

Florida Office of Insurance Regulation



2011 Annual Report – October 1, 2011

Medical Malpractice Financial Information
Closed Claim Database and Rate Filings

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Executive Summary

Section 627.912(6)(b)&(c), Florida Statutes, requires the Office of Insurance Regulation (Office) to prepare an annual report about the medical malpractice insurance market in Florida. The 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 received by the Office during the year, and
- An analysis of Florida medical malpractice closed claims.

This report satisfies the statutory requirements, specifically it analyzes the financial performance of the 23 medical malpractice insurance writers that constituted 80% of the Florida market in 2010.

This report shows that the average countrywide return on surplus for Florida's leading medical malpractice writers was 12.2% in 2010, which represents the seventh consecutive year of profitability. Although this result has significantly increased from 6.6% in 2009, it is important to put this into context. Return on surplus is a national number that takes into account profitability in states other than Florida; it also may be affected by changes in loss reserve adequacy. Moreover, for multi-line writers, this result includes the profitability of other lines of insurance. However, the return on surplus for those leading companies only writing medical malpractice in Florida was a comparable 9.5%.

There were 61 medical malpractice rate filings approved during 2010 in Florida. The average approved rate change for physicians and surgeons medical malpractice, the largest segment of medical malpractice insurance, decreased rates 2.6%. This is potentially misleading as some carriers did not file a change or did not receive approval for a rate change in 2010. Including these carriers as a "0% change," the overall average affect on the physicians and surgeons market was still negative (approximately -2.3%). Some specialized areas of medical malpractice did experience average rate increases in 2010, including:

- Dentists rates : +4.0%
- Professional nurses rates +11.4%
- Podiatrists, optometrists, chiropractors, and similar professionals rates: + 2.3%

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 cost and containment expense ratios in the country.

Following the 2003 legislative changes aimed at reducing medical malpractice insurance costs, the Office developed a "presumed factor of savings" of 7.8%, which estimated the savings on future costs. However, the Office indicated this factor should be revisited after the Office had historical data to analyze the impact of the new law. There were no substantive measurable legislative changes made to the medical malpractice laws in Florida during the 2011 Legislative Session.

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 lowering the defense cost and containment ratios in the State of Florida.

In particular, the report finds:

- When the Florida market is compared to other large states;
 - Florida is the fifth largest market as measured by direct premium written.
 - Florida ranks eighth among the ten most populous states when measured by losses incurred to earned premium ratio (25.3%).¹
 - Florida has the second highest ratio of total expenses to earned premium.

- For the 23 firms comprising 80% of the Florida market;
 - Although many (if not a majority) of companies specialize in medical malpractice insurance, this is usually not the only line of business written by the insurers.
 - Florida is usually one of their top five premium markets.
 - Their loss and expense ratios in Florida, while varied across companies, are often among the lower loss ratios for each of the company's top five premium states.
 - The premium weighted effective average return on surplus was 12.2% in 2010, up from 6.6% in 2009, also up from 9.5% in 2008 and 11.0% in 2007.
 - Solvency risk does not appear to be a critical issue with these sample companies; in fact, the companies have shown favorable reserve development for the fifth year in a row, reversing a previous trend of adverse reserve development.

- For the rate filings approved in 2010;
 - 61 medical malpractice rate filings generating rate changes or validating rates were processed by the Office during 2010.
 - On average, physicians and surgeons rates for companies writing in the admitted market decreased approximately 2.3%.

- For the reported closed claims data files;
 - 2,520 claims were reported as closed during 2010 (down from 3,087 in 2009), 1,252 claims were closed for females, 1,268 for males.
 - As in previous reports, hospital inpatient facilities were the most commonly reported claims location.
 - Most claims were in the "severe to moderate" category.
 - An estimated \$766.6 million (4% above 2009) was paid over the lifetime of the claims closed in 2010; \$594.4 million was paid in damages, the remainder in loss adjustment expenses.

¹ For reasons explained later in the report, the data for Health Care Indemnity Inc. was excluded from this calculation and all other calculations. The official data reported to the NAIC (excluding HCII), and the loss ratio calculations appear in Appendix A.

Purpose and Scope

Senate Bill 2-D, enacted in 2003, 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 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.

A Comparative Overview of the Florida Medical Malpractice Insurance Market

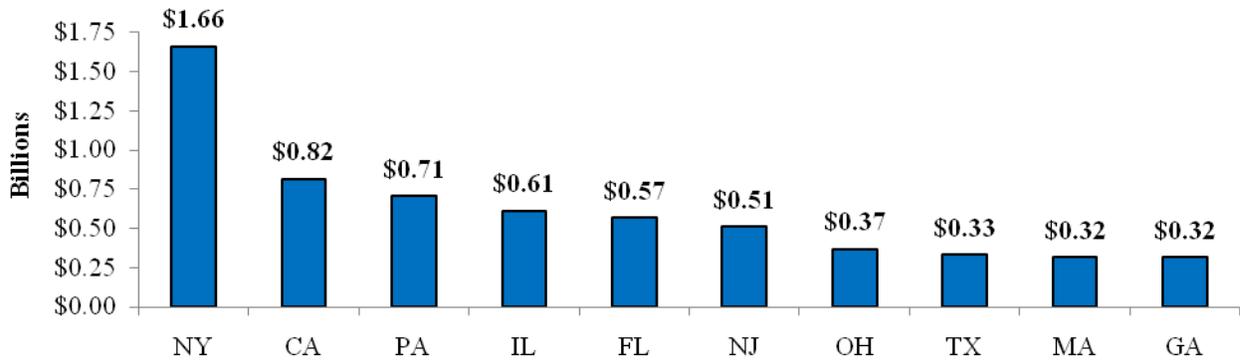
Although this report, by statute, focuses on the characteristics of the companies comprising 80% of the Florida Medical Malpractice insurance marketplace, some national and state specific comparisons are useful to put the results into context.

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 Territories (Appendix A), for purposes of comparison, this report compares Florida with other states in the top ten for most medical malpractice premium earned in the admitted market: New York, California, Pennsylvania, Illinois, New Jersey, Ohio, Texas, Massachusetts and Georgia.

The report also compares Florida with other states in the top ten for most medical malpractice direct losses incurred: New York, Pennsylvania, New Jersey, California, Illinois, Massachusetts, Maryland, Georgia and Washington.

As the figure below shows, however, there is not a direct 1:1 correlation between state population and total medical malpractice earned premium in the private market. California, by far the most populous state, is a distant second to New York in the amount of medical malpractice premium earned. Meanwhile, Texas is the second most populous state, but ranks eighth in terms of medical malpractice premium.

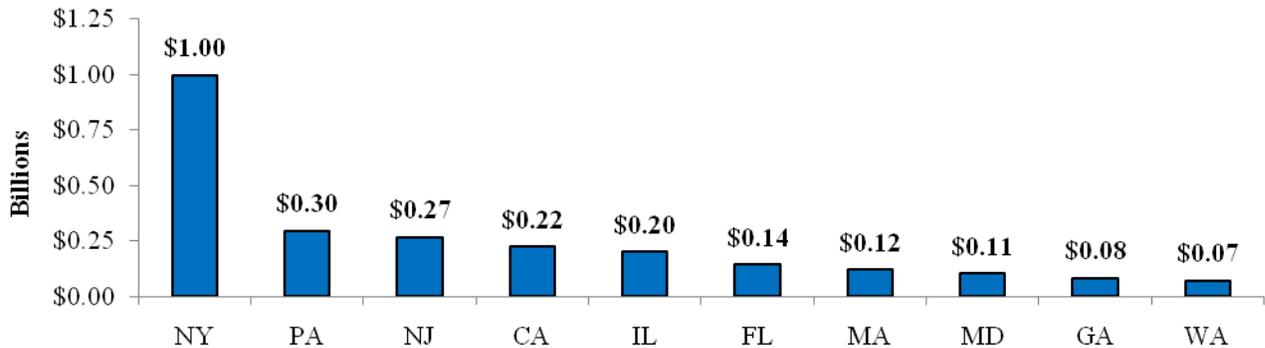
Medical Malpractice Direct Earned Premium 2010



Data from HCII was removed from this analysis as noted subsequently.

We should expect these ranking to be similar for medical malpractice direct losses incurred:

Medical Malpractice Direct Losses Incurred 2010



Data from HCII was removed from this analysis as noted subsequently.

Again, the most populous states would be expected to incur the most losses simply based on the number of people; however, there still seem to be some significant state specific differences. New York, for example, is not the most populous state (it is third), but has the largest amount of reported

losses, more than triple that of the next state, Pennsylvania. Interestingly, California ranks fourth on this list, despite having the largest population and the second largest amount of premium earned. Other states appear in this top ten list despite not being ranked within the top ten states for premium: #8 Maryland and #10 Washington. From the previous list –Texas ranks # 16 with (\$46 million) and Ohio ranks #33 (\$17 million). Comparing the reported losses to the earned premium by state allows for the calculation of state loss ratios, which can then be ranked. The loss ratios of the states with the most medical malpractice earned premium are as follows:

Ranking of Top Ten Premium States by Loss Ratio

State	Incurred Losses/ Direct Premium Earned
New York	60.0%
New Jersey	52.6%
Pennsylvania	41.8%
Massachusetts	37.8%
Illinois	32.7%
California	27.4%
Georgia	26.2%
Florida	25.3%
Texas	14.0%
Ohio	4.6%

This data has been adjusted to remove data from Health Care Indemnity Inc. (HCII). This captive insurer has, at times, engaged in internal accounting adjustments that produced negative loss results in some states. Further, it does not operate in the broad malpractice market as it is a captive of the Columbia/HCA Hospital Group and typically only insures Columbia/HCA-related exposures. HCII data has also been removed from Appendix A.

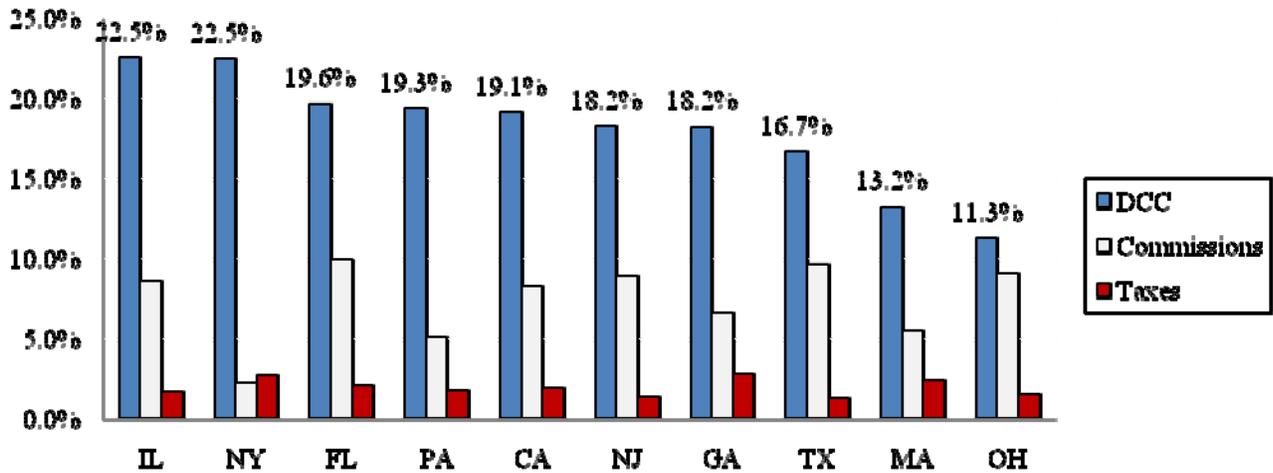
New York continues to lead this group followed by New Jersey. The aggregate direct loss ratio for the Florida market has decreased 6.4% since last year (from 31.7%) - and at 25.3% is fairly low within this peer group. The national average in 2010 for all states and territories was 32.9% (with HCII excluded) – a decrease from the 36.5% loss ratio in 2009. Of the ten “largest” medical malpractice states, New York, New Jersey, Pennsylvania and Massachusetts had loss ratios higher than the national average.

Non-Loss Costs

Although direct losses from claims are the primary component in determining the costs, and ultimately the rates being charged for medical malpractice products, it is important to look at other “non-loss costs,” to determine their importance in the overall expenses. These non-loss costs include three broad categories: 1) Agent commissions and brokerage fees; 2) Taxes and licensing fees; and 3) Defense and

cost containment, which is correlated to the amount of legal fees. The chart that follows highlights the relative magnitude of these costs for each of the ten states with most medical malpractice premium earned in 2010:

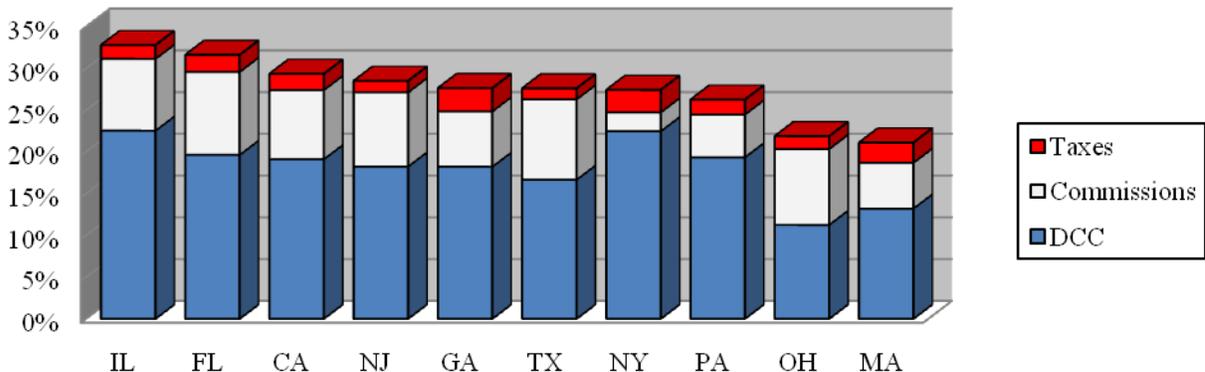
**Non-Loss Costs as Percentage of Direct Written Premium
2010**



Data from HCII was removed from this analysis.

Clearly, for all ten states in this group, the main component of total non-loss cost is the defense cost and containment (DCC) expense – although Ohio had nearly as high a ratio of agent commissions expense than defense costs and containment expenses. When compared to other large states, Florida ranks third (up from sixth in 2009) with a DCC expense ratio of 19.6%. Florida’s percent of earned premium paid on commissions (9.9%) was the highest in this group. Florida ranked fourth in the amount of earned premium paid for taxes, licenses, and fees at 2.0%.

**Combined Non-Loss Costs as a Percentage of Direct Written Premium
2010**



Data from HCII was removed from this analysis.

As the chart on the previous page shows, Florida’s DCC ratio is relatively high compared to the other states with the largest medical malpractice premium earned. The Tax/Fees percentage in Florida is roughly comparable to other states in this group, while the commissions percentage is the highest among the 10 states in the peer group. It is important to note that even at 9.9% in Florida, this still does not represent the largest percentage of the premium dollar. At 31.6%, Florida’s non-loss costs as a percentage of premiums are the second highest in the group, and are approximately 5% above the national average of 26.7%.

Overall Profitability (Loss & DCC Ratios)

Combining the loss ratio and the DCC ratio on a statewide basis provides an approximate, commonly used, measure of the general profitability of the medical malpractice insurance market in each state. The lower the ratio, the stronger the indication of profitability.

**Medical Malpractice Loss & DCC Ratios
2010**



Data from HCII was removed from this analysis.

As the chart shows, the Loss + DCC ratio for the Florida market compares very favorably to the other states with the most medical malpractice premium earned. This ratio measure shows that the Florida market is profitable, and at 44.6%, is below the national average of 51.0%.

Leading Writers of Medical Malpractice Insurance 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. As such, the Office cannot fulfill this statutory requirement.

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, include:

- Direct Premiums Written
- Direct Premiums Earned
- Dividends to Policyholders
- Direct Losses
- Direct Defense Cost and 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 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 does include a few companies that cede significant portions of their premium to other companies.

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, the annual statement reporting requirements above do not allow for a distinction of hospital insurance versus physician insurance on a state or countrywide basis in the state pages. These two types of insurance are aggregated into the “Medical Malpractice Insurance” category regardless of who is insured. However, later in the report, some analysis limited to the physicians medical malpractice insurance market is performed using data from the “Supplement A to Schedule T” included in the insurers’ annual statements.

With those caveats, the companies that comprise 80% of the medical malpractice insurance market in Florida include the following (highlighted rows indicate insurers that are domiciled in Florida):

Rank	Company	Direct Written Premium	Market Share	Cumulative Market Share
1	First Professionals Insurance Company	\$116,184,713	20.8%	20.8%
2	MAG Mutual Insurance Company	\$56,305,774	10.1%	30.9%
3	Doctors Company An Interinsurance Exchange	\$46,995,021	8.4%	39.3%
4	Florida Doctors Insurance Company	\$37,591,164	6.7%	46.0%
5	ProAssurance Casualty Company	\$27,519,561	4.9%	50.9%
6	Medical Protective Company	\$18,450,123	3.3%	54.2%
7	Continental Casualty Company	\$15,129,262	2.7%	56.9%
8	Lexington Insurance Company	\$13,058,038	2.3%	59.3%
9	Columbia Casualty Company	\$12,053,911	2.2%	61.4%

Rank	Company	Direct Written Premium	Market Share	Cumulative Market Share
10	American Casualty Company of Reading PA	\$11,754,567	2.1%	63.5%
11	Evanston Insurance Company	\$11,136,606	2.0%	65.5%
12	Darwin Select Insurance Company	\$8,976,892	1.6%	67.1%
13	Healthcare Underwriters Group of FL	\$8,835,638	1.6%	68.7%
14	Physicians Insurance Company	\$7,995,296	1.4%	70.1%
15	Landmark American Insurance Company	\$7,970,290	1.4%	71.5%
16	Physicians Professional Liability RRG	\$7,539,718	1.3%	72.9%
17	Anesthesiologists Professional Assurance Company	\$7,302,659	1.3%	74.2%
18	Podiatry Insurance Company of America	\$6,890,913	1.2%	75.4%
19	National Union Fire Insurance Company of Pittsburgh PA	\$6,394,303	1.1%	76.6%
20	Samaritan RRG Inc	\$6,033,183	1.1%	77.7%
21	Steadfast Insurance Company	\$5,969,027	1.1%	78.7%
22	Ophthalmic Mutual Insurance Company RRG	\$5,956,913	1.1%	79.8%
23	Admiral Insurance Company	\$5,928,317	1.1%	80.8%
		Top 80% Total:	\$451,971,889	
		Total Florida Market:	\$559,038,326	

Data from HCII was removed from this analysis.

In terms of organizational structure, eleven of the sample companies are admitted Property & Casualty insurers, seven are surplus lines companies (#8 Lexington, # 9 Columbia Casualty, # 11 Evanston, #12 Darwin Select, # 15 Landmark American, # 21 Steadfast, and # 23 Admiral). There were two reciprocal insurers (#3 Doctor's Company and # 13 Healthcare Underwriters of FL), and three Risk Retention Groups (#17 Physicians Professional Liability, # 20 Samaritan, and #22 Ophthalmic Mutual).

The list shows some differences and similarities in the market when compared to the sample firms in the 2010 Annual Report. This year, achieving the 80% market share requirement required the inclusion of 23 insurers, with five of the insurers being domiciled in Florida. This differs from the amount required in prior annual reports:

- 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).

Only one company (#21 Steadfast) appears on the list this year that was not part of the 80% group in last year's report.

Another finding is that the total medical malpractice insurance written premium for the state of Florida increased slightly (1.6%) to \$559 million in 2010, reversing a pattern of decreases since 2004. 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, and
- 2009 - \$550 Million.

The long-term pattern represents a substantial decrease (35%) 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.

Percentage of Business that is Medical Malpractice

Following the identification of the 80% market share sample as required, the analysis next turns to analyzing the degree of underwriting risk diversification observed in the sample firms. Economic theory suggests that companies that are diversified in the types of business (i.e. writing non-medical malpractice insurance), and with proper geographic distribution of business (i.e. writing in other states) may be better positioned to handle a downturn in a specific segment of the insurance marketplace. As the following table shows, the degree of diversification, based on 2010 countrywide business, is varied among these 23 companies:

Company	Direct Medical Malpractice Premium Occurrence	Direct Medical Malpractice Premium Claims-Made	Direct Premium Other Liability Claims-Made	Total Direct Premium
First Professionals Insurance Company	\$6,147,029	\$137,144,022	\$677,459	\$143,968,510
MAG Mutual Insurance Company	\$19,324,532	\$267,529,219	\$281,519	\$294,761,182
Doctors Company An Interinsurance Exchange	\$22,584,221	\$529,249,016	\$10,781	\$551,859,622
Florida Doctors Insurance Company	\$1,718,438	\$35,872,726	\$0	\$37,591,164
ProAssurance Casualty Company	\$5,609,715	\$106,695,097	\$13,208,410	\$125,778,169
Medical Protective Company	\$282,293,807	\$380,926,078	\$409,486	\$666,405,766
Continental Casualty Company	\$506,777	\$174,829,353	\$974,813,299	\$3,978,010,960
Lexington Insurance Company	\$21,480,314	\$322,130,862	\$837,221,796	\$4,605,906,824
Columbia Casualty Company	\$3,036,904	\$143,597,651	\$355,221,438	\$718,064,491

Company	Direct Medical Malpractice Premium Occurrence	Direct Medical Malpractice Premium Claims-Made	Direct Premium Other Liability Claims-Made	Total Direct Premium
American Casualty Company of Reading PA	\$149,294,341	\$23,012,391	\$12,622,060	\$471,600,649
Evanston Insurance Company	\$452	\$97,165,601	\$105,217,333	\$471,471,026
Darwin Select Insurance Company	\$0	\$129,559,440	\$94,586,860	\$226,666,592
Healthcare Underwriters Group of FL	\$360,363	\$8,475,275	\$0	\$8,835,638
Physicians Insurance Company	\$186,759	\$7,926,078	\$0	\$8,112,837
Landmark American Insurance Company	\$0	\$48,379,678	\$50,749,120	\$509,470,668
Physicians Professional Liability RRG	\$0	\$7,539,718	\$0	\$7,539,718
Anesthesiologists Professional Assurance Company	\$268,827	\$11,243,582	\$0	\$11,512,409
Podiatry Insurance Company of America	\$2,624,195	\$77,520,385	\$203,426	\$80,348,006
National Union Fire Insurance Company of Pittsburgh PA	\$35,399,325	\$68,792,657	\$1,215,393,011	\$7,046,533,911
Samaritan RRG Inc	\$0	\$6,033,183	\$0	\$6,033,183
Steadfast Insurance Company	\$212,378	\$108,066,193	\$269,262,412	\$1,073,451,439
Ophthalmic Mutual Insurance Company RRG	\$621,081	\$42,408,181	-\$508	\$43,028,754
Admiral Insurance Company	\$240,615	\$82,202,418	\$71,656,249	\$304,053,035

Data from HCII was removed from this analysis.

As the table shows, over half of the insurers write primarily medical malpractice insurance. Other than American Casualty Company of Reading, PA all of the leading writers in Florida overwhelmingly write “claims-made” types of medical malpractice insurance as opposed to “occurrence” type of medical malpractice coverage.

Geographic Distribution of Premium for Florida’s Top Medical Malpractice Writers

The distribution of all of the companies’ business (by 2010 direct written premium) follows on the next page. The table ranks the premium by state for each company. Therefore, “State 1” is the state or U.S. Territory for which the individual company wrote the most premium, and could be different for each company:

Direct Written Premium by State for Top Med Mal Writers - 2010

Company	State 1	State 2	State 3	State 4	State 5
First Professionals Insurance Company	FL \$116,184,713	GA \$11,166,318	AR \$8,700,361	IL \$5,283,105	SC \$1,900,322
MAG Mutual Insurance Company	GA \$138,636,641	FL \$56,305,774	NC \$46,917,307	SC \$18,155,096	VA \$15,000,320
Doctors Company An Interinsurance Exchange	CA \$208,549,805	OH \$56,934,964	FL \$46,995,021	VA \$41,597,006	OR \$27,574,628
Florida Doctors Insurance Company	FL \$37,591,164				
ProAssurance Casualty Company	FL \$27,519,561	MI \$25,911,326	KY \$17,831,129	DE \$16,575,732	IL \$16,503,749
Medical Protective Company	PA \$91,870,051	OH \$70,219,203	NJ \$53,938,725	TX \$49,168,152	KY \$39,378,605
Continental Casualty Company	OR \$27,885,293	WI \$15,596,940	FL \$15,129,262	CT \$12,748,291	AR \$9,669,202
Lexington Insurance Company	TN \$37,002,571	CA \$29,377,631	NJ \$25,200,079	NY \$24,987,133	IL \$22,287,367
Columbia Casualty Company	CA \$15,797,548	TX \$14,947,965	FL \$12,053,911	IL \$7,949,122	TN \$6,605,761
American Casualty Company of Reading PA	CA \$15,516,465	FL \$11,754,567	NY \$11,612,708	PA \$10,127,282	NJ \$8,753,294
Evanston Insurance Company	FL \$11,136,606	CA \$8,444,574	TX \$7,379,642	PA \$5,823,765	NY \$5,194,490
Darwin Select Insurance Company	CA \$11,203,749	PA \$10,712,485	NC \$10,030,410	FL \$8,976,892	IL \$8,831,853
Healthcare Underwriters Group of FL	FL \$8,835,638				
Physicians Insurance Company	FL \$7,995,296	TX \$117,541			
Landmark American Insurance Company	CA \$8,321,200	FL \$7,970,290	GA \$3,119,646	NJ \$2,542,024	NY \$2,455,948

Company	State 1	State 2	State 3	State 4	State 5
Physicians Professional Liability RRG	FL \$7,539,718				
Anesthesiologists Professional Assurance Company	FL \$7,302,659	TX \$1,716,198	AZ \$1,425,957	GA \$584,738	AL \$244,760
Podiatry Insurance Company of America	NY \$9,825,303	FL \$6,890,913	CA \$6,034,382	IL \$5,984,812	NJ \$5,544,326
National Union Fire Insurance Company of Pittsburgh PA	NY \$21,476,596	CA \$17,477,232	PA \$7,354,520	FL \$6,394,303	NJ \$4,690,819
Samaritan RRG Inc	FL \$6,033,183				
Steadfast Insurance Company	NC \$11,883,500	PA \$11,466,328	WA \$9,052,841	TN \$8,802,341	IL \$7,522,773
Ophthalmic Mutual Insurance Company RRG	FL \$5,956,913	IL \$5,535,826	CA \$4,101,895	TX \$2,983,143	VA \$2,260,838
Admiral Insurance Company	CA \$13,036,676	PR \$9,742,608	TX \$7,888,277	NY \$7,330,536	FL \$5,928,317

As the table shows, Florida is the largest market for 10 of the insurers. For four of these ten Florida is the sole market served for medical malpractice insurance. The remainder show different and varying degrees of multi-state geographic diversification within their medical malpractice book of business.

Comparative Ratios: Florida vs. Other States

Loss ratios and defense cost containment ratios can be calculated on a state-by-state basis. These ratios are useful in that they allow for a comparison of the relative cost of operating in Florida, versus other states. This can also indirectly measure the adequacy of the premium given the specific books of business. The loss ratios for the top 23 medical malpractice writers in Florida and for their other top state markets are listed in the following table:

Direct Loss Ratios by State for the Top Med Mal Writers - 2010

Company	State 1	State 2	State 3	State 4	State 5
First Professionals Insurance Company	FL 32.4%	GA 57.6%	AR 27.1%	IL 40.0%	SC 57.5%
MAG Mutual Insurance Company	GA 17.0%	FL 42.0%	NC 54.2%	SC 48.8%	VA 29.1%
Doctors Company An Interinsurance Exchange	CA 43.3%	OH 14.9%	FL 18.4%	VA 19.4%	OR 16.4%
Florida Doctors Insurance Company	FL 45.2%				

Company	State 1	State 2	State 3	State 4	State 5
ProAssurance Casualty Company	FL -24.6%	MI -25.4%	KY 73.7%	DE 24.8%	IL -4.5%
Medical Protective Company	PA 27.3%	OH 17.7%	NJ 58.9%	TX 32.5%	KY 29.5%
Continental Casualty Company	OR 25.9%	WI 72.2%	FL 66.8%	CT -7.3%	AR 6.5%
Lexington Insurance Company	TN 16.5%	CA 52.4%	NJ 80.5%	NY 18.5%	IL 26.6%
Columbia Casualty Company	CA 65.0%	TX 6.9%	FL -17.8%	IL 41.7%	TN 6.9%
American Casualty Company of Reading PA	CA 26.7%	FL 63.3%	NY 66.1%	PA 10.4%	NJ 65.4%
Evanston Insurance Company	FL 1.9%	CA 19.8%	TX 12.9%	PA 28.7%	NY -0.7%
Darwin Select Insurance Company	CA 41.7%	PA 60.0%	NC 31.1%	FL 27.6%	IL 18.2%
Healthcare Underwriters Group of FL	FL 33.0%				
Physicians Insurance Company	FL 20.5%	TX 0.0%			
Landmark American Insurance Company	CA 41.2%	FL 11.8%	GA 99.7%	NJ 0.7%	NY 1.7%
Physicians Professional Liability RRG	FL 10.6%	VT -	IL -		
Anesthesiologists Professional Assurance Company	FL -136.4%	TX -115.8%	AZ -49.2%	GA 84.1%	AL 270.7%
Podiatry Insurance Company of America	NY 89.9%	FL 31.7%	CA 22.2%	IL 114.4%	NJ 70.2%
National Union Fire Insurance Company of Pittsburgh PA	NY 112.8%	CA 75.9%	PA -43.1%	FL 45.6%	NJ 66.0%
Samaritan RRG Inc	FL 22.9%	SC -			
Steadfast Insurance Company	NC 45.6%	PA 42.3%	WA 161.0%	TN 6.2%	IL 43.4%
Ophthalmic Mutual Insurance Company RRG	FL 35.3%	IL -24.6%	CA 31.9%	TX 23.6%	VA 23.3%
Admiral Insurance Company	CA 15.8%	PR 42.4%	TX 10.2%	NY 25.5%	FL 31.8%

The sample companies' loss ratio experience in Florida for 2010, and their loss ratios in other states vary widely from company to company. In the majority of cases, the Florida direct loss ratio was nevertheless among the lower loss ratios experienced by these companies in their top five markets.

Another useful measure is the Defense and Cost Containment (DCC) expense ratio. In general terms these are the costs incurred by the insurance company associated with defending lawsuits. The DCC combined with the loss ratio is a commonly used general measure used to determine overall profitability.

The table below shows the combined loss and DCC ratio for the sample firms in their major markets. As the reported ratios show, the Florida combined Loss + DCC ratios tend to be slightly lower than those observed in the other major markets for these companies. However, that is not universally true.

Medical Malpractice Direct Loss & DCC Ratios by State - 2010

Company	State 1	State 2	State 3	State 4	State 5
First Professionals Insurance Company	FL 56.4%	GA 107.9%	AR 57.6%	IL 60.0%	SC 95.9%
MAG Mutual Insurance Company	GA 34.2%	FL 67.2%	NC 76.8%	SC 68.0%	VA 54.1%
Doctors Company An Interinsurance Exchange	CA 74.3%	OH 26.5%	FL 36.0%	VA 34.1%	OR 20.6%
Florida Doctors Insurance Company	FL 73.4%				
ProAssurance Casualty Company	FL -58.9%	MI -23.8%	KY 80.5%	DE 50.6%	IL -14.2%
Medical Protective Company	PA 39.4%	OH 39.5%	NJ 86.6%	TX 48.6%	KY 45.6%
Continental Casualty Company	OR 39.1%	WI 91.8%	FL 96.3%	CT 22.2%	AR 20.9%
Lexington Insurance Company	TN 21.2%	CA 70.5%	NJ 102.2%	NY 31.3%	IL 33.5%
Columbia Casualty Company	CA 79.3%	TX 21.4%	FL -1.1%	IL 48.6%	TN 19.1%
American Casualty Company of Reading PA	CA 40.6%	FL 89.5%	NY 83.0%	PA 17.5%	NJ 91.9%
Evanston Insurance Company	FL 18.6%	CA 24.4%	TX 20.7%	PA 43.9%	NY 9.1%
Darwin Select Insurance Company	CA 66.3%	PA 73.1%	NC 46.8%	FL 43.5%	IL 30.5%

Company	State 1	State 2	State 3	State 4	State 5
Healthcare Underwriters Group of FL	FL 52.5%				
Physicians Insurance Company	FL 48.7%	TX 0.0%			
Landmark American Insurance Company	CA 57.7%	FL 17.6%	GA 122.6%	NJ 1.4%	NY 6.6%
Physicians Professional Liability RRG	FL 17.8%				
Anesthesiologists Professional Assurance Company	FL -47.4%	TX -49.0%	AZ -14.5%	GA 131.7%	AL 448.8%
Podiatry Insurance Company of America	NY 130.3%	FL 61.0%	CA 74.0%	IL 150.0%	NJ 108.9%
National Union Fire Insurance Company of Pittsburgh PA	NY 171.4%	CA 111.4%	PA 0.4%	FL 191.6%	NJ 105.5%
Samaritan RRG Inc	FL 39.3%				
Steadfast Insurance Company	NC 54.1%	PA 51.4%	WA 174.1%	TN 9.9%	IL 51.8%
Ophthalmic Mutual Insurance Company RRG	FL 45.1%	IL -9.9%	CA 38.3%	TX 28.9%	VA 25.7%
Admiral Insurance Company	CA 34.5%	PR 64.0%	TX 21.5%	NY 31.8%	FL 41.5%

Balance Sheet Information

The following section pertains primarily to the “balance sheet” information for the top 23 writers of medical malpractice insurance in Florida. The charge of the Legislature is ultimately to determine the profitability of the insurers in the medical malpractice market in Florida. As mentioned at the outset, this charge is complicated by the nature of the annual statutory financial statements along with the recognition that:

- Written business is often ceded to other companies
- Companies are frequently not mono-line writers
- Companies generally do not write exclusively in Florida

The combined impact is that it is ultimately difficult to assign profit by line, or by state. With these restrictions, this report presents the data and analysis for these 23 companies to determine overall profitability, and potential trends in the marketplace.

Ceding Business

Companies writing medical malpractice insurance typically engage in a substantial amount of risk management that is reflected in a large amount of business being either assumed from or ceded to other entities as reflected in their reported premium flow. In the state-wide numbers, the report typically relies on the “earned” premium number to capture the potential for assumed and ceded risk.

Another difference in the premium is the type of medical malpractice insurance. Medical malpractice insurance can be written on an “occurrence” basis, or a “claims made” basis. Medical malpractice insurance in the 1970s, 1980s, and even into the 1990s often was sold on an “occurrence” basis, which covers a doctor or medical provider based on when the alleged malpractice occurred, not when it was noticed, and/or when a malpractice claim was filed. This is similar to other types of property & casualty insurance, which are usually based on “coverage periods,” and covers damage resulting during that period regardless of when it was noticed, or a claim was filed.

Although this worked well from the standpoint of the medical community, medical malpractice on an occurrence basis presented some problems to the insurance industry. Specifically, this makes medical malpractice a “long-tailed” insurance coverage, which makes accounting and reserving more difficult as a medically negligent procedure may not result in claim until as many as 5 to 10 years after the medical procedure.

As a result, the recent trend in the insurance industry is to offer more medical malpractice insurance on a “claims made” basis – which covers the claim reporting period regardless of when the actual alleged negligence occurred. This makes reserving requirements more certain as it gives a clear identifying scope to the insurance company as to what claims have been filed during what period. Due to litigation and the uncertainty of outcome, there are still reserving uncertainties and a “long-tail” element to medical malpractice insurance, but at least the insurance company should know the entire universe of claims that could ever be filed after the end of the coverage period.

To incorporate these considerations, the financial analysis that follows includes the amount of business assumed and ceded, as well as the type of medical malpractice insurance, claims-made or occurrence type insurance. The tables summarizing both types of insurance for Florida’s top 23 writers follow:

Net Written Premium and Ceded Percentage - Occurrence 2010 Countrywide Data for Top Med Mal Writers

Company	Direct	Assumed	Gross	Ceded	Net	Premium Ceded
First Professionals Insurance Company	\$6,147,029	\$434,670	\$6,581,699	\$2,207,359	\$4,374,340	33.5%
MAG Mutual Insurance Company	\$19,324,532	\$0	\$19,324,532	\$3,391,455	\$15,933,077	17.5%

Company	Direct	Assumed	Gross	Ceded	Net	Premium Ceded
Doctors Company An Interinsurance Exchange	\$22,584,221	\$256,744	\$22,840,965	\$17,079,851	\$5,761,114	74.8%
Florida Doctors Insurance Company	\$1,718,438	\$0	\$1,718,438	\$281,188	\$1,437,250	16.4%
ProAssurance Casualty Company	\$5,609,715	\$230,349	\$5,840,064	\$110,276	\$5,729,788	1.9%
Medical Protective Company	\$282,293,807	\$2,234,976	\$284,528,783	\$144,041,346	\$140,487,437	50.6%
Continental Casualty Company	\$506,777	\$152,156,252	\$152,663,029	\$13,365	\$152,649,664	0.0%
Lexington Insurance Company	\$21,480,314	\$2,856,286	\$24,336,600	\$11,105,604	\$13,230,996	45.6%
Columbia Casualty Company	\$3,036,904	\$0	\$3,036,904	\$3,036,904	\$0	100.0%
American Casualty Company of Reading PA	\$149,294,341	\$0	\$149,294,341	\$149,294,341	\$0	100.0%
Evanston Insurance Company	\$452	\$0	\$452	\$113	\$339	25.0%
Darwin Select Insurance Company	\$0	\$0	\$0	\$0	\$0	N/A
Healthcare Underwriters Group of FL	\$360,363	\$0	\$360,363	\$20,112	\$340,251	5.6%
Physicians Insurance Company	\$186,759	\$0	\$186,759	\$76,103	\$110,656	40.7%
Landmark American Insurance Company	\$0	\$0	\$0	\$0	\$0	N/A
Physicians Professional Liability RRG	\$0	\$0	\$0	\$0	\$0	N/A
Anesthesiologists Professional Assurance Company	\$268,827	\$423,699	\$692,526	\$268,827	\$423,699	38.8%
Podiatry Insurance Company of America	\$2,624,195	\$330,000	\$2,954,195	\$0	\$2,954,195	0.0%
National Union Fire Insurance Company of Pittsburgh PA	\$35,399,325	\$12,464,237	\$47,863,562	\$37,655,408	\$10,208,154	78.7%
Samaritan RRG Inc	\$0	\$0	\$0	\$0	\$0	N/A
Steadfast Insurance Company	\$212,378	\$0	\$212,378	\$212,378	\$0	100.0%
Ophthalmic Mutual Insurance Company RRG*	\$621,081	\$0	\$621,081	-\$10,483	\$631,564	-1.7%
Admiral Insurance Company	\$240,615	\$141,000	\$381,615	\$141,642	\$239,973	37.1%

* The result of a negative ceding percentage for Ophthalmic is correct; this is most likely due to a refund of a prior year reinsurance premium.

**Net Written Premium and Ceded Percentage – Claims-Made
2010 Countrywide Data for Top Med Mal Writers**

Company	Direct	Assumed	Gross	Ceded	Net	Premium Ceded
First Professionals Insurance Company	\$137,144,022	\$27,221,301	\$164,365,323		\$164,365,323	0.0%
MAG Mutual Insurance Company	\$267,529,219	\$869,918	\$268,399,137	\$57,812,473	\$210,586,664	21.5%
Doctors Company An Interinsurance Exchange	\$529,249,016	\$22,319,202	\$551,568,218	\$29,167,202	\$522,401,016	5.3%
Florida Doctors Insurance Company	\$35,872,726	\$0	\$35,872,726	\$5,021,653	\$30,851,073	14.0%
ProAssurance Casualty Company	\$106,695,097	\$14,877,885	\$121,572,982	\$5,032,192	\$116,540,790	4.1%
Medical Protective Company	\$380,926,078	\$5,551,858	\$386,477,936	\$194,268,107	\$192,209,829	50.3%
Continental Casualty Company	\$174,829,353	\$207,401,484	\$382,230,837	\$62,829,564	\$319,401,273	16.4%
Lexington Insurance Company	\$322,130,862	\$46,438,500	\$368,569,362	\$154,119,181	\$214,450,181	41.8%
Columbia Casualty Company	\$143,597,651	-\$71,250	\$143,526,401	\$143,526,401	\$0	100.0%
American Casualty Company of Reading PA	\$23,012,391	\$0	\$23,012,391	\$23,012,391	\$0	100.0%
Evanston Insurance Company	\$97,165,601	\$9,468,007	\$106,633,608	\$28,015,191	\$78,618,417	26.3%
Darwin Select Insurance Company	\$129,559,440	\$1,384,000	\$130,943,440	\$99,117,485	\$31,825,955	75.7%
Healthcare Underwriters Group of FL	\$8,475,275	\$0	\$8,475,275	\$867,236	\$7,608,039	10.2%
Physicians Insurance Company	\$7,926,078	\$0	\$7,926,078	\$3,354,911	\$4,571,167	42.3%
Landmark American Insurance Company	\$48,379,678	\$0	\$48,379,678	\$43,541,710	\$4,837,968	90.0%
Physicians Professional Liability RRG	\$7,539,718	\$0	\$7,539,718	\$356,517	\$7,183,201	4.7%
Anesthesiologists Professional Assurance Company	\$11,243,582	\$10,200,620	\$21,444,202	\$11,243,583	\$10,200,619	52.4%
Podiatry Insurance Company of America	\$77,520,385	\$250,000	\$77,770,385	\$533,175	\$77,237,210	0.7%
National Union Fire Insurance Company of Pittsburgh PA	\$68,792,657	\$3,740,331	\$72,532,988	\$54,140,106	\$18,392,882	74.6%
Samaritan RRG Inc	\$6,033,183	\$0	\$6,033,183	\$0	\$6,033,183	0.0%
Steadfast Insurance Company	\$108,066,193	\$716,624	\$108,782,817	\$108,782,816	\$1	100.0%

Company	Direct	Assumed	Gross	Ceded	Net	Premium Ceded
Ophthalmic Mutual Insurance Company RRG	\$42,408,181	\$0	\$42,408,181	-\$713,129	\$43,121,310	-1.7%
Admiral Insurance Company	\$82,202,418	\$13,464	\$82,215,882	\$5,333,895	\$76,881,987	6.5%

Based on the data above, several features of the operations of the top 23 companies are evident. Initially, for most companies, a substantial portion of all business is ceded to other entities. This may be an indication of a healthy market, as it implies an availability of reinsurance and working relationships with other insurance entities to distribute risk. This may be especially important in the medical malpractice insurance marketplace due to the large differences in loss ratios, defense cost claims, and regulations based on the different states as illustrated in the state comparison section of this report. A better portrayal of the amount of ceded business is illustrated in the table below which combines both occurrence and claims-made insurance:

**2010 Countrywide Total Ceded % - Claims-Made and Occurrence Combined
(Ranked by % Ceded)**

Company	Total Ceded %
American Casualty Company of Reading PA	100.0%
Columbia Casualty Company	100.0%
Steadfast Insurance Company	100.0%
Landmark American Insurance Company	90.0%
National Union Fire Insurance Company of Pittsburgh PA	76.2%
Darwin Select Insurance Company	75.7%
Anesthesiologists Professional Assurance Company	52.0%
Medical Protective Company	50.4%
Physicians Insurance Company	42.3%
Lexington Insurance Company	42.1%
First Professionals Insurance Company	35.8%
Evanston Insurance Company	26.3%
MAG Mutual Insurance Company	21.3%
Florida Doctors Insurance Company	14.1%
Continental Casualty Company	11.7%
Healthcare Underwriters Group of FL	10.0%
Doctors Company An Interinsurance Exchange	8.1%
Admiral Insurance Company	6.6%
Physicians Professional Liability RRG	4.7%
ProAssurance Casualty Company	4.0%
Podiatry Insurance Company of America	0.7%

Company	Total Ceded %
Samaritan RRG Inc	0.0%
Ophthalmic Mutual Insurance Company RRG*	(0.7%)

* The result of a negative ceding percentage for Ophthalmic is correct; this is most likely due to a refund of a prior year reinsurance premium.

Columbia Casualty Company, American Casualty Company of Reading, PA and Steadfast ceded all of their medical malpractice business to another company – although much that premium could be ceded to an affiliate company within the same management group.

Another aspect of the market to note from the preceding two charts is that more companies write claims-made than occurrence insurance. Occurrence insurance is still necessary for doctors moving from one provider to another as this creates a need for a “tail” of coverage. The new provider would only want to be responsible for claims filed after employment with the new provider, and not want to be responsible for health care rendered prior to the new employment. However, it does appear that the majority of the leading medical malpractice insurance writers in Florida have moved away from occurrence type insurance toward claims-made type coverage for their direct writings:

**2010 Countrywide Medical Malpractice Direct Written Premium
Split Between Occurrence and Claims-Made
Ranked by %Claims-Made**

Company	Occurrence	Claims-Made
Darwin Select Insurance Company	0.0%	100.0%
Evanston Insurance Company	0.0%	100.0%
Landmark American Insurance Company	0.0%	100.0%
Physicians Professional Liability RRG	0.0%	100.0%
Samaritan RRG Inc	0.0%	100.0%
Steadfast Insurance Company	0.2%	99.8%
Continental Casualty Company	0.3%	99.7%
Admiral Insurance Company	0.3%	99.7%
Ophthalmic Mutual Insurance Company RRG	1.4%	98.6%
Columbia Casualty Company	2.1%	97.9%
Physicians Insurance Company	2.3%	97.7%
Anesthesiologists Professional Assurance Company	2.3%	97.7%
Podiatry Insurance Company of America	3.3%	96.7%
Healthcare Underwriters Group of FL	4.1%	95.9%
Doctors Company An Interinsurance Exchange	4.1%	95.9%
First Professionals Insurance Company	4.3%	95.7%
Florida Doctors Insurance Company	4.6%	95.4%
ProAssurance Casualty Company	5.0%	95.0%
Lexington Insurance Company	6.3%	93.7%

Company	Occurrence	Claims-Made
MAG Mutual Insurance Company	6.7%	93.3%
National Union Fire Insurance Company of Pittsburgh PA	34.0%	66.0%
Medical Protective Company	42.6%	57.4%
American Casualty Company of Reading PA	86.6%	13.4%

Note: Data for Health Care Indemnity Inc is removed from the table above.

Twenty (20) of the 23 leading writers in Florida write more than 90% of their direct medical malpractice insurance on a claims-made basis. In fact, five companies write claims-made medical malpractice insurance exclusively. Only American Casualty Company of Reading PA writes a majority of its medical malpractice insurance on an occurrence basis.

Solvency

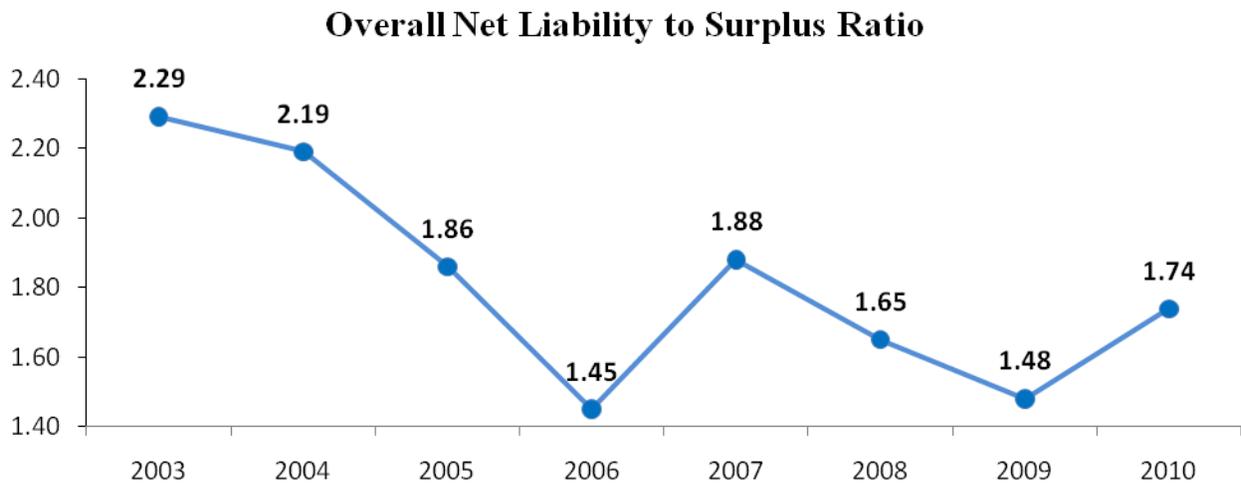
To assess the solvency of the medical malpractice companies, this report uses three ratios: 1) the net liability to surplus ratio; and 2) the net written premium to surplus ratio; and 3) gross written premium to surplus ratio. Although these ratios do not address liquidity issues, they do indirectly measure the company's ability to pay its claims in the short-run.

The first measure is the net liability to surplus ratio. "Net liability" is defined as the amount of losses plus loss adjustment expense for a given year. For this ratio, a lower number is more desirable. The 2010 countrywide net liability to surplus ratio for the 23 sample companies are as follows:

Company	Net Liability to Surplus Ratio
First Professionals Insurance Company	1.50
MAG Mutual Insurance Company	1.74
Doctors Company An Interinsurance Exchange	1.07
Florida Doctors Insurance Company	4.18
ProAssurance Casualty Company	1.87
Medical Protective Company	2.01
Continental Casualty Company	3.03
Lexington Insurance Company	2.37
Columbia Casualty Company	0.00
American Casualty Company of Reading PA	0.00
Evanston Insurance Company	2.55
Darwin Select Insurance Company	2.13
Healthcare Underwriters Group of FL	1.12
Physicians Insurance Company	1.27
Landmark American Insurance Company	0.91
Physicians Professional Liability RRG	1.33
Anesthesiologists Professional Assurance Company	1.59

Company	Net Liability to Surplus Ratio
Podiatry Insurance Company of America	2.67
National Union Fire Insurance Company of Pittsburgh PA	1.53
Samaritan RRG Inc	0.68
Steadfast Insurance Company	0.27
Ophthalmic Mutual Insurance Company RRG	0.67
Admiral Insurance Company	1.12
Florida Written Premium Weighted Average:	1.74

Ranges for these ratios are not mandated by statute, although these results do not present a concern from a solvency standpoint. A graph of the weighted data for the top 80% of the market over the past eight years is shown below:



It is important to remember that, with the exception of the companies that sell strictly or mostly medical malpractice business in Florida, these figures are also affected by the amount of loss reserves and similar liabilities from non-Florida malpractice and non-malpractice lines of business as well. This value can fluctuate from year to year for an insurer. For example, the liability to surplus ratio of the market leader (First Professionals Insurance Company) increased from 1.17 in 2009 to 1.50 in 2010. It should be noted that this direct year to year comparison is sometimes of limited value since the composition of the top 80% of the medical malpractice insurance market in Florida has changed during the period that is shown in the graph.

The second important solvency ratio examined is the net written premium to surplus ratio. Unlike the previous ratio, limits for this ratio are mandated by Section 624.4095, Florida Statutes. The ratio itself is not a straightforward calculation --- there are premium adjustments depending on the type of

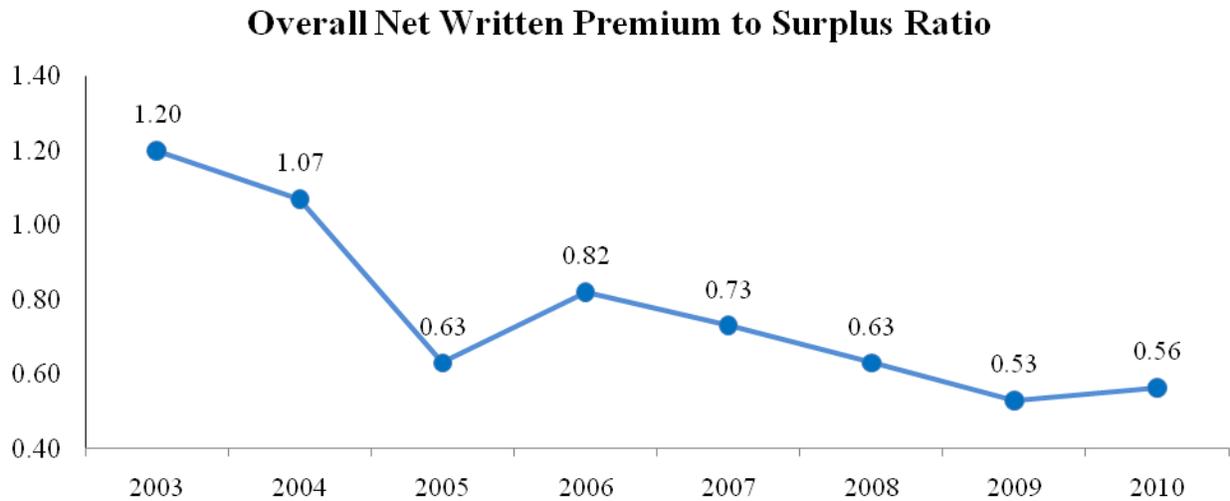
insurance per Section 624.4095(4), Florida Statutes. According to this section of the statute, property insurance premium should be multiplied by 0.90, while casualty insurance should be multiplied by 1.25. Medical malpractice is considered a “casualty” category, and would be subject to the 1.25 multiplier. Yet of the top 23 companies writing med-mal in Florida, very few are monoline writers. Thus each company could have a different multiplier depending on their mix of business. By statute, the adjusted ratio cannot exceed 4:1. The table for the net written premium to surplus for the 23 sample companies follows:

**Net Written Premium to Surplus Ratio for Top Med Mal Writers
2010 Countrywide**

Company	Net Written Premium to Surplus Ratio
First Professionals Insurance Company	0.48
MAG Mutual Insurance Company	0.43
Doctors Company An Interinsurance Exchange	0.43
Florida Doctors Insurance Company	1.85
ProAssurance Casualty Company	0.35
Medical Protective Company	0.44
Continental Casualty Company	0.57
Lexington Insurance Company	0.66
Columbia Casualty Company	0.00
American Casualty Company of Reading PA	0.00
Evanston Insurance Company	0.73
Darwin Select Insurance Company	1.06
Healthcare Underwriters Group of FL	0.38
Physicians Insurance Company	0.57
Landmark American Insurance Company	0.25
Physicians Professional Liability RRG	0.39
Anesthesiologists Professional Assurance Company	0.39
Podiatry Insurance Company of America	0.98
National Union Fire Insurance Company of Pittsburgh PA	0.37
Samaritan RRG Inc	0.63
Steadfast Insurance Company	0.00
Ophthalmic Mutual Insurance Company RRG	0.33
Admiral Insurance Company	0.32
Florida Written Premium Weighted Average:	0.56

Consistent with the past reports, these numbers have not been adjusted by the premium modifiers specified in Section 624.4095(4), Florida Statutes. However, even if it is assuming these companies wrote 100% casualty insurance and had the maximum modifier of 1.25, none would come close to exceeding the 4:1 statutory ratio.

The chart on the next page provides a view of the trend of the average net written premium to surplus ratio for the majority of the Florida market over time:



The ratio of 0.56 is comfortably in the acceptable range for solvency purposes, indicating a relatively significant capital and surplus position to support the business written.

The third ratio is the gross written premium to surplus ratio. Gross written premium is defined as total direct written premium and assumed reinsurance premium. Section 624.4095, Florida Statutes, mandates that these ratios be within 10:1 for admitted carriers while retaining the same insurance multipliers from the previous ratio. Values of this ratio for the top 23 companies are shown below:

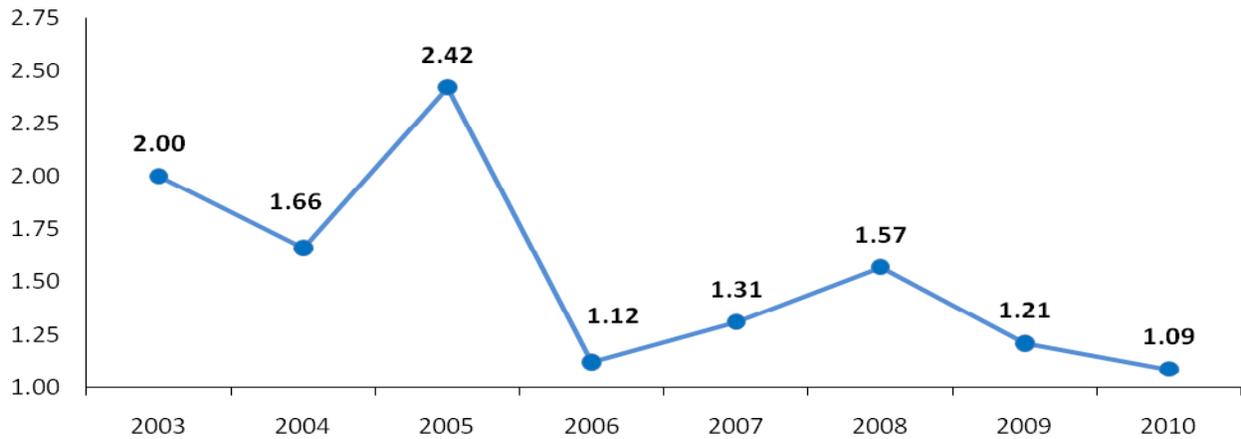
**Gross Written Premium to Surplus Ratio for Top Med Mal Companies
2010 Countrywide**

Company	Gross Written Premium to Surplus Ratio
First Professionals Insurance Company	0.74
MAG Mutual Insurance Company	0.55
Doctors Company An Interinsurance Exchange	0.46
Florida Doctors Insurance Company	2.15
ProAssurance Casualty Company	0.37

Company	Gross Written Premium to Surplus Ratio
Medical Protective Company	0.89
Continental Casualty Company	0.75
Lexington Insurance Company	1.37
Columbia Casualty Company	3.03
American Casualty Company of Reading PA	3.79
Evanston Insurance Company	1.06
Darwin Select Insurance Company	4.34
Healthcare Underwriters Group of FL	0.43
Physicians Insurance Company	0.99
Landmark American Insurance Company	2.88
Physicians Professional Liability RRG	0.41
Anesthesiologists Professional Assurance Company	0.81
Podiatry Insurance Company of America	0.99
National Union Fire Insurance Company of Pittsburgh PA	1.40
Samaritan RRG Inc	0.63
Steadfast Insurance Company	2.77
Ophthalmic Mutual Insurance Company RRG	0.32
Admiral Insurance Company	0.33
Florida Written Premium Weighted Average:	1.09

For consistency, the data above have not been adjusted by the requisite premium multipliers. Although Section 624.4095, Florida Statutes, only pertains to admitted carriers, not surplus lines carriers, even the surplus lines carriers are well within the statutory ratios. The chart on the following page tracks the trend of the average ratio over time for the top 23 med-mal writers in Florida:

Overall Gross Written Premium to Surplus Ratio



The weighted total ratio for the 23 sample companies is 1.09, a decrease from 2009. This is historically low relative to data collected since 2003. This weighted ratio is influenced significantly by companies that cede a substantial portion of their business. As such, the gross premium to surplus ratio for those individual companies may be high, but if the risk is ceded and concentrated in affiliated or “sister” companies, the ratios above will not be truly reflective of the capital actually at risk. Overall, with the ongoing decrease observed in 2010, these ratios are well within the range of prudent solvency management, and do not indicate an industry solvency concern.

Profitability

Just like the issue of “solvency,” profitability for the industry is not easily evaluated, especially when the data are aggregated nationally, and cannot be segregated into a state-by-state comparison. The analysis can only look at the financial performance of the 23 companies knowing that some and in certain cases most of each company’s profits/losses may come from other states or other lines of business. A common measurement of the overall profitability is the all lines countrywide Loss & LAE (loss adjustment expense) ratio to earned premium. The all lines countrywide Loss & LAE ratios for each of the top 23 companies are on the following page.

All Lines Loss & LAE Ratios of Top Med Mal Writers – 2010 Countrywide

Company	Loss & LAE to Earned Premium Ratio
First Professionals Insurance Company	59.2%
MAG Mutual Insurance Company	67.6%
Doctors Company An Interinsurance Exchange	55.9%
Florida Doctors Insurance Company	77.0%
ProAssurance Casualty Company	17.1%
Medical Protective Company	59.2%
Continental Casualty Company	80.7%
Lexington Insurance Company	86.0%
Columbia Casualty Company	-
American Casualty Company of Reading PA	-
Evanston Insurance Company	51.9%
Darwin Select Insurance Company	61.2%
Healthcare Underwriters Group of FL	57.9%
Physicians Insurance Company	21.5%
Landmark American Insurance Company	34.8%
Physicians Professional Liability RRG	20.6%
Anesthesiologists Professional Assurance Company	63.4%
Podiatry Insurance Company of America	81.8%
National Union Fire Insurance Company of Pittsburgh PA	108.9%
Samaritan RRG Inc	39.3%
Steadfast Insurance Company	-
Ophthalmic Mutual Insurance Company RRG	37.6%
Admiral Insurance Company	60.6%

** American Casualty, Columbia, and, Steadfast reported 0 earned premium. Therefore, this ratio could not be calculated. These companies may be ceding their entire premium to affiliates.*

As the tables show, there is substantial variation among the companies. The ratios run the gamut from 17.1% for ProAssurance Casualty to 108.9% for National Union Fire.

Another common measure of overall profitability is net income, and to make the number more meaningful, net income as a percentage of surplus. This ratio often is considered a surrogate variable for return on equity, a common measure of profitability in other industries. The return on surplus numbers from 2010 for the 23 sample companies were as shown on the following page:

Return on Surplus for Top Med Mal Writers – 2010 Countrywide

Company	Return on Surplus
First Professionals Insurance Company	9.0%
MAG Mutual Insurance Company	12.7%
Doctors Company An Interinsurance Exchange	22.1%
Florida Doctors Insurance Company	23.7%
ProAssurance Casualty Company	20.8%
Medical Protective Company	7.1%
Continental Casualty Company	6.7%
Lexington Insurance Company	6.9%
Columbia Casualty Company	3.3%
American Casualty Company of Reading PA	1.6%
Evanston Insurance Company	18.6%
Darwin Select Insurance Company	-2.3%
Healthcare Underwriters Group of FL	3.3%
Physicians Insurance Company	7.4%
Landmark American Insurance Company	10.6%
Physicians Professional Liability RRG	8.8%
Anesthesiologists Professional Assurance Company	7.9%
Podiatry Insurance Company of America	9.5%
National Union Fire Insurance Company of Pittsburgh PA	-5.4%
Samaritan RRG Inc	24.1%
Steadfast Insurance Company	6.9%
Ophthalmic Mutual Insurance Company RRG	12.0%
Admiral Insurance Company	14.7%
Florida Medical Malpractice Specialists:	9.5%
Florida Written Premium Weighted Average:	12.2%

As the data above show, 2010 was a profitable year for the top 23 companies in the Florida market; in fact for the seventh year in a row. For Florida medical malpractice specialists (in this case, the Florida-domiciled malpractice writers above) the return was 9.5%. For the market as a whole the return was moderately higher at 12.2%.

It is extremely important, however, to put these return statistics in context when attempting to draw inference about the Florida medical malpractice insurance market. The return on surplus number above is based on the insurer's total book of business (all lines) across the entire country. That may be greatly affected by different market conditions for the medical malpractice line as opposed to those of the other lines. Statutory reporting does not allow for any finer granularity of this statistic. That should not be interpreted to mean that the sample companies above earned that reported rate of return on their Florida malpractice insurance during 2010 or that the relationship between the Florida specialists and other carriers is meaningful.

As the table above shows, this yields an average return on surplus of 12.2% for 2010, resulting in seven straight years of a positive return on surplus. It does appear that the trend causing significant industry concerns of the early 2000's has largely evaporated.

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Return on Surplus	-7%	19%	-12%	10%	13%	19.7%	11.0%	9.5%	6.6%	12.2%

Finally, the analysis compares other commonly used financial ratios obtained from the 2010 income statements. These ratios, which include the combined ratio, as well as the operating ratio on a pre-tax and post-tax basis, are shown below:

Key All Lines/All States Financial Ratios for Top Med Mal Writers 2010 Income Statement

Company	Combined Ratio	Pre-Tax Operating Ratio	Post-Tax Operating Ratio
First Professionals Insurance Company	92.5%	23.5%	19.0%
MAG Mutual Insurance Company	86.6%	32.3%	29.5%
Doctors Company An Interinsurance Exchange	78.4%	60.5%	52.1%
Florida Doctors Insurance Company	117.0%	13.7%	12.2%
ProAssurance Casualty Company	45.6%	89.3%	61.7%
Medical Protective Company	79.1%	32.3%	16.7%
Continental Casualty Company	116.0%	13.5%	13.1%
Lexington Insurance Company	107.3%	13.8%	11.6%
Columbia Casualty Company	-	-	-
American Casualty Company of Reading PA	-	-	-
Evanston Insurance Company	95.1%	27.6%	24.4%
Darwin Select Insurance Company	104.7%	1.8%	-3.3%
Healthcare Underwriters Group of FL	98.2%	9.2%	8.3%
Physicians Insurance Company	87.6%	23.4%	14.9%
Landmark American Insurance Company	61.5%	57.4%	40.6%
Physicians Professional Liability RRG	82.1%	35.5%	25.7%
Anesthesiologists Professional Assurance Company	96.7%	25.6%	20.4%

Company	Combined Ratio	Pre-Tax Operating Ratio	Post-Tax Operating Ratio
Podiatry Insurance Company of America	104.0%	12.6%	9.8%
National Union Fire Insurance Company of Pittsburgh PA	135.4%	-13.1%	-13.1%
Samaritan RRG Inc	51.4%	60.2%	40.9%
Steadfast Insurance Company	-	-	-
Ophthalmic Mutual Insurance Company RRG	58.4%	52.1%	36.8%
Admiral Insurance Company	89.8%	46.4%	43.2%
Average (Florida Written Premium Weights):	83.5%	30.5%	24.2%

** American Casualty, Columbia, and, Steadfast reported 0 earned premium. Therefore this ratio could not be calculated. These companies may be ceding their entire premium to affiliates.*

Reserve Development

Another area that is important to examine, especially in medical malpractice insurance, is the reserve development experience. Since overall company solvency pertains more to the reserve development of the overall book of business, the development amounts shown below are for all lines of business. The reserve development data collected in the annual statutory financial statements are for both one-year development and two-year development. The two-year measurement is potentially a better measurement tool because it can smooth anomalous yearly data. It must be noted that the tolerance for, and impact of, any reserve development is best compared to the amount of the actual carried reserves in prior years. It is also important to remember that when medical malpractice is one of many lines sold by an insurer, the total development shown below may be more reflective of the trends in other lines of business, and therefore not reflective of trends in medical malpractice loss development in Florida. Understanding those caveats, the most recent available all lines combined reserve development data for the 23 sample companies is listed on the following page:

Adverse/Favorable Reserve Development-All Lines Of Business Combined
One Year Development of 2009 Reserves/Two Year Development of 2008 Reserves
(in thousands)

Company	One-Year Development	Percentage of Prior Reserves	Two-Year Development	Percentage of Prior Reserves
First Professionals Insurance Company	-\$15,239	-6.4%	-\$29,036	-13.2%
MAG Mutual Insurance Company	-\$62,918	-13.3%	-\$125,330	-35.1%
Doctors Company An Interinsurance Exchange	-\$141,513	-13.3%	-\$236,537	-30.1%
Florida Doctors Insurance Company	\$1,134	7.8%	-\$1,061	-8.9%
ProAssurance Casualty Company	-\$88,602	-23.9%	-\$153,532	-48.6%
Medical Protective Company	-\$111,629	-15.4%	-\$155,870	-24.7%
Continental Casualty Company	-\$430,731	-4.6%	-\$690,389	-8.8%
Lexington Insurance Company	-\$91,715	-1.8%	-\$135,886	-3.2%
Columbia Casualty Company	\$0	0.0%	\$0	0.0%
American Casualty Company of Reading PA	\$0	0.0%	\$0	0.0%
Evanston Insurance Company	-\$116,227	-21.9%	-\$142,479	-38.5%
Darwin Select Insurance Company	\$421	0.8%	-\$915	-1.9%
Healthcare Underwriters Group of FL	-\$2,099	-10.8%	-\$5,847	-35.4%
Physicians Insurance Company	-\$3,289	-43.4%	-\$4,927	-69.1%
Landmark American Insurance Company	-\$3,995	-2.5%	-\$7,714	-5.4%
Physicians Professional Liability RRG	-\$3,949	-23.0%	-\$7,760	-56.2%
Anesthesiologists Professional Assurance Company	-\$860	-3.7%	-\$2,482	-11.3%
Podiatry Insurance Company of America	\$612	0.6%	-\$3,428	-4.6%
National Union Fire Insurance Company of Pittsburgh PA	\$1,986,392	15.7%	\$2,734,856	23.1%
Samaritan RRG Inc	-\$1,875	-26.0%	-\$1,237	-20.8%
Steadfast Insurance Company	\$0	0.0%	\$0	0.0%
Ophthalmic Mutual Insurance Company RRG	-\$2,606	-2.3%	-\$14,806	-16.1%
Admiral Insurance Company	-\$56,656	-4.2%	-\$21,110	-2.0%

** American Casualty, Columbia, and, Steadfast posted 0 net reserves in 2008 and 2009. Therefore this ratio could not be calculated. These companies may be ceding their entire premium to affiliates.*

On an all-lines basis, most companies posted downward development over the last two years. This could result from favorable (i.e. lower costs than expected) patterns in the costs of settling claims across different lines of business. It could also be the result of a weakening in the amount of reserves held to fund the remaining unpaid claims from those periods, possibly related to cyclical fluctuations in insurance prices and loss reserve adequacy. However, a key factor is that there is no direct evidence of any inadequacy of reserves in this data. If anything, the most obvious interpretation of the data - that claims are costing less than expected - should be taken as a positive signal for the market.

Adverse / Favorable Reserve Development-For Medical Malpractice Line Only
One Year Development of 2009 Reserves/Two Year Development of 2008 Reserves
(in thousands)

Company	One-Year Development	Percentage of Prior Reserves	Two-Year Development	Percentage of Prior Reserves
First Professionals Insurance Company	-\$17,071	-6.1%	-\$30,868	-10.2%
MAG Mutual Insurance Company	-\$62,298	-10.3%	-\$123,565	-19.7%
Doctors Company An Interinsurance Exchange	-\$140,534	-14.9%	-\$235,195	-27.6%
Florida Doctors Insurance Company	\$1,134	5.7%	-\$1,061	-8.3%
ProAssurance Casualty Company	-\$86,861	-14.1%	-\$155,267	-23.0%
Medical Protective Company	-\$109,495	-9.5%	-\$152,340	-14.7%
Continental Casualty Company	-\$94,228	-7.6%	-\$131,519	-11.0%
Lexington Insurance Company	-\$66,312	-7.1%	-\$125,986	-13.4%
Columbia Casualty Company	\$0	-	\$0	-
American Casualty Company of Reading PA	\$0	-	\$0	-
Evanston Insurance Company	-\$24,359	-14.4%	-\$39,622	-21.6%
Darwin Select Insurance Company	-\$85	-0.9%	-\$652	-9.7%
Healthcare Underwriters Group of FL	-\$2,099	-11.7%	-\$5,847	-33.7%
Physicians Insurance Company	-\$3,289	-46.3%	-\$4,927	-72.9%
Landmark American Insurance Company	-\$984	-11.1%	-\$1,412	-19.7%
Physicians Professional Liability RRG	-\$3,949	-22.9%	-\$7,760	-43.2%
Anesthesiologists Professional Assurance Company	-\$1,219	-3.6%	-\$2,840	-7.3%
Podiatry Insurance Company of America	\$7,355	5.0%	\$2,163	1.6%
National Union Fire Insurance Company of Pittsburgh PA	-\$10,707	-11.9%	-\$18,077	-18.8%
Samaritan RRG Inc	-\$1,875	-39.3%	-\$1,237	-30.2%
Steadfast Insurance Company	\$0	-	\$0	-
Ophthalmic Mutual Insurance Company RRG	-\$2,606	-5.4%	-\$14,806	-23.9%
Admiral Insurance Company	-\$3,213	-2.4%	-\$8,387	-6.7%

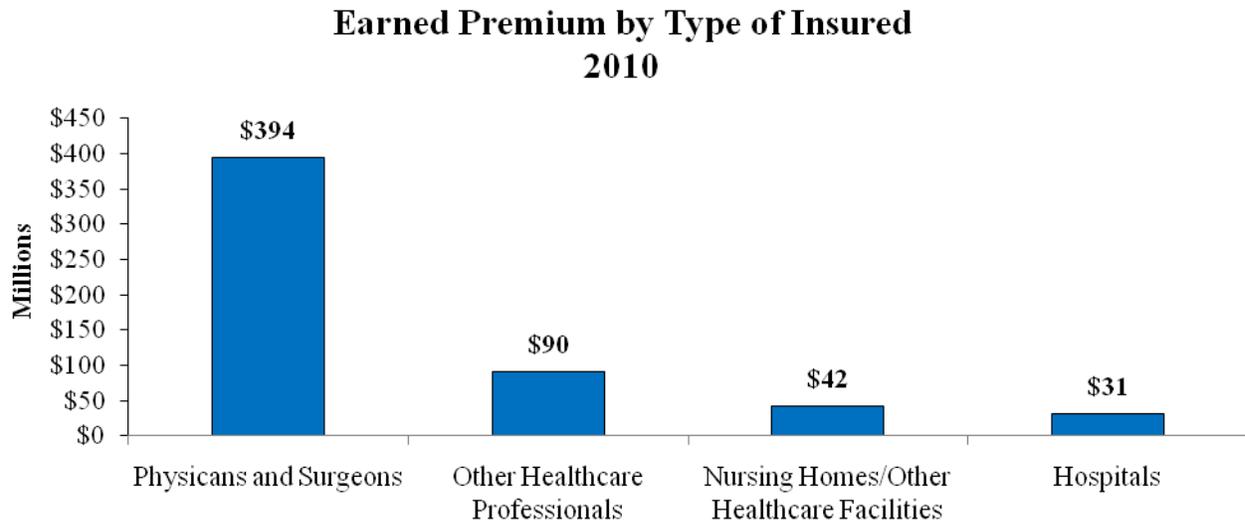
American Casualty, Columbia, and, Steadfast posted 0 net reserves in 2008 and 2009. Therefore this ratio could not be calculated. Those companies may be ceding their entire premium to affiliates.

As a whole, 2010 showed favorable reserve development for the medical malpractice line, following a similar finding in the previous four reports. In fact, when analyzing the two-year development for the 23 companies, 19 companies reduced their overall reserves and 19 companies reduced their medical malpractice reserves, the latter perhaps based on an overestimation of expected medical malpractice losses. In each chart, only one company showed upward development. The overall favorable reserve development experience has a potential to ease rate pressures in the Florida medical malpractice market, as it may be the result of companies overestimating claims costs. Of course, the impacts are clearer for companies that specialize in Florida medical malpractice; for other companies the result is less clear as it may be due to overestimations of costs in other states as well.

Data for Physicians and Other Types of Insureds

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. Hospitals, however, may purchase policies with a \$2 million deductible, and much higher limits of coverage, with smaller hospitals having smaller deductibles and limits. Other medical professionals such as dentists and nurses tend to have much lower premiums than those of 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 is by far the most prevalent.



Since there is more physicians and surgeons malpractice premium than the other types combined, it makes sense to analyze this type separately. For example, one might expect that the top physicians and surgeons carriers might be different than the top overall medical malpractice carriers. To that end, a chart of the top twenty (by written premium) malpractice carriers is shown on the following page.

**2010 “Physicians Only” Written Premium for
Top 20 Physicians Malpractice Insurance Writers**

Rank	Company	Carrier Type	Direct Written Premium	Market Share	Cumulative Market Share
1	First Professionals Insurance Company	Licensed Insurer	\$105,583,447	26.8%	26.8%
2	MAG Mutual Insurance Company	Licensed Insurer	\$55,029,442	14.0%	40.8%
3	Doctors Company An Interinsurance Exchange	Licensed Insurer	\$46,888,587	11.9%	52.7%
4	Florida Doctors Insurance Company	Licensed Insurer	\$37,378,333	9.5%	62.2%
5	ProAssurance Casualty Company	Licensed Insurer	\$27,073,976	6.9%	69.0%
6	Medical Protective Company	Licensed Insurer	\$13,196,511	3.4%	72.4%
7	Continental Casualty Company	Licensed Insurer	\$9,178,122	2.3%	74.7%
8	Healthcare Underwriters Group of FL	Licensed Insurer	\$8,835,638	2.2%	77.0%
9	Physicians Insurance Company	Licensed Insurer	\$7,995,296	2.0%	79.0%
10	Physicians Professional Liability RRG	RRG	\$7,539,718	1.9%	80.9%
11	Lexington Insurance Company	Surplus Lines	\$7,479,129	1.9%	82.8%
12	Anesthesiologists Professional Assurance Company	Licensed Insurer	\$7,302,659	1.9%	84.7%
13	Samaritan RRG Inc	RRG	\$6,033,183	1.5%	86.2%
14	Ophthalmic Mutual Insurance Company RRG	RRG	\$5,956,913	1.5%	87.7%
15	Evanston Insurance Company	Surplus Lines	\$4,444,354	1.1%	88.8%
16	Applied Medico Legal Solutions RRG	RRG	\$4,263,358	1.1%	89.9%
17	Physicians Indemnity RRG	RRG	\$4,066,430	1.0%	90.9%
18	Southwest Physicians RRG Inc	RRG	\$3,438,232	0.9%	91.8%
19	National Union Fire Insurance Company of Pittsburgh PA	Licensed Insurer	\$3,422,829	0.9%	92.7%
20	National Medical Professional RRG Inc	RRG	\$2,764,452	0.7%	93.4%
Total Licensed Insurers in Top 20:			\$321,884,840	81.7%	
Total RRGs in Top 20:			\$34,062,286	8.6%	
Total Surplus Lines Insurers in Top 20:			\$11,923,483	3.0%	
Top 20 Total:			\$367,870,609		
Total Florida Market:			\$393,923,390		

As shown above, the top 10 physicians’ insurers comprise 80% of the physician’s malpractice market, whereas the top 23 comprise 80% of the overall medical malpractice market. Also of note, the market is dominated by licensed Property & Casualty insurers (when 100% of the market is considered, not just the top 20 companies, risk retention group premiums comprise 11% of the total and surplus lines carriers comprise only 5% -- the remaining 84% is written by licensed insurers). This 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.

Another aspect of the physicians program that merits review is the breakdown of physician-only loss ratios in the ten states with the largest overall medical malpractice premium, as shown below:

**Ranking of Top Ten States for Med Mal
Premium
By 2010 Physicians Only Loss Ratio**

State	Incurred Losses/ Direct Premium Earned
New York	57.0%
New Jersey	56.0%
Massachusetts	50.0%
Pennsylvania	36.2%
Georgia	34.9%
Illinois	31.4%
California	23.8%
Florida	20.9%
Texas	11.7%
Ohio	5.5%

Florida is eighth in this ranking, just as it was in the loss ratio rankings for all medical malpractice premiums. Of note, the physician’s loss ratio of 20.9% compares favorably to the 25.3% loss ratio for the total medical malpractice market in Florida.

Medical Malpractice Rate Filings in 2010

The downward movement in physicians and surgeons malpractice rates continued through 2010, although at a much slower pace than in prior years. On the average, overall rates for the admitted market companies (the only companies required to file their rates) decreased around 2.3%. That represents an average 2.6% decrease contained in the typical rate filing, with about 12% of the admitted market not filing or otherwise receiving an approved rate change in 2010.

Calendar Year 2010 featured 61 approved filings generating rate changes, new company initial rates, or mathematically affirming rate levels (up from 41 in 2009). Many of these rate filings were for specialized types of medical malpractice insurance including dentists, podiatrists, optometrists,

chiropractors and other distinct fields. The primary market for medical malpractice insurance is for physicians and surgeons, for which 17 rate filings were approved. The physicians and surgeons rate changes approved for various companies are shown in Appendix C.

In reviewing the chart, the data shows that the approved rate changes varied widely, from a small increase to double digit rate decreases (some as large as 30%). The rate changes averaged about 3.7% lower than the companies' initial rate indications (their initial estimates of the needed rate change).

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 given the limited data available, it appears that 12% of the admitted market (by premium) did not make rate changes during Calendar Year 2010. So, 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).

It is also instructive to look beyond just a single calendar year. There have been a substantial number of rate filings so far in 2011. The table below shows the latest effective rate change for admitted carriers writing physicians and surgeons medical malpractice. Note that a substantial portion of the market has made fairly recent rate filings, from November 2010 through August 2011.

**Physicians and Surgeons Carriers and Last Base Rate Filing Made by Each
(New Entrants Highlighted)**

Rank	Company Name	Rate Change Effective Date	Earned Premium (\$ in 000's)	Cumulative Market Share	Policy Count	Proposed Rate Change	Final Rate Change
1	First Professionals Insurance Company	8/1/2010	\$108,913	32.0%	6,625	5.0%	0.0%
2	MAG Mutual Insurance Company	6/1/2011	\$62,215	50.3%	1,216	0.0%	0.0%
3	Doctors Company An Interinsurance Exchange	6/1/2011	\$47,008	64.1%	1,342	0.7%	0.0%
4	ProAssurance Casualty Company	9/1/2010	\$33,653	74.0%	1,538	0.5%	0.5%
5	Florida Doctors Insurance Company	6/1/2011	\$18,179	79.4%	1,613	0.0%	0.0%
6	Physicians Preferred Insurance Company	9/1/2009	\$15,773	84.0%	1,303	-8.3%	-8.3%
7	Medical Protective Company	3/1/2011	\$15,390	88.5%	955	-10.0%	-10.0%
8	Healthcare Underwriters Group of FL	3/1/2011	\$9,270	91.3%	607	0.0%	0.0%
9	Physicians Insurance Company	2/15/2011	\$8,740	93.8%	838	0.0%	0.0%
10	Anesthesiologists Professional Assurance Company	8/1/2010	\$8,462	96.3%	469	5.0%	0.0%

Rank	Company Name	Rate Change Effective Date	Earned Premium (\$ in 000's)	Cumulative Market Share	Policy Count	Proposed Rate Change	Final Rate Change
11	National Fire Insurance Company of Hartford	2/1/2008	\$4,700	97.7%	102	0.0%	0.0%
12	Florida Medical Malpractice JUA	7/1/2011	\$3,546	98.7%	234	-1.5%	-1.2%
13	Darwin National Assurance Company	12/20/2010	\$2,762	99.6%	294	-3.0%	-3.0%
14	Health Care Indemnity Inc. (Contracted Physicians)	1/1/2011	\$695	99.8%	1	-16.0%	-13.0%
15	Proassurance Indemnity Company Inc.	4/1/2011	\$675	100.0%	1	-4.3%	-4.3%
16	Valiant Insurance Company	9/1/2010	\$126	100.0%	16	-8.6%	-8.6%
17	American Casualty Company of Reading PA	5/1/2011	\$0	100.0%	0	0.0%	0.0%
18	Cincinnati Indemnity Company	11/15/2010	\$0	100.0%	0	0.0%	0.0%
19	Cincinnati Insurance Company	11/15/2010	\$0	100.0%	0	0.0%	0.0%
20	Continental Casualty Company	5/1/2011	\$0	100.0%	0	0.0%	0.0%
21	Continental Insurance Company	5/1/2011	\$0	100.0%	0	0.0%	0.0%
24	Medicus Insurance Company	8/15/2011	\$0	100.0%	0	0.0%	0.0%
25	Medmal Direct Insurance Company	5/6/2010	\$0	100.0%	0	0.0%	0.0%
22	National Union Fire Insurance Company of Pittsburg PA	10/31/2010	\$0	100.0%	0	0.0%	0.0%
23	Proassurance Indemnity Company Inc.	7/1/2011	\$0	100.0%	0	0.0%	0.0%
Totals:							
Item Counts			\$340,107	17,154			
Premium Weighted Average Rate Change							-0.9%
Policy Count Weighted Average Rate Change							-1.2%

When the latest approved rates are taken together, as in the table on the previous page, overall physician and surgeons medical malpractice rates have fallen by around 1%.

Also, it must be noted that a portion of the physicians insured in Florida (estimated at around 17%) 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. Lastly, 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.

Another aspect of the malpractice market is that there are a number of other classes besides the physicians. There is a relatively small (as measured by insurance premium) volume of nurse, podiatrist, and other professionals that also purchase malpractice insurance, as well as a significant amount of coverage being sold to hospitals. Coverage for hospitals often involve very large deductibles or so-called self-insured retentions, so the actual volume of claims experienced by the hospitals are likely far higher than the portion of the claims covered by their insurance. This is likely to be especially true for large hospitals.

Lastly, some insurance companies made changes that did not actually change their existing rates. For the most part, these generally involve adding rates for new classes or adding new deductible, etc. options. Details of the 2010 non-rate change filing activity are shown below.

Non-Rate Change Physicians' Rate Filings Approved in 2010

Company Name	Impact of Filing	Approval Date
Insurance Services Office Inc.	Filing Florida exception rules to reference the revised endorsements for - Florida Changes - Nonbinding Arbitration and Florida Changes - Binding Arbitration.	1/4/2010
Medmal Direct Insurance Company	New retrospective rating plan	11/18/2010

Although the average rate approval for the primary market was for a substantial decrease, the same was not necessarily true for the secondary medical malpractice markets. The weighted average rate approval for dentists was a 4% increase, the average for professional nurses was an 11% increase,, while the average rate approval for other healthcare professionals including podiatrists, optometrists, therapists, chiropractors and other specialties was a more modest 2% increase. Exhibits showing the rate filings for the primary and secondary medical malpractice markets are included in Appendix C.

Medical Malpractice Activity in the Admissions Unit

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 2010, the following companies entered the medical malpractice insurance market in Florida:

Company	Type of Entity	Domiciliary State
Allied World National Assurance Company	Property/Casualty Insurer	NH
Berkely Regional Insurance Company	Property/Casualty Insurer	DE
Everest National Insurance Company	Property/Casualty Insurer	DE
Hiscox Insurance Company	Property/Casualty Insurer	IL
Liberty Insurance Underwriters	Property/Casualty Insurer	IL
MedMal Direct Insurance Company	Property/Casualty Insurer	FL
Hannover Ruckversicherung AG	Eligible Reinsurer	Germany
Affiliates Insurance Reciprocal RRG	Risk Retention Group	VT
Caring Communities, a Reciprocal RRG	Risk Retention Group	DC
Delaware Professional Insurance Company RRG	Risk Retention Group	DE
Central Florida Physicians Alliance RPG	Risk Purchasing Group	FL
Physician's Purchasing Alliance, LLC	Risk Purchasing Group	FL
Sovereign Risk Purchasing Group, LLC	Risk Purchasing Group	DE

Note that three of the new entrants are risk retention groups. This is a trend observed nationally as well as in Florida. Three others are risk purchasing groups that do not *per se* sell insurance. Rather they pool insureds into groups to make them more attractive to insurers. One other entity (eligible reinsurer) intends to reinsure (accept portions of risk which insurance companies deem too risky for their balance sheets) medical malpractice insurers.

Of the six new insurance company entrants, five are subsidiaries of large national insurers. At least one² of them explicitly entered the market to write classes (such as nurses) other than physicians, although all are eligible to write all types of medical malpractice. The other new insurance company entrant is a new domestic insurer (MedMal Direct) which was specifically formed to write medical malpractice for physicians in Florida. Also, although it did not occur until 2011, a medium-sized national medical malpractice insurer (Medicus Insurance Company) entered the Florida physician's medical malpractice insurance market.

² Liberty insurance Underwriters.

During the same time, Florida had only one company that had its medical malpractice insurance authority withdrawn, suspended, or surrendered.³

Also of note, The Doctors Company (#3 writer of physician's medical malpractice in Florida, and also #3 in terms of total malpractice premium in Florida) announced their intent to purchase First Professionals Company (#1 writer of physician's medical malpractice in Florida, and also #1 in terms of total malpractice premium in Florida). Their present stated intent is to move all the business to The Doctors Company.

Analysis of the Closed Claim Database

The Office of Insurance Regulation (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, 2010 to December 31, 2010 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 2010, 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 2010, the average difference between occurrence and when the claim was filed was 471 days, and the difference between when a claim was filed and when the claim was closed was 886 days.

This reported data is of limited use for evaluating the profitability, solvency, or the adequacy of rates of a specific company. The data do 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; and, 2.) The data for the 23 companies that represent 80% of the Florida market. For every claim, 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.

³ Guarantee Insurance Company surrendered their license during 2010.

Medical Malpractice Insurance Claims in Florida

In 2010, the Florida medical malpractice insurance companies reported 2,520 closed claims in Florida. Of those 2,520 claims closed in 2010, 1,252 claims were filed by females and 1,268 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 2010 is distributed as follows:

Location of Injury for Claims Closed in 2010

Location	Number of Claims
Hospital Inpatient Facility	1,204
Physician's Office	507
Emergency Room	318
Other Outpatient Facility	154
Hospital Outpatient Facility	116
Other Location	75
Patient's Home	61
Other Hospital/Institution	49
Prison	24
Nursing Home	12
Total	2,520

The data show that the largest number of claims came from hospital inpatient facilities, which together with physician's office and emergency room compromise over eighty percent of all claims closed in 2010 (as they did in 2009).

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 following chart tabulates the frequencies for the severity of claims resolved in Florida in 2010:

Severity Codes for Claims Closed in 2010

Severity Class	Number of Claims
1-Emotional Only	109
2 - Slight lacerations	130
3 - Minor infections, missed fracture, etc.	387
4 - Major burns, drug reaction	226
5 - Loss of finger, damage to organs	324
6 - Deafness, loss of limb, loss of eye	247
7- Paraplegia, blindness, loss of limbs	161
8 Quadriplegia, brain damage	105
9 - Death	831
Total	2,520

Category “9,” meaning death, is the leading category for medical malpractice claims settled, and accounted for over 30% of all of the claims closed in 2010 (as it was in 2009).

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 2010 are shown on the following page:

Closed Claims in Top 10 Counties 2010

	County	Number of Claims
1	Dade	357
2	Broward	306
3	Palm Beach	228
4	Hillsborough	217
5	Pinellas	169
6	Orange	103
7	Duval	101
8	Pasco	75
9	Polk	68
10	Leon	65

Excepting the last two counties (which were Volusia and Lee in 2009, these are exactly the same counties, and in the same order, as the presentation in the 2009 report). There was at least one closed claim in 50 of Florida's 67 counties during 2010.

Insurance Companies with the Most Closed Claims

In 2010, 150 entities reported closed medical malpractice claims. Of those reporting, 50 closed either one or two claims. Conversely, 50 reported ten or more claims. They are:

Entities Reporting Ten or More Closed Claims in 2010 (Top 23 Insurance Companies Listed in Bold)

Company	Number of Claims
First Professionals Insurance Company, Inc	406
Health Care Indemnity, Inc.	273
Doctors' Company, An Interinsurance Exchange (The)	180
MAG Mutual Insurance Company	169
Lexington Insurance Company	164
Florida Doctors Insurance Company	90
Proassurance Casualty Company	88
Continental Casualty Company	76
Lexington Insurance Company, Hospital	56
Baptist Health South Florida, Hospital	55
Medical Protective Company (The)	52
Podiatry Insurance Company of America	47
Florida Medical Malpractice JUA	41

Company	Number of Claims
Anesthesiologists Professional Assurance Company	40
National Union Fire Insurance Co. of Pittsburgh, PA	34
Healthcare Underwriters Group of Florida	25
Mount Sinai Medical Center, Hospital	25
North Broward Hospital District, Hospital	24
Florida Healthcare Providers Insurance Exchange	23
Not Provided, Medical Practitioner	23
Applied Medico-Legal Solutions Risk Retention Group, Inc.	20
South Broward Hospital District, Hospital	20
Samaritan Risk Retention Group, Inc.	18
OMS National Insurance Company, Risk Retention Group	17
Fortress Insurance Company	16
Hudson Specialty Insurance Company	16
Everest Indemnity Insurance Company	15
South Pinellas Medical Trust	14
Lee Memorial Health System, Hospital	14
Columbia Casualty Company	14
University of South Florida Health Sciences Center, Medical Practitioner	14
Physicians Insurance Company	12
Holy Cross Hospital, Inc., Hospital	12
Admiral Insurance Company	12
Cincinnati Insurance Company	11
University of Florida JHMHC Self-Insurance Program, Medical Practitioner	11
Lexington Insurance, UCH Cells A And B, Hospital	11
Mercy Hospital Miami, Hospital	11
Watson Clinic LLP, Medical Practitioner	10
Lexington Insurance, Participating Physicians Cell E, Medical Practitioner	10

The companies in bold type are among the 23 companies comprising 80% of the direct written premium in Florida in 2010. As the data show, although these companies are in the top 23 of direct written premium calculations, they are not all necessarily the ones with the most closed claims in 2010. 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 16 of the 50 entities with the most closed claims in 2010 are in the sample of 23 companies with the most premium volume.

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 2010 combined were as follows:

**Financial Data from Closed Claim System
Aggregation of All Claims Closed in 2010**

Category of Payment	Amount
Indemnity Paid	\$594,427,670
LAE Paid to Defense Counsel	\$140,553,359
All other LAE Paid	\$31,572,247
Non-Economic Loss	\$171,506,607
Economic Loss - Incurred to Date by Claimant	\$100,813,572
Economic Loss - Anticipated by Claimant	\$145,509,115

The total of the indemnity and LAE categories is \$766,553,276 (up 4% from 2009), which represents the total amount paid by insurance companies, self-insurance companies, and surplus lines companies for claims settled in 2010. It is important to remember that in many instances, approximately 43% of the time, the claims closed showed indemnity payments of \$0 to the plaintiff. However, even in these instances, it is likely the insured 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 2010 closed claims shows \$171,506,607 in non-economic loss (down approximately 16% from 2009) and combined incurred and anticipated economic loss of \$246,322,687.

There are some caveats to consider when reading this data. First, while conceptually the economic and non-economic damage total should equal the total amount paid to the plaintiff, clearly the sums are different. 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. A few companies reported data with no estimates, leaving these fields blank. Assuming the numbers are accurate within the noted limitations, the amount paid in economic losses (\$246 million) is more than the amount of non-economic losses paid (\$171 million).

Closed Claims for the 23 Largest Florida Writers

Throughout this report, the legislative mandate has focused on the top 23 leading writers of medical malpractice in the state of Florida in 2010. 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

As noted earlier, 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, 20 of the 23 leading writers of medical malpractice insurance in Florida reported the average times shown on the following page:

Timing of Claims Closed in 2010 by Writers in Top 23

Company	Total Days	Report to Disposition	Occurrence to Report
First Professionals Insurance Company	1,716	1,137	579
MAG Mutual Insurance Company	1,357	781	576
Doctors Company An Interinsurance Exchange	1,494	881	613
Florida Doctors Insurance Company	1,083	504	579
ProAssurance Casualty Company	1,297	849	448
Medical Protective Company	1,532	1,041	491
Continental Casualty Company	1,349	908	441
Lexington Insurance Company	1,231	868	363
Columbia Casualty Company	1,276	968	308
Evanston Insurance Company	1,022	622	400
Darwin Select Insurance Company	861	650	211
Healthcare Underwriters Group of FL	1,500	961	540
Physicians Insurance Company	1,085	709	375
Physicians Professional Liability RRG	1,130	605	526
Anesthesiologists Professional Assurance Company	1,266	1,116	149
Podiatry Insurance Company of America	1,335	853	482
National Union Fire Insurance Company of Pittsburgh PA	1,018	590	428
Samaritan RRG Inc	874	367	507

Company	Total Days	Report to Disposition	Occurrence to Report
Steadfast Insurance Company	2,519	785	1,734
Admiral Insurance Company	1,274	773	501
Average	1,426	909	516

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 2010, the total number of days between occurrence and final disposition averaged 1,357 days (3.7 years) with a range from sixteen days disposition to a maximum of 8,294 days (22.7 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 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 of Top 23 Writers Between Claims Closed With and Without Payments

Company	Claims with Indemnity Payments	Total Claims	Percentage with Indemnity Payments
First Professionals Insurance Company	254	406	62.6%
MAG Mutual Insurance Company	69	169	40.8%
Doctors Company An Interinsurance Exchange	42	180	23.3%
Florida Doctors Insurance Company	46	90	51.1%
ProAssurance Casualty Company	40	88	45.5%
Medical Protective Company	30	52	57.7%
Continental Casualty Company	55	76	72.4%
Lexington Insurance Company	83	164	50.6%
Columbia Casualty Company	9	14	64.3%
Evanston Insurance Company	5	8	62.5%
Darwin Select Insurance Company	5	7	71.4%
Healthcare Underwriters Group of FL	16	25	64.0%
Physicians Insurance Company	9	12	75.0%
Physicians Professional Liability RRG	6	6	100.0%
Anesthesiologists Professional Assurance Company	31	40	77.5%

Company	Claims with Indemnity Payments	Total Claims	Percentage with Indemnity Payments
Podiatry Insurance Company of America	18	47	38.3%
National Union Fire Insurance Company of Pittsburgh PA	15	34	44.1%
Samaritan RRG Inc	9	18	50.0%
Steadfast Insurance Company	2	5	40.0%
Admiral Insurance Company	8	12	66.7%
Total	752	1,453	51.8%

Payment Amounts

Companies are also required to report payment amounts. As noted previously, not all companies provided a segregation of payments between economic and non-economic loss. Therefore, no summary of that distinction can be provided here. The claims reported closed by the sample companies in 2010 resulted in the following claim payments:

Breakdown of Loss and LAE Paid on 2010 Closed Claims by Top 23 Writers (20 Writers Reporting)

Company	Indemnity Payments	LAE Paid to Defense Counsel	All Other LAE Paid
First Professionals Insurance Company	\$73,149,463	\$14,904,354	\$8,609,867
MAG Mutual Insurance Company	\$23,878,826	\$5,361,262	\$2,566,477
Doctors Company An Interinsurance Exchange	\$10,690,000	\$9,379,447	\$10,554
Florida Doctors Insurance Company	\$8,500,750	\$2,035,885	\$0
ProAssurance Casualty Company	\$12,376,726	\$3,278,433	\$1,716,580
Medical Protective Company	\$4,135,537	\$2,151,799	\$904,397
Continental Casualty Company	\$24,658,065	\$7,411,187	\$1,211,714
Lexington Insurance Company	\$22,418,319	\$5,484,272	\$396,336
Columbia Casualty Company	\$1,244,000	\$447,244	\$128,177
Evanston Insurance Company	\$1,465,000	\$213,882	\$8,677
Darwin Select Insurance Company	\$789,421	\$494,755	\$66,870
Healthcare Underwriters Group of FL	\$2,590,168	\$1,087,662	\$482,960
Physicians Insurance Company	\$14,599,000	\$513,202	\$202,827
Physicians Professional Liability RRG	\$795,000	\$110,715	\$0

Company	Indemnity Payments	LAE Paid to Defense Counsel	All Other LAE Paid
Anesthesiologists Professional Assurance Company	\$4,067,500	\$1,509,495	\$788,756
Podiatry Insurance Company of America	\$3,557,300	\$1,559,144	\$312,242
National Union Fire Insurance Company of Pittsburgh PA	\$2,147,325	\$946,498	\$66,763
Samaritan RRG Inc	\$2,175,000	\$1,269,442	\$298,989
Steadfast Insurance Company	\$1,700,000	\$93,673	\$0
Admiral Insurance Company	\$716,100	\$473,454	\$56,749

Summary

Senate Bill 2-D, enacted in 2003, 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) An analysis of rate filings filed with the Office during the previous year.

This report satisfies the requirements codified in Section 627.912(6)(b).

Appendix A
Medical Malpractice Insurance Data by State
2010

2010 Rank	2009 Rank	State	Direct Premium Written	Direct Premium Earned	Incurred Losses	D.C.C. Incurred
1	1	New York	\$1,688,527,945	\$1,661,182,904	\$996,590,870	\$379,317,991
2	2	California	\$819,479,541	\$815,982,326	\$223,181,379	\$156,689,287
3	3	Pennsylvania	\$726,018,166	\$706,470,012	\$295,013,658	\$140,478,041
4	4	Illinois	\$624,298,457	\$612,173,410	\$200,380,869	\$140,681,437
5	5	Florida	\$559,038,326	\$567,510,729	\$143,301,964	\$109,782,617
6	6	New Jersey	\$509,559,719	\$509,293,681	\$267,909,582	\$92,954,922
7	7	Ohio	\$358,910,721	\$369,072,243	\$17,066,628	\$40,412,791
8	8	Texas	\$337,204,522	\$331,147,853	\$46,280,147	\$56,191,508
9	9	Massachusetts	\$314,610,589	\$317,658,712	\$120,092,510	\$41,550,710
10	11	Georgia	\$317,963,944	\$316,482,409	\$83,001,399	\$57,925,298
11	10	Maryland	\$283,964,276	\$278,613,416	\$105,010,567	\$39,239,639
12	12	Tennessee	\$259,512,459	\$271,856,966	\$14,245,378	\$37,468,120
13	13	Arizona	\$253,060,949	\$259,877,577	\$43,821,332	\$30,455,224
14	14	North Carolina	\$244,658,185	\$248,154,851	\$53,879,079	\$35,705,668
15	15	Virginia	\$222,468,297	\$228,664,878	\$68,329,818	\$30,853,750
16	16	Michigan	\$204,854,043	\$206,335,445	\$47,399,693	\$79,273,857
17	18	Washington	\$204,786,151	\$199,165,328	\$70,634,175	\$17,705,624
18	19	Missouri	\$190,385,869	\$191,246,737	\$25,365,370	(\$26,108,556)
19	17	Connecticut	\$187,939,784	\$183,902,792	\$20,486,393	\$35,514,156
20	20	Colorado	\$165,510,894	\$164,601,668	\$30,413,658	\$29,100,243
21	22	Kentucky	\$146,536,653	\$147,706,450	\$31,151,218	\$23,305,188
22	21	Alabama	\$135,229,858	\$141,031,468	\$17,347,037	\$38,113,331
23	24	Oklahoma	\$130,873,461	\$125,512,900	\$53,851,812	\$29,755,003
24	23	Indiana	\$122,685,985	\$121,768,826	\$29,306,820	\$26,134,034
25	25	Oregon	\$95,807,420	\$100,848,054	\$17,781,096	\$7,193,628
26	27	Wisconsin	\$97,535,615	\$96,468,305	\$25,245,978	\$21,061,176
27	26	Louisiana	\$93,020,039	\$92,796,683	\$866,799	\$25,888,361
28	29	Minnesota	\$91,352,183	\$90,090,643	\$66,114,531	\$11,572,806
29	28	Nevada	\$88,342,626	\$88,873,972	\$9,393,039	\$24,157,940
30	34	West Virginia	\$82,529,700	\$85,499,064	\$23,900,278	\$9,531,442
31	30	Iowa	\$82,719,051	\$83,335,057	\$21,659,821	\$13,797,910
32	33	Arkansas	\$71,464,153	\$74,677,449	\$11,740,614	\$10,970,992
33	31	Kansas	\$74,691,496	\$74,259,582	\$6,579,073	\$15,161,777
34	35	Utah	\$70,559,225	\$70,201,984	\$30,188,776	\$19,754,406
35	32	Puerto Rico	\$67,890,409	\$66,758,849	\$28,138,016	\$11,558,490
36	38	South Carolina	\$63,904,875	\$61,450,648	\$8,560,185	\$5,766,271
37	36	Mississippi	\$55,947,720	\$55,807,122	\$14,022,897	\$9,029,517
38	37	Maine	\$50,343,690	\$50,127,340	\$15,634,212	\$6,422,032

2010 Rank	2009 Rank	State	Direct Premium Written	Direct Premium Earned	Incurred Losses	D.C.C. Incurred
39	40	New Mexico	\$50,177,642	\$49,708,825	\$20,660,087	\$13,589,364
40	39	Rhode Island	\$47,071,617	\$44,619,474	\$34,635,053	\$6,800,228
41	46	New Hampshire	\$41,719,212	\$42,106,734	\$4,818,857	\$2,195,137
42	41	Montana	\$42,756,422	\$41,483,262	\$13,803,837	\$4,478,174
43	44	Delaware	\$39,124,403	\$40,105,423	\$12,353,900	\$8,856,228
44	42	District of Columbia	\$38,105,727	\$38,588,310	\$8,057,251	\$5,089,172
45	45	Idaho	\$36,569,179	\$37,251,477	\$13,583,078	\$10,285,684
46	43	Nebraska	\$36,885,608	\$36,200,378	\$8,795,726	\$4,943,155
47	48	Wyoming	\$26,609,533	\$27,006,502	\$3,691,511	\$2,772,428
48	47	Hawaii	\$24,895,973	\$23,364,364	\$576,188	\$1,761,402
49	50	Vermont	\$22,263,556	\$22,318,991	\$9,566,982	\$1,869,249
50	51	Alaska	\$22,840,010	\$22,027,649	\$10,497,871	\$4,499,215
51	49	South Dakota	\$20,056,834	\$20,275,732	\$6,771,249	\$4,845,273
52	52	North Dakota	\$14,015,796	\$13,566,621	(\$1,522,236)	(\$916,501)
53	53	Guam	\$396,079	\$775,105	(\$77,209)	\$128,321
54	55	Other Territories	\$182,461	\$248,357	\$25,788,837	\$2,303,708
55	54	U. S. Virgin Islands	\$127,318	\$130,517	\$8,330	\$25,551
		Grand Total	\$10,557,984,374	\$ 10,526,386,051	\$3,462,740,246	\$ 1,907,892,419

The data above excludes HCII.

Appendix B
Medical Malpractice Loss + DCC (Profitability) by State
2010

2010 Rank	2009 Rank	State	DCC+Loss Ratio
1	54	Other Territories	11311.36%
2	34	Rhode Island	92.86%
3	44	Minnesota	86.23%
4	3	New York	82.83%
5	19	Utah	71.14%
6	18	New Jersey	70.86%
7	8	New Mexico	68.90%
8	49	Alaska	68.08%
9	2	Oklahoma	66.61%
10	43	Idaho	64.07%
11	13	Pennsylvania	61.64%
12	53	Michigan	61.39%
13	45	Puerto Rico	59.46%
14	46	South Dakota	57.29%
15	17	Illinois	55.71%
16	25	Delaware	52.89%
17	7	Maryland	51.77%
18	52	Vermont	51.24%
19	6	Massachusetts	50.89%
20	14	Wisconsin	48.00%
21	36	California	46.55%
22	21	Indiana	45.53%
23	33	Florida	44.60%
24	29	Georgia	44.53%
25	22	Washington	44.36%
26	15	Montana	44.07%
27	24	Maine	44.00%
28	37	Virginia	43.38%
29	38	Iowa	42.55%
30	47	Mississippi	41.31%
31	50	Alabama	39.32%
32	32	West Virginia	39.10%
33	55	Nebraska	37.95%
34	9	Nevada	37.75%
35	26	Kentucky	36.87%
36	16	Colorado	36.16%
37	39	North Carolina	36.10%

2010 Rank	2009 Rank	State	DCC+Loss Ratio
38	41	District of Columbia	34.07%
39	42	Texas	30.94%
40	20	Connecticut	30.45%
41	12	Arkansas	30.41%
42	28	Kansas	29.28%
43	40	Louisiana	28.83%
44	11	Arizona	28.58%
45	10	U. S. Virgin Islands	25.96%
46	27	Oregon	24.76%
47	30	Wyoming	23.93%
48	4	South Carolina	23.31%
49	35	Tennessee	19.02%
50	23	New Hampshire	16.66%
51	48	Ohio	15.57%
52	1	Hawaii	10.00%
53	51	Guam	6.59%
54	5	Missouri	-0.39%
55	55	North Dakota	-17.98%
		National Average	51.02%

The data above exclude HCII

Appendix C

**Medical Malpractice Rate Filings in 2010 Including Those in the
Secondary Markets**

Rate Impact on Primary - Physician - Market Segment

Company Name	Policy Count	Premium Reported (000s)	Rate Change Indicated	Rate Change Proposed	Rate Change Approved	Approval Date
First Professionals Insurance Company	6,625	\$108,913	11.4%	5.0%	0.0%	3/18/2010
MAG Mutual Insurance Company	1,373	\$70,780	24.1%	0.0%	-5.0%	4/9/2010
ProAssurance Casualty Company	1,538	\$33,653	9.8%	0.5%	0.5%	6/17/2010
Florida Doctors Insurance Company	582	\$20,130	-5.8%	-5.0%	-12.0%	3/18/2010
Medical Protective Company	879	\$17,144	-7.3%	-2.7%	-2.7%	1/28/2010
Healthcare Underwriters Group of FL	569	\$9,826	-3.4%	-5.0%	-5.0%	3/11/2010
Physicians Insurance Company	1,431	\$9,670	-7.6%	-7.6%	-11.7%	3/25/2010
Anesthesiologists Professional Assurance Company	469	\$8,462	27.0%	5.0%	0.0%	3/18/2010
Florida Medical Malpractice JUA	276	\$4,217	-3.7%	-3.1%	-3.1%	4/15/2010
Darwin National Assurance Company	294	\$2,762	-8.1%	-3.0%	-3.0%	12/6/2010
Health Care Indemnity Inc.	1	\$552	-1.0%	0.0%	0.0%	10/28/2010
Valiant Insurance Company	16	\$126	-8.6%	-8.6%	-8.6%	8/27/2010
American Casualty Company of Reading PA	0	\$0	-30.0%	-30.0%	-30.0%	2/8/2010
Cincinnati Indemnity Company	0	\$0	0.0%	0.0%	0.0%	1/11/2010
Medmal Direct Insurance Company	0	\$0	0.0%	0.0%	0.0%	6/21/2010
National Union Fire Insurance Company of Pittsburgh PA	0	\$0	0.0%	0.0%	0.0%	10/8/2010
Cincinnati Indemnity Company	0	\$0	0.0%	0.0%	0.0%	12/17/2010
Average Rate Change for Doctors Insured by Above Companies:			7.8%	1.1%	-2.6%	
Market Share(%) of Admitted Ins. Cos. Not Making Rate Changes:	12.8%					
Average Rate Change for Doctors in FL (Insured by Admitted Cos.):			6.8%	1.0%	-2.3%	

Rate Impact on Secondary/ Minor Market Segment-Nurses

Company Name	Policy Count	Rate Change Indicated	Rate Change Approved	Approval Date	Program
American Casualty Company of Reading PA	46542	69.4%	11.4%	1/7/2010	Nurses
Florida Medical Malpractice JUA	171	0.9%	-0.3%	4/30/2010	Professional Nurses
Cincinnati Indemnity Company	7	0.0%	0.0%	1/11/2010	Nurses
Medical Protective Company	0	0.0%	0.0%	5/13/2010	FL Certified Registered Nurse Anesthetists
Liberty Insurance Underwriters Inc.	0	0.0%	0.0%	7/30/2010	Allied Health
Cincinnati Indemnity Company	0	0.0%	0.0%	12/17/2010	Nurses

Average Approved Rate Change: 11.4%

Rate Impact on Secondary/ Minor Market Segment-Dentists

Company Name	Policy Count	Rate Change Indicated	Rate Change Approved	Approval Date	Program
First Professionals Insurance Company	3,504	16.8%	10.0%	3/11/2010	Dental Professional Liability
First Professionals Insurance Company	3,504	0.0%	-0.7%	7/9/2010	Dental Professional Liability
Continental Casualty Company	1,304	-2.3%	-0.3%	2/12/2010	National Dental Program
Fortress Insurance Company	966	8.9%	8.9%	12/22/2010	Dental Professional Liability
Cincinnati Indemnity Company	392	1.6%	0.0%	1/21/2010	Dentists Professional Liability
Medical Protective Company	363	16.4%	2.4%	7/29/2010	Florida Dentists Program
Ace American Insurance Company	170	3.0%	0.0%	11/5/2010	Dental Professional Liability
Florida Medical Malpractice JUA	55	0.9%	-2.4%	4/30/2010	Dentists
Greenwich Insurance Company	0	0.0%	0.0%	3/4/2010	Dental Professional Liability

Average Approved Rate Change: 4.0%

Rate Impact on Secondary/ Minor Market Segment-Other Healthcare Professionals

Company Name	Policy Count	Rate Change Indicated	Rate Change Approved	Approval Date	Program
Ace American Insurance Company	2450	4.3%	0.0%	11/5/2010	Psychologists Program
Paco Assurance Company Inc.	1110	16.0%	9.5%	7/2/2010	OUM Chiropractor Program
Podiatry Insurance Company of America	852	7.1%	4.0%	6/24/2010	Podiatrists
First Professionals Insurance Company	457	-1.7%	-5.9%	9/2/2010	Optometrist Professional Liability
Ace American Insurance Company	234	4.0%	0.0%	11/5/2010	Allied Health
Ace American Insurance Company	225	8.7%	15.0%	11/5/2010	Chiropractors Program
American Alternative Insurance Corporation	171	-6.7%	-10.8%	8/26/2010	Hospice & Community Care Insurance Services
Ace American Insurance Company	59	1.0%	0.0%	11/5/2010	Podiatrists Program
Cincinnati Insurance Company	23	0.0%	0.0%	12/17/2010	Other Healthcare Professionals
Cincinnati Indemnity Company	20	0.0%	0.0%	1/11/2010	Other Healthcare Professionals
Paco Assurance Company Inc.	0	0.0%	0.0%	5/20/2010	Optometrists Program
Liberty Insurance Underwriters Inc.	0	0.0%	0.0%	8/9/2010	Allied Health
Medical Protective Company	0	0.0%	0.0%	9/16/2010	Optometrists
Medical Protective Company	0	0.0%	0.0%	9/16/2010	Podiatrists
Medical Protective Company	0	0.0%	0.0%	9/16/2010	Chiropractors
Great Divide Insurance Company	0	0.0%	0.0%	11/4/2010	Doctor of Chiropractic Professional Liability

Average Approved Rate Change:

2.3%

Rate Impact on Secondary/ Minor Market Segment-Hospitals/Facilities

Company Name	Policy Count	Rate Change Indicated	Rate Change Approved	Approval Date	Program
MAG Mutual Insurance Company	162	0.7%	0.0%	3/11/2010	Health Care Services Professional Liability
Cincinnati Indemnity Company	13	0.0%	0.0%	1/11/2010	Nursing Homes
Cincinnati Indemnity Company	13	0.0%	0.0%	12/17/2010	Nursing Homes
Cincinnati Indemnity Company	12	0.0%	0.0%	1/11/2010	Other Healthcare Facilities
Cincinnati Indemnity Company	12	0.0%	0.0%	12/17/2010	Other Healthcare Facilities
Florida Medical Malpractice JUA	5	3.7%	0.0%	4/22/2010	Other Facilities
Florida Medical Malpractice JUA	2	0.4%	0.0%	4/22/2010	Hospitals
Health Care Indemnity Inc.	1	16.0%	0.0%	3/26/2010	Hospital Professional Liability
Cincinnati Indemnity Company	0	0.0%	0.0%	1/11/2010	Assisted Living Facilities
Cincinnati Indemnity Company	0	0.0%	0.0%	12/17/2010	Assisted Living Facilities
Cincinnati Indemnity Company	0	0.0%	0.0%	1/11/2010	Hospitals
Cincinnati Indemnity Company	0	0.0%	0.0%	12/17/2010	Hospitals Professional Liability
Medmal Direct Insurance Company	0	0.0%	0.0%	12/23/2010	Healthcare Facilities Liability

Average Approved Rate Change:

0.0%