers. Specifically, the average post-tax net of reinsurance return was 7.7%. Considering that in 2013, the Dow Jones industrial stocks⁶ gained 26.5%, and the Standard and Poor's index gained 29.6% (following a year of modest 7-13% gains in 2012 and a nearly flat year in 2011), the direct Florida return of the carriers appears to be consistent with the overall stock market. One must consider, though, that the return of the stock market in 2013 is generally regarded as well above⁷ average. This generally supports the viability of the leading Florida malpractice carriers in the medium term. Only one of the carriers had negative overall countrywide returns.

The reported income of an insurance company is heavily impacted by any volatility in the loss reserves booked by the company. Further, any increase in the loss reserves would tend to create a corresponding reduction in the amount of surplus that is available to fund any premium shortfall. It is helpful to review whether or not the top Florida medical malpractice carriers have had to increase the costs of claims that were reserved in prior years. The table below shows the percentage change during 2013 in the cost of claims underlying the 2012 reserves and the percentage change during the 2012-2013 period in the cost of claims held in the 2011 reserves. It only reflects the changes that emerged over the period in question and the cost of claims might continue to change until the last claim is paid. Ratios of the change in accrued costs to the prior booked reserve (a measure of loss reserving accuracy) and ratios of the change in accrued costs to policyholder's surplus (a measure of the threat to solvency) are included below. A positive measure represents an increase in costs and a negative value a reduction in costs.

One Year Development on Countrywide All Lines 2012 Loss and Loss Adjustment Expense Reserves and Two Year Development on 2011 Reserves

Florida Written Premium Rank	Company	<u>All Lines One-Year Reserve Development</u>		<u>All Lines Two-Year Reserve Development</u>	
		As Percentage of 2012 Reserves	As Percentage of 2012 Surplus	As Percentage of 2011 Reserves	As Percentage of 2011 Surplus
1	Doctors Company Group	-8.1%	-8.7%	-13.0%	-12.6%
	Doctors Company, An Interinsurance Exchange	-5.0%	-3.9%	-10.0%	-8.2%
	First Professionals Insurance Company	-10.2%	-17.1%	-15.5%	-20.0%
	Anesthesiologists Professional Assurance Company	0.0%	0.0%	-10.8%	-13.2%
2	MAG Mutual Insurance Company	-15.6%	-12.8%	-22.1%	-20.5%

⁶ All items were computed using the Finance section in Yahoo.com.

⁷ See for example, the CNN.com article 'Stocks: 2013 is one for the record books' posted at <http://buzz.money.cnn.com/2013/12/31/stocks-record-bull-market/> as of October 1, 2014.

Florida Written Premium Rank	Company	<u>All Lines One-Year Reserve Development</u>		<u>All Lines Two-Year Reserve Development</u>	
		As Percentage of 2012 Reserves	As Percentage of 2012 Surplus	As Percentage of 2011 Reserves	As Percentage of 2011 Surplus
		3	Medical Protective Company	-9.3%	-13.2%
4	Florida Doctors Insurance Company	-6.1%	-12.0%	-13.2%	-30.7%
5	ProAssurance Casualty Company	-10.3%	-13.0%	-26.8%	-37.7%
6	Evanston Insurance Company	-6.8%	-13.2%	-12.7%	-24.6%
7	American Casualty Company Of Reading, PA	0.0%	0.0%	0.0%	0.0%
8	Lexington Insurance Company	-3.0%	-4.6%	-2.1%	-3.4%
9	MedMal Direct Insurance Company	-15.8%	-7.0%	-34.5%	-8.7%
10	National Fire & Marine Insurance Company	6.5%	1.3%	1.9%	0.5%
11	Continental Casualty Company	-0.4%	-0.9%	1.6%	3.1%
12	Darwin Select Insurance Company	-0.8%	-0.8%	-8.3%	-8.1%
13	Columbia Casualty Company	0.0%	0.0%	0.0%	0.0%
14	Samaritan RRG, Inc.	0.7%	0.2%	17.9%	3.6%
15	Podiatry Insurance Company of America	-5.9%	-9.7%	-5.8%	-10.0%
16	Healthcare Underwriters Group of Florida	-14.7%	-10.1%	-17.0%	-13.8%
17	Southwest Physicians RRG, Inc.	-1.7%	-5.4%	-10.1%	-43.7%
18	Lancet Indemnity RRG, Inc.	17.3%	32.7%	53.8%	78.7%
19	NCMIC RRG, Inc.	0.0%	0.0%	0.0%	0.0%
20	Ophthalmic Mutual Insurance Company (A RRG)	-17.1%	-6.4%	-23.7%	-8.6%
21	Landmark American Insurance Company	1.1%	0.4%	-5.5%	-1.9%
22	Medicus Insurance Company	0.0%	0.0%	0.0%	0.0%
23	Physicians Insurance Company	4.8%	4.0%	4.1%	3.2%
24	Physicians Professional Liability RRG, Inc.	-14.0%	-10.7%	-29.2%	-25.7%
25	OMS National Insurance Company, RRG	-7.9%	-7.3%	-17.1%	-17.8%
26	Arch Specialty Insurance Company	0.3%	0.1%	-0.7%	-0.1%

A review of the table will show that, as in last year's report, the booked costs of claims occurring through 2011 and 2012 have overwhelmingly been reduced in the last two years. This could be a result of a systematic weakening of reserves in recent years, or, considering the profitability of recent years, the most likely scenario is that 2011 and 2012 reserves were set conservatively. The latter scenario would suggest significant financial strength among medical malpractice carriers.

Another approach to solvency is to relate the premium sold or "written" by a company to its surplus. This relates the degree of risk in the form of the risk of a premium shortfall associated with the premium to the company's resources for funding a shortfall should it emerge. Ratios of both direct and "net" (after "ceding" premium to reinsurers) premium to surplus are shown below.

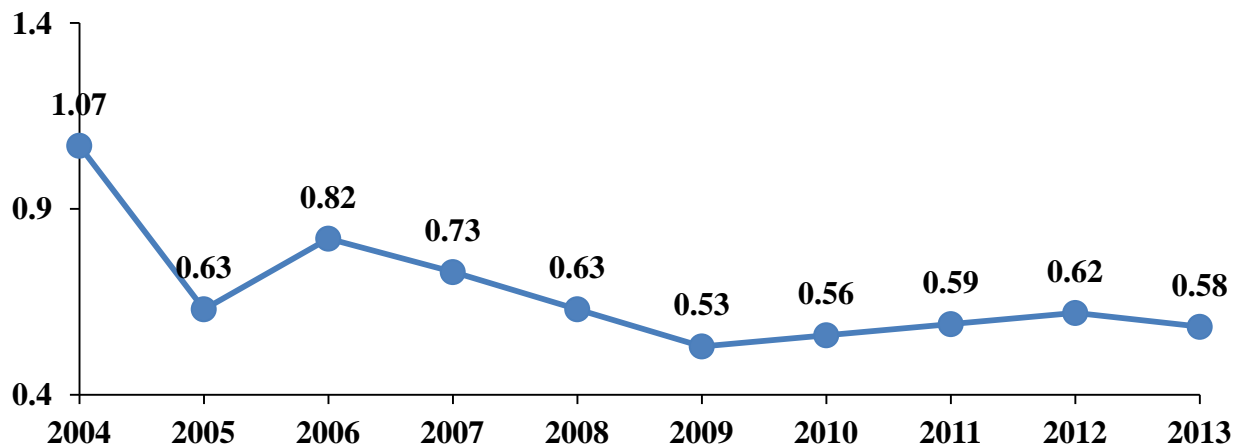
2013 Ratios of Premium to Surplus for the Top Total Malpractice Carriers

Florida Written Premium Rank	Company	All Lines Direct Premiums to Surplus Ratio	All Lines Net Premiums to Surplus Ratio
1	Doctors Company Group	42.3%	34.1%
	Doctors Company, An Interinsurance Exchange	41.4%	39.0%
	First Professionals Insurance Company	0.9%	-2.1%
	Anesthesiologists Professional Assurance Company	0.2%	-0.8%
2	MAG Mutual Insurance Company	31.7%	26.7%
3	Medical Protective Company	41.2%	26.1%
4	Florida Doctors Insurance Company	127.4%	104.7%
5	ProAssurance Casualty Company	32.0%	31.7%
6	Evanston Insurance Company	77.0%	111.9%
7	American Casualty Company Of Reading, PA	404.0%	0.0%
8	Lexington Insurance Company	55.7%	52.0%
9	MedMal Direct Insurance Company	104.7%	100.6%
10	National Fire & Marine Insurance Company	5.4%	6.3%
11	Continental Casualty Company	48.6%	56.1%
12	Darwin Select Insurance Company	363.7%	62.2%
13	Columbia Casualty Company	344.6%	0.0%
14	Samaritan RRG, Inc.	55.3%	55.3%
15	Podiatry Insurance Company of America	65.5%	65.7%

Florida Written Premium Rank	Company	All Lines Direct Premiums to Surplus Ratio	All Lines Net Premiums to Surplus Ratio
16	Healthcare Underwriters Group of Florida	28.4%	26.6%
17	Southwest Physicians RRG, Inc.	98.4%	98.4%
18	Lancet Indemnity RRG, Inc.	276.8%	192.6%
19	NCMIC RRG, Inc.	353.9%	35.0%
20	Ophthalmic Mutual Insurance Company (A RRG)	26.4%	24.4%
21	Landmark American Insurance Company	275.6%	23.5%
22	Medicus Insurance Company	282.2%	0.0%
23	Physicians Insurance Company	66.5%	4.4%
24	Physicians Professional Liability RRG, Inc.	28.5%	25.6%
25	OMS National Insurance Company, RRG	33.8%	36.5%
26	Arch Specialty Insurance Company	182.0%	0.0%

It is generally thought to be highly desirable for the net written premium to surplus ratio to be under 300%. All the carriers easily met that standard for net premiums. That suggests that the medical malpractice industry as a whole is financially strong. The overall average net written premium to surplus ratio (weighting the ratio of each company writing in Florida by its 2013 Florida medical malpractice written premium) was 0.58. As the following graph shows, it is only slightly lower than the ratio developed in 2012.

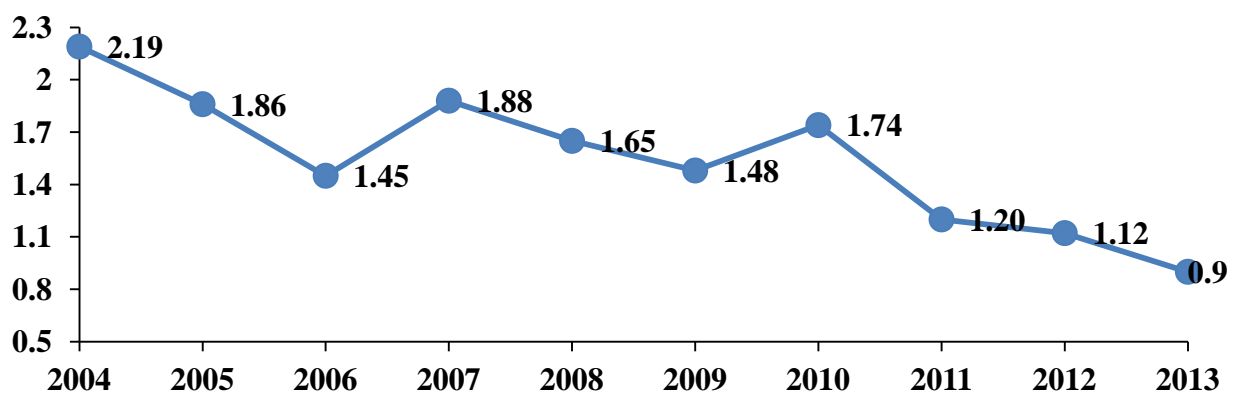
Historical Average Ratio of Net Written Premium to Surplus



The ratio of premiums to written to surplus has generally remained low throughout the post-2004 period. The lower values generally fall in the 2008-present period.

While the net premiums written to surplus ratio relates the new risks taken on to the surplus funds, it is also helpful to relate the remaining liabilities on policies previously sold (loss and loss adjustment expense reserves and unearned premium reserves) to surplus. That measure compares the risk of underestimation of the liabilities to the surplus that must fund any underestimation. Historical ratios of the net liability to surplus of the top companies are shown in the following graph.

Historical Average Ratios of Net Liabilities to Surplus for the Top Total Malpractice Carriers

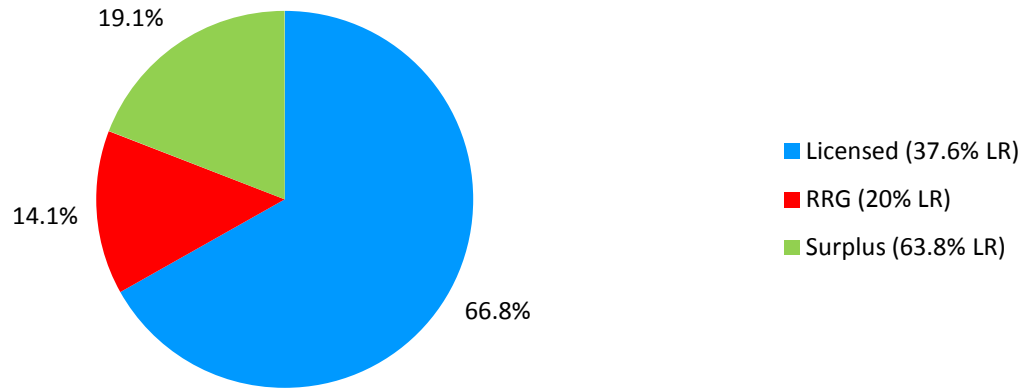


There is no precise statutory requirement for the net liabilities to surplus ratio, although the more recent ratios certainly suggest enhanced financial strength.

Composition of the Total Florida Medical Malpractice Market by Type of Insurer

There are different types of companies that may sell medical malpractice in Florida. The most common are admitted property/casualty companies that offer protection from the Florida Insurance Guaranty Association in the event the companies fail. Admitted companies must also file rates and policy contract language with the Office. There are surplus lines companies that do not offer guaranty fund protection and do not file rates or contract terms (to purchase such a policy, unavailability of the coverage in the “admitted” market must be shown). Lastly, there are risk retention groups that need only file rates in their home state to use the rates in any state. A breakdown of the entire Florida written premium by entity type is given on the following page, along with the overall loss ratio for each entity type.

**Composition of Overall 2013 Florida Medical Malpractice Insurance Market
(Written Premium) by Insurer Type-Including Loss Ratios
for Each Type of Insurer**



The vast majority of Florida medical malpractice is sold by admitted property/casualty insurance companies. It is important to consider, though, that these results include facilities (including hospitals) and other healthcare professionals along with physicians. Charts later in this report will show that the breakdown among carrier types differs radically across the different types of insureds.

Florida Marketplace Dynamics for the Total Medical Malpractice Line – Activity in the Admissions Unit

The dynamics of the medical practice market in Florida vary from subline to subline and hence each subline should be measured separately. However, when a company is admitted to sell medical malpractice in Florida, its license generally allows it to sell all types of medical malpractice. Information from the company admissions unit of the Office is presented here.

Aside from the analysis of the 80% market share sample companies, another indication of the health and perceived profitability of the Florida medical malpractice insurance market is the activity in the admissions unit of the Office. During 2013, the insurance companies and risk retention groups shown on the following page entered the medical malpractice insurance market in Florida.

Carriers Entering the Florida Medical Malpractice Market in 2013

Company	Type of Entity	Domiciliary State
Catlin Indemnity Company	Property/Casualty Insurer	DE
Catlin Insurance Company	Property/Casualty Insurer	TX
Norcal Mutual Insurance Company	Property/Casualty Insurer	CA
Pharmacist's Mutual Insurance Company	Property/Casualty Insurer	IA
Stonewood National Insurance Company	Property/Casualty Insurer	OH
United States Fire Insurance Company	Property/Casualty Insurer	DE
XL Specialty Insurance Company	Property/Casualty Insurer	DE
Physician's Specialty, Ltd. RRG	Risk Retention Group	SC

In 2013 only one⁸ of the new entrants is a risk retention group. The growing number of risk retention groups is a trend seen nationally as well as in Florida, and in prior years larger numbers of risk retention groups have sought registration in Florida.

Of the eight new entrants, seven are admitted insurers. This contrasts with the single insurer that was admitted into the Florida medical malpractice market in 2012. As noted in last year's report, it may be premature to draw broad conclusions about the Florida market from this data.

The table below shows the five⁹ risk purchasing groups that were registered in Florida during 2013. Risk purchasing groups do not per se provide insurance. They pool insureds into groups to make them more attractive to insurers that are already admitted to the Florida medical malpractice marketplace.

Risk Purchasing Groups Entering the Florida Medical Malpractice Market in 2013

Company	Type of Entity	Domiciliary State
DT Podiatric Preferred, LLC	Risk Purchasing Group	MD
Florida Obstetric and Gynecological Society RPG, Inc.	Risk Purchasing Group	FL
MDVIP Risk Purchasing Group Association	Risk Purchasing Group	DE
Med3000 RPG	Risk Purchasing Group	IL
MedPro Provider Solutions, Inc.	Risk Purchasing Group	IN

⁸ An additional RRG applicant, Academic Medical Professionals Insurance RRG, did not complete the entire application process

⁹ An additional purchasing group applicant, Hudson Healthcare Purchasing Group, did not complete the entire application process

One insurance company, Northern Assurance Company of America, surrendered its Florida medical malpractice insurance certificate during 2013. Two risk retention groups, Physicians Benefit Resources, RRG, Inc. and Obstetricians and Gynecologists RRG of America, Inc. withdrew their Florida registration during 2013.

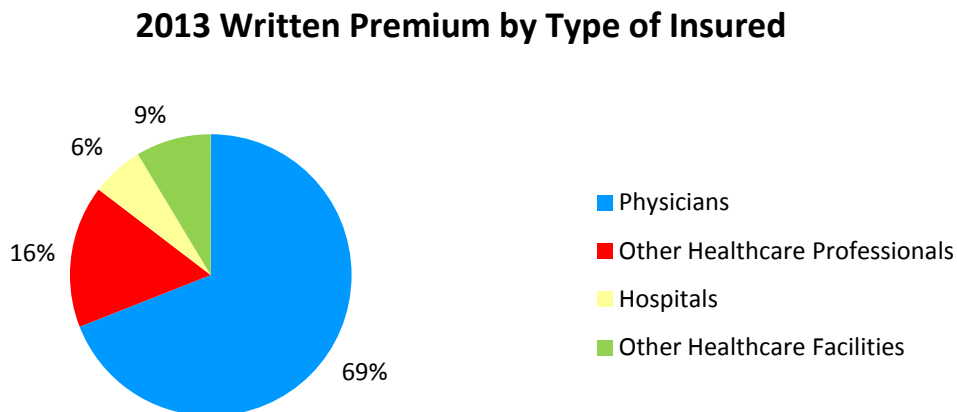
Recent Medical Malpractice Legislation

There were no laws affecting the medical malpractice environment that were passed during the 2014 legislative session. However, the Florida Supreme Court issued a verdict in the McCall v. United States case in March of 2014. Their conclusion was that statutory caps on non-economic damages in wrongful death cases (such as the \$1 million cap on all noneconomic damages from a medical incident contained in the 2003 reforms) violate the Equal Protection Clause. The Court also expressed that the caps did not bear a rational relationship to a medical malpractice crisis stated as the purpose for the 2003 legislation. They also expressed doubt as to whether or not there was a medical malpractice crisis during 2003.

Analysis of the Physicians and Surgeons Subline

The general medical malpractice line of business covers a diverse mix of insureds, and the different insureds have very different risk characteristics. For example, physicians and surgeons, for the most part, purchase statutorily required \$250,000 limits of insurance or somewhat higher limits of \$500,000 and \$1 million, and either do not purchase deductibles or purchase deductibles of \$25,000 or less. Large hospitals, however, may purchase policies with a \$2 million deductible, and much higher limits of coverage. Smaller hospitals would be expected to purchase smaller deductibles and limits. Other medical professionals such as dentists and nurses tend to pay much lower premiums than physicians and surgeons. Lastly, a broad range of other medical facilities (including nursing homes but also including facilities such as blood banks and MRI centers) are also covered under the medical malpractice line of insurance.

As the chart below shows, the physicians and surgeons category represents 69% of the 2013 medical malpractice premium, and is by far the most prevalent.



The next portion of this report analyzes the information in the NAIC database, rate filing data, and comparative premium rates among the top ten states. It will focus on comparisons among the top ten physicians and surgeons malpractice states (by written premium) in the United States, the leading physicians and surgeons malpractice carriers in Florida, the types of insurers selling physicians malpractice in Florida, marketplace dynamics for the physicians insurance subline in Florida, and information on rate filings made in the physicians subline during 2013.

Comparisons to Other Leading States

As with the total malpractice market, the top ten states by physicians malpractice written premium were determined and are shown below.

2013 Top Ten States by Physicians Malpractice Direct Written Premium

State	2013 Physicians Written Premium	Physicians Written Premium Rank	All Medical Malpractice Written Premium Rank
New York	\$1,038,251,773	1	1
California	\$447,271,704	2	2
Illinois	\$402,350,549	3	5
Florida	\$365,676,129	4	4
New Jersey	\$326,597,336	5	6
Pennsylvania	\$301,152,848	6	3
Ohio	\$208,624,789	7	7
Maryland	\$189,343,952	8	11
Georgia	\$183,187,149	9	10
Arizona	\$165,214,544	10	13

These closely mirror the all malpractice rankings. Only two of the top ten states for all medical malpractice (#8 Massachusetts and #9 Texas) are not on this list. Pennsylvania, Maryland and Arizona have noticeably different rankings for physicians malpractice than for all medical malpractice. The precise reason is not known, but it is possible that in Massachusetts, Pennsylvania and Texas physicians may be much more prone to obtain coverage as part of their association with a hospital.

While DCC information and expense information by subline is not included in the NAIC database, incurred loss and earned premium information is. The 2013 loss ratios of strictly physicians malpractice for the top ten states are shown on the next page.

2013 Direct Loss Ratios of Top Ten Physicians Malpractice States

Premium		2013 Physicians
Rank	State	Direct Loss Ratio
1	New York	48.7%
2	California	41.6%
3	Illinois	14.1%
4	Florida	41.3%
5	New Jersey	53.3%
6	Pennsylvania	19.0%
7	Ohio	18.9%
8	Maryland	137.7%
9	Georgia	35.8%
10	Arizona	29.3%

Florida ranks fifth in this list (sixth lowest), up from sixth in 2012, and its rank is similar to its rank in the total malpractice review. Further, only New York, California, Florida, New Jersey and Maryland had loss ratios of over 40%.

Since physicians malpractice is such a large part of the total malpractice market, it is reasonable⁹ to extrapolate that its DCC costs bear approximately the same ratio to loss costs as exists for the entire medical malpractice line in Florida. Similarly, the expense ratios by state from the total malpractice analysis may be added in to produce a fairly high quality estimate of the combined ratios of the top ten physicians malpractice states.

Estimated 2013 Direct Combined Ratios of Top Ten Physicians Malpractice States

Premium		2013 Physicians
Rank	State	Direct Combined Ratio
1	New York	107.4%
2	California	98.7%
3	Illinois	48.3%
4	Florida	94.0%
5	New Jersey	116.0%

⁹ For the other sublines that are smaller portions of the total malpractice market, their expense characteristics may be significantly different than that of the total malpractice market. Therefore, the analysis of combined ratios presented here would not be a reliable estimate of the profitability of the other sublines.

Premium Rank	State	2013 Physicians	
		Direct	Combined Ratio
6	Pennsylvania		49.8%
7	Ohio		55.0%
8	Maryland		384.4%
9	Georgia		82.8%
10	Arizona		67.6%

By this reckoning, Florida ranks fifth in physicians combined ratios, as it did in the previous study. As with the analysis of total medical malpractice, this suggests that most states are generating very healthy overall profitability in physicians malpractice insurance.

Leading Physicians Carriers in Florida

As with the total malpractice market, it is helpful to identify the leading carriers for physicians malpractice in Florida (defined as in statute, as those constituting 80% of the physicians malpractice market). As the table below shows, it only requires ten (the same as last year) carriers to constitute 80% of the physicians malpractice market in Florida.

Key 2013 Financial Information for Top Physicians Malpractice Carriers in Florida

Company	Direct	Written	Cumulative		Direct	Direct
	Florida Physician Written Premium	Premium Rank	Market Share	Market Share	Florida Physicians Earned Premium	Loss Ratio
Doctors Company Group	\$125,184,223	1	34.2%	34.2%	\$143,303,161	53.1%
Doctors Company	\$123,304,092				\$88,412,180	40.8%
First Professionals Ins Co	\$1,869,657				\$52,001,899	68.5%
Anesthesiologists Prof Assur Co	\$10,474				\$2,889,082	150.8%
MAG Mutual Insurance Company	\$52,417,535	2	14.3%	48.6%	\$51,964,474	36.6%
Medical Protective Company	\$29,245,433	3	8.0%	56.6%	\$26,132,617	41.5%
Florida Doctors Insurance Company	\$28,647,596	4	7.8%	64.4%	\$31,620,321	46.8%
ProAssurance Casualty Company	\$18,889,231	5	5.2%	69.6%	\$19,815,781	7.6%

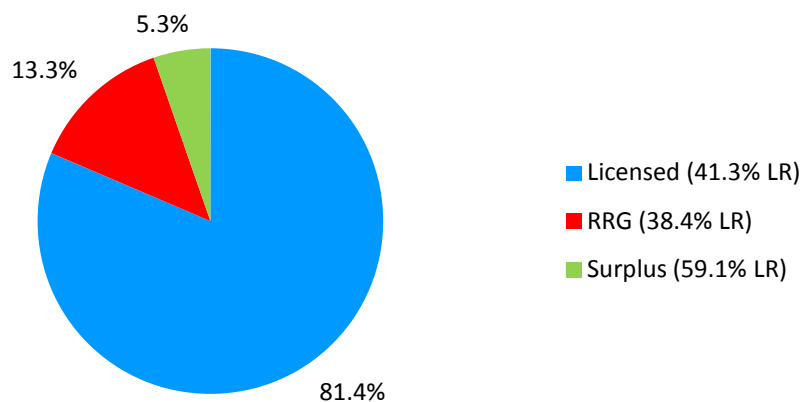
Company	Direct Florida Physician Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Physicians Earned Premium	Direct Loss Ratio
MedMal Direct Insurance Company	\$10,384,756	6	2.8%	72.4%	\$9,269,021	38.3%
Samaritan RRG, Inc.	\$8,406,808	7	2.3%	74.7%	\$7,834,335	41.0%
Healthcare Underwriters Group of Florida	\$6,721,673	8	1.8%	76.5%	\$6,937,969	35.9%
Southwest Physicians RRG, Inc.	\$6,571,693	9	1.8%	78.3%	\$6,571,693	34.6%
Lancet Indemnity RRG, Inc.	\$6,475,842	10	1.8%	80.1%	\$6,605,290	47.8%

The loss ratios are around 35-50% for most insurers, but the #5 carrier has a very unusual loss ratio (as it did in 2012). For the smaller companies any volatility is likely dominated by random fluctuation in the costs of individual claims, for the larger companies, systemic changes such as reserve volatility changes may be key drivers of the loss ratio results. As shown above, the top ten physicians insurers comprise 80% of the physicians malpractice market, whereas the top 26 comprise 80% of the overall medical malpractice market.

Composition of Florida Physicians Malpractice Market by Type of Insurer

To provide clarity on the markets most often served by surplus lines companies and risk retention groups, this report provides breakdowns of the direct written premium of the four sublines of medical malpractice contained in the NAIC by the type of carrier generating the premium. The breakdown for physicians malpractice is shown below.

Composition of Physicians 2013 Florida Medical Malpractice Insurance Market (Written Premium) by Insurer Type-Including Loss Ratios for Each Type of Insurer



The market is dominated by licensed property/casualty insurers. The loss ratios do differ between the various company types, but none of them appear to be inconsistent with the range of results among companies.

The dominance of licensed insurers in the physicians market is likely very different than the situation for hospitals, nursing homes, and other facilities. For those categories of medical malpractice insurance, very few companies file rates, suggesting that most carriers are surplus lines carriers or risk retention groups, neither of which must file rates. Based on the number of filings, it is likely that the other professionals, just like the physicians and surgeons, are primarily served by licensed insurers. That is confirmed in charts later in the report.

It is also helpful to analyze which of the leading carriers are physicians insurance specialists, and which are more narrowly specialists in the Florida physicians malpractice market. First, data on the percentage of each carrier's total premium from all lines of business that is for physicians malpractice is shown below.

2013 Percentage of Leading Carriers' All Lines Countrywide Direct Written Premium that is from Physicians Malpractice (All States)

Florida Physicians Premium Rank	Company	Total Physicians Written Premium to Total Written Premium Ratio
1	Doctors Company Group	95.2%
	Doctors Company, An Interinsurance Exchange	95.2%
	First Professionals Insurance Company	105.7%
	Anesthesiologists Professional Assurance Company	99.7%
2	MAG Mutual Insurance Company	95.4%
3	Medical Protective Company	78.4%
4	Florida Doctors Insurance Company	99.2%
5	ProAssurance Casualty Company	78.7%
6	MedMal Direct Insurance Company	99.5%
7	Samaritan RRG, Inc.	100.0%
8	Healthcare Underwriters Group of Florida	100.0%
9	Southwest Physicians RRG, Inc.	84.4%
10	Lancet Indemnity RRG, Inc.	100.0%

All the top ten carriers could be described as physicians malpractice specialists.

The following table analyzes the ratio of each carrier’s Florida physicians malpractice premiums to its total premium for all lines and states. This illustrates the degree to which each carrier is a specialist in Florida physicians malpractice insurance.

2013 Percentage of Leading Carriers’ All Lines Countrywide Direct Written Premium that is from Strictly Florida Physicians Malpractice

Florida Physicians Premium Rank	Company	Florida Physicians Written Premium to Total Written Premium Ratio
1	Doctors Company Group	17.4%
	Doctors Company, An Interinsurance Exchange	17.2%
	First Professionals Insurance Company	114.1%
	Anesthesiologists Professional Assurance Company	23.3%
2	MAG Mutual Insurance Company	22.3%
3	Medical Protective Company	5.0%
4	Florida Doctors Insurance Company	99.2%
5	ProAssurance Casualty Company	11.3%
6	MedMal Direct Insurance Company	94.9%
7	Samaritan RRG, Inc.	100.0%
8	Healthcare Underwriters Group of Florida	100.0%
9	Southwest Physicians RRG, Inc.	39.3%
10	Lancet Indemnity RRG, Inc.	51.8%

Four may be regarded as Florida physicians malpractice specialists.

Florida Marketplace Dynamics for the Physicians Malpractice Subline

Since the physicians malpractice subline is fairly homogeneous, the degree of competition and the degree of exposure to consequent coverage availability problems are susceptible to analysis. The analysis in this section focuses on those goals.

As a first step, the quality of the competition, as least to the extent that it is determinable from NAIC data, is evaluated. The most relevant measure that can be computed from NAIC physicians market data is the Herfindahl index. This is a measure of the extent to which market share (and presumably market clout) is concentrated in a few companies. The theory of economic competition is based on an assumption that there are a large number of sellers of a commodity (in this case, physicians malpractice insurance), that act independently, and that each seller is a “price taker” that must accept a market price. Therefore, the potential for the market to optimize pricing to benefit insureds is affected by the degree of concentration in the market. The United States Justice Department uses the Herfindahl index to measure concentration within a

market. It is computed by taking the squares of the market shares of the competitors in a market (squaring, for example, 10 to 100 for a company with a 10% market share) and summing the results across all the competitors in the market segment. The position posted on the Department of Justice website¹⁰ is that markets with Herfindahl indices between 1500 and 2500 are moderately concentrated and markets with Herfindahl indices over 2500 are highly concentrated. Thus, computing the Herfindahl index is key to analyzing market concentration.

Since the Herfindahl index is computed using combined market share of companies under common control, the companies that merged into Doctors Company must be treated as a single company (raising the index to a moderately concentrated level). The calculation¹¹ of the Herfindahl index is shown below.

Herfindahl Index for Florida Physicians Malpractice Market

Group or Company	Florida	
	Physicians Market Share	Squared Market Share
Doctors Company Group	34	1189
MAG Mutual Insurance Company	15	215
Florida Doctors Insurance Company	8	64
Medical Protective Company	8	67
ProAssurance Casualty Company	5	28
MedMal Direct Insurance Company	3	8
Samaritan RRG, Inc.	2	6
Applied Medico-Legal Solutions RRG, Inc.	1	2
Healthcare Underwriters Group of Florida	2	4
Continental Casualty Company	1	1
All Other Groups & Companies	20	23
Herfindahl-Hirschman Index		1,607

Another way to look at the Florida medical malpractice is its resiliency, or ability to withstand a major or minor marketplace event related to a single carrier. In the analysis, two scenarios are considered. One is a major coverage, pricing, etc. decision by company or group of companies under common control that is unpopular enough with the physicians and/or physician practice groups to cause an extra 25% of the group's insureds to choose to switch insurance providers.

¹⁰ <http://www.justice.gov/atr/public/guidelines/hhi.html>

¹¹ Different treatments of the very small market share companies have been used by different analysts. In our analysis, all small companies are treated individually in the calculation.

The other is the more catastrophic event of an insolvency or retrenchment that would result in an insurance company or insurance group electing to no longer sell malpractice policies in Florida.

Such events may cause dramatic market dislocations should the other carriers be reluctant to immediately increase their policies sold in order to fill any consequent gap in the market. It is fairly well known that new business to an insurance company is generally more risky than renewal business. That is because the insurance company has the benefit of insuring the renewal policies for a few years and, consequently, has a better understanding of the losses they might bring. It would not be unusual for an insurance company to place some limit on the total policies it sells, even in the presence of a market opportunity generated by a withdrawal or misstep of another carrier. Hence, it is appropriate to consider how large of an increase in policies the remaining carriers must accept in order to fill the void left by a departing or suddenly undesirable carrier.

The tables that follow show whether or not an average 10%, 15%, or 25% increase in sales by all the remaining carriers (in aggregate) would restore the supply and demand balance to the physicians medical malpractice market in Florida.

Ability of Physicians Malpractice Market to Absorb 25% of the Business of Each of Leading Company Groups

Group or Company	Florida			
	Physicians Market Share	<u>Is 25% of Cos. Business Replaceable by</u>		
		10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Doctors Company Group	34%	No	Yes	Yes
MAG Mutual Insurance Company	15%	Yes	Yes	Yes
Florida Doctors Insurance Company	8%	Yes	Yes	Yes
Medical Protective Company	8%	Yes	Yes	Yes
ProAssurance Casualty Company	5%	Yes	Yes	Yes
MedMal Direct Insurance Company	3%	Yes	Yes	Yes
Samaritan RRG, Inc.	2%	Yes	Yes	Yes
Applied Medico-Legal Solutions RRG, Inc.	1%	Yes	Yes	Yes
Healthcare Underwriters Group of Florida	2%	Yes	Yes	Yes
Continental Casualty Company	1%	Yes	Yes	Yes

The Florida physicians malpractice market appears to be reasonably capable of offering alternatives to adverse activity by any company or group except the Doctors Company Group. Further, if the other carriers perceive that the market opportunity is strong enough to risk additional new business in the amount of 25% of their current business, the market could conceivably offer alternatives to the Doctors Company Group that supply the necessary insurance capacity.

Ability of Physicians Malpractice Market to Absorb Withdrawal of Each of Leading Company Groups

Group or Company	Florida Physicians Market Share	Is Withdrawal of Co. Replaceable by		
		10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Doctors Company Group	34%	No	No	No
MAG Mutual Insurance Company	15%	No	No	Yes
Florida Doctors Insurance Company	8%	Yes	Yes	Yes
Medical Protective Company	8%	Yes	Yes	Yes
ProAssurance Casualty Company	5%	Yes	Yes	Yes
MedMal Direct Insurance Company	3%	Yes	Yes	Yes
Samaritan RRG, Inc.	2%	Yes	Yes	Yes
Applied Medico-Legal Solutions RRG, Inc.	1%	Yes	Yes	Yes
Healthcare Underwriters Group of Florida	2%	Yes	Yes	Yes
Continental Casualty Company	1%	Yes	Yes	Yes

In the event of an outright withdrawal from Florida, the physicians malpractice market is at risk of unavailability problems in two situations. Should the #1 group leave Florida, the remaining carriers would have to increase their writings by more than 25% (actually, by approximately 50%) for all Florida physician policyholders to be served. Should the #2 carrier exit the market, a substantial, but more modest, writing increase of slightly over 17% would be required of the remaining groups.

Comparison of Florida Physicians Rates to Those of Other States

This report contains example premiums for carriers in the top ten states in Appendix A. To prepare that exhibit, the Office obtained the rating manuals of the top three carriers (by 2013

physicians malpractice volume) within each of the top ten states for physicians malpractice from the insurance regulatory bodies of the various states. Unfortunately, relevant information on Texas was not obtainable because the rates of its leading physicians malpractice carrier, Texas Medical Liability Trust (the corporate parent of Physicians Insurance Company), are not contained in publically available documents we could identify. In Arizona and Maryland, only the rates of two of the top three carriers were in the insurance department's public files. That is because one of the top three carriers in each state was a risk retention group, and so was not required to file its rates with the insurance department. Further, we were unable to rate the examples for the number one carrier in Maryland, Medical Mutual Liability Insurance Society of Maryland, from the manual pages contained in the rate filings they made with the Maryland Insurance Administration over the last five years. So, only one representative carrier was included for Maryland. Additionally, the third largest carrier in Pennsylvania, TriCentury, is primarily a captive of a large university hospital, so its rates are not publicly available. Lastly, for Arizona, we were not able to obtain copies of the various rate manual and we relied on a premium comparison prepared by the Arizona Department of Insurance.

Within Appendix A, unless noted otherwise, premiums were computed at the \$1 million coverage limit that, although higher than the minimum limit in Florida, is at or above the minimum financial limits of all nine states. Therefore, all the premiums are stated on a comparable basis (unless shown otherwise). Four key classes were chosen (family practice, obstetrics, emergency room medicine, and orthopedics) to represent a variety of rates and still focus on the most common classes for which malpractice premiums are most often discussed. Territories present an issue because different states and different companies within each state have different territory structures. Premiums from the territory with the highest rates and the territory with the lowest rates are presented in Appendix A. That way, the premiums in lowest rated territories of all the states may be compared to one another, and similarly the premiums in highest rated territories may be compared.

There is possibly more than one way to summarize the information in Appendix A. Considering that Florida has some of the higher premiums in the sampled states, the chart below strictly looks at the premiums of the carrier with the highest rates in each type of territory (highest rated or lowest rated). Within that approach, the premiums of the various states were ranked from highest to lowest. Information on the carrier with the highest premium, the carrier with the lowest premium, and where Florida ranks among the nine states sampled is shown in the chart below.

Summary of Results of Premium Comparisons between Leading States

Physician Class	State Rank	State	Company	Territory	Premium
Results for Territories with Highest Rates:					
Family Practice	Highest (1)	Florida	Doctors Company	Dade	\$ 42,772

Physician Class	State Rank	State	Company	Territory	Premium
	1	Florida	Doctors Company	Dade	\$ 42,772
	Lowest (9)	California	Doctors Company	Riverside, San Bernardino	\$ 11,009
Obstetricians	Highest (1)	New York	Physicians Reciprocal Insurers	Nassau and Suffolk Counties	\$ 214,999
	2	Florida	Doctors Company	Dade	\$ 190,829
	Lowest (9)	Arizona	Mutual Ins. Co. of Arizona	Entire State	\$ 51,978
Emergency Room Drs.	Highest (1)	Florida	Doctors Company	Dade	\$ 90,479
	2	Florida	Doctors Company	Dade	\$ 90,479
	Lowest (9)	Georgia	MAG Mutual	Rest of State	\$ 23,180
Orthopedists	Highest (1)	New York	Medical Liability Mutual	Nassau and Suffolk Counties	\$ 140,199
	2	Florida	Doctors Company	Dade	\$ 115,155
	Lowest (9)	Georgia	Medical Protective	Remainder of State	\$ 34,058
Results for Territories with Lowest Rates:					
Family Practice	Highest (1)	Arizona	Medical Protective Company	Entire State	\$ 23,533
	2	Florida	Doctors Company	Remainder of State	\$ 21,934
	Lowest (9)	California	Doctors Company	Remainder of State	\$ 4,735

Physician Class	State Rank	State	Company	Territory	Premium
Obstetricians	Highest (1)	Maryland	Doctors Company	Remainder of State	\$ 109,607
	3	Florida	Doctors Company	Remainder of State	\$ 97,861
	Lowest (9)	California	Doctors Company	Remainder of State	\$ 25,190
Emergency Room Drs.					
	Highest (1)	Maryland	Doctors Company	Remainder of State	\$ 49,320
	3	Florida	Doctors Company	Remainder of State	\$ 46,399
	Lowest (9)	California	Doctors Company	Remainder of State	\$ 11,257
Orthopedists					
	Highest (1)	Maryland	Doctors Company	Remainder of State	\$ 59,395
	2	Florida	Doctors Company	Remainder of State	\$ 59,054
	Lowest (9)	California	Doctors Company	Alameda, Monterey, San Benito, San Francisco, Santa Clara, Santa Cruz etc.	\$ 17,120

Florida is either the highest (of nine states), second highest, or third highest state as far as premiums go in all the scenarios. That includes both the higher rated territories and lower rated territories.

Physicians Malpractice Rate Filings in 2013

A very small overall premium level increase was effected by the overall market in their 2013 filings, although only a few carriers revised their rates. The vast majority of the carriers filed and supported continuance of their existing rates. So, on the average, overall rates for the admitted market companies (the only companies required to file their rates) increased by only 0.4%. That represents an average 0.7% increase contained in the typical rate filing, with about 17% of the admitted market not having a rate filing resolved during 2013.

Calendar Year 2013 featured 87 filings¹² that were either approved or processed as informational (68 rate filings, 19 not involving rate changes) of all types of medical malpractice, and 28 that were withdrawn by the carriers before a resolution was made. No malpractice filings were disapproved. Of those filings within the medical malpractice line overall, 28 physicians malpractice filings were resolved by the Office. During 2013, 17 filings were approved by the Office regarding physicians malpractice rate changes, new company initial rates, or mathematically affirming rate levels. Six physician filings were withdrawn by the carriers before a decision was made. No physicians filings were disapproved, and five physicians malpractice filings that did not involve rate changes were approved by the Office during 2013.

Of course, various types of insureds other than physicians are also included in the medical malpractice line of business. Details on the rate filings for specialized types of medical malpractice insurance including dentists, podiatrists, optometrists, chiropractors, hospitals and other distinct types of insureds are included elsewhere in this report.

In reviewing the chart on the following page, the data shows that the approved rate changes varied somewhat. As stated earlier, most physicians malpractice filings resulted in no change in rate level. Six other filings effected rate changes ranging from a 4% decrease to a 6.5% increase. Except for a modest change in the rate change filed by Healthcare Underwriters Group, the rate changes were unchanged from the amount initially requested by the companies.

There are other aspects of the impact of insurance on physicians that are not shown in the chart. First, although the figure involves some estimation, it appears that 44% (up from 7% in 2012) of the admitted market (by premium) either did not have rate changes resolved during calendar year 2013 or withdrew their filings before they were resolved with the Office. For example, the required 2012 filing for the market-leading Doctors Company was approved in 2012, and their 2013 required filing was filed near the end of 2013 and hence not approved until 2014. The impact of the rate changes experienced by the average physician is somewhat diluted for the calendar year (as shown in the ‘Average Rate Change for Doctors in Florida’ row).

The specific set of physicians malpractice filings resolved in 2013 is shown below.

2013 Rate Filings for Physicians Market Segment

Company	Policy Count	Premium Reported (\$000s)	Rate Change Indicated	Rate Change Proposed	Rate Change Approved	Resolution Date
MAG Mutual Insurance Company	1,133	\$52,720	1.8%	0.0%	0.0%	3/6/2013
MAG Mutual Insurance Company	1,354	\$51,311	0.0%	-0.1%	-0.1%	6/13/2013

¹² All references to filings in this report exclude special filings in connection with passing guaranty association costs to insureds as those are handled on a perfunctory basis.

Company	Policy Count	Premium Reported (\$000s)	Rate Change Indicated	Rate Change Proposed	Rate Change Approved	Resolution Date
Florida Doctors Insurance Company	1,307	\$30,484	0.0%	0.0%	0.0%	2/7/2013
ProAssurance Casualty Company	1,523	\$25,986	8.4%	0.0%	0.0%	3/13/2013
Medical Protective Company	1,331	\$13,019	2.8%	0.0%	0.0%	3/21/2013
Physicians Insurance Company	897	\$7,719	9.3%	6.5%	6.5%	5/23/2013
Healthcare Underwriters Group of Florida	506	\$7,878	5.0%	-0.1%	0.4%	3/21/2013
Fair American Insurance And Reinsurance Company	206	\$3,432	-4.0%	-4.0%	-4.0%	8/28/2013
MedMal Direct Insurance Company	649	\$2,368	0.0%	0.0%	0.0%	3/21/2013
Medicus Insurance Company	269	\$2,289	0.0%	0.0%	0.0%	3/8/2013
Florida Medical Malpractice JUA	163	\$2,040	-1.1%	-1.1%	-1.1%	5/2/2013
Preferred Professional Insurance Company	32	\$955	0.0%	0.0%	0.0%	7/11/2013
Health Care Indemnity Inc	1	\$738	6.3%	0.0%	0.0%	4/10/2013
National Union Fire Insurance Company Of Pittsburgh, PA	27	\$220	7.0%	0.0%	0.0%	9/5/2013
Cincinnati Insurance Company	0	\$0	0.0%	-3.9%	-3.9%	10/15/2013
ASPEN American Insurance Company	0	\$0	0.0%	0.0%	0.0%	12/6/2013
Continental Insurance Company	0	\$0	22.3%	0.0%	0.0%	12/10/2013
Average Rate Change for Doctors Insured by Above Companies:						
			3.7%	0.7%	0.7%	
Market Share (%) of Admitted Insurance Companies Not Making Rate Changes:						
43.8%						
Average Rate Change for Doctors in Florida (Insured by Admitted Companies):						
			2.1%	0.4%	0.4%	

It is also instructive to look beyond just a single calendar year. There have been a substantial number of rate filings so far in 2014. The table below shows the latest effective rate change for admitted carriers writing physicians and surgeons medical malpractice. As with the table of rate filings resolved in 2013, only filings involving a definitive action by the Office, either an approval or disapproval, are included. Filings withdrawn by carriers are not. A small number of carriers have received approval for rate increases, but overall, rates have most recently decreased by 0.08%.

Physicians and Surgeons Carriers and Last Base Rate Filing Made by Each

Company	Rate Change Effective Date	Reported Earned Premium (000's)	Cumulative Market Share	Policy Count	Proposed Rate Change	Final Rate Change
Doctors Company, An Interinsurance Exchange	3/27/2014	\$137,988	51%	5,090	0.00%	0.00%
MAG Mutual Insurance Company	8/7/2014	\$51,964	71%	1,330	-0.50%	-0.50%
Florida Doctors Insurance Company	3/20/2014	\$29,182	82%	80	-0.20%	-0.20%
ProAssurance Casualty Company	7/1/2013	\$25,986	83%	1,523	0.00%	0.00%
Medical Protective Company	3/19/2014	\$17,478	88%	1,630	0.00%	0.00%
Healthcare Underwriters Group of Florida	3/20/2014	\$6,779	91%	463	3.00%	2.60%
MedMal Direct Insurance Company	3/20/2014	\$6,269	93%	857	0.00%	0.00%
Physicians Insurance Company	6/12/2014	\$6,229	95%	688	0.00%	0.00%
Medicus Insurance Company	3/12/2014	\$3,564	97%	318	0.00%	0.00%
Fair American Insurance And Reinsurance Company	8/28/2013	\$3,432	98%	206	-4.00%	-4.00%
Darwin National Assurance Company	3/20/2014	\$2,089	99%	353	0.00%	0.00%
Florida Medical Malpractice JUA	5/9/2014	\$1,846	99%	145	-4.20%	-5.10%
Health Care Indemnity Inc	1/31/2014	\$796	100%	1	0.00%	0.00%
Preferred Professional Insurance Company	7/15/2014	\$602	100%	21	0.00%	0.00%
Philadelphia Indemnity Insurance Company	1/21/2014	\$405	100%	14	0.00%	0.00%
ProAssurance Indemnity Company, Inc.	3/20/2014	\$56	100%	3	0.00%	0.00%

Company	Rate Change Effective Date	Reported Earned Premium (000's)	Cumulative Market Share	Policy Count	Proposed Rate Change	Final Rate Change
Continental Insurance Company	12/10/2013	\$0	100%	0	0.00%	0.00%
Cincinnati Indemnity Company	10/15/2013	\$0	100%	0	0.00%	-3.90%
Aspen American Insurance Company	12/6/2013	\$0	100%	0	0.00%	0.00%
National Union Fire Insurance Company Of Pittsburgh, PA	3/25/2014	\$0	100%	0	0.00%	0.00%
Great Divide Insurance Company	3/6/2014	\$0	100%	0	0.00%	0.00%
Totals:						
Item Counts		\$294,665		12,722		
Premium Weighted Average Rate Change						-0.13%
Policy Count Weighted Average Rate Change						-0.08%

When the latest approved rates are taken together, as in the table, overall physician and surgeons medical malpractice rates have decreased by roughly 0.13%. However, that figure is driven by more substantial decreases approved for a small number of carriers.

A portion of the physicians insured in Florida (19%) are insured by either 'surplus lines' carriers or risk retention groups, neither of which are required to file rates in Florida. Further, physicians operating within a large hospital or chain of hospitals often effectively receive coverage through the hospital's insurance program or policy. Physicians do have the option of posting collateral with the Department of Business and Professional Regulation in lieu of purchasing insurance. So, there are portions of the impact on the average physician that could not be quantified.

One rating organization and four company groups made changes that did not actually change their existing rates. Details of the 2013 non-rate change filing activity for physicians are shown below.

Non-Rate Change Physicians Filings Resolved in 2013

Company Name	Impact of Filing	Approval Date
American Association of Insurance Services	Statistical Reporting Instructions	3/25/2013

Company Name	Impact of Filing	Approval Date
Cincinnati Insurance Company	Endorsement so insured does not have exclusive right to veto settlement	5/6/2013
MAG Mutual	New Increased Limit Factors	12/23/2013
MedMal Direct Insurance Company	Addition of Cyber Liability Coverage (at no charge)	6/13/2013
ProAssurance Casualty Company	New Concierge Risk Program	6/13/2013

Analysis of the Other Healthcare Professionals Subline

As with the physicians malpractice subline, data for the remaining healthcare professionals subline is analyzed in this report. The other healthcare professionals subline includes all policies sold to non-physician professionals that are not primarily designed to cover the malpractice exposure of a facility or agency such as a hospital or nursing home.

Diversity of the Insureds in this Subline

Insureds in this class range from dentists to nurses to chiropractors, even to physical therapists, with many other classes involved as well. Further, some insurers specialize in single segments such as chiropractors or podiatrists. Therefore, the market is highly fragmented and not susceptible to an analysis of marketplace dynamics. For reference, however, the analyses from the physicians malpractice section that have the most relevance in this segment are included here.

Comparisons to Other Leading States

With that caveat, the next step is to summarize the relevant information that could be obtained from the NAIC financial database. The chart below shows the top ten states for this subline with respect to direct written premium.

2013 Top Ten States by Other Healthcare Professionals Malpractice Direct Written Premium

State	2013 Other Healthcare Professionals Direct Written Premium	Other Healthcare Professionals Written Premium Rank	All Malpractice Written Premium Rank
California	\$135,938,829	1	2
New York	\$124,200,018	2	1
Florida	\$92,563,292	3	4

State	2013 Other Healthcare Professionals Direct Written Premium	Other Healthcare Professionals Written Premium Rank	All Malpractice Written Premium Rank
	Texas	\$76,957,422	4
Pennsylvania	\$60,885,401	5	3
New Jersey	\$51,334,475	6	6
Illinois	\$49,275,101	7	5
Maryland	\$40,937,995	8	11
Ohio	\$37,271,488	9	7
Tennessee	\$34,092,548	10	12

As with physicians malpractice, the state rankings differ somewhat from those of the overall malpractice market, but are also very similar overall.

The direct loss ratios of those top ten states are included below. The loss ratios range from a negative 12% loss ratio in Ohio (likely involving a reserve reduction) to 57% in Florida. Unfortunately, due to the gap typically observed between physician and other healthcare expense levels, other healthcare professionals combined ratios cannot be reasonably estimated using the NAIC database. However, it is worth noting that the Florida carriers could have expense ratios ranging up to 42.7% and still earn an underwriting profit.

2013 Direct Loss Ratios of Top Ten Other Healthcare Professionals Malpractice States

Premium Rank	State	2013 Other Healthcare Professionals Direct Loss Ratio
1	California	29.9%
2	New York	53.9%
3	Florida	57.3%
4	Texas	20.8%
5	Pennsylvania	30.2%
6	New Jersey	36.0%
7	Illinois	25.8%
8	Maryland	46.3%
9	Ohio	-11.8%
10	Tennessee	11.3%

Leading Other Healthcare Professionals Carriers in Florida

Key information on the carriers comprising 80% (by direct written premium) of the Florida other healthcare professionals malpractice market is shown on the following page. A quick comparison to the carriers comprising the physicians malpractice market will show that many of the companies are different from those serving physicians. Some companies such as #4 Podiatry Insurance Company, #5 NCMIC RRG and #11 Fortress specialize in certain professions such as podiatrists, chiropractors, or dentists. Other companies may specialize as well, but which do is not determinable.

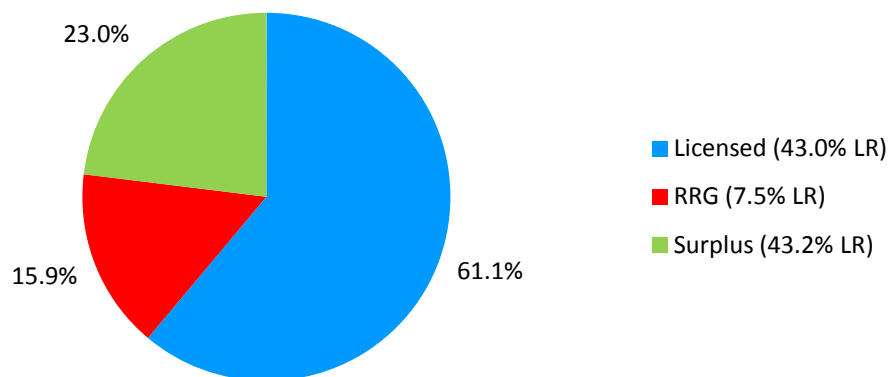
Key 2013 Financial Information for Top Other Healthcare Professionals Malpractice Carriers in Florida

Company	Direct Florida Other Healthcare Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Healthcare Earned Premium	Direct Loss Ratio
American Casualty Company Of Reading, PA	\$11,572,680	1	12.5%	12.5%	\$11,407,050	54.5%
Doctors Company, An Interinsurance Exchange	\$9,804,922	2	10.6%	23.1%	\$5,063,072	17.6%
Medical Protective Company	\$6,740,656	3	7.3%	30.4%	\$6,963,267	8.7%
Podiatry Insurance Company of America	\$6,735,977	4	7.3%	37.7%	\$6,616,219	7.0%
NCMIC RRG, Inc.	\$6,349,310	5	6.9%	44.5%	\$4,409,119	41.5%
Landmark American Insurance Company	\$5,683,444	6	6.1%	50.7%	\$5,026,697	31.9%
OMS National Insurance Company, RRG	\$5,334,938	7	5.8%	56.4%	\$5,405,616	2.4%
Evanston Insurance Company	\$4,535,678	8	4.9%	61.3%	\$4,220,937	111.2%
Continental Casualty Company	\$3,830,844	9	4.1%	65.5%	\$3,845,079	31.7%
Admiral Insurance Company	\$3,544,088	10	3.8%	69.3%	\$3,518,121	151.8%
Fortress Insurance Company	\$3,112,115	11	3.4%	72.6%	\$3,060,721	8.7%
Liberty Insurance Underwriters Inc.	\$3,084,907	12	3.3%	76.0%	\$2,864,607	42.9%
Columbia Casualty Company	\$2,764,994	13	3.0%	79.0%	\$3,002,399	69.7%

Composition of the Florida Other Healthcare Professionals Malpractice Market by Type of Insurer

As with the physicians malpractice segment, a breakdown of the direct written premium by the type of carrier generating the premium is provided. This is designed to provide clarity on the markets most often served by surplus lines companies and risk retention groups. The chart is on the following page.

Composition of Other Healthcare Professionals 2013 Florida Medical Malpractice Insurance Market (Written Premium) by Insurer Type -Including Loss Ratios for Each Type of Insurer



This segment has somewhat higher participation by surplus lines carriers, but is still dominated by licensed property/casualty insurance companies. The loss ratios do differ significantly between segments, but one must recognize that the total premium volume in this segment is fairly low in comparison to the physicians segment at \$88 million.

Other Healthcare Professionals Malpractice Rate Filing Data

Information on rate filings for other healthcare professionals in the Office's I-File Forms & Rates Search System (I-File) may be broken down between dentists, nurses, and what the I-File system considers to be other healthcare professionals. Since that breakdown is available, rate filing information for those major segments within the NAIC other healthcare professionals subline are presented separately.

Dentists Malpractice Rate Filing Data

Details of the dentists malpractice filings with rate impacts carried to completion are shown in the table on the following page. Overall, nine dentists malpractice rate change filings were approved by the Office during 2013 (no filings were withdrawn). Two dentists malpractice filings not involving a rate change were approved during 2013, for a total of 11 dentists filings

resolved during 2013. In accordance with prior reports the affected portion of the market is reflected in policy counts (as reported in the filings) rather than premium.

2013 Rate Filings for Dentists Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date
Continental Casualty Company	1263	6.9%	2.0%	10/30/2013
Fortress Insurance Company	978	16.4%	0.0%	1/31/2013
National Union Fire Insurance Company of Pittsburgh, PA	685	97.5%	15.0%	10/4/2013
Cincinnati Insurance Company	375	-3.9%	-3.9%	10/15/2013
Florida Medical Malpractice JUA	55	39.8%	0.0%	5/2/2013
Ace American Insurance Company	50	-3.0%	-5.0%	8/22/2013
American Insurance Company	47	17.6%	0.0%	3/7/2013
American Insurance Company	32	18.0%	0.0%	12/23/2013
Greenwich Insurance Company	2	0.0%	0.0%	6/14/2013
Average Approved Rate Change:			3.2%	

The companies carrying filings to completion during 2013 showed a 3.2% increase, contrasting with the average 2.1% decrease in 2012. Details on the total size of the dentists malpractice market are not included in the NAIC database. However, it is known that there are additional sellers of dentists malpractice in Florida. For example, at least one of them (the Doctors Company) met their 2012 filing requirement with a filing resolved in 2012 and met their 2013 filing requirement with a filing that was not resolved until 2014. So, there are additional carriers in this segment. As the following chart shows, there were two dentists rate filings approved during 2013 that did not involve rate changes.

Non-Rate Change Dentists Rate Filings Resolved in 2013

Company Name	Impact of Filing	Approval Date
Cincinnati Insurance Company	Endorsement so insured does not have exclusive right to veto settlement	5/6/2013
NCMIC Insurance Company	Endorsement specifying what is covered in board-type defense coverage	8/8/2013

Nurses Malpractice Rate Filing Data

A small number of rate filings for nurses malpractice were processed by the Office during 2013. The disposition is shown in the table that follows. Two things about this segment are worth mentioning. First, this only includes rates for nurses that are not covered as part of a physician's policy. Second, this segment includes situations where some companies have different programs covering different types of nurses, so the program name is included in the table.

The nurses segment is different from the physicians and dentists segments in that midway through when the filings approved in 2013 were made, the filing statute changed from one requiring approval by the Office to one simply requiring the companies to submit their rate pages on an informational basis. Further, these new requirements do not require companies to provide the affected premium or policies or the rate change produced by the new pages. Overall, seven nurses malpractice rate change filings were approved or processed as informational by the Office during 2013. One nurses malpractice filings not involving a rate change was approved during 2013, and four nurses filings were withdrawn. So a total number of eight nurses filings were approved or processed as informational during 2013 and a total of 12 were processed during 2013.

2013 Rate Filings for Nurses Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
American Casualty Company of Reading, Pennsylvania	16,971	5.2%	1.5%	12/30/2013	Healthcare Providers
Liberty Insurance Underwriters Inc.	3530	2.6%	0.5%	5/30/2013	Allied Health-Nurses
Medical Protective Company	609	0.0%	5.0%	3/12/2013	Nurses
Florida Medical Malpractice JUA	172	21.7%	9.7%	5/2/2013	Nurses
Granite State Insurance Company	0	0.0%	0.0%	7/18/2013	General Healthcare
Hudson Insurance Company	0	0.0%	0.0%	8/29/2013	Nurses
Chicago Insurance Company	0	0.0%	0.0%	2/21/2013	Nurses
Average Approved Rate Change:			1.5%		

Per the previous comments, the "informational" filings showing a zero rate effect may not actually have a zero rate effect. The nurses malpractice carriers that did provide information generally supported a wide range of rate changes-ranging from a 0.5% increase to a 9.7% increase. The single nurses malpractice filing without a rate impact is included in the table on the next page.

Non-Rate Change Nurses Rate Filings Resolved in 2013

Company Name	Impact of Filing	Resolution	
		Date	Program
Cincinnati Insurance Company	Endorsement so insured does not have exclusive right to veto settlement	5/6/2013	Professional Liability

Miscellaneous Healthcare Professionals Malpractice Rate Filing Data

As mentioned earlier, the remaining professionals covered by medical malpractice involve a very diverse group of professionals. Some carriers have programs that are specific to just one or two types of professionals. Some carriers in this segment cover a wide array of professions. The chart below shows the rate changes processed by the Office during 2013 for this segment. The program is included since it generally describes the scope of each filing.

As with the nurses segment, the filing statute changed from one requiring approval by the Office, to one simply requiring informational filings midway during the period when the filings processed in 2013 were initially submitted. However, unlike the nurses segment, where all filings were affected, in the other healthcare professionals segment, it did not affect filings for podiatrists, chiropractors, pharmacists, or pharmacy techs. The Office processed 17 malpractice rate change filings for miscellaneous healthcare professionals during 2013. Nine filings were withdrawn before resolution. Six miscellaneous healthcare professionals filings not involving a rate change were approved or processed as informational during 2013, for a total of 32 filings resolved during 2013.

2013 Rate Filings for Miscellaneous Healthcare Professionals Segment

Company	Policy Count	Rate	Rate	Approval Date	Program
		Change Indicated	Change Approved		
Liberty Insurance Underwriters Inc.	6,557	2.0%	0.5%	5/30/2013	Allied Health
PACO Assurance Company Inc.	1,137	1.8%	0.0%	2/7/2013	Chiropractor
Podiatry Insurance Company of America	844	2.9%	0.0%	12/23/2013	Podiatrists
ACE American Insurance Company	108	7.0%	0.0%	7/25/2013	Podiatrists
Campmed Casualty & Indemnity Company Inc.	57	25.1%	10.0%	7/25/2013	Podiatrists
American Home Assurance Company	39	0.0%	0.0%	10/28/2013	Psychoanalysts

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Approval Date	Program
Great Divide Insurance Company	25	-4.8%	-4.8%	6/28/2013	Doctor of Chiropractic
Cincinnati Insurance Company	14	-3.9%	-3.9%	10/15/2013	Chiropodist/Podiatrist
Florida Medical Malpractice JUA	11	36.5%	0.0%	5/2/2013	Other Healthcare Professionals
Granite State Insurance Company	1	0.0%	0.0%	4/4/2013	Counselors
Granite State Insurance Company	0	0.0%	0.0%	7/12/2013	General Healthcare
Chicago Insurance Company	0	0.0%	0.0%	2/21/2013	Miscellaneous Professionals
Great Divide Insurance Company	0	0.0%	0.0%	5/16/2013	Optometrists
National Union Fire Insurance Company of Pittsburgh, PA	0	0.0%	0.0%	8/29/2013	Physician Assistant
National Union Fire Insurance Company of Pittsburgh, PA	0	0.0%	0.0%	9/30/2013	Chiropractor
Philadelphia Indemnity Insurance Company	0	0.0%	0.0%	12/31/2013	Other Healthcare Professionals
Zurich American Insurance Company	0	0.0%	0.0%	1/28/2013	Ambulance Professional
Average Approved Rate Change:			0.4%		

Many carriers in this segment did not report rate changes, although in some filings they did not need to be reported, and some comparatively modest changes were approved or processed as informational during 2013.

A table is included on the following page that shows all the rule and related filings approved or processed as informational for other healthcare professionals (of all types except physicians, dentists, and nurses) in 2013, which did not involve rate changes. These six filings covered different classes and involved different aspects of the rating procedure.

Non-Rate Change Other Healthcare Professionals Rate Filings Resolved in 2013

Company	Impact of Filing	Approval Date	Program
ACE American Insurance Company	New increased limits options	1/4/2013	Allied Health Care – Human Services Program
Campmed Casualty & Indemnity Company Inc.	Clarification of which ISO rules supplement manual rules	9/9/2013	Podiatry
Cincinnati Insurance Company	Endorsement so insured does not have exclusive right to veto settlement	5/6/2013	Professional Liability
Granite State	Remove eligibility for 2 classes	10/14/2013	General Healthcare
National Union Fire Insurance Company of Pittsburgh, PA	Premium suspension for military leave of absence	3/21/2013	Chiropractors
NCMIC Insurance Company	Program Withdrawn	3/1/2013	Chiropractic

Only one program was withdrawn in 2013 and the withdrawal stems from the company's decision to market through a risk retention group in Florida.

Analysis of the Hospital Malpractice Subline

Data for the hospital malpractice subline is analyzed in this report as well. The hospital subline includes all policies where the primary named insured is a hospital, even if the doctors employed by the hospital or having staff privileges within it are covered as well.

Diversity of the Insureds in this Subline

The class of primary named insureds in the class is fairly homogeneous, other than differences between large and small hospitals. But significant differences exist between hospitals that include coverage for staff of various types on the policy and those that do not. More importantly, it is common for larger hospitals to purchase coverage excess of a high deductible or self-insured retention, which make their loss exposure very different from that of other hospitals. Therefore, this segment is viewed as being heterogeneous, and not susceptible to market share analysis.

Comparisons to Other Leading States

With that caveat, the next is to summarize some key information from the NAIC financial database. The chart on the next page shows the top ten states for this subline with respect to direct written premium.

2013 Top Ten States by Hospital Malpractice Direct Written Premium

State	2013	Hospital	All Malpractice
	Hospital Direct	Written Premium	Written Premium
	Written Premium	Rank	Rank
New York	\$460,415,610	1	1
Pennsylvania	\$262,010,683	2	3
Massachusetts	\$131,450,780	3	8
California	\$76,269,097	4	2
New Jersey	\$48,126,683	5	6
Ohio	\$37,176,127	6	7
Texas	\$35,779,216	7	9
North Carolina	\$32,746,876	8	15
Maryland	\$32,577,173	9	11
Illinois	\$32,526,607	10	5

Florida is not even in the top ten states (it is twelfth in the nation) at \$31,704,268 in 2013 direct hospital written premium. It suggests that either: there are fewer insured hospital beds per capita in Florida than in other states; Florida hospitals use higher retentions and other forms of self-insurance; fewer Florida physicians obtain insurance through a hospital; or Florida hospital premiums are lower than in other states. It would appear to be unlikely, given Florida's population demographic, that it has fewer hospital beds. Further, while the physician premium comparisons in this report are associated with a different segment than hospitals, they would suggest the Florida premiums for hospitals are average or higher. Precise information on that subject is unfortunately not included in the NAIC financial database.

The direct loss ratios of those top ten states are included below. They range widely, -7% in Texas to 808% in Maryland. Unfortunately, due to the gap typically observed between expense levels of insurance programs covering physicians and insurance programs covering other healthcare professionals, hospital malpractice combined ratios cannot be reasonably estimated using the NAIC database.

2013 Direct Loss Ratios of Top Ten Hospital Malpractice States

Premium		2013 Hospital Direct
Rank	State	Loss Ratio
1	New York	27.7%
2	Pennsylvania	71.0%
3	Massachusetts	30.6%
4	California	40.6%
5	New Jersey	59.5%

Premium Rank	State	2013 Hospital Direct Loss Ratio
6	Ohio	3.1%
7	Texas	-6.5%
8	North Carolina	-2.2%
9	Maryland	807.5%
10	Illinois	22.4%

Due to its status as the twelfth largest state, Florida is not in this chart. Its 2013 hospital malpractice loss ratio was 86.6%.

Leading Hospital Malpractice Carriers in Florida

Key information on the carriers comprising 80% (by direct written premium) of the Florida hospital malpractice market is shown on the following page. A quick comparison to the carriers comprising the physicians malpractice market will show that different companies serve the hospitals than serve the professionals. Although only eight companies comprise 80% of the market, various forms of self-insurance such as deductibles and retentions, may result in the distributions of losses serviced by various companies being far different than the distribution of premium among them. The hospital malpractice market likely is not as concentrated as the table suggests it is. Certain segments, such as small hospitals may have different concentration levels, but data for such an analysis is not present in the NAIC financial database.

Key 2013 Financial Information for Top Hospital Malpractice Carriers in Florida

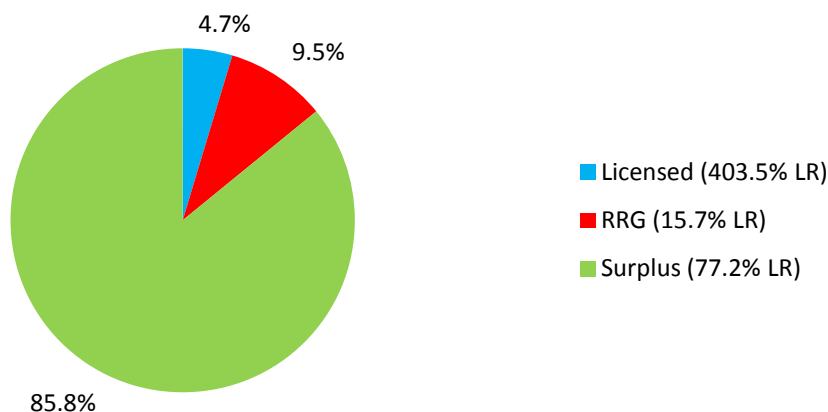
Company	Direct Florida Hospital Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Hospital Earned Premium	Direct Loss Ratio
National Fire & Marine Insurance Company	\$7,008,296	1	22.1%	22.1%	\$6,441,847	342.2%
Columbia Casualty Company	\$4,556,212	2	14.4%	36.5%	\$5,605,128	47.7%
Endurance American Specialty Insurance Company	\$4,214,584	3	13.3%	49.8%	\$5,481,355	25.9%
Steadfast Insurance Company	\$2,491,820	4	7.9%	57.6%	\$2,519,976	-54.4%
Health Care Casualty RRG, Inc.	\$2,223,274	5	7.0%	64.6%	\$919,765	51.3%
Nautilus Insurance Company	\$2,221,589	6	7.0%	71.6%	\$1,427,141	26.9%
Cruden Bay RRG, Inc.	\$1,922,483	7	6.1%	77.7%	\$1,922,483	0.4%

Company	Direct Florida Hospital Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Hospital Earned Premium	Direct Loss Ratio
Continental Casualty Company	\$1,483,816	8	4.7%	82.4%	\$1,483,816	374.3%

Composition of the Florida Hospital Malpractice Market by Type of Insurer

A breakdown of the 2013 hospital malpractice direct written premium by the type of carrier generating the premium is provided below. This is, as with the other sublimes, designed to provide clarity on the markets most often served by surplus lines companies and risk retention groups.

Composition of 2013 Florida Hospital Medical Malpractice Insurance Market (Written Premium) by Insurer Type -Including Loss Ratios for Each Type of Insurer



This segment is dominated by surplus lines carriers, and only a small segment is covered by admitted property/casualty insurance companies. Further, the loss ratios are somewhat more volatile between groups. That might be due to a mixture of the potential for hospitals to encounter large claims and the relatively small hospital malpractice premium volume of the licensed and RRG segments.

Hospital Malpractice Rate Filing Data

As the table on the following page shows, only three hospital malpractice rate change filings were approved during 2013. All companies using medical malpractice rates are required to make an annual base rate filing. However, it is possible that the licensed carriers covering hospital risks are only covering hospitals that are eligible for individual risk rating under Rule 690-

170.019, Florida Administrative Code, and that they believe no filing is required because they have no base rates.

2013 Rate Filings for Hospital Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Approval Date
Florida Medical Malpractice JUA	1	9.3%	0.0%	5/2/2013
Cincinnati Indemnity Company	0	-1.5%	0.0%	10/4/2013
Continental Insurance Company	0	0.0%	0.0%	10/4/2013
Average Approved Rate Change:			0.0%	

As with the other sublines, the Office processed one hospital malpractice rules filing during 2013 that did not involve rate changes. It is shown below.

Non-Rate Change Hospital Rate Filings Resolved in 2013

Company	Impact of Filing	Approval Date
Cincinnati Insurance Company	Endorsement so insured does not have exclusive right to veto settlement	5/6/2013

In total, four hospital filings were approved by the Office during 2013, and two filings were withdrawn, for a total of six hospital filings resolved.

Analysis of the Other Facilities Subline

Data for the malpractice sold to medical facilities other than hospitals is analyzed in this section. This subline covers entities such as nursing homes, blood banks, and MRI facilities. Due to claims cost issues that have arisen in the past for nursing homes and other eldercare facilities and the large number of such facilities in Florida, there is some reason to suspect that a majority of the other facilities premium might be for eldercare liability. There is, however, no data in the NAIC financial database to validate or invalidate that conjecture.

Diversity of the Insureds in this Subline

This subline is similar to the other professionals line in that it conceivably involves a highly heterogeneous population of insureds. In accordance with that fact, this report contains limited information on this subline and does not deal with the marketplace dynamics within the subline.

Comparisons to Other Leading States

The following chart shows the top ten states for the other facilities subline with respect to direct written premium.

2013 Top Ten States by Other Facilities Malpractice Direct Written Premium

State	2013 Other	Other	All
	Healthcare Facilities	Healthcare Facilities	Malpractice
	Direct Written Premium	Written Premium	Written Premium
		Rank	Rank
California	\$80,168,301	1	2
New York	\$73,044,961	2	1
Illinois	\$55,037,740	3	5
Pennsylvania	\$54,886,373	4	3
Florida	\$45,800,963	5	4
Texas	\$37,338,627	6	9
Ohio	\$32,506,194	7	7
New Jersey	\$31,103,477	8	6
Washington	\$22,220,593	9	17
Tennessee	\$21,817,495	10	12

Florida has nearly the same rank (fifth) for other facilities as it does for all malpractice combined (fourth). In light of the large elderly population in Florida, that is somewhat surprising.

The direct loss ratios of those top ten states are shown below. As with hospitals, the loss ratios vary widely.

2013 Direct Loss Ratios of Top Ten Other Facilities Malpractice States

Rank	State	2013 Other
		Healthcare Facilities
		Loss Ratio
1	California	29.2%
2	New York	94.8%
3	Illinois	56.3%
4	Pennsylvania	22.9%
5	Florida	15.0%
6	Texas	14.7%
7	Ohio	38.5%

2013 Other Healthcare Facilities		
Premium Rank	State	Loss Ratio
8	New Jersey	77.6%
9	Washington	69.2%
10	Tennessee	72.2%

Leading Other Facilities Malpractice Carriers in Florida

Key information on the carriers comprising 80% (by direct written premium) of the Florida other facilities malpractice market is shown below. The other facilities segment has, within this analysis, a midrange number of carriers comprising 80% of the market. However, some of these insurers may cover only certain portions of the other facilities segment.

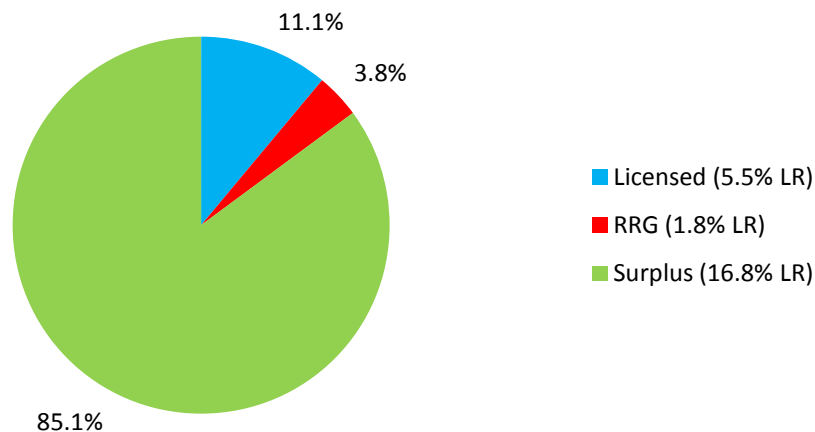
Key 2013 Financial Information for Top Other Facilities Malpractice Carriers in Florida

Company	Direct Florida Hospital Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Hospital Earned Premium	Direct Loss Ratio
Darwin Select Insurance Company	\$7,341,070	1	16.0%	16.0%	\$7,660,164	21.6%
Evanston Insurance Company	\$5,296,970	2	11.6%	27.6%	\$3,276,359	83.5%
Lexington Insurance Company	\$4,943,635	3	10.8%	38.4%	\$3,579,343	26.8%
Arch Specialty Insurance Company	\$4,813,342	4	10.5%	48.9%	\$4,409,996	46.4%
Homeland Insurance Company of New York	\$3,373,948	5	7.4%	56.3%	\$3,137,703	30.3%
Ironshore Specialty Insurance Company	\$3,303,592	6	7.2%	63.5%	\$2,830,842	55.6%
American Alternative Insurance Corporation	\$2,655,432	7	5.8%	69.3%	\$2,620,014	21.0%
Torus Specialty Insurance Company	\$2,566,350	8	5.6%	74.9%	\$1,480,208	14.9%
Nautilus Insurance Company	\$1,712,050	9	3.7%	78.6%	\$2,576,621	26.2%
National Fire & Marine Insurance Company	\$1,230,759	10	2.7%	81.3%	\$1,087,948	- 60.1%
ProAssurance Specialty Insurance Company, Inc.	\$1,092,784	11	2.4%	83.7%	\$1,060,984	29.2%

Composition of the Florida Other Facilities Malpractice Market by Type of Insurer

A breakdown of the 2013 other facilities malpractice direct written premium by the type of carrier generating the premium is provided below. This last analysis of this nature is also designed to provide clarity on the markets most often served by surplus lines companies and risk retention groups.

Composition of 2013 Florida Other Facilities Malpractice Insurance Market (Written Premium) by Insurer Type -Including Loss Ratios for Each Type of Insurer



This segment is also dominated by surplus lines carriers, and only a small segment (although not as small a segment as in the hospital malpractice chart) is covered by admitted property/casualty insurance companies. The loss ratios appear to be generally acceptable and reasonable considering the premium volume in the smaller company types and the potential riskiness of the possible eldercare exposures.

Other Facilities Malpractice Rate Filing Data

The other facilities rate filings processed by the Office during 2013 are listed in the table on the next page. The program name is included in the table as well. Also, many of the carriers making filings in this segment are Florida domestics (as shown by the shaded cells in the table). As with nurses and other healthcare professionals, rate filings for entities other than nursing homes, assisted living centers, and hospitals were converted to informational midway through the initial filing period underlying the 2013 period of processing.

2013 Rate Filings for Other Facilities Market Segment

Company Name	Policy Count	Rate Change Indicated	Rate Change Approved	Approval Date	Program
Ponce De Leon LTC Risk Retention Group Inc.	1,045	230.0%	0.0%	8/7/2013	Other Facilities
Ponce De Leon LTC Risk Retention Group Inc.	1,045	230.0%	0.0%	8/7/2013	Other Facilities
Ponce De Leon LTC Risk Retention Group Inc.	533	0.0%	0.0%	11/4/2013	Nursing Homes
Ponce De Leon LTC Risk Retention Group Inc.	533	3.9%	0.0%	11/4/2013	Assisted Living Facility
General Insurance Company of America	361	0.0%	0.0%	10/15/2013	Other Facilities
Doctors Company, An Interinsurance Exchange	90	0.0%	0.0%	8/6/2013	Other Facilities
MAG Mutual Insurance Company	83	0.0%	0.0%	12/31/2013	Other Facilities
MAG Mutual Insurance Company	81	-2.2%	0.0%	2/28/2013	Other Facilities
Florida Doctors Insurance Company	13	0.0%	0.0%	4/4/2013	Other Facilities
MedMal Direct Insurance Company	13	0.0%	0.0%	5/29/2013	Other Facilities
Florida Medical Malpractice JUA	1	-1.6%	0.0%	5/2/2013	Other Facilities
Chicago Insurance Company	0	0.0%	0.0%	3/21/2013	Medical Professional Liability
Cincinnati Indemnity Insurance Company	0	0.0%	0.0%	10/4/2013	Nursing Homes
Cincinnati Indemnity Insurance Company	0	-1.5%	0.0%	10/4/2013	Assisted Living Facility
Medical Protective Company	0	0.0%	0.0%	11/25/2013	Schools
Average Approved Rate Change:		0.0%			

As with the other sublines, some filings simply reaffirmed the rates presently in use. No filings for rate level increases or decreases were approved during 2013. The Office processed fewer other facilities malpractice rules (non-rate change) filings than rate filings during 2013. The four that were processed are shown on the following page.

Non-Rate Change Other Facilities Rate Filings Resolved in 2013

Company Name	Impact of Filing	Approval	
		Date	Sub-Line
Cincinnati Indemnity Company	Endorsement so insured does not have exclusive right to veto settlement	5/6/2013	Assisted Living Facility
Cincinnati Indemnity Company	Endorsement so insured does not have exclusive right to veto settlement	5/6/2013	Nursing Homes
Cincinnati Indemnity Company	Endorsement so insured does not have exclusive right to veto settlement	5/6/2013	Other Facilities
Doctors Company, An Interinsurance Exchange	Restricting manual for information only lines to only contain rates for those lines	9/12/2013	Other Facilities

Fifteen other facilities base rate filings, all of which were affirmation of existing rates (or information only filings) rather than involving rate changes, were processed by the Office during 2013. Four filings that did not directly involve rates were processed as well, for a total count of 19 facilities filings that the Office either approved or processed as informational during 2013. In addition, seven filings were withdrawn by the company for a total of 26 other facilities filings resolved in 2013.

Data from the Professional Liability Claim Reporting System

The Office collects closed claim data reported by insurers and self insured entities. For the purposes of the report, all claims closed during the period January 1, 2013 to December 31, 2013 were analyzed. The database contains other relevant dates including the occurrence date and the report date of each claim. Although this section covers claims resolved in 2013, it is most probable that the occurrence date and/or report date of a specific claim are from a previous year.

This is part of the nature of the medical malpractice insurance industry - there can be a considerable amount of time between when an accident occurs and when final payment is made. For the claims closed in 2013, the average difference between occurrence and when the claim was filed was 518 days, and the difference between when a claim was filed and when the claim was closed was 725 days.

This reported data is of limited use for evaluating the profitability, solvency, or the adequacy of rates of a specific company. The data does not include “open” claims or the entire universe of outstanding claims. As well, trend in either the amount of time to close a claim or in the amount of claim payments cannot be systematically evaluated.

To satisfy the statutory requirements of Section 627.912(6)(b)&(c), Florida Statutes, this portion of the report is divided into two sections: 1) the statewide data for all medical malpractice claims in Florida (the ‘Medical Malpractice Insurance Claims in Florida’ section); and 2) the data for the 25 companies that represent 80% of the Florida market (the ‘Closed Claims of Leading

Carriers in Florida’ section). In the closed claim reports in the system, insurers are asked to fill out 72 different fields of data. Some of these fields are required fields (i.e. claim number) while some are not (i.e. institution code). This report focuses on roughly 25 fields and is not intended to represent the entirety of information reported to the Office.

Medical Malpractice Insurance Claims in Florida

In 2013, the Florida medical malpractice insurance companies reported 2,802 closed claims in Florida. Of those 2,802 claims closed in 2013, 1,431 claims were filed by females and 1,371 claims were filed by males.

Injury Location

One of the data elements reported is the injury location, which has been divided into 10 different categories. The injury location for claims closed in 2013 is distributed as follows.

Location of Injury for Claims Closed in 2013

Location	Number of Claims
Hospital Inpatient Facility	1,330
Physician's Office	498
Emergency Room	316
Other Outpatient Facility	197
Hospital Outpatient Facility	171
Other Location	136
Patient's Home	59
Other Hospital/Institution	45
Nursing Home	30
Prison	20
Total	2,802

The data show that the largest number of claims came from hospital inpatient facilities, which together with physicians’ offices and emergency rooms generated roughly 77% of all claims closed in 2013 (down from roughly 80% in 2012, 2011, and 2010).

Severity

The reporting data also contains a field to populate a “severity” field which ranks the types of injuries/medical problems into nine different categories ranging from “1” being the most minor physical ailments, to “9” indicating death of the insured. A brief summary of these categories follows:

- 1 – Emotional Only: fright, no physical damage
- 2 – Temporary: slight lacerations
- 3 – Temporary: minor infections, missed fracture, fall in hospital
- 4 – Temporary: major burns, drug reaction
- 5 – Permanent: minor – loss of finger, damage to organs
- 6 – Permanent: significant – deafness, loss of limb, loss of eye
- 7 – Permanent: grave – paraplegia, blindness, loss of limbs
- 8 – Permanent: grave – quadriplegia, brain damage
- 9 – Permanent: death

The chart on the following page tabulates the frequencies of the various claims severities for claims resolved in Florida in 2013.

Severity Codes for Claims Closed in 2013

Severity Class	Number of Claims
1- Emotional Only	98
2 - Slight lacerations	198
3 - Minor infections, missed fracture, etc.	418
4 - Major burns, drug reaction	340
5 - Loss of finger, damage to organs	346
6 - Deafness, loss of limb, loss of eye	247
7- Paraplegia, blindness, loss of limbs	206
8 Quadriplegia, brain damage	106
9 – Death	843
Total	2,802

Category “9”, meaning death, is the leading category for medical malpractice claims settled, and accounted for 30% of all of the claims closed in 2013 (for 2012 it also represented nearly 30% of the total).

Geographic Distribution

Among the other data required to be filed are data that show the insured’s residence including county, address, and zip code. Not surprisingly, the largest percentage of closed claims arises from areas that have the highest populations. The 10 counties with the most closed medical malpractice claims in 2013 are shown on the next page.

2013 Closed Claims in Top 10 Counties

Rank	County	Number of Claims	2012 County this Rank
1	Dade	435	Dade
2	Pinellas	248	Broward
3	Palm Beach	243	Hillsborough
4	Broward	233	Palm Beach
5	Hillsborough	188	Pinellas
6	Out of state	120	Duval
7	Duval	109	Orange
8	Orange	107	Lee
9	Lee	92	Polk
10	St. Lucie	72	Pasco

The top five counties are the same counties that were in the 2012 top five counties (the top nine in 2012 matched the 2011 top nine counties), although some are in a different order. Note that “Out of State” is not a county in Florida, but is a catch-all category for which a high volume of claims were reported in 2013. Sixteen Florida counties had no closed claims reported through the closed claim reporting system during 2013.

Insurance Companies with the Most Closed Claims

In 2013, 1,174 entities reported closed medical malpractice claims. Of those reporting, 72 only closed either one or two claims. Conversely, 43 reported 10 or more claims. They are:

Entities Reporting Ten or More Closed Claims in 2013 (26 Leading Carriers Listed in Bold)

Entity	Number of Claims
Doctors Company Group	481
Doctors Company, An Interinsurance Exchange	189
First Professionals Insurance Company, Inc	277
Anesthesiologists Professional Assurance Company	15
Health Care Indemnity, Inc. (Excluded from remainder of report)	425
MAG Mutual Insurance Company	157
Not Provided, Medical Practitioner	136
Lexington Insurance Company	101
Florida Doctors Insurance Company	95
Continental Casualty Company	84
Medical Protective Company	82

Entity	Number of Claims
Lexington Insurance Company (Hospital Claims)	71
ProAssurance Casualty Company	62
Baptist Health South Florida, Hospital	60
Podiatry Insurance Company of America	53
National Fire And Marine Insurance Company	44
Healthcare Underwriters Group Of Florida	36
Fortress Insurance Company	31
Samaritan Risk Retention Group, Inc.	30
Columbia Casualty Company	30
Darwin Select Insurance Company	29
Lee Memorial Health System, Hospital	27
Mount Sinai Medical Center, Hospital	25
Physicians Professional Liability Risk Retention Group, Inc.	25
National Union Fire Insurance Co. Of Pittsburgh, PA	25
EmCare Holdings, Inc., Medical Practitioner	24
Admiral Insurance Company	23
Physicians Insurance Company	19
North Broward Hospital District, Hospital	19
OMS National Insurance Company, Risk Retention Group	19
Florida Medical Malpractice JUA	18
Everest Indemnity Insurance Company	17
MedMal Direct Insurance Company	17
Martin Memorial Medical Center, Inc., Hospital	15
Florida Hospital Medical Center, Hospital	15
Univ of FL JHMHC Self-Insurance Program, Medical Practitioner	15
University Community Hospital, Hospital	14
Evanston Insurance Company	14
University of South Florida Health Sciences Center, Medical Practitioner	14
Lancet Indemnity Risk Retention Group Inc.	14
Team Health, Inc., Medical Practitioner	14
Indian River Medical Center, Hospital	11
Cincinnati Insurance Company	11
North Shore Medical Center, Hospital	10

The companies in bold type are among the 26 companies comprising 80% of the direct written premium in Florida in 2013. As the data shows, although these companies are in the top 26 of direct written premium calculations, they are not all necessarily the ones with the most closed claims in 2013. This could be in part due to the long-tailed nature of the business, or in part due

to the prevalence of large deductible insurance plans in hospital insurance policies and policies covering some large physician groups. It should be noted however, that 22 of the 43 entities with the most closed claims in 2013 are in the sample of 26 companies with the most premium volume. Also, 136 of the claims reported did not identify the entity.

Financial Data

Perhaps the most important information contained in the report is the financial data related to insurance company claims. The amount paid by the insured is reported in three broad categories: 1) the indemnity amount paid to the plaintiff; 2) the amount of loss adjustment expenses; and 3) economic and non-economic losses. The data elements for all claims closed in 2013 combined were as shown in the table on the next page.

**Financial Data from Closed Claim System - Aggregation of All Claims
Closed in 2013**

Category of Payment	Amount
Indemnity Paid	\$807,981,578
LAE Paid to Defense Counsel	\$133,513,988
All Other LAE Paid	\$31,197,521
Non-Economic Loss	\$205,714,899
Economic Loss - Incurred to Date by Claimant	\$83,216,940
Economic Loss - Anticipated by Claimant	\$305,467,665

The total of the indemnity and loss adjustment expense (LAE) categories is \$972,693,087 (up 62% from 2012), which represents the total amount paid by insurance companies, self-insurance companies, and surplus lines companies for claims settled in 2013. It is important to remember that in many instances (approximately 50% of the time) the claims closed showed indemnity payments of \$0 to the plaintiff. However, even in these instances, it is likely the carrier still incurred loss adjustment expense, and sometimes other expenses.

The other area of the financial data segregates the amount that the company paid for economic versus non-economic damages to plaintiffs. The data reported in the 2013 closed claims shows \$205,714,899 in non-economic loss (up approximately 46% from 2012, which in turn was up 15% from 2011) and combined incurred and anticipated economic loss of \$388,684,605 (up 41% from 2012).

It is important to remember, though, that the non-economic and economic fields are not used on all claims (witness that the total of economic and non-economic loss of \$594,399,504 represents only 74% of the total loss paid), so the year-to-year comparisons may be distorted by any increase or decrease in the percentage of claims for which data is recorded. There may also be other explanations. One possible reason for the discrepancy pertains to the forward looking estimates included in the economic damages. Differences in methodologies for equating current

dollar losses to future losses for reporting purposes can easily skew the results to make them appear unequal.

Apart from the time-value of money, and estimating future losses (and rate of inflation) there is some ambiguity in the estimate of the numbers themselves. Although claims can be closed for a variety of different reasons like a court ruling, or an outcome from an arbitration hearing, the majority of claims are settled out of court. Often these settlements stipulate a flat payment to the plaintiff, and do not distinguish what portion of the payment by the insurer is for economic versus non-economic damages. Therefore, companies may estimate these numbers to complete the report. Many reporting companies provided data with no estimates, leaving these fields blank. Assuming the numbers are accurate within the noted limitations, the amount paid in economic losses (\$388 million) is more than the amount of non-economic losses paid (\$205 million).

Closed Claims of Leading Carriers in Florida

Throughout much of this report, the legislative mandate has focused on the top 26 leading writers of medical malpractice in the state of Florida in 2013. This section provides an analysis of the timing sequence involved in reporting and closing a claim, as well as the paid amounts of closed claims to plaintiffs by these companies. Because not all the sample companies distinguished between economic versus non-economic claims, this data is not included. Legal settlements often state a specified amount, and do not apportion the final settlement amount based on economic versus non-economic damages.

The Timing of the Claim

There are two main time sequences important to the resolution of a claim: 1) the amount of time between the incident occurrence and the reporting of the claim to the insurance company; and 2) the amount of time between reporting the claim, and the final disposition of the claim. For these two elements, 23¹⁰ of the 26 leading writers of medical malpractice insurance in Florida reported the average times shown in the table below.

Timing of Claims Closed by Leading Carriers in Florida During 2013

Company	Total Days	Report to Disposition	Occurrence to Report
Doctors Company Group	1,510	995	515
Doctors Company, An Interinsurance Exchange	1,349	762	588
First Professionals Insurance Company, Inc	1,598	1,076	522
Anesthesiologists Professional Assurance Company	1,582	1,148	434

¹⁰ Southwest Physicians RRG and American Casualty Company of Reading, Pennsylvania-both of which reported zero closed claims last year, reported zero closed claims in 2013. A new entrant, NCMIC RRG, did not report any closed claims in 2013.

Company	Total Days	Report to Disposition	Occurrence to Report
MAG Mutual Insurance Company	1,429	886	543
Medical Protective Company	1,218	665	553
Florida Doctors Insurance Company	1,334	746	588
ProAssurance Casualty Company	1,386	804	582
Evanston Insurance Company	1,488	731	758
Lexington Insurance Company	1,245	865	380
MedMal Direct Insurance Company	934	466	468
National Fire & Marine Insurance Company	1,258	853	405
Continental Casualty Company	1,159	691	468
Darwin Select Insurance Company	1,035	653	382
Columbia Casualty Company	1,004	642	361
Samaritan RRG, Inc.	850	251	599
Podiatry Insurance Company of America	1,203	688	515
Healthcare Underwriters Group of Florida	1,302	896	405
Lancet Indemnity RRG, Inc.	872	440	432
Ophthalmic Mutual Insurance Company (A RRG)	1,571	694	877
Landmark American Insurance Company	1,280	836	444
Medicus Insurance Company	1,113	388	725
Physicians Insurance Company	1,438	960	478
Physicians Professional Liability RRG, Inc.	1,396	658	738
OMS National Insurance Company, RRG	1,180	822	359
Arch Specialty Insurance Company	858	499	359
Average	1,243	725	518

This table reinforces the “long-tail” aspect of medical malpractice insurance as it may take up to five years or longer between the occurrence of an accident and actual payment. For all claims (including those other entities) closed in 2013, the total number of days between occurrence and final disposition averaged 1,243 days (3.4 years) with a range from 21 days disposition to a maximum of 5,604 days (15.3 years).

The Plaintiff Settlement

Simply because a claim is “closed” does not mean that the plaintiff received payment. Whether due to an outcome of the courts, arbitration, or a plaintiff discontinuing pursuit of a claim, some claims are closed without any payment settlement. The data on the next page does show differences among the companies in terms of the percentage of closed claims that were settled, or resulted in the payment to the plaintiff.

**Breakdown of Claims Reported by Leading Carriers between Claims Closed
With and Without Payments**

Company	Claims With		Percentage With Indemnity Payments
	Indemnity Payments	Total Claims	
Doctors Company Group	196	481	40.7%
Doctors Company, An Interinsurance Exchange	66	189	34.9%
First Professionals Insurance Company, Inc	123	277	44.4%
Anesthesiologists Professional Assurance Company	7	15	46.7%
MAG Mutual Insurance Company	62	157	39.5%
Medical Protective Company	37	82	45.1%
Florida Doctors Insurance Company	71	95	74.7%
ProAssurance Casualty Company	30	62	48.4%
Evanston Insurance Company	12	14	85.7%
Lexington Insurance Company	54	101	53.5%
MedMal Direct Insurance Company	8	17	47.1%
National Fire & Marine Insurance Company	16	44	36.4%
Continental Casualty Company	45	79	57.0%
Darwin Select Insurance Company	21	28	75.0%
Columbia Casualty Company	25	30	83.3%
Samaritan RRG, Inc.	12	30	40.0%
Podiatry Insurance Company of America	22	53	41.5%
Healthcare Underwriters Group of Florida	18	36	50.0%
Lancet Indemnity RRG, Inc.	14	14	100.0%
Ophthalmic Mutual Insurance Company (A RRG)	2	3	66.7%
Landmark American Insurance Company	6	6	100.0%
Medicus Insurance Company	3	4	75.0%
Physicians Insurance Company	19	19	100.0%
Physicians Professional Liability RRG, Inc.	18	25	72.0%
OMS National Insurance Company, RRG	16	19	84.2%
Arch Specialty Insurance Company	4	4	100.0%
Total	711	1,403	50.7%

Payment Amounts

Companies are also required to report payment amounts. Some companies did not segregate payments between economic and non-economic loss. Therefore, indemnity payments are not split between economic and non-economic loss in the table following. The claims reported

closed by the 26 leading companies in 2013 contained the claim payments summarized on the following page.

Breakdown of Loss and LAE Paid on 2013 Closed Claims by Leading Carriers in Florida

Company	Indemnity Payments	LAE Paid to Defense Counsel	All Other LAE Paid
Doctors Company Group	\$44,154,176	\$24,416,831	\$6,895,843
Doctors Company, An Interinsurance Exchange	\$13,655,223	\$12,897,713	\$78,712
First Professionals Insurance Company	\$28,281,453	\$10,571,042	\$6,190,570
Anesthesiologists Professional Assurance Company	\$2,217,500	\$948,076	\$626,561
MAG Mutual Insurance Company	\$21,018,048	\$6,967,366	\$2,682,816
Medical Protective Company	\$9,153,000	\$2,072,258	\$1,080,977
Florida Doctors Insurance Company	\$11,374,500	\$4,354,724	\$0
ProAssurance Casualty Company	\$5,806,500	\$1,917,598	\$694,886
Evanston Insurance Company	\$2,135,000	\$659,724	\$71,773
Lexington Insurance Company	\$13,158,166	\$2,891,961	\$196,401
MedMal Direct Insurance Company	\$878,999	\$389,914	\$6,844
National Fire & Marine Insurance Company	\$8,445,472	\$954,850	\$0
Continental Casualty Company	\$10,207,670	\$2,227,266	\$283,028
Darwin Select Insurance Company	\$1,541,289	\$1,734,904	\$67,332
Columbia Casualty Company	\$239,575,424	\$971,847	\$239,015
Samaritan RRG, Inc.	\$1,619,500	\$417,666	\$263,942
Podiatry Insurance Company of America	\$2,837,499	\$1,680,050	\$317,528
Healthcare Underwriters Group of Florida	\$1,466,200	\$2,034,062	\$353,540
Lancet Indemnity RRG, Inc.	\$2,155,000	\$1,137,041	\$106,866
Ophthalmic Mutual Insurance Company (A RRG)	\$437,500	\$101,285	\$0
Landmark American Insurance Company	\$536,500	\$389,596	\$0
Medicus Insurance Company	\$400,000	\$173,284	\$38,240
Physicians Insurance Company	\$2,800,250	\$832,792	\$344,225
Physicians Professional Liability RRG, Inc.	\$3,595,000	\$671,926	\$0
OMS National Insurance Company, RRG	\$2,670,000	\$562,452	\$160,406
Arch Specialty Insurance Company	\$970,000	\$212,231	\$505

Notes on Appendices

Included in the appendices are:

- Details of the various premiums priced as part of the state-to-state premium comparison in Appendix A;
- Written premium, earned premium, incurred loss and incurred DCC for the entire medical malpractice line of business, provided for all the U.S. states and territories (to facilitate any comparison across all 50 states) in Appendix B;
- A ranking of the states and territories by the loss and DCC ratio in Appendix C;
- Written premium, earned premium, incurred loss and loss ratios for just the physicians malpractice subline, provided for all the U.S. states and territories (also to facilitate any comparison across all fifty states) in Appendix D;
- The written premium by state for the top five (by premium) states for each of the companies comprising 80% of the overall medical malpractice market in Appendix E (in a convention designed to focus on the key data exhibits E and F, the data for Florida is highlighted rather than bolded, and the names of Florida-domiciled carriers are highlighted as well); and
- Loss and DCC ratios for the top five states of each of the malpractice carriers comprising 80% of the market (to facilitate state-by-state comparisons within a company-subject to the reality that lower premium volume states' loss and DCC ratios are subject to considerable random fluctuation) in Appendix F.

Summary

Section 627.912(6)(b)&(c), Florida Statutes, requires the Office to publish an annual report of the state of the medical malpractice insurance market in Florida. The legislation, codified in Section 627.912(6)(b)&(c), Florida Statutes, requires the Office to draw upon three data resources:

- 1) The NAIC annual financial statement filings;
- 2) The closed claims database maintained by the Office; and
- 3) The rate filings approved by the Office during the previous year.

This report satisfies the requirements codified in Section 627.912(6)(b)&(c), Florida Statutes.

Appendix A

Detailed State-to-State Physicians Malpractice Premium Comparisons

State	Company	Territory	Family Practitioner 1M/3M Rate	Emergency Room 1M/3M Rate	Orthopedist 1M/3M Rate	Obstetrician 1M/3M Rate
Arizona	Mutual Ins. Co. of Arizona	Entire state	\$ 13,409	\$ 28,862	\$ 40,745	\$ 51,978
Arizona	Medical Protective	Entire state	\$ 23,533	\$ 49,029	\$ 54,476	\$ 88,251
California	Doctors Company	Riverside, San Bernardino	\$ 11,009	\$ 36,507	\$ 43,208	\$ 67,235
California	Doctors Company	Alameda, Monterey, San Benito, San Francisco, Santa Clara, Santa Cruz etc.	\$ 4,735	\$ 11,257	\$ 17,120	\$ 25,190
California	Norcal Mutual	Riverside, San Bernardino	\$ 17,578	\$ 31,712	\$ 51,566	\$ 71,082
California	Norcal Mutual	Fresno, Madera, Monterey, San Mateo, Santa Clara, Santa Cruz	\$ 7,218	\$ 13,022	\$ 21,174	\$ 29,188
California	Medical Insurance Exchange	LA, Kern, Orange, Riverside, San Bernardino	\$ 12,704	\$ 28,584	\$ 38,112	\$ 63,521
California	Medical Insurance Exchange	All but high territory, San Diego, Ventura	\$ 7,473	\$ 16,814	\$ 22,419	\$ 37,365
Florida	Doctors Company	Dade	\$ 42,772	\$ 90,479	\$ 115,155	\$ 190,829
Florida	Doctors Company	Remainder of State	\$ 21,934	\$ 46,399	\$ 59,054	\$ 97,861
Florida	MAG Mutual	Dade and Broward	\$ 32,157	\$ 63,802	\$ 108,548	\$ 185,780
Florida	MAG Mutual	Remainder of State	\$ 15,080	\$ 29,702	\$ 50,091	\$ 84,454
Florida	Medical Protective	Dade and Broward	\$ 34,088	\$ 86,652	\$ 104,581	\$ 164,341
Florida	Medical Protective	Remainder of State	\$ 17,942	\$ 45,607	\$ 55,044	\$ 86,497
Georgia	MAG Mutual	Remainder of State	\$ 12,911	\$ 23,180	\$ 35,468	\$ 64,884
Georgia	MAG Mutual	North Georgia	\$ 7,747	\$ 13,908	\$ 21,281	\$ 38,930
Georgia	Doctors Company	Entire state	\$ 11,809	\$ 29,797	\$ 36,682	\$ 59,938
Georgia	Medical Protective	Remainder of State	\$ 15,204	\$ 41,965	\$ 34,058	\$ 67,144
Georgia	Medical Protective	Catoosa, Chattooga, Dade, Fannin, Floyd, Gilmer etc.	\$ 12,164	\$ 33,571	\$ 27,245	\$ 53,712

State	Company	Territory	Family	Emergency	Orthopedist	Obstetrician
			Practitioner 1M/3M Rate	Room 1M/3M Rate	1M/3M Rate	1M/3M Rate
Illinois	ISMIE Mutual	Madison	\$ 35,392	\$ 61,116	\$ 108,604	\$ 144,224
Illinois	ISMIE Mutual	Adams, Knox, Peoria, Rock Island	\$ 16,168	\$ 27,192	\$ 47,548	\$ 62,812
Illinois	Doctors Company	Cook, Madison, St. Clair	\$ 31,319	\$ 88,949	\$ 90,562	\$ 145,634
Illinois	Doctors Company	Adams, Knox, Peoria, Rock Island	\$ 14,720	\$ 41,806	\$ 42,565	\$ 68,448
Illinois	Medicus	Cook, Jackson, Madison, St. Clair, Will	\$ 29,059	\$ 49,981	\$ 97,638	\$ 124,663
Illinois	Medicus	Adams, Knox, Peoria, Rock Island	\$ 13,919	\$ 23,941	\$ 46,769	\$ 59,714
Maryland	Doctors Company	Baltimore City and County	\$ 24,420	\$ 65,402	\$ 78,912	\$ 147,105
Maryland	Doctors Company	Remainder of State	\$ 17,764	\$ 49,320	\$ 59,395	\$ 109,607
New Jersey	Princeton Insurance Co.	Entire state (used Preferred Plus rates)	\$ 12,419	\$ 24,664	\$ 43,726	\$ 90,795
New Jersey	Proselect Ins. Co.	Entire state	\$ 11,628	\$ 28,948	\$ 56,732	\$ 108,410
New Jersey	MDAdvantage Ins. Co. of NJ	Entire state (used Preferred Plus rates)	\$ 11,515	\$ 26,297	\$ 37,420	\$ 80,992
New York	Medical Liability Mutual	Nassau, Suffolk	\$ 27,930	\$ 71,624	\$ 140,199	\$ 188,210
New York	Medical Liability Mutual	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	\$ 5,192	\$ 13,315	\$ 26,063	\$ 34,988
New York	Physicians' Reciprocal Insurers	Nassau, Suffolk	\$ 40,052	\$ 48,819	\$ 134,923	\$ 214,999
New York	Physicians' Reciprocal Insurers	Livingston, Monroe, Ontario, Yates	\$ 11,696	\$ 14,256	\$ 39,404	\$ 62,790
New York	Academic Health Professionals	Nassau, Suffolk	\$ 26,200	\$ 63,989	\$ 138,435	\$ 185,844
New York	Academic Health Professionals	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	\$ 5,060	\$ 12,358	\$ 26,735	\$ 35,890
Ohio	Doctors Company	Cuyahoga, Lorain, Mahoning, Portage and Trumbull Counties	\$ 12,587	\$ 35,620	\$ 38,867	\$ 63,205

State	Company	Territory	Family	Emergency	Orthopedist	Obstetrician
			Practitioner	Room	1M/3M	1M/3M
			1M/3M	1M/3M	1M/3M	1M/3M
			Rate	Rate	Rate	Rate
Ohio	Doctors Company	Brown, Butler, Clark, Clermont, Clinton, Darke, Greene, Hamilton, Miami, Montgomery, Preble and Warren Counties	\$ 10,173	\$ 25,832	\$ 29,143	\$ 47,408
Ohio	Medical Protective	Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Magoning, Portage, Trumbull	\$ 22,678	\$ 52,357	\$ 62,118	\$ 97,614
Ohio	Medical Protective	Brown, Butler, Clark, Clermont, Clinton, Darke, Greene, Hamilton, etc.	\$ 11,661	\$ 26,924	\$ 31,942	\$ 50,198
Ohio	ProAssurance	Cuyahoga, Lorain	\$ 22,455	\$ 53,096	\$ 63,309	\$ 104,163
Ohio	ProAssurance	Adams, Brown, Butler, Clark, Clermont, Clinton, Darke, Greene etc.	\$ 12,594	\$ 28,442	\$ 33,725	\$ 54,857
Pennsylvania	Medical Protective	Delaware and Philadelphia	\$ 22,833	\$ 70,403	\$ 82,773	\$ 133,197
Pennsylvania	Medical Protective	Remainder of State	\$ 13,354	\$ 41,172	\$ 48,405	\$ 77,892
Pennsylvania	PMSLIC	Delaware and Philadelphia	\$ 23,482	\$ 53,943	\$ 101,297	\$ 133,539
Pennsylvania	PMSLIC	Adams, Allegheny, Armstrong, Beaver, Bedford, Berks etc.	\$ 15,023	\$ 31,697	\$ 57,268	\$ 74,678

Appendix B
Total Medical Malpractice Data for States and U.S. Territories
2013

2013 Rank	2012 Rank	State	Direct Written Premium	Direct Earned Premium	Incurred Losses	Incurred DCC
1	1	New York	\$1,660,112,739	\$1,663,618,202	\$997,563,626	\$376,935,737
2	2	California	\$741,306,153	\$729,488,759	\$273,775,094	\$185,672,236
3	3	Pennsylvania	\$683,421,023	\$686,487,852	\$323,879,663	\$156,790,216
4	5	Florida	\$544,228,168	\$549,159,427	\$248,680,934	\$51,560,775
5	4	Illinois	\$542,535,064	\$557,044,202	\$114,372,979	\$113,568,134
6	6	New Jersey	\$461,163,056	\$470,141,231	\$254,125,168	\$70,709,847
7	7	Ohio	\$316,924,788	\$320,653,852	\$48,728,410	\$35,963,041
8	9	Massachusetts	\$306,806,013	\$308,904,356	\$100,612,808	\$63,321,718
9	8	Texas	\$306,546,263	\$315,572,099	\$41,673,967	\$43,730,098
10	10	Georgia	\$258,543,715	\$261,227,032	\$89,290,843	\$50,138,859
11	11	Maryland	\$248,732,812	\$251,314,279	\$362,219,745	\$38,976,081
12	12	Tennessee	\$238,392,728	\$236,685,428	\$82,975,051	\$87,385,679
13	13	Arizona	\$228,782,501	\$232,867,701	\$62,059,512	\$35,915,390
14	15	Virginia	\$207,077,581	\$210,334,670	\$59,950,646	\$26,386,460
15	14	North Carolina	\$198,713,264	\$203,833,351	\$13,234,769	\$33,846,783
16	17	Michigan	\$192,884,569	\$194,811,483	\$47,795,533	\$38,260,333
17	16	Washington	\$188,761,301	\$187,007,042	\$87,157,833	\$33,333,137
18	19	Colorado	\$157,987,444	\$159,917,517	\$50,761,539	\$24,093,924
19	18	Connecticut	\$151,718,486	\$154,829,581	\$49,469,035	\$24,394,694
20	20	Missouri	\$150,315,627	\$155,953,439	\$34,242,060	\$13,896,141
21	21	Alabama	\$132,339,504	\$128,218,698	\$32,809,571	\$24,191,135
22	22	Kentucky	\$122,521,666	\$123,235,221	\$47,871,793	\$27,167,008
23	23	Indiana	\$116,815,175	\$120,593,241	\$5,590,362	\$8,221,053
24	24	Oklahoma	\$111,210,577	\$110,376,366	\$29,996,491	\$27,108,886
25	26	Louisiana	\$92,290,068	\$94,357,844	\$13,295,126	\$12,965,447
26	25	Oregon	\$92,246,078	\$92,690,263	\$61,505,993	\$19,812,989
27	27	Wisconsin	\$84,115,272	\$83,505,456	\$4,203,606	\$13,020,633
28	28	Minnesota	\$82,142,330	\$81,581,889	\$31,181,809	\$7,850,715
29	29	Nevada	\$79,724,726	\$77,523,344	\$34,438,976	\$23,339,785
30	30	West Virginia	\$71,868,178	\$72,765,716	\$28,501,161	\$13,805,367
31	32	Puerto Rico	\$69,337,498	\$70,551,881	\$38,270,290	\$12,714,388
32	31	Iowa	\$67,735,090	\$69,271,477	\$3,349,196	\$9,288,106
33	33	Arkansas	\$66,127,611	\$67,681,744	\$48,603,427	\$8,755,931
34	36	South Carolina	\$63,529,230	\$62,969,526	\$18,758,723	\$16,941,044
35	35	Utah	\$61,561,364	\$63,424,429	\$15,288,813	\$15,414,862
36	34	Kansas	\$60,461,900	\$62,047,069	\$16,655,238	\$14,779,391
37	37	Mississippi	\$54,866,238	\$50,703,992	\$13,451,558	\$6,246,079
38	38	New Mexico	\$51,897,111	\$51,429,298	\$25,898,469	\$19,184,790

2013	2012		Direct Written	Direct Earned	Incurred	Incurred
Rank	Rank	State	Premium	Premium	Losses	DCC
39	39	Maine	\$43,115,099	\$43,998,726	\$5,969,421	\$4,981,052
40	40	Rhode Island	\$42,527,675	\$42,821,200	\$24,112,651	\$7,041,856
41	41	Montana	\$40,561,663	\$41,265,752	\$14,229,309	\$7,623,624
42	42	New Hampshire	\$38,305,763	\$39,539,229	\$11,778,301	\$3,151,408
43	43	Delaware	\$37,717,500	\$38,777,786	\$12,831,094	\$7,635,932
44	45	Nebraska	\$36,601,858	\$36,031,874	\$15,682,235	\$7,247,144
45	44	Dist. Columbia	\$31,719,692	\$36,206,780	\$3,363,986	\$4,428,754
46	46	Idaho	\$30,276,963	\$30,589,529	\$8,751,655	\$7,301,501
47	47	Hawaii	\$27,778,590	\$28,547,326	(\$1,441,558)	\$2,259,265
48	48	Wyoming	\$24,303,327	\$24,646,352	\$11,535,350	\$4,239,795
49	49	Alaska	\$22,318,472	\$22,051,572	(\$516,569)	\$4,658,746
50	50	Vermont	\$19,164,516	\$20,584,132	\$5,053,697	\$629,783
51	51	South Dakota	\$16,845,380	\$17,445,100	\$12,860,994	\$3,124,596
52	52	North Dakota	\$11,398,090	\$11,968,548	\$2,452,670	\$298,374
53	53	Guam	\$843,043	\$762,339	(\$3,248)	(\$19,152)
54	54	U.S. Virgin Islands	\$197,164	\$194,256	\$21,542	\$3,845
55	55	Other Territories	(\$182,296)	\$364,764	(\$6,287,070)	\$546,710
		Grand Total	\$9,689,235,410	\$9,768,574,222	\$3,932,634,277	\$1,850,840,125

Appendix C

Total Medical Malpractice Loss and DCC Ratios (Profitability) of States and U.S. Territories

2013

2013 Rank	2012 Rank	State	Loss and DCC Ratio
1	55	Other Territories	-1949.6%
2	3	Guam	-2.9%
3	27	Hawaii	2.9%
4	47	Indiana	11.5%
5	14	U.S. Virgin Islands	13.1%
6	6	Iowa	18.2%
7	46	Alaska	18.8%
8	4	Wisconsin	20.6%
9	45	Dist. Columbia	21.5%
10	8	North Dakota	23.0%
11	48	North Carolina	23.1%
12	39	Maine	24.9%
13	9	Ohio	26.4%
14	31	Texas	27.1%
15	28	Vermont	27.6%
16	11	Louisiana	27.8%
17	2	Missouri	30.9%
18	5	New Hampshire	37.8%
19	38	Mississippi	38.8%
20	22	Illinois	40.9%
21	15	Virginia	41.0%
22	29	Arizona	42.1%
23	1	Michigan	44.2%
24	37	Alabama	44.5%
25	21	Colorado	46.8%
26	25	Connecticut	47.7%
27	7	Minnesota	47.8%
28	12	Utah	48.4%
29	40	Kansas	50.7%
30	13	Oklahoma	51.7%
31	23	Idaho	52.5%
32	18	Delaware	52.8%
33	10	Montana	53.0%
34	33	Massachusetts	53.1%
35	16	Georgia	53.4%

2013 Rank	2012 Rank	State	Loss and DCC Ratio
36	49	Florida	54.7%
37	19	South Carolina	56.7%
38	26	West Virginia	58.1%
39	42	Kentucky	60.9%
40	17	California	63.0%
41	41	Nebraska	63.6%
42	32	Wyoming	64.0%
43	51	Washington	64.4%
44	24	New Jersey	69.1%
45	20	Pennsylvania	70.0%
46	43	Tennessee	72.0%
47	52	Puerto Rico	72.3%
48	30	Rhode Island	72.8%
49	36	Nevada	74.5%
50	54	New York	82.6%
51	34	Arkansas	84.7%
52	53	New Mexico	87.7%
53	50	Oregon	87.7%
54	44	South Dakota	91.6%
55	35	Maryland	159.6%
		National Average	59.2%

Appendix D
Physicians Malpractice Data for States and U.S. Territories
2013

Written Premium Rank	State	Direct Physicians Written Premium	Direct Physicians Earned Premium	Direct Physicians Incurred Loss	Loss Ratio
1	New York	\$1,038,251,773	\$1,040,346,123	\$507,103,599	48.7%
2	California	\$447,271,704	\$434,413,042	\$180,738,972	41.6%
3	Illinois	\$402,350,549	\$416,467,740	\$58,563,056	14.1%
4	Florida	\$365,676,129	\$383,390,100	\$158,174,091	41.3%
5	New Jersey	\$326,597,336	\$327,104,730	\$174,225,008	53.3%
6	Pennsylvania	\$301,152,848	\$310,461,651	\$59,114,491	19.0%
7	Ohio	\$208,624,789	\$211,962,280	\$40,014,202	18.9%
8	Maryland	\$189,343,952	\$190,882,458	\$262,758,583	137.7%
9	Georgia	\$183,187,149	\$186,238,668	\$66,611,583	35.8%
10	Arizona	\$165,214,544	\$167,861,050	\$49,125,041	29.3%
11	Tennessee	\$157,061,661	\$154,895,269	\$67,880,991	43.8%
12	Virginia	\$156,674,333	\$153,521,401	\$43,148,215	28.1%
13	Texas	\$151,051,225	\$157,464,918	\$22,235,465	14.1%
14	Massachusetts	\$126,721,977	\$131,531,866	\$41,809,464	31.8%
15	North Carolina	\$124,457,983	\$127,198,981	\$2,845,816	2.2%
16	Michigan	\$120,724,700	\$121,247,564	\$22,014,201	18.2%
17	Connecticut	\$119,411,332	\$121,163,218	\$51,153,981	42.2%
18	Washington	\$113,623,643	\$111,004,819	\$40,472,861	36.5%
19	Colorado	\$111,696,134	\$113,153,306	\$39,769,392	35.1%
20	Missouri	\$92,376,267	\$96,276,428	\$19,409,045	20.2%
21	Alabama	\$87,171,873	\$81,749,163	\$15,173,386	18.6%
22	Oklahoma	\$77,206,725	\$75,288,129	\$17,886,492	23.8%
23	Kentucky	\$75,060,815	\$76,640,547	\$23,285,881	30.4%
24	Indiana	\$67,229,418	\$69,912,927	(\$7,764,226)	-11.1%
25	Nevada	\$60,565,439	\$59,513,538	\$28,835,726	48.5%
26	Oregon	\$60,227,655	\$61,175,496	\$46,205,453	75.5%
27	Louisiana	\$54,519,084	\$57,263,015	\$886,883	1.5%
28	Utah	\$48,619,540	\$50,364,701	\$13,780,245	27.4%
29	Minnesota	\$43,874,352	\$44,339,623	\$12,416,191	28.0%
30	West Virginia	\$42,394,251	\$44,051,319	\$21,776,607	49.4%
31	South Carolina	\$42,339,139	\$41,392,179	\$20,890,272	50.5%
32	Arkansas	\$40,145,638	\$41,995,631	\$32,452,550	77.3%
33	Wisconsin	\$37,515,525	\$38,629,519	(\$428,486)	-1.1%
34	Kansas	\$37,060,829	\$37,076,328	\$7,561,286	20.4%
35	Iowa	\$35,358,453	\$36,867,619	(\$3,952,956)	-10.7%
36	Delaware	\$35,054,592	\$36,733,999	\$14,932,574	40.7%
37	Puerto Rico	\$32,808,903	\$33,850,436	\$13,250,071	39.1%
38	Rhode Island	\$25,294,558	\$26,044,598	\$19,874,205	76.3%
39	New Mexico	\$25,236,494	\$25,723,104	\$10,635,308	41.3%
40	Dist. Columbia	\$23,497,681	\$28,495,478	(\$588,313)	-2.1%
41	Maine	\$23,052,200	\$25,510,554	\$3,404,379	13.3%

Written Premium Rank	State	Direct Physicians Written Premium	Direct Physicians Earned Premium	Direct Physicians Incurred Loss	Loss Ratio
42	New Hampshire	\$22,484,351	\$23,470,452	\$2,988,586	12.7%
43	Montana	\$21,678,546	\$23,585,563	\$9,795,157	41.5%
44	Mississippi	\$21,256,013	\$20,506,615	\$7,158,012	34.9%
45	Nebraska	\$17,985,650	\$18,941,175	\$8,944,636	47.2%
46	Hawaii	\$17,526,194	\$17,643,890	(\$2,032,381)	-11.5%
47	Idaho	\$17,438,157	\$17,842,411	\$8,525,584	47.8%
48	Alaska	\$15,052,374	\$14,973,840	(\$2,514,568)	-16.8%
49	Wyoming	\$15,033,829	\$15,537,769	\$4,888,363	31.5%
50	South Dakota	\$10,353,768	\$10,657,968	\$7,981,664	74.9%
51	Vermont	\$9,930,411	\$11,322,615	\$1,930,020	17.0%
52	North Dakota	\$4,100,024	\$4,548,986	\$137,290	3.0%
53	Guam	\$668,590	\$633,005	(\$21,878)	-3.5%
54	American Samoa	\$0	\$0	\$0	
55	U.S. Virgin Islands	\$0	\$0	\$0	
56	Canada	\$0	\$0	(\$1,475)	
57	Aggregate Other Alien	\$0	\$0	(\$115,242)	
58	Northern Mariana Islands	\$0	\$0	\$0	
	Grand Total	\$6,049,211,099	\$6,128,867,804	\$2,245,345,353	36.6%

Appendix E
Written Premium in Top 5 States of Leading Florida Malpractice Carriers
2013

Company	State 1	State 2	State 3	State 4	State 5
Doctors Company Group					
Doctors Company, An Interinsurance Exchange	CA	FL	OH	VA	-
	\$180,895,739	\$133,826,402	\$63,694,961	\$39,439,851	-
First Professionals Insurance Company	FL	AR	-	-	-
	\$1,783,341	\$87,483	-	-	-
Anesthesiologists Professional Assurance Company	GA	FL	TX	-	-
	\$28,752	\$10,474	5652	-	-
MAG Mutual Insurance Company	GA	FL	NC	SC	VA
	\$89,102,103	\$53,427,970	\$34,106,893	\$19,938,568	\$14,336,776
Medical Protective Company	PA	OH	TX	FL	IN
	\$75,306,605	\$68,058,777	45690278	\$35,986,089	\$28,624,470
Florida Doctors Insurance Company	FL	-	-	-	-
	\$28,866,129	-	-	-	-
ProAssurance Casualty Company	MI	WI	FL	IL	NV
	\$29,839,350	\$20,069,290	\$19,254,880	\$16,899,738	\$16,525,043
Evanston Insurance Company	FL	PA	TX	CA	NY
	\$13,673,548	\$9,159,758	\$8,972,836	\$8,524,652	\$6,291,317
American Casualty Company Of Reading, PA	CA	NY	FL	PA	NJ
	\$16,428,499	\$13,508,589	\$11,572,680	10221136	9639372
Lexington Insurance Company	CA	NY	TN	IL	AZ
	\$31,695,166	\$26,169,370	\$24,931,597	\$22,114,462	\$16,220,180
MedMal Direct Insurance Company	FL	GA	TX	-	-
	\$10,435,994	\$481,660	\$22,820	-	-
National Fire & Marine Insurance Company	FL	GA	CA	NC	IL
	\$10,208,467	\$3,933,402	\$3,209,549	\$2,127,100	\$1,288,683
Continental Casualty Company	OR	WI	CT	FL	AR
	\$22,302,232	\$12,978,354	\$10,843,967	\$9,604,208	\$8,677,763
Darwin Select Insurance Company	IL	PA	FL	NC	TX
	\$11,540,826	\$9,393,114	\$8,974,794	6871835	\$6,843,526
Columbia Casualty Company	TX	CA	FL	TN	OH
	18768705	18333344	\$8,549,584	8083270	7478407
Samaritan RRG, Inc.	FL	-	-	-	-
	\$8,406,086	-	-	-	-

Company	State 1	State 2	State 3	State 4	State 5
Podiatry Insurance Company of America	NY	FL	CA	IL	NJ
	\$10,185,275	\$6,735,977	\$6,315,803	\$6,242,014	\$5,213,664
Healthcare Underwriters Group of Florida	FL	-	-	-	-
	\$6,721,673	-	-	-	-
Southwest Physicians RRG, Inc.	FL	PA	MS	MO	OK
	\$6,571,693	\$4,162,126	914773	893383	869727
Lancet Indemnity RRG, Inc.	FL	CA	MI	GA	TX
	\$6,475,842	2960095	920427	590926	434701
NCMIC RRG, Inc.	FL	-	-	-	-
	\$6,349,310	-	-	-	-
Ophthalmic Mutual Insurance Company (A RRG)	FL	IL	CA	TX	VA
	\$6,050,763	\$5,397,281	\$4,167,994	\$2,813,345	\$2,141,370
Landmark American Insurance Company	TN	CA	FL	NY	TX
	\$7,021,446	\$6,109,030	\$6,048,312	\$2,732,406	\$2,291,639
Medicus Insurance Company	IL	NV	TX	MO	CA
	\$19,724,832	\$10,590,792	\$9,929,769	\$9,172,058	\$7,336,693
Physicians Insurance Company	FL	TX	-	-	-
	\$5,868,034	70204	-	-	-
Physicians Professional Liability RRG, Inc.	FL	-	-	-	-
	\$5,470,908	-	-	-	-
OMS National Insurance Company, RRG	NY	CA	FL	NJ	PA
	\$9,647,579	\$5,398,159	\$5,334,938	\$3,878,811	\$3,763,382
Arch Specialty Insurance Company	NY	FL	CA	PA	TX
	\$6,625,739	\$5,213,342	\$4,588,802	\$3,811,778	\$3,587,062

Appendix F

Loss and DCC Ratios of Leading Florida Malpractice Carriers in Their Top 5 States

2013

Company	State 1	State 2	State 3	State 4	State 5
Doctors Company Group					
Doctors Company, An Interinsurance Exchange	CA	FL	OH	VA	-
	85%	66%	82%	66%	
First Professionals Insurance Company	FL	AR	-	-	-
	-8%	420%	-	-	-
Anesthesiologists Professional Assurance Company	GA	FL	TX	-	-
	539%	108%	-672%		-
MAG Mutual Insurance Company	GA	FL	NC	SC	VA
	68%	55%	14%	98%	42%
Medical Protective Company	PA	OH	TX	FL	IN
	45%	29%	26%	61%	44%
Florida Doctors Insurance Company	FL	-	-	-	-
	58%	-	-	-	-
ProAssurance Casualty Company	MI	WI	FL	IL	NV
	38%	3%	18%	34%	34%
Evanston Insurance Company	FL	PA	TX	CA	NY
	104%	42%	28%	42%	58%
American Casualty Company Of Reading, PA	CA	NY	FL	PA	NJ
	21%	97%	77%	39%	66%
Lexington Insurance Company	CA	NY	TN	IL	AZ
	73%	66%	4%	54%	9%
MedMal Direct Insurance Company	FL	GA	TX	-	-
	58%	65%	65%	-	-
National Fire & Marine Insurance Company	FL	GA	CA	NC	IL
	311%	152%	-81%	-33%	112%
Continental Casualty Company	OR	WI	CT	FL	AR
	52%	-4%	18%	30%	20%
Darwin Select Insurance Company	IL	PA	FL	NC	TX
	57%	9%	26%	73%	25%
Columbia Casualty Company	TX	CA	FL	TN	OH
	31%	45%	64%	-13%	13%
Samaritan RRG, Inc.	FL	-	-	-	-
	67%	-	-	-	-
Podiatry Insurance Company of America	NY	FL	CA	IL	NJ
	234%	51%	151%	0%	93%

Company	State 1	State 2	State 3	State 4	State 5
Healthcare Underwriters Group of Florida	FL	-	-	-	-
	59%	-	-	-	-
Southwest Physicians RRG, Inc.	FL	PA	MS	MO	OK
	51%	79%	14%	95%	30%
Lancet Indemnity RRG, Inc.	FL	CA	MI	GA	TX
	85%	50%	60%	21%	6%
NCMIC RRG, Inc.	FL	-	-	-	-
	75%	-	-	-	-
Ophthalmic Mutual Insurance Company (A RRG)	FL	IL	CA	TX	VA
	39%	19%	35%	0%	31%
Landmark American Insurance Company	TN	CA	FL	NY	TX
	38%	-13%	47%	-37%	40%
Medicus Insurance Company	IL	NV	TX	MO	CA
	88%	83%	71%	47%	168%
Physicians Insurance Company	FL	TX	-	-	-
	46%	191%	-	-	-
Physicians Professional Liability RRG, Inc.	FL	-	-	-	-
	48%	-	-	-	-
OMS National Insurance Company, RRG	NY	CA	FL	NJ	PA
	81%	11%	3%	2%	18%
Arch Specialty Insurance Company	NY	FL	CA	PA	TX
	16%	34%	18%	-2%	36%