

2015

Medical Malpractice
Financial Information
Closed Claim Database
and Rate Filings

Annual Report
October 1, 2015



FLORIDA OFFICE OF
INSURANCE REGULATION

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Executive Summary

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

- A review of the profitability and solvency of medical malpractice insurers doing business in Florida;
- A comparison of Florida medical malpractice insurance data to that of other states;
- A review of rate filings resolved by the Office during the 2014 calendar year; and
- An analysis of Florida medical malpractice closed claims.

It also provides:

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

This report satisfies the statutory requirements. Specifically, it analyzes the financial performance of the 26 medical malpractice insurance writers constituting 80% of the overall Florida market in 2014.

Market size and cost components – Florida is the fourth largest U.S. state in terms of total medical malpractice premium, with roughly \$530 million in 2014 direct written premium. Among the top 10 states by premium, Florida's:

- Combined loss and defense and cost containment ratio of 60.9% ranks fifth highest;
- Non-claims-based expense ratio of 21.5% is highest among the top ten states;
- Claims-based adjusting and other expense of 7.5% is highest among the top ten states; and
- Combined ratio (total payouts to premium) of 96.6%, up from 84.8% in 2013, is the third largest.

Carrier financial strength – It is estimated that the Florida medical malpractice line of business standing alone generated a direct (before reinsurance) return on surplus of 14.4% in 2014. This return compares very positively with the average countrywide all-lines net return on surplus for Florida's leading medical malpractice writers of 5.2% (down from 7.7% in 2013). This was generally consistent with stock market returns in 2014 and represents the eleventh consecutive year of profitability. One should also consider that the 2014 countrywide calendar year financial results of the various insurers may be heavily affected by improvements in their cost estimates for claims from older years. Data from the National Association of Insurance Commissioners

(NAIC) financial database suggests that the 2013 and prior year loss cost estimates were reduced by 5-50% of 2013 loss and DCC reserves. Related financial information in the report also suggests the leading malpractice carriers as a class are financially strong.

Breakdown of the market by subline – Physicians malpractice dominates the medical malpractice premium in Florida. Sixty-seven percent (67%) of the 2014 Florida medical malpractice written premium was for physicians, 18% was for other healthcare professionals, 5% was for hospitals, and 10% was for other medical facilities.

Breakdown of the market between licensed carriers and total of surplus lines insurers and risk retention groups – For the overall medical malpractice market, 66% of the premium is generated by licensed insurance companies (as opposed to surplus lines carriers and risk retention groups). However, the results are very different when the scope is limited to one of the individual sublines broken out in the annual statement. The following percentages of premium, by subline, are for licensed insurance companies:

- Physicians and surgeons: 80%
- Other healthcare professionals: 63%
- Hospitals: 7%
- Other facilities: 19%

For the most part, loss ratios within the segments in the physicians subline did not differ materially by carrier type. However, differences in loss ratios between segments were seen where the premium volume is low, as with the other sublines.

Admissions Unit activity – Five (5) carriers [including two risk retention groups (RRGs)] entered the Florida malpractice market during 2014. Two carriers (including one RRG) exited the market by either surrendering their license or by having their license withdrawn or suspended. No new risk purchasing groups entered the market during 2014. One risk purchasing group withdrew its registration during 2014.

Legislation – There was no legislation passed during the 2015 legislative session that affected the medical malpractice environment. However, the Florida Supreme Court’s decision in the Miles v. Weingrad case ruled that the 2003 reforms could not be applied retroactively to pre-reform incidents. Further, a lower court, the Fourth Circuit Court of Appeals, in Kalitan v. North Broward Hospital, ruled that the malpractice caps in the 2003 reforms could not be applied to cases where the plaintiff is the injured party.

Key financial information on physicians malpractice – Florida is the fourth largest state for physicians malpractice, with \$354 million in 2014 direct written premium. Its loss ratio during 2014 (specifically excluding defense and cost containment), at 43.7%, was the fifth highest among the top 10 states. That midrange ranking nonetheless translates to an estimated 2014 combined (all costs divided by all premiums) ratio of 105%. Since investment income will offset some of the costs in addition to premiums, this suggests acceptable profitability, in comparison to the all medical malpractice estimated combined ratio of 97% (which suggests fairly strong

profitability in Florida medical malpractice overall). Physicians malpractice loss ratios differ markedly among carriers, ranging from as low as a negative¹ 44% to as high as 58%.

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

Market concentration – The commonly-used Herfindahl-Hirschman (Herfindahl) index of market concentration, at 1416, is slightly below the threshold of 1500 for the physicians malpractice market to be calculated as moderately concentrated. Since the types of insureds within the other sublines in the NAIC financial database are very diverse, the database does not contain enough information to evaluate the degree of market concentration in the remaining sublines.

Comparison of Florida rates to those of other states – A limited scope study contained within the report indicates that in three out of eight of the examples priced, Florida rates were the highest among all nine states. In the remaining examples, Florida's rank varied from second to fifth among the nine states reviewed.

Rate filings – There were 86 Florida medical malpractice rate filings either approved or processed as informational during 2014 (down from 87 in 2013 and down from 90 in 2012). The average rate change for a Florida physician as a result of rate filings resolved in 2013 was a decrease of 0.2%. This was derived by taking the actual rate changes approved in 2014 and weighting them with zero rate change for the companies without approved filings. Some of the specialized areas of medical malpractice also experienced average rate changes in 2014, including:

- Dentists rates: +3.4%
- Professional nurses rates: +0.0%
- Podiatrists, optometrists, chiropractors and similar professionals rates: + 7.1%

Professional liability claims reporting system data – During 2014, 2,681 claims were reported as closed (down from 2,802 in 2013); 1,342 claims were closed for female claimants and 1,339 for male claimants. As in previous reports, hospital inpatient facilities were the most commonly reported claims location. As in prior reports, most claims were in the “severe to moderate” category. An estimated \$653 million (33% below 2013, which in turn was 62% above 2012) was paid over the lifetime of the claims closed in 2014; \$454 million was paid in damages, the remainder in loss adjustment expenses.

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

¹ Likely this is driven by downward changes in loss and loss adjustment expense reserves for prior years.

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

Purpose and Scope

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

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

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

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

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

Background on the Florida Market

Since Florida's population ranks third in the country, it would be expected that Florida would represent one of the largest medical malpractice insurance markets. Although data was compiled for all 50 states and all U.S. territories (Appendix A), for purposes of comparison, this report compares Florida with other states in the top ten for the most medical malpractice premium

written overall for the medical malpractice line of business: New York, California, Pennsylvania, Illinois, New Jersey, Massachusetts, Texas, Ohio and Maryland. The report also compares Florida with other states in that top ten group as regards direct losses incurred, expenses borne, and other key financial criteria.

As part of this report, a few global adjustments to the data were necessary. Since captives of large healthcare chains have a different marketing structure than conventional insurance companies, they have different operating characteristics. One large carrier, Healthcare Indemnity (HCI), primarily covers the risks of its (hospital chain) owner, and therefore its data was removed from the October 2014 version of this report. Another captive belonging to a large hospital chain, The Healthcare Underwriting Company, RRG, was removed from the October 2014 version of this report as well. As a result, both captives were removed from the data used to produce this report.

Organization of this Report

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

The medical malpractice market for physicians is very different from the medical malpractice market for other sublines such as hospitals. Thus, information by subline can be of key interest. Therefore, the first section of this report focuses on the total malpractice market; the second section focuses on the results for just the policies covering physicians; the third on the malpractice market for other healthcare professionals, and so on. Those sections are followed by an analysis of the data from the PLCR system. Detailed comparisons of physicians medical malpractice premiums for the nine states where information could be readily obtained and other key 50 states plus U.S. territories data items are in the appendices.

Analysis of the Total Medical Malpractice Line of Business

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

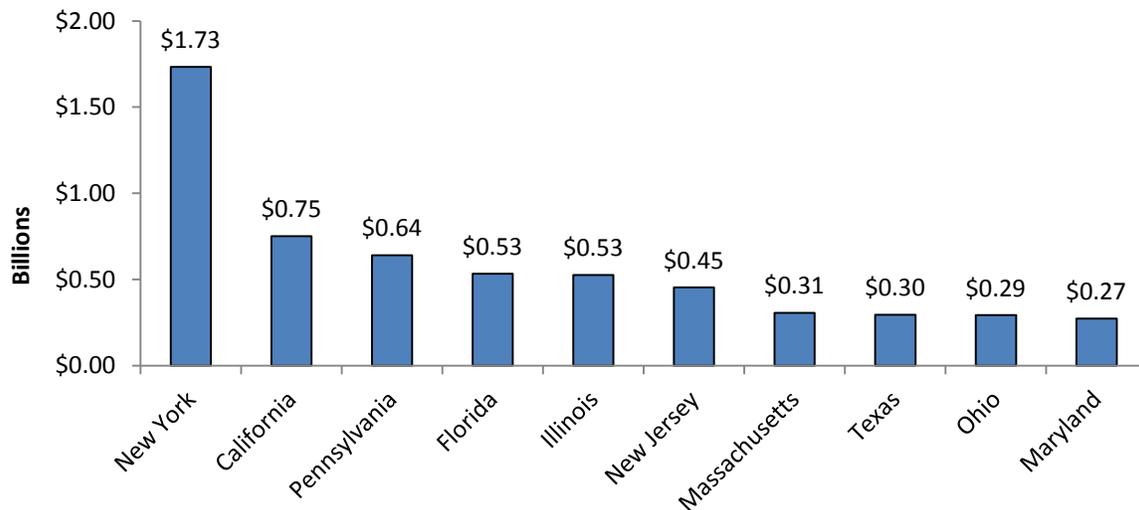
Comparisons to Other Leading States

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

Top Ten States by Medical Malpractice Premium Volume

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

2014 Top Ten States for Medical Malpractice Direct Written Premium



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

Loss and DCC Information for the Top Ten States

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

2014 All Medical Malpractice Direct Loss Ratios

Written Premium Rank	State	2014 All Medical Malpractice Direct Loss Ratio	Loss Ratio Rank
1	New York	52.9%	1
2	California	45.5%	4
3	Pennsylvania	48.0%	3
4	Florida	42.8%	5
5	Illinois	30.5%	7
6	New Jersey	52.2%	2
7	Massachusetts	27.5%	8
8	Texas	22.9%	9
9	Ohio	20.9%	10
10	Maryland	41.5%	6

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

New York continues to lead this group, with New Jersey a close second. However, New York offers physicians excess insurance at no cost if they fulfill certain criteria, so the New York costs may be higher. The aggregate direct loss ratio for the Florida market was fifth in 2014, down from fourth in 2013. The national average in 2014 for all states and territories was 40.1% – barely changed from the 40.2% loss ratio in 2013. Florida’s loss ratio decreased slightly from 45.3% to 42.8% in 2014, although it still appears to be in a reasonable range.

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

2014 All Medical Malpractice Direct Loss and DCC Ratios

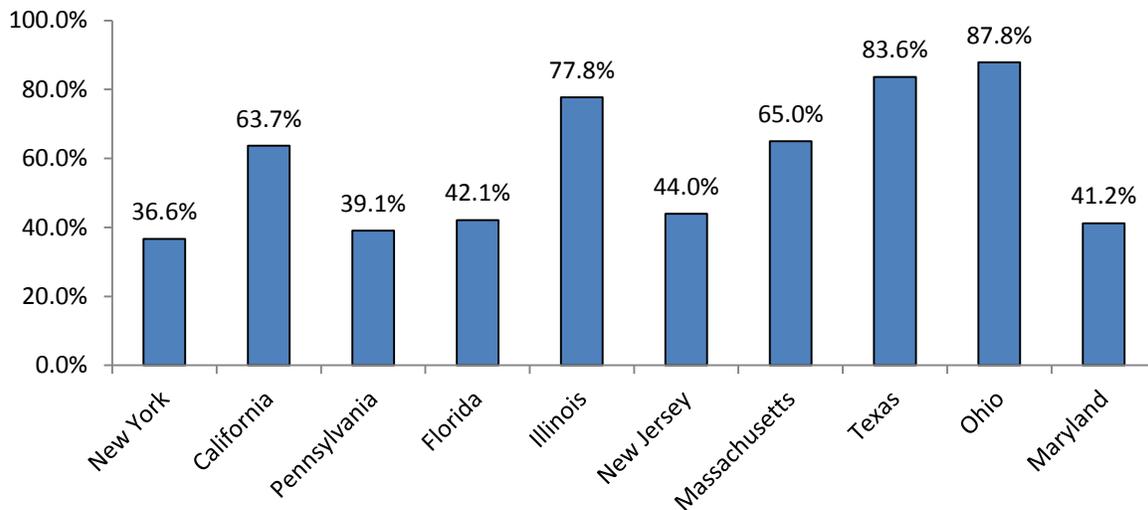
Written Premium Rank	State	2014 All Medical Malpractice Direct Loss and DCC Ratio	Loss & DCC Rank
1	New York	72.2%	3
2	California	74.5%	2
3	Pennsylvania	66.7%	4
4	Florida	60.9%	5
5	Illinois	54.2%	7
6	New Jersey	75.1%	1

Written Premium Rank	State	2014 All Medical Malpractice Direct Loss and DCC Ratio	Loss & DCC Rank
7	Massachusetts	45.3%	8
8	Texas	42.0%	9
9	Ohio	39.3%	10
10	Maryland	58.6%	6

The loss and DCC ratio rankings loosely mirror the loss ratio rankings somewhat. New York, with the highest loss ratio, had the third highest loss and DCC ratio among the top ten states in 2013, in this case New Jersey had the highest loss and DCC ratio, California was second, and Florida was fifth (as it was in 2013).

Alternatively, DCC can be considered as frictional costs associated with the payment of damages to claimants². Following that approach, the graph below shows the ratios of incurred (accrued in a calendar year) DCC to incurred loss.

2014 All Medical Malpractice Direct DCC to Loss Ratios



Note that Florida had the fourth lowest ratio of DCC to loss among the top ten states in 2014. Although this data may also be distorted by the same factors that can distort the loss ratio, it is suggestive of relative efficiency in DCC expenditures.

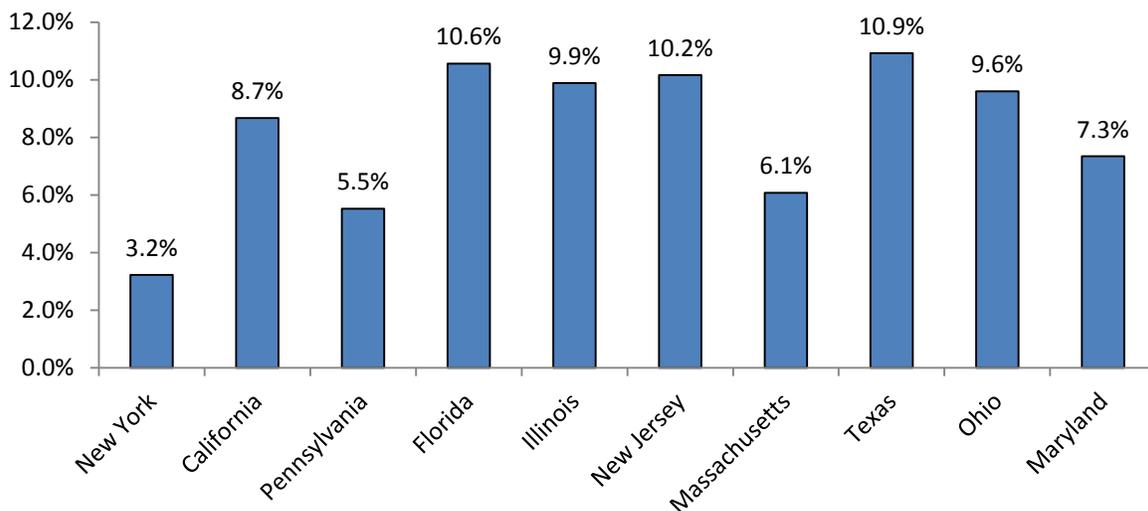
² It is important to note that DCC expenses are not the only frictional costs associated with payments to injured parties. In-house or other adjuster fees included in “adjusting and other” expense are also frictional costs. In some analyses, all expenses and profit would be considered as well. The payments made to plaintiff attorneys, plaintiff expert witnesses, etc. are also such frictional costs, although the NAIC database does not break down the loss amounts between the amounts received by the plaintiff and the amounts expended on plaintiff frictional costs.

Expense Information for the Top Ten States

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

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

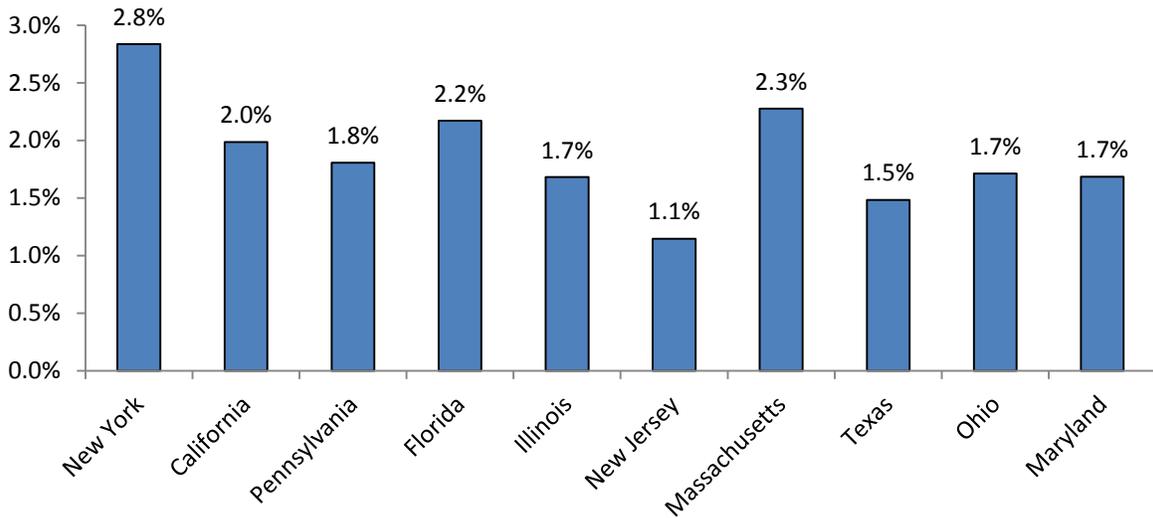
2014 All Medical Malpractice Direct Commission to Written Premium Ratios



Florida is among the states with the higher commission ratios (second highest), although the commission is nearly unchanged from last year’s 10.3%.

Ratios of premium tax to written premium for the top ten states are on the following page.

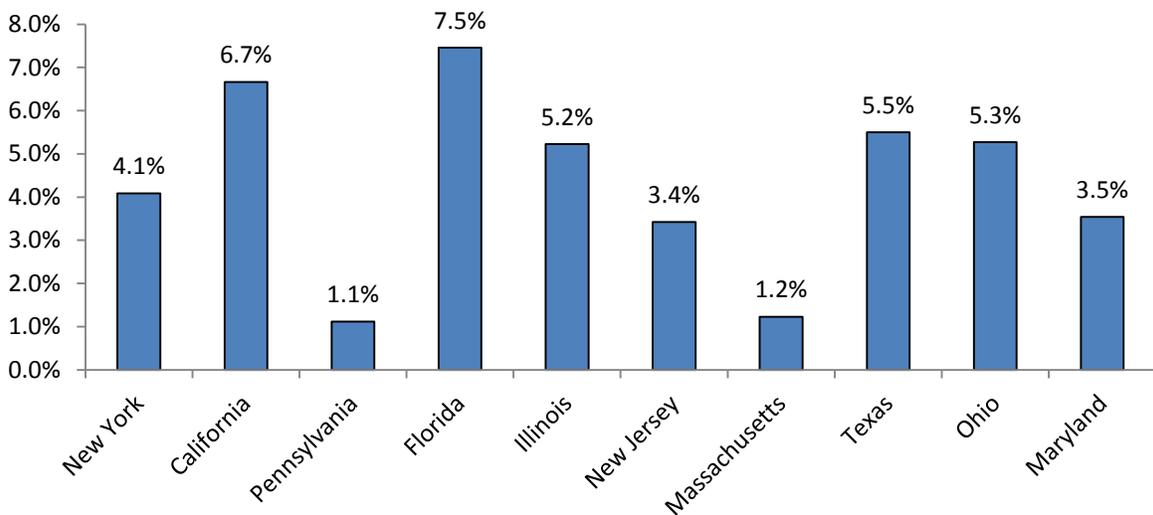
2014 All Medical Malpractice Premium Tax to Direct Written Premium Ratios



Differences in premium tax amounts are mostly minimal, but Florida's premium tax expense³ has increased slightly from 2.0% in 2013 to 2.2% in 2014.

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

2014 All Medical Malpractice AOE to Direct Earned Premium Ratios

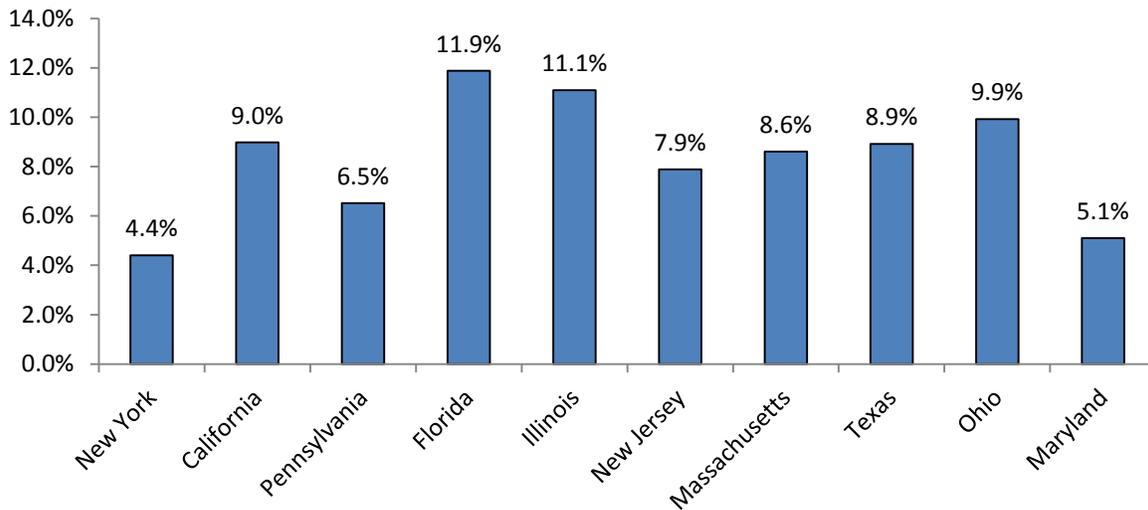


³ Note that the premium tax information for the number 7 overall malpractice insurer, MedMal Direct, was not correctly coded for Florida. That company's countrywide premium tax ratio, after validation for use in Florida, was used for the company's Florida premium tax ratio. No impact on the all-companies Florida premium tax was seen.

While Florida had a midrange AOE expense ratio relative the peer group last year, it had the highest AOE expense ratio in the peer group during 2014.

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

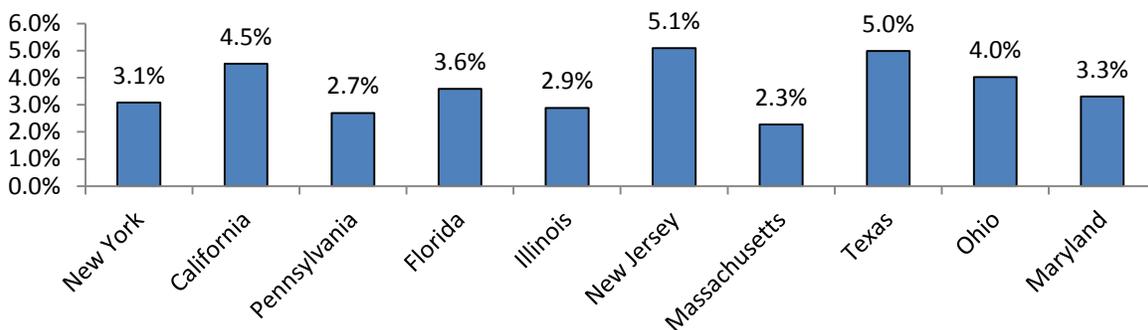
2014 All Medical Malpractice General Expense to Direct Earned Premium Ratios



Florida had the highest general expense ratio amongst the states at 11.9%, up from a lower expense ratio (9.9%) in 2013 that was still somewhat high in the peer group.

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

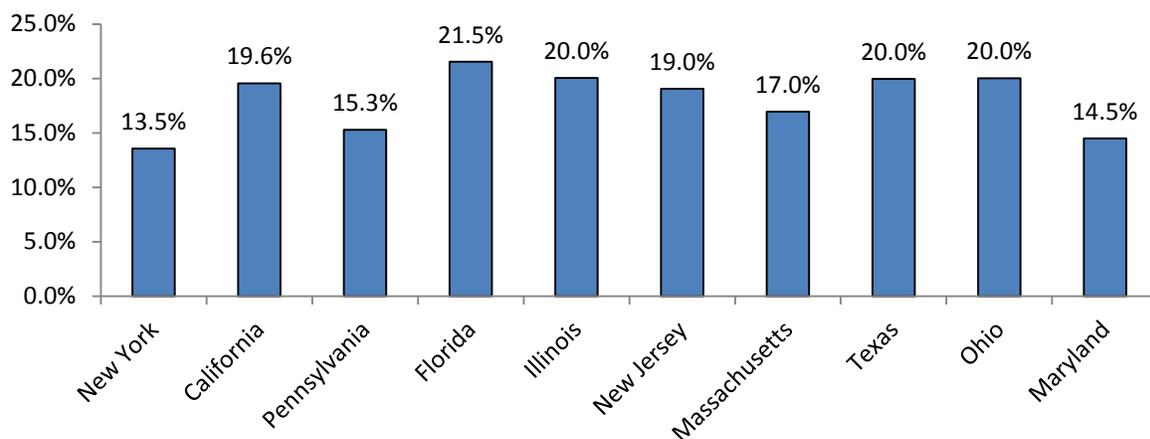
2014 All Medical Malpractice Other Acquisition Expense to Direct Earned Premium Ratios



The ratios are typically not as high as the general expense ratios. Although Florida's other acquisition expense ratio was midrange in the peer group (fifth), recall that Florida is near the upper end of commission expense so that Florida's total acquisition expense (commission and other acquisition combined of 14.2%) ratio was somewhat high (third) within the peer group.

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

2014 All Medical Malpractice Standard (No AOE) Expense Ratios



A review of the chart shows that Florida's standard expense ratio is highest among the top ten states (with three other states at a close second), while New York's is the lowest. When AOE expense is added to the above expense ratios, Florida still has the highest expense ratio of the top ten states.

2014 All Medical Malpractice Expense Ratios (Inclusive of AOE)



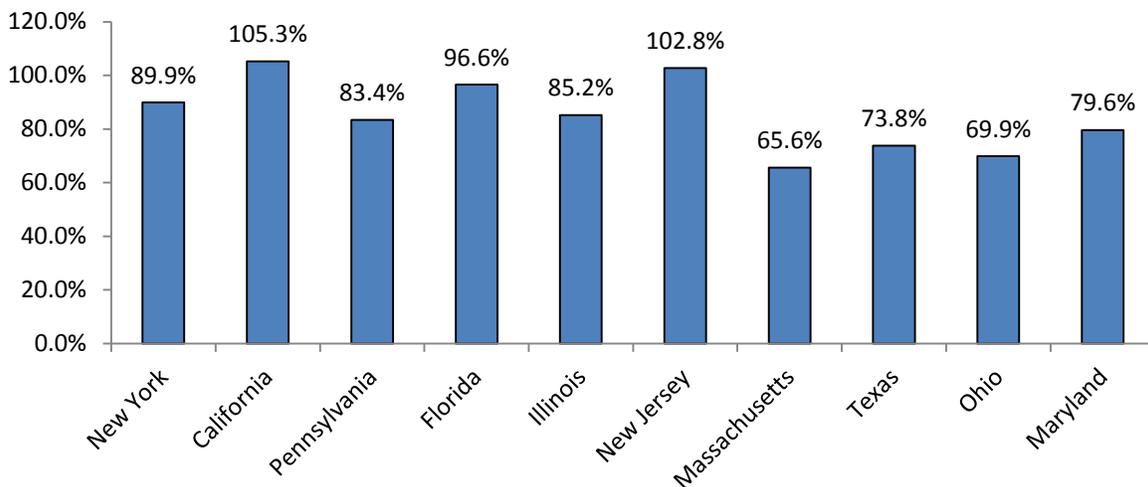
Profitability Measures for the Top Ten States

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

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

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

2014 All Medical Malpractice Direct Combined Ratios



The chart shows that the overall medical malpractice line is generating very healthy underwriting profits in all the top ten states but California and New Jersey. Even in California, it is highly likely that investment income carriers earn more than offsets the underwriting loss. Florida is third in the peer group with a 96.6% combined ratio.

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

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

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

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

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

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

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

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

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

With those caveats, the 2014 direct written premium of the companies that comprise 80% of the total Florida medical malpractice insurance market is shown below (highlighted rows indicate insurers domiciled in Florida in this exhibit and other exhibits in this report).

2014 Florida Written Premium for the Top Total Malpractice Carriers

Premium Rank	Company	Direct Premium Written	Market Share	Cumulative Share
1	Doctors Company, An Interinsurance Exchange	\$124,015,643	23.2%	23.2%
2	MAG Mutual Insurance Company	\$52,093,253	9.7%	33.0%
3	Medical Protective Company	\$42,620,910	8.0%	40.9%
4	FD Insurance Company	\$27,674,307	5.2%	46.1%
5	ProAssurance Casualty Company	\$17,431,164	3.3%	49.4%
6	Evanston Insurance Company	\$16,683,476	3.1%	52.5%
7	MedMal Direct Insurance Company	\$12,605,226	2.4%	54.8%
8	American Casualty Company of Reading, PA	\$11,634,528	2.2%	57.0%
9	Lexington Insurance Company	\$9,229,145	1.7%	58.7%
10	National Fire & Marine Insurance Company	\$8,994,414	1.7%	60.4%
11	Continental Casualty Company	\$8,867,422	1.7%	62.1%
12	Darwin Select Insurance Company	\$8,809,584	1.6%	63.7%
13	Samaritan RRG, Inc.	\$8,661,507	1.6%	65.4%
14	Homeland Insurance Company of NY	\$7,861,109	1.5%	66.8%
15	Medicus Insurance Company	\$7,265,875	1.4%	68.2%
16	Columbia Casualty Company	\$6,840,533	1.3%	69.5%

Premium Rank	Company	Direct Premium Written	Market Share	Cumulative Share
17	Podiatry Insurance Company of America	\$6,588,765	1.2%	70.7%
18	Lancet Indemnity RRG Inc	\$6,430,503	1.2%	71.9%
19	Ophthalmic Mutual Insurance Company (A RRG)	\$6,041,688	1.1%	73.0%
20	Landmark American Insurance Company	\$5,915,070	1.1%	74.1%
21	Arch Specialty Insurance Company	\$5,699,403	1.1%	75.2%
22	OMS National Insurance Company, RRG	\$5,619,027	1.1%	76.3%
23	Healthcare Underwriters Group of Florida	\$5,575,532	1.0%	77.3%
24	Physicians Insurance Company	\$5,533,608	1.0%	78.3%
25	Ironshore Specialty Insurance Company	\$5,434,685	1.0%	79.4%
26	Physicians Professional Liability RRG, Inc.	\$5,014,675	0.9%	80.3%
Top 80% Total:		\$429,141,052		
Total Florida Market:		\$534,448,370		

In terms of organizational structure, eleven of the sample companies are admitted Property & Casualty insurers, nine are surplus lines companies (#6 Evanston, #9 Lexington, #10 National Fire and Marine, #12 Darwin Select, #14 Homeland Insurance Company of NY, #16 Columbia Casualty, #20 Landmark American, #21 Arch Specialty and #25 Ironshore Specialty). There was one reciprocal-type insurer (#23 Healthcare Underwriters of FL); and five Risk Retention Groups (#13 Samaritan, #18 Lancet, #19 Ophthalmic Mutual, #22 OMS National, and #26 Physicians Professional Liability).

The list shows some differences and similarities in the market when compared to the sample firms in the 2014 Annual Report on 2013. This year, achieving the 80% market share requirement required the inclusion of 26 insurers, with four of the insurers being domiciled in Florida. This remains the same as last year's annual report but differs slightly from the number of companies required in annual reports for prior years:

- 26 insurers for the 2014 report (4 were domiciled in Florida)
- 26 insurers for the 2013 report (4 were domiciled in Florida)
- 25 insurers for the 2012 report (4 remained domiciled in Florida after Doctors Company merger)
- 24 insurers for the 2011 report (5 were domiciled in Florida);
- 22 insurers for the 2010 report (5 were domiciled in Florida);
- 22 insurers for the 2009 report (5 were domiciled in Florida);
- 22 insurers for the 2008 report (6 were domiciled in Florida);
- 17 insurers for the 2007 report (6 were domiciled in Florida);
- 15 insurers for the 2006 report (3 were domiciled in Florida);
- 12 insurers for the 2005 report (2 were domiciled in Florida); and
- 11 insurers for the 2004 report (2 were domiciled in Florida).

Another finding is that the total medical malpractice insurance written premium for the state of Florida as reported above decreased (1.8%) to \$534 million in 2014. The total gross Florida medical malpractice insurance premiums for prior reports are:

- 2004 - \$860 million;
- 2005 - \$850 million;
- 2006 - \$847 million;
- 2007 - \$663 million;
- 2008 - \$596 million;
- 2009 - \$550 million;
- 2010 - \$559 million;
- 2011 - \$546 million;
- 2012 - \$533 million⁴; and
- 2013 - \$544 million.

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

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

2014 Florida Earned Premium, Loss, and Loss & DCC Experience for the Top Total Malpractice Carriers

Premium Rank	Company	Direct Premium Earned	Loss Ratio	Loss&DCC Ratio
1	Doctors Company, An Interinsurance Exchange ⁵	\$126,474,874	46.9%	83.7%
2	MAG Mutual Insurance Company	\$51,436,171	28.5%	56.2%
3	Medical Protective Company	\$40,023,268	50.1%	64.3%
4	FD Insurance Company	\$26,676,031	50.4%	65.4%
5	ProAssurance Casualty Company	\$18,937,148	-42.7%	-82.1%
6	Evanston Insurance Company	\$14,528,102	55.3%	59.9%
7	MedMal Direct Insurance Company	\$11,680,607	20.8%	40.3%
8	American Casualty Company of Reading, PA	\$11,578,705	-6.9%	5.2%
9	Lexington Insurance Company	\$9,518,270	66.0%	79.2%

⁴ Special adjustment made by Continental Casualty removed. See 2014 report on 2013 for more information.

⁵ Since First Professionals and Anesthesiologists Professional are now fully merged into the Doctors Company, their results are not treated separately here and in subsequent charts.

Premium Rank	Company	Direct Premium Earned	Loss Ratio	Loss&DCC Ratio
10	National Fire & Marine Insurance Company	\$7,747,810	146.8%	153.3%
11	Continental Casualty Company	\$9,423,931	50.7%	98.4%
12	Darwin Select Insurance Company	\$8,720,327	68.4%	119.3%
13	Samaritan RRG, Inc.	\$9,010,485	21.7%	35.7%
14	Homeland Insurance Company of NY	\$6,011,621	28.6%	41.5%
15	Medicus Insurance Company	\$6,225,562	40.5%	64.7%
16	Columbia Casualty Company	\$7,547,148	62.8%	68.3%
17	Podiatry Insurance Company of America	\$6,427,906	32.1%	47.2%
18	Lancet Indemnity RRG Inc	\$6,243,756	58.3%	107.3%
19	Ophthalmic Mutual Insurance Company (A RRG)	\$6,079,044	16.2%	22.0%
20	Landmark American Insurance Company	\$6,160,953	46.8%	57.7%
21	Arch Specialty Insurance Company	\$5,425,532	55.9%	62.4%
22	OMS National Insurance Company, RRG	\$5,443,089	2.9%	18.8%
23	Healthcare Underwriters Group of Florida	\$5,401,930	17.1%	58.7%
24	Physicians Insurance Company	\$5,868,695	58.1%	66.5%
25	Ironshore Specialty Insurance Company	\$3,047,818	27.6%	38.3%
26	Physicians Professional Liability RRG, Inc.	\$5,198,400	41.6%	52.8%
Top 80% Total:		\$420,837,183	40.0%	61.9%
Total Florida Market:		\$524,452,712		

As some of the very low loss ratios show, even carriers with as much as \$20 million in annual earned premium in a single state may exhibit significant fluctuations in loss ratios within the state. However, noting that in 2013 the Florida all companies loss ratio was 45%, and the 2013 Florida loss and DCC ratio was 55%, this illustrates that the overall state results are more stable than those of individual companies, but still subject to substantial changes from year to year.

The ratios above are “calendar year” values. As such, they represent all the loss (or loss and DCC) amounts recorded during 2014. The actual claims reported in 2014 under claims made policies (so-called “report year”) are a portion of the calendar year result. Those represent the true costs associated with the policies earning in 2014. However, “development,” or increases and decreases in the insurers’ cost estimates for claims from older report years, is also included in the calendar year results. Because of those distortions, actuaries typically perform a detailed analysis of supplemental data and prepare report year projected losses and DCC. Simplified estimates of the effects of changes in prior year costs for just Florida medical malpractice may be made using the “One-Year Development Percentage” data for all lines and states shown in the annual statement. In the chart on the next page, the development is allocated to just the Florida medical malpractice segment according to the reserves held for loss and DCC at the beginning of the year.

Estimates of Report Year 2014 Loss and DCC Ratios of Top Four Malpractice Writers Using All-Lines Countrywide Correction Factor

Company	One-Year Reserve Development as % of 2013 Reserves	Estimated Florida Reserve Development	Adjusted Florida Loss & DCC Ratio
Doctors Company, An Interinsurance Exchange	-4.6%	\$ (5,132,078)	87.7%
MAG Mutual Insurance Company	-11.2%	\$ (13,116,370)	81.7%
Medical Protective Company	-54.1%	\$ (49,818,944)	188.8%
FD Insurance Company	-6.1%	\$ (3,070,405)	76.9%

Medical Protective had the largest percentage impact from prior year development⁶. Even though the amount of Florida reserves it held was lower than those of Doctors Company Group, the size of their correction was larger. Doctors Company had a modest change in its loss ratio, and MAG Mutual had roughly a 25% change in its loss ratio when this reserve correction was used. This year, the correction generally produces somewhat higher loss ratios than the calendar year loss ratios.

Expense Information for Leading Medical Malpractice Carriers in Florida

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

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

⁶ The negative net premium to surplus ratio was generated by a very, very large (nearly \$700 million in a company that typically generates direct premium of roughly the same amount) reinsurance cession (in this case, the transfer of loss reserves to a reinsurer).

**2014 Direct Florida Medical Malpractice Commission and Premium Tax Ratios
for the Top Total Malpractice Carriers**

Premium Rank	Company	Commission to Direct Written Premium	Tax to Direct Written Premium
1	Doctors Company, An Interinsurance Exchange	9.5%	2.0%
2	MAG Mutual Insurance Company	8.0%	5.0%
3	Medical Protective Company	10.7%	2.4%
4	FD Insurance Company	11.3%	1.1%
5	ProAssurance Casualty Company	0.1%	2.5%
6	Evanston Insurance Company	9.7%	0.7%
7	MedMal Direct Insurance Company	0.0%	2.5%
8	American Casualty Company of Reading, PA	38.6%	2.3%
9	Lexington Insurance Company	9.1%	0.0%
10	National Fire & Marine Insurance Company	31.0%	0.0%
11	Continental Casualty Company	11.5%	2.4%
12	Darwin Select Insurance Company	27.2%	0.1%
13	Samaritan RRG, Inc.	7.0%	0.0%
14	Homeland Insurance Company of NY	13.1%	0.0%
15	Medicus Insurance Company	12.3%	1.8%
16	Columbia Casualty Company	11.7%	0.0%
17	Podiatry Insurance Company of America	0.0%	2.2%
18	Lancet Indemnity RRG Inc	15.2%	0.1%
19	Ophthalmic Mutual Insurance Company (A RRG)	0.0%	-10.7%
20	Landmark American Insurance Company	21.2%	0.0%
21	Arch Specialty Insurance Company	15.1%	0.0%
22	OMS National Insurance Company, RRG	6.0%	0.0%
23	Healthcare Underwriters Group of Florida	8.4%	-0.1%
24	Physicians Insurance Company	9.8%	1.9%
25	Ironshore Specialty Insurance Company	5.6%	0.0%
26	Physicians Professional Liability RRG, Inc.	5.8%	0.0%

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

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

2014 Direct Countrywide Medical Malpractice AOE, General, and Other Acquisition Ratios for the Top Total Malpractice Carriers

Premium Rank	Company	AOE To Direct Earned Premium	General Exp Ratio	Other Acq Exp Ratio
1	Doctors Company, An Interinsurance Exchange	6.8%	10.9%	2.0%
2	MAG Mutual Insurance Company	3.4%	11.4%	3.4%
3	Medical Protective Company	2.3%	9.8%	4.6%
4	FD Insurance Company	-0.5%	18.5%	0.0%
5	ProAssurance Casualty Company	9.7%	10.2%	3.7%
6	Evanston Insurance Company	12.7%	18.3%	0.3%
7	MedMal Direct Insurance Company	3.4%	24.8%	5.7%
8	American Casualty Company of Reading, PA	3.7%	2.0%	2.4%
9	Lexington Insurance Company	6.8%	2.0%	8.7%
10	National Fire & Marine Insurance Company	6.8%	1.4%	1.4%
11	Continental Casualty Company	9.0%	5.0%	4.9%
12	Darwin Select Insurance Company	7.2%	0.2%	0.1%
13	Samaritan RRG, Inc.	2.3%	4.9%	0.8%
14	Homeland Insurance Company of NY	6.0%	12.9%	1.1%
15	Medicus Insurance Company	13.4%	4.3%	5.6%
16	Columbia Casualty Company	3.7%	5.8%	7.8%
17	Podiatry Insurance Company of America	1.8%	0.0%	13.8%
18	Lancet Indemnity RRG Inc	0.2%	10.2%	4.0%
19	Ophthalmic Mutual Insurance Company (A RRG)	3.8%	12.7%	10.1%
20	Landmark American Insurance Company	0.4%	0.2%	0.3%
21	Arch Specialty Insurance Company	3.9%	4.2%	5.3%
22	OMS National Insurance Company, RRG	4.1%	13.4%	4.9%
23	Healthcare Underwriters Group of Florida	5.5%	24.9%	4.7%
24	Physicians Insurance Company	0.9%	6.2%	16.7%
25	Ironshore Specialty Insurance Company	0.6%	0.0%	11.6%
26	Physicians Professional Liability RRG, Inc.	0.0%	23.0%	0.0%

There are also wide fluctuations in these expense ratios from carrier to carrier, some stemming from operational efficiencies, or from assignment of other acquisition expense to the general

expense category. Further, some carriers with very low ratios in this chart have very high commissions in the previous chart. Those issues illustrate the need to show the total expense ratios by state.

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

2014 Direct Estimated Overall Non-AOE Expense Ratios for the Top Total Malpractice Carriers

Premium Rank	Company	Non-AOE Expense Ratio	Expense Rank
1	Doctors Company, An Interinsurance Exchange	24.4%	16
2	MAG Mutual Insurance Company	27.9%	10
3	Medical Protective Company	27.4%	12
4	FD Insurance Company	30.9%	6
5	ProAssurance Casualty Company	16.5%	23
6	Evanston Insurance Company	28.9%	8
7	MedMal Direct Insurance Company	32.9%	5
8	American Casualty Company of Reading, PA	45.4%	1
9	Lexington Insurance Company	19.9%	21
10	National Fire & Marine Insurance Company	33.8%	4
11	Continental Casualty Company	23.8%	19
12	Darwin Select Insurance Company	27.6%	11
13	Samaritan RRG, Inc.	12.7%	25
14	Homeland Insurance Company of NY	27.1%	13
15	Medicus Insurance Company	24.1%	18
16	Columbia Casualty Company	25.3%	14
17	Podiatry Insurance Company of America	16.0%	24
18	Lancet Indemnity RRG Inc	29.4%	7
19	Ophthalmic Mutual Insurance Company (A RRG)	12.1%	26
20	Landmark American Insurance Company	21.8%	20
21	Arch Specialty Insurance Company	24.7%	15
22	OMS National Insurance Company, RRG	24.3%	17
23	Healthcare Underwriters Group of Florida	37.9%	2
24	Physicians Insurance Company	34.5%	3
25	Ironshore Specialty Insurance Company	17.1%	22
26	Physicians Professional Liability RRG, Inc.	28.7%	9

While the differences are not as pronounced as in some of the individual expense component analyses, these ratios still range from as low⁷ as 12% to a high of 45%. Among the top five carriers, one has an expense ratio of 31%, while the remaining four all have ratios in a range between 17% and 28%.

Profitability of Leading Medical Malpractice Carriers in Florida

As with the analysis of the medical malpractice line across different states, this report (consistent with the general guidance provided in the law) includes estimates of the profitability of medical malpractice in Florida. The Florida-specific data on loss costs in the NAIC database is limited to “calendar year” information. That data includes a mix of 2014 losses and changes in the 2013 and prior years. So, one should recognize that data over several years may be more meaningful than one year of data. So, a single years profit or loss may not be a reliable indicator of the strength of the market. In this section, the 2014 Florida profitability of each of the carriers making up the top 80% of the Florida market is estimated. Exact information on the profitability of medical malpractice in Florida is not included in the NAIC financial database. Further, the calendar year loss ratios may be distorted by volatility in the loss reserves. However, the loss, DCC, commission, and tax information included in the NAIC database may be combined with reasonable allocations of the remaining quantities. As a first step, the Florida loss and DCC ratios may be added with the AOE and expense ratios shown in the previous table to produce estimated combined ratios. The results are shown in the table below.

2014 Direct Estimated Florida Malpractice Combined Ratios for the Top Total Florida Malpractice Carriers

Premium Rank	Company	Combined Ratio
1	Doctors Company, An Interinsurance Exchange	114.8%
2	MAG Mutual Insurance Company	87.4%
3	Medical Protective Company	94.0%
4	FD Insurance Company	95.7%
5	ProAssurance Casualty Company	-55.9%
6	Evanston Insurance Company	101.5%
7	MedMal Direct Insurance Company	76.7%
8	American Casualty Company of Reading, PA	54.3%
9	Lexington Insurance Company	105.9%
10	National Fire & Marine Insurance Company	193.8%
11	Continental Casualty Company	131.1%
12	Darwin Select Insurance Company	154.1%
13	Samaritan RRG, Inc.	50.7%
14	Homeland Insurance Company of NY	74.6%

⁷ An expense ratio of 12% is very unusual since some expenses are needed to administer policies. What entity pays those costs for Ophthalmic Mutual RRG and how the costs are funded is not known.

Premium Rank	Company	Combined Ratio
15	Medicus Insurance Company	102.2%
16	Columbia Casualty Company	97.4%
17	Podiatry Insurance Company of America	65.0%
18	Lancet Indemnity RRG Inc	136.9%
19	Ophthalmic Mutual Insurance Company (A RRG)	37.9%
20	Landmark American Insurance Company	79.9%
21	Arch Specialty Insurance Company	91.0%
22	OMS National Insurance Company, RRG	47.2%
23	Healthcare Underwriters Group of Florida	102.1%
24	Physicians Insurance Company	101.9%
25	Ironshore Specialty Insurance Company	56.1%
26	Physicians Professional Liability RRG, Inc.	81.6%

There is a broad range of different combined ratios among the top Florida malpractice carriers. Ten show combined ratios over 100%, with four showing combined ratios over 115%. Reserving complications could exacerbate the values, but the 2013 year generated seven companies with combined ratios over 100%, five of which had loss ratios over 115%.

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

Estimates of 2014 Florida Malpractice Combined Ratios of Top Four Malpractice Writers Using All-Lines Countrywide Correction Factor for Development on Older Years

Company	Combined Ratio
Doctors Company, An Interinsurance Exchange	118.9%
MAG Mutual Insurance Company	112.9%
Medical Protective Company	218.5%
FD Insurance Company	107.2%

These ratios show mixed results from carrier to carrier. The results of Doctors Company and FD Insurance have worsened by about 10% from 2013; MAG Mutual results have improved by about 10%; whereas Medical Protective has deteriorated⁸ from a 121% ratio in 2013. An analysis with more data than the NAIC database could narrow the gap considerably.

⁸ As discussed earlier, this is likely the result of a reinsurance transaction, not true operating performance.

Subtracting each insurer's combined ratio from one will produce its underwriting profit ratio for Florida medical malpractice. Multiplying the underwriting profit ratio by the Florida medical malpractice earned premium produces the insurer's Florida medical malpractice underwriting profit. To arrive at the overall post-tax⁹ profit, one must add investment income and deduct federal taxes. Further, one must relate that income to a measure of the capital invested in the company.

A commonly used measure (since it is an estimate of what would remain if the company were liquidated) of the capital deployed in an insurance company is its policyholders surplus. However, the policyholders surplus of a company is there to secure its promises to insureds against any unanticipated increase in loss costs, regardless of what line of business and state it arises in. Consequently, the financial data in the NAIC database only includes a single countrywide all-lines surplus value for each company. However, to perform a direct return on surplus calculation for Florida medical malpractice, it is necessary to allocate surplus to strictly Florida medical malpractice. There are many ways in use to allocate surplus to line and state. In the interest of simplicity, a very simple approach of allocating surplus according to direct¹⁰ written premium was used. The results are shown in the chart below.

2014 Surplus Allocated to Florida Medical Malpractice for the Top Total Malpractice Carriers

Premium Rank	Company	Allocated Surplus in 1,000,000's
1	Doctors Company, An Interinsurance Exchange	\$332.23
2	MAG Mutual Insurance Company	\$174.86
3	Medical Protective Company	\$117.97
4	FD Insurance Company	\$22.60
5	ProAssurance Casualty Company	\$58.61
6	Evanston Insurance Company	\$21.82
7	MedMal Direct Insurance Company	\$9.84
8	American Casualty Company of Reading, PA	\$3.17
9	Lexington Insurance Company	\$15.80
10	National Fire & Marine Insurance Company	\$93.11
11	Continental Casualty Company	\$17.18
12	Darwin Select Insurance Company	\$3.37

⁹ Computing the post-tax profit is key whenever investment income is considered, as many carriers choose lower-yielding state and local government bonds due to the lower or foregone federal income taxes on the income they generate.

¹⁰ The resulting calculations are slightly distorted in that the surplus must only defend against unanticipated costs in losses after (net of) reinsurance. The degree to which reinsurance defends against unanticipated costs depends on the amount and type of reinsurance purchased as well as the key coverage features of each reinsurance contract. However, considering that the typical malpractice insurer does not cede an overly high amount of reinsurance, the results may be taken as a crude bellwether.

Premium Rank	Company	Allocated Surplus in 1,000,000's
13	Samaritan RRG, Inc.	\$18.27
14	Homeland Insurance Company of NY	\$4.36
15	Medicus Insurance Company	\$3.85
16	Columbia Casualty Company	\$2.21
17	Podiatry Insurance Company of America	\$11.46
18	Lancet Indemnity RRG Inc	\$2.45
19	Ophthalmic Mutual Insurance Company (A RRG)	\$25.03
20	Landmark American Insurance Company	\$2.49
21	Arch Specialty Insurance Company	\$3.02
22	OMS National Insurance Company, RRG	\$18.22
23	Healthcare Underwriters Group of Florida	\$24.02
24	Physicians Insurance Company	\$7.10
25	Ironshore Specialty Insurance Company	\$1.96
26	Physicians Professional Liability RRG, Inc.	\$19.36

The next step involves estimating the total profit that each company earned in Florida during 2014. First, the underwriting profit was computed by multiplying the difference of the combined ratio from 100% times the earned premium. Next, the policyholder dividends paid or declared in 2014 were subtracted from the underwriting profit, so the results would be comparable to the way insurers report their overall profit. As a next step, the investment income and underwriting profit were added together. As with the surplus, the investment income must be allocated to Florida. Many methods may be used to perform the allocation. As before, this report uses a simplified approach. Investment was allocated to the Florida medical malpractice by computing the sum of the Florida loss and DCC reserve for medical malpractice, the Florida unearned premium reserve for medical malpractice, and the surplus allocated to Florida medical malpractice for each company. The ratio of that sum to the sum of the corresponding countrywide all-lines values for each company was used to prorate each company's investment income. The resulting pre-tax operating income estimates for Florida medical malpractice follow.

Components of 2014 Estimates (in Millions) of Pre-Tax Florida Medical Malpractice Profit for the Top Total Malpractice Carriers

Premium Rank	Company	Post-Dividend Underwriting Profit/Loss	Allocated Investment Income	Florida Pre-Tax Profit
1	Doctors Company, An Interinsurance Exchange	-\$20.46	\$8.68	-\$11.78
2	MAG Mutual Insurance Company	\$3.13	\$13.54	\$16.67
3	Medical Protective Company	\$2.39	\$9.39	\$11.79

Premium Rank	Company	Post-Dividend Underwriting Profit/Loss	Allocated Investment Income	Florida Pre-Tax Profit
4	FD Insurance Company	\$1.15	\$1.40	\$2.55
5	ProAssurance Casualty Company	\$29.53	\$4.69	\$34.22
6	Evanston Insurance Company	-\$0.22	\$1.39	\$1.16
7	MedMal Direct Insurance Company	\$2.73	\$0.24	\$2.96
8	American Casualty Company of Reading, PA	\$5.29	\$0.52	\$5.81
9	Lexington Insurance Company	-\$0.56	\$1.95	\$1.39
10	National Fire & Marine Insurance Company	-\$7.27	\$12.15	\$4.88
11	Continental Casualty Company	-\$2.94	\$2.16	-\$0.77
12	Darwin Select Insurance Company	-\$4.71	\$0.29	-\$4.43
13	Samaritan RRG, Inc.	\$4.44	\$0.35	\$4.80
14	Homeland Insurance Company of NY	\$1.53	-\$0.03	\$1.50
15	Medicus Insurance Company	-\$0.13	\$0.39	\$0.26
16	Columbia Casualty Company	\$0.20	\$1.19	\$1.39
17	Podiatry Insurance Company of America	\$2.25	\$0.63	\$2.87
18	Lancet Indemnity RRG Inc	-\$2.30	\$0.09	-\$2.21
19	Ophthalmic Mutual Insurance Company (A RRG)	\$2.44	\$1.20	\$3.64
20	Landmark American Insurance Company	\$1.24	\$0.42	\$1.65
21	Arch Specialty Insurance Company	\$0.49	\$0.37	\$0.86
22	OMS National Insurance Company, RRG	\$2.88	\$0.58	\$3.46
23	Healthcare Underwriters Group of Florida	-\$0.11	\$0.78	\$0.67
24	Physicians Insurance Company	-\$0.11	\$0.13	\$0.01
25	Ironshore Specialty Insurance Company	\$1.34	\$0.44	\$1.77
26	Physicians Professional Liability RRG, Inc.	\$0.96	\$1.44	\$2.40

Using this information and the tax rate each company paid on total income in 2014 (capped between 0% and 35%), an estimate of direct post-tax income and return on surplus in Florida made be generated. The results are shown below.

Estimated 2014 Post-Tax Florida Medical Malpractice Profit (in Millions) and Return on Surplus for the Top Total Malpractice Carriers

Premium Rank	Company	Capped Tax Rate	Post-Tax Income	Return on Surplus
1	Doctors Company, An Interinsurance Exchange	0.0%	-\$11.78	-3.5%
2	MAG Mutual Insurance Company	3.0%	\$16.17	9.2%

Premium Rank	Company	Capped Tax Rate	Post-Tax Income	Return on Surplus
3	Medical Protective Company	15.0%	\$10.02	8.5%
4	FD Insurance Company	35.0%	\$1.65	7.3%
5	ProAssurance Casualty Company	16.2%	\$28.68	48.9%
6	Evanston Insurance Company	24.6%	\$0.88	4.0%
7	MedMal Direct Insurance Company	25.4%	\$2.42	24.6%
8	American Casualty Company of Reading, PA	0.0%	\$5.81	183.3%
9	Lexington Insurance Company	25.4%	\$1.04	6.6%
10	National Fire & Marine Insurance Company	11.1%	\$4.34	4.7%
11	Continental Casualty Company	10.4%	-\$0.69	-4.0%
12	Darwin Select Insurance Company	35.0%	-\$2.88	-85.4%
13	Samaritan RRG, Inc.	35.0%	\$3.12	17.1%
14	Homeland Insurance Company of NY	0.0%	\$1.50	34.3%
15	Medicus Insurance Company	5.2%	\$0.24	6.3%
16	Columbia Casualty Company	33.4%	\$0.92	41.7%
17	Podiatry Insurance Company of America	20.8%	\$2.28	19.9%
18	Lancet Indemnity RRG Inc	32.7%	-\$1.49	-60.8%
19	Ophthalmic Mutual Insurance Company (A RRG)	28.1%	\$2.61	10.4%
20	Landmark American Insurance Company	25.2%	\$1.24	49.7%
21	Arch Specialty Insurance Company	32.2%	\$0.58	19.4%
22	OMS National Insurance Company, RRG	0.0%	\$3.46	19.0%
23	Healthcare Underwriters Group of Florida	8.7%	\$0.61	2.5%
24	Physicians Insurance Company	0.0%	\$0.01	0.2%
25	Ironshore Specialty Insurance Company	19.8%	\$1.42	72.4%
26	Physicians Professional Liability RRG, Inc.	35.0%	\$1.56	8.1%

The leading Florida medical malpractice carrier, the Doctors Company, generated an estimated 3.5% loss in 2014. The carrier showing the highest estimated return on surplus (#8 American Casualty) is part of a large insurer group and might have inter-company pooling agreements that would allow them to hold lesser amounts of surplus in subsidiaries. For example, American Casualty's ratio of written premium to allocated Florida surplus is 367%, but the Doctors Company's ratio is 37%. This low ratio of premium to surplus also explains why the Doctors Company, which had a significant underwriting profit on premium in prior years, had a fairly typical return on surplus in those years.

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

**Comparison of Estimated 2014 Post-Tax Florida Medical Malpractice Direct
Return on Surplus to All Lines Companywide Net Return on Surplus for the Top
Total Malpractice Carriers**

Premium Rank	Company	Florida Direct Post-Capped Tax Return on Surplus	Florida Direct Post-Tax Return on Surplus	Countrywide Net Post-Tax Return on Surplus
1	Doctors Company, An Interinsurance Exchange	-3.5%	-4.3%	1.7%
2	MAG Mutual Insurance Company	9.2%	9.2%	5.8%
3	Medical Protective Company	8.5%	8.5%	8.8%
4	FD Insurance Company	7.3%	-12.5%	0.9%
5	ProAssurance Casualty Company	48.9%	48.9%	15.2%
6	Evanston Insurance Company	4.0%	4.0%	12.7%
7	MedMal Direct Insurance Company	22.5%	22.5%	22.5%
8	American Casualty Company of Reading, PA	183.3%	183.3%	1.8%
9	Lexington Insurance Company	6.6%	6.6%	13.2%
10	National Fire & Marine Insurance Company	4.7%	4.7%	11.7%
11	Continental Casualty Company	-4.0%	-4.0%	7.5%
12	Darwin Select Insurance Company	-85.4%	-79.6%	1.8%
13	Samaritan RRG, Inc.	17.1%	16.7%	16.6%
14	Homeland Insurance Company of NY	34.3%	144.2%	-0.8%
15	Medicus Insurance Company	6.3%	6.3%	2.8%
16	Columbia Casualty Company	41.7%	41.7%	2.9%
17	Podiatry Insurance Company of America	19.9%	19.9%	10.3%
18	Lancet Indemnity RRG Inc	-60.8%	-60.8%	-14.2%
19	Ophthalmic Mutual Insurance Company (A RRG)	10.4%	10.4%	10.8%
20	Landmark American Insurance Company	49.7%	49.7%	7.6%
21	Arch Specialty Insurance Company	19.4%	19.4%	2.6%
22	OMS National Insurance Company, RRG	19.0%	19.2%	6.0%
23	Healthcare Underwriters Group of Florida	2.5%	2.5%	1.7%
24	Physicians Insurance Company	0.2%	0.2%	-22.0%
25	Ironshore Specialty Insurance Company	72.4%	72.4%	9.6%

Premium Rank	Company	Florida Direct Post-Capped Tax Return on Surplus	Florida Direct Post-Tax Return on Surplus	Countrywide Net Post-Tax Return on Surplus
26	Physicians Professional Liability RRG, Inc.	8.1%	3.7%	0.2%
Totals for Overall Florida Malpractice Market:		14.4%	14.9%	5.2%

In preparing the post-tax return line (which uses an uncapped tax rate) shown above, one company, too small to be part of the top 26, but still part of the market (Care RRG, Inc) with a negative tax rate of size larger than -500% was found. It significantly distorted the results, so its tax rate was set at 0% in preparing the total post-tax return of 15%. There were no malpractice carriers with tax rates higher than +500%.

The data above suggest that in 2014, as in 2013 and 2012, Florida medical malpractice policies generated higher returns than the carriers' other policies. However, it is possible that a significant portion of the difference may be generated by volatility in claims costs (as discussed on pages 14, 25 and 26).

While the Florida returns have been positive overall, four carriers posted negative operating returns under the capped tax approach, and five carriers posted negative returns on surplus from Florida policy earnings using the uncapped tax rates, similar to 2013 and 2012. If this situation worsens, it is possible that the overall direct return on surplus in Florida may be stressed at some future time.

Overall Financial Strength Measures for Leading Medical Malpractice Carriers in Florida

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

One key metric from the last chart of the previous section, the overall countrywide return on surplus, relates to the overall financial strength of the Florida malpractice carriers. Specifically, the average post-tax net of reinsurance return was 5.2%. Considering that in 2014, the Dow Jones industrial stocks¹¹ gained 7.5%, and the Standard and Poor's index gained 11.4%, the direct Florida return of the carriers appears to be consistent with the overall stock market. This generally supports the viability of the leading Florida malpractice carriers in the medium term. Three of the carriers had negative overall countrywide returns.

¹¹ All items were computed using the Finance section in Yahoo.com.

The reported income of an insurance company is heavily impacted by any volatility in the loss reserves booked by the company. Further, any increase in the loss reserves would tend to create a corresponding reduction in the amount of surplus that is available to fund any premium shortfall. It is helpful to review whether or not the top Florida medical malpractice carriers have had to increase the costs of claims that were reserved in prior years. The table below shows the percentage change during 2014 in the cost of claims underlying the 2013 reserves and the percentage change during the 2013-2014 period in the cost of claims held in the 2012 reserves. It only reflects the changes that emerged over the period in question and the cost of claims might continue to change until the last claim is paid. Ratios of the change in accrued costs to the prior booked reserve (a measure of loss reserving accuracy) and ratios of the change in accrued costs to policyholder's surplus (a measure of the threat to solvency) are included below. A positive measure represents an increase in costs and a negative value a reduction in costs.

One Year Development on Countrywide All Lines 2013 Loss and Loss Adjustment Expense Reserves and Two Year Development on 2012 Reserves

Florida Written Premium Rank	Company	<u>All Lines One-Year Reserve</u>		<u>All Lines Two-Year Reserve</u>	
		<u>Development</u>		<u>Development</u>	
		As Percentage of 2013 Reserves	As Percentage of 2013 Surplus	As Percentage of 2012 Reserves	As Percentage of 2012 Surplus
1	Doctors Company, An Interinsurance Exchange	-4.6%	-3.1%	-10.1%	-7.8%
2	MAG Mutual Insurance Company	-11.2%	-8.0%	-21.8%	-17.9%
3	Medical Protective Company	-54.1%	-59.0%	-52.7%	-74.7%
4	FD Insurance Company	-6.1%	-11.8%	-12.2%	-24.0%
5	ProAssurance Casualty Company	-11.1%	-14.2%	-20.6%	-25.9%
6	Evanston Insurance Company	-6.6%	-12.8%	-12.0%	-23.4%
7	MedMal Direct Insurance Company	-1.2%	-0.9%	-17.4%	-7.7%
8	American Casualty Company of Reading, PA	0.0%	0.0%	0.0%	0.0%
9	Lexington Insurance Company	1.1%	1.7%	2.0%	3.1%
10	National Fire & Marine Insurance Company	-2.5%	-0.4%	3.5%	0.7%
11	Continental Casualty Company	0.3%	0.5%	-0.4%	-0.7%
12	Darwin Select Insurance Company	-0.9%	-1.1%	-2.3%	-2.5%
13	Samaritan RRG, Inc.	-20.1%	-7.3%	-2.4%	-0.6%
14	Homeland Insurance Company of NY	0.0%	0.0%	0.0%	0.0%
15	Medicus Insurance Company	0.0%	0.0%	0.0%	0.0%

Florida Written Premium Rank	Company	<u>All Lines One-Year Reserve</u>		<u>All Lines Two-Year Reserve</u>	
		<u>Development</u>		<u>Development</u>	
		As Percentage	As Percentage	As Percentage	As Percentage
		of 2013	of 2013	of 2012	of 2012
		Reserves	Surplus	Reserves	Surplus
16	Columbia Casualty Company	0.0%	0.0%	0.0%	0.0%
17	Podiatry Insurance Company of America	-3.8%	-5.5%	-9.3%	-15.3%
18	Lancet Indemnity RRG Inc	-22.8%	-38.5%	-11.7%	-22.0%
19	Ophthalmic Mutual Insurance Company (A RRG)	-28.6%	-9.0%	-37.9%	-14.1%
20	Landmark American Insurance Company	-2.9%	-1.0%	-2.2%	-0.9%
21	Arch Specialty Insurance Company	1.7%	0.3%	1.9%	0.4%
22	OMS National Insurance Company, RRG	-2.8%	-1.4%	-11.4%	-10.5%
23	Healthcare Underwriters Group of Florida	-2.6%	-1.8%	-16.1%	-11.1%
24	Physicians Insurance Company	38.4%	19.4%	25.9%	21.7%
25	Ironshore Specialty Insurance Company	4.3%	2.4%	-1.5%	-0.7%
26	Physicians Professional Liability RRG, Inc.	-23.8%	-15.2%	-36.0%	-27.4%

A review of the table will show that, as in last year's report, the booked costs of claims occurring through 2012 and 2013 have overwhelmingly been reduced in the last two years. This could be a result of a systematic weakening of reserves in recent years, or, considering the profitability of recent years and the consistency of the negative development with prior versions of this report, the most likely scenario is that 2012 and 2013 reserves were set conservatively. The latter scenario would suggest significant financial strength among medical malpractice carriers.

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

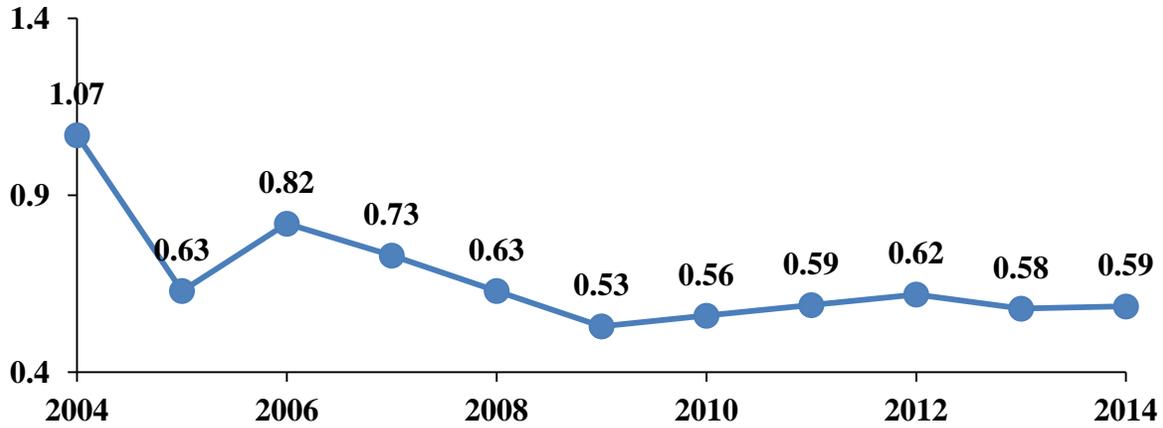
2014 Ratios of Premium to Surplus for the Top Total Malpractice Carriers

Florida Written Premium Rank	Company	All Lines Direct Premiums to Surplus Ratio	All Lines Net Premiums to Surplus Ratio
1	Doctors Company, An Interinsurance Exchange	37.3%	35.4%
2	MAG Mutual Insurance Company	29.8%	25.1%
3	Medical Protective Company ¹²	36.1%	-42.8%
4	FD Insurance Company	122.4%	92.0%
5	ProAssurance Casualty Company	29.7%	29.6%
6	Evanston Insurance Company	76.4%	111.8%
7	MedMal Direct Insurance Company	128.2%	121.6%
8	American Casualty Company of Reading, PA	367.1%	0.0%
9	Lexington Insurance Company	58.4%	93.3%
10	National Fire & Marine Insurance Company	9.7%	12.7%
11	Continental Casualty Company	51.6%	53.9%
12	Darwin Select Insurance Company	261.5%	47.6%
13	Samaritan RRG, Inc.	47.4%	47.4%
14	Homeland Insurance Company of NY	180.4%	0.0%
15	Medicus Insurance Company	188.8%	0.0%
16	Columbia Casualty Company	308.9%	0.0%
17	Podiatry Insurance Company of America	57.5%	37.7%
18	Lancet Indemnity RRG Inc	262.4%	134.8%
19	Ophthalmic Mutual Insurance Company (A RRG)	24.1%	22.5%
20	Landmark American Insurance Company	237.5%	20.2%
21	Arch Specialty Insurance Company	189.0%	0.3%
22	OMS National Insurance Company, RRG	30.8%	30.6%
23	Healthcare Underwriters Group of Florida	23.2%	18.6%
24	Physicians Insurance Company	77.9%	4.8%
25	Ironshore Specialty Insurance Company	276.6%	39.0%
26	Physicians Professional Liability RRG, Inc.	25.9%	21.3%

It is generally thought to be highly desirable for the net written premium to surplus ratio to be under 300%. All the carriers easily met that standard for net premiums. It further suggests that the medical malpractice industry as a whole is financially strong. The overall average net written premium to surplus ratio (weighting the ratio of each company writing in Florida by its 2014 Florida medical malpractice written premium) was 0.59. As the graph on the following page shows, it is only slightly higher than the ratio developed in 2013.

¹² The negative net premium to surplus ratio was generated by a substantial (nearly \$700 million in a company typically generating direct premium of roughly the same amount) reinsurance cession discussed earlier.

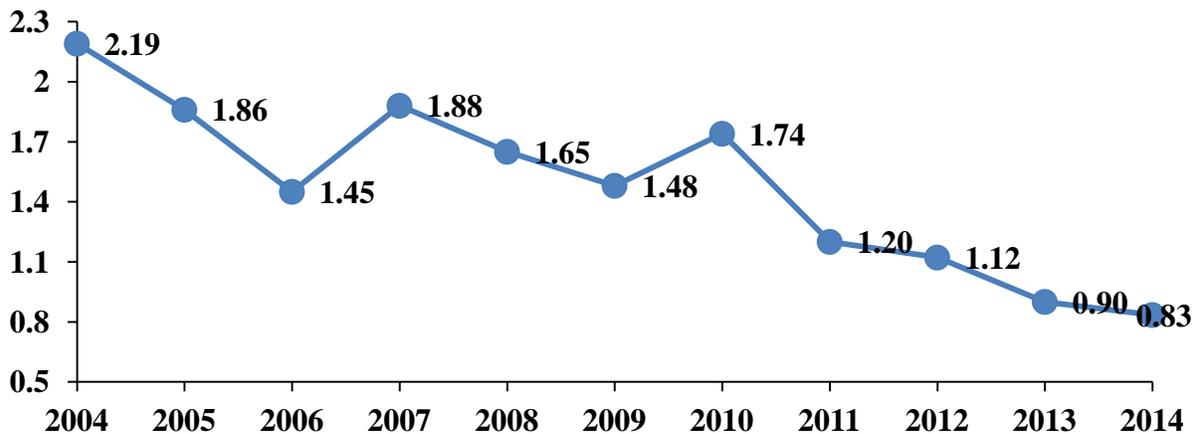
Historical Average Ratio of Net Written Premium to Surplus



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

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

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

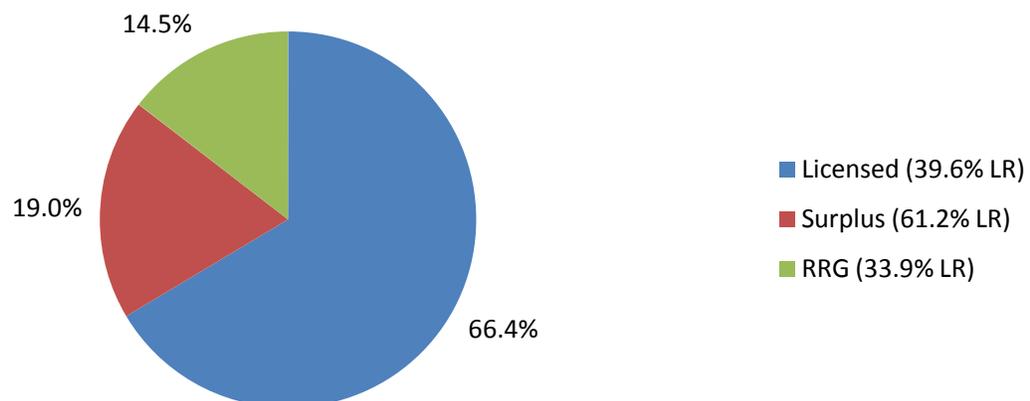


There is no precise statutory requirement for the net liabilities to surplus ratio, although the more recent ratios certainly suggest enhanced financial strength.

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

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

Composition of Overall 2014 Florida Medical Malpractice Insurance Market (Written Premium) by Insurer Type-Including Loss Ratios for Each Type of Insurer



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

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

The dynamics of the medical malpractice market in Florida vary from subline to subline and hence each subline should be measured separately. However, when a company is admitted to

sell medical malpractice in Florida, its license generally allows it to sell all types of medical malpractice. Information from the company admissions unit of the Office is presented here.

Aside from the analysis of the 80% market share sample companies, another indication of the health and perceived profitability of the Florida medical malpractice insurance market is the activity in the admissions unit of the Office. During 2014, the insurance companies and risk retention groups shown below entered the medical malpractice insurance market in Florida.

Carriers Entering the Florida Medical Malpractice Market in 2014

Company	Type of Entity	Domiciliary State
Allied Insurance Company of America ¹³	Property/Casualty Insurer	OH
Crestbrook Insurance Company ¹⁴	Property/Casualty Insurer	OH
Healthcare Underwriters Group, Inc ¹⁵	Property/Casualty Insurer	OH
Lone Star Alliance, Inc, A RRG	Risk Retention Group	DC
MMIC RRG, Inc	Risk Retention Group	DC

In 2014 only two of the new entrants are risk retention groups. The growing number of risk retention groups is a trend seen nationally as well as in Florida. In prior years larger numbers of risk retention groups have sought registration in Florida.

Of the five new entrants, three¹⁶ are admitted insurers. This contrasts with the seven new insurers admitted into the Florida medical malpractice market in 2013. As noted in last year's report, it may be premature to draw broad conclusions about the Florida market from this data.

As the table below shows, no new risk purchasing groups were registered in Florida during 2014. Risk purchasing groups do not provide insurance. They pool insureds into groups to make them more attractive to insurers already admitted to the Florida medical malpractice marketplace.

Risk Purchasing Groups Entering the Florida Medical Malpractice Market in 2014

Company	Type of Entity	Domiciliary State
None	Risk Purchasing Group	

One insurance company, Anesthesiologists Professional Insurance Company, surrendered its Florida medical malpractice insurance following its recent merger into The Doctors Company certificate of authority during 2014. One risk retention group, Healthcare Safety & Protection

¹³ This company has indicated to the Office that they have no current plans to write medical malpractice in Florida.

¹⁴ This company has indicated to the Office that they have no current plans to write medical malpractice in Florida.

¹⁵ Licensure was required for purpose of merger with Healthcare Underwriters Group of Florida.

¹⁶ An additional property/casualty insurer, Galen Insurance Company, did not complete the entire application process during 2014. It re-submitted its application in 2015.

RRG, Inc, and one risk purchasing group, Med3000 RPG, each withdrew its Florida registration during 2014.

Recent Medical Malpractice Legislation

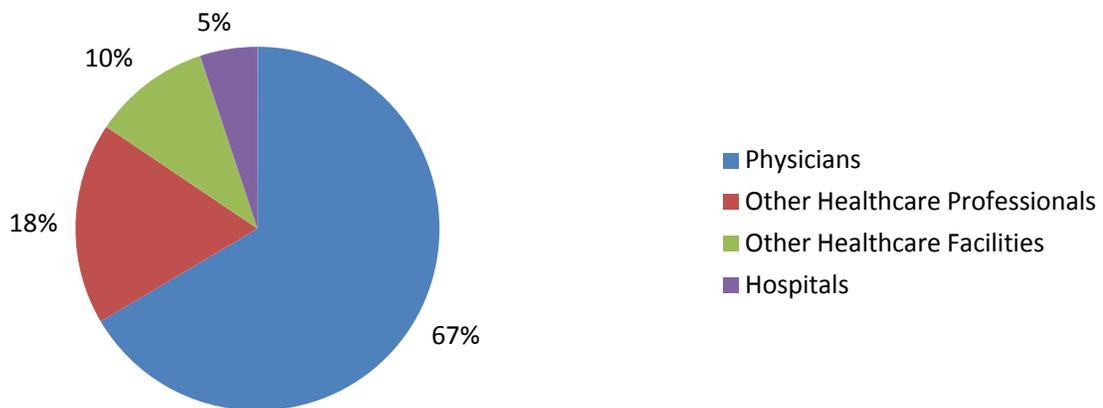
There was no legislation affecting the medical malpractice environment passed during the 2015 legislative session. However, the Florida Supreme Court’s decision in the Miles v. Weingrad case ruled that the 2003 reforms could not be applied retroactively to pre-reform incidents. Further, a lower court, the Fourth Circuit Court of Appeals, in Kalitan v. North Broward Hospital, ruled that the malpractice caps in the 2003 reforms could not be applied when the injured person is the claimant.

Analysis of the Physicians and Surgeons Subline

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

As the chart below shows, the physicians and surgeons category represents 67% of the 2014 medical malpractice premium, and is by far the most prevalent.

2014 Written Premium by Type of Insured



The next portion of this report analyzes the information in the NAIC database, rate filing data, and comparative premium rates among the top ten states. It will focus on comparisons among the top ten physicians and surgeons malpractice states (by written premium) in the United States, the leading physicians and surgeons malpractice carriers in Florida, the types of insurers selling physicians malpractice in Florida, marketplace dynamics for the physicians insurance subline in Florida, and information on rate filings made in the physicians subline during 2014.

Comparisons to Other Leading States

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

2014 Top Ten States by Physicians Malpractice Direct Written Premium

State	2014 Physicians Written Premium	Physicians Written Premium Rank	All Medical Malpractice Written Premium Rank
New York	\$956,058,604	1	1
California	\$447,948,522	2	2
Illinois	\$386,471,258	3	5
Florida	\$353,370,855	4	4
New Jersey	\$320,949,283	5	6
Pennsylvania	\$290,981,873	6	3
Ohio	\$195,994,054	7	9
Georgia	\$181,533,262	8	11
Maryland	\$162,783,875	9	10
Arizona	\$156,663,773	10	13

These closely mirror the all malpractice rankings. Only two of the top ten states for all medical malpractice (#7 Massachusetts and #8 Texas) are not on this list. Pennsylvania, Illinois and Arizona have noticeably different rankings for physicians malpractice than for all medical malpractice. The precise reason is not known, but it is possible that in Massachusetts, Pennsylvania, and Texas physicians may be much more prone to obtain coverage as part of their association with a hospital.

While DCC information and expense information by subline is not included in the NAIC database, incurred loss and earned premium information is included. The 2014 loss ratios of strictly physicians malpractice for the top ten states are shown on the next page.

2014 Direct Loss Ratios of Top Ten Physicians Malpractice States

Premium Rank	State	2014 Physicians Direct Loss Ratio
1	New York	63.9%
2	California	48.5%
3	Illinois	22.8%
4	Florida	43.7%
5	New Jersey	47.0%
6	Pennsylvania	45.4%
7	Ohio	16.7%
8	Georgia	37.5%
9	Maryland	23.1%
10	Arizona	35.1%

Florida ranks fifth in this list (sixth lowest), the same as it was in 2013, and its rank is similar to its rank (sixth highest) in the total malpractice review. Further, only New York, California, Florida, New Jersey and Pennsylvania had loss ratios of over 40%.

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

Estimated 2014 Direct Combined Ratios of Top Ten Physicians Malpractice States

Premium Rank	State	2014 Physicians Direct Combined Ratio
1	New York	127.8%
2	California	115.4%
3	Illinois	66.0%
4	Florida	105.9%
5	New Jersey	110.0%
6	Pennsylvania	93.3%
7	Ohio	53.8%
8	Georgia	89.4%

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

Premium Rank	State	2014 Physicians Direct Combined Ratio
9	Maryland	57.6%
10	Arizona	76.1%

By this reckoning, Florida ranks fourth in physicians combined ratios, up from fifth in the previous study. As with the analysis of total medical malpractice, this suggests most states are generating acceptable profitability in physicians malpractice insurance. However, the top two states, possibly even New Jersey, may be generating more underwriting loss than their carriers' investment income will offset.

Leading Physicians Carriers in Florida

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

Key 2014 Financial Information for Top Physicians Malpractice Carriers in Florida

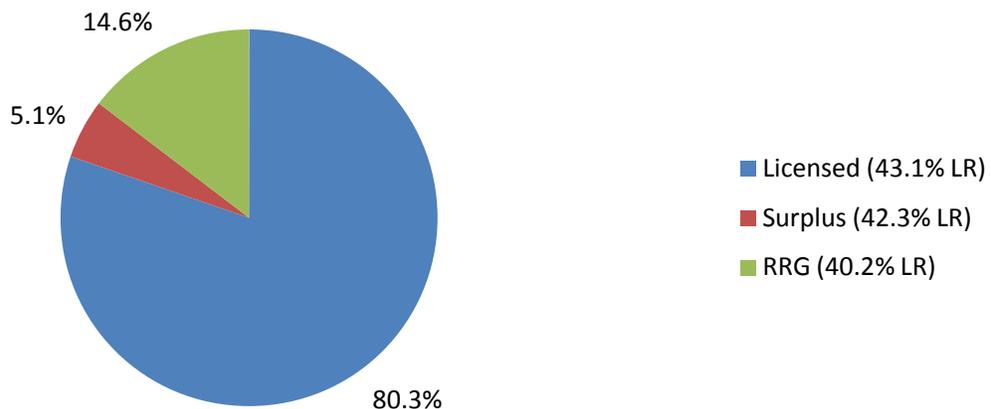
Company	Direct Florida Physician Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Physician Earned Premium	Direct Loss Ratio
Doctors Company, An Interinsurance Exchange	\$112,901,371	1	31.9%	31.9%	\$115,560,826	48.6%
MAG Mutual Insurance Company	\$51,126,306	2	14.5%	46.4%	\$50,478,648	30.1%
Medical Protective Company	\$33,757,520	3	9.6%	56.0%	\$32,639,904	56.3%
FD Insurance Company	\$27,404,272	4	7.8%	63.7%	\$26,398,190	50.7%
ProAssurance Casualty Company	\$17,068,811	5	4.8%	68.6%	\$18,562,673	-43.5%
MedMal Direct Insurance Company	\$12,605,226	6	3.6%	72.1%	\$11,680,607	41.0%
Samaritan RRG, Inc.	\$8,661,507	7	2.5%	74.6%	\$9,010,485	21.7%
Medicus Insurance Company	\$7,265,875	8	2.1%	76.6%	\$6,225,562	40.5%
Lancet Indemnity RRG Inc	\$6,430,503	9	1.8%	78.5%	\$6,243,756	58.3%
Ophthalmic Mutual Insurance Company (A RRG)	\$6,041,688	10	1.7%	80.2%	\$6,079,044	16.2%

The loss ratios are around 35-50% for most insurers, but the #5 carrier has a very unusual loss ratio (as it did in both 2012 and 2013). For the smaller companies, any volatility is likely dominated by random fluctuation in the costs of individual claims. For the larger companies, systemic changes such as reserve volatility changes may be key drivers of the loss ratio results. As shown in the previous table, the top ten physicians insurers comprise 80% of the physicians malpractice market, whereas the top 26 comprise 80% of the overall medical malpractice market.

Composition of Florida Physicians Malpractice Market by Type of Insurer

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

Composition of 2014 Florida Physicians Medical Malpractice Insurance Market (Written Premium) by Insurer Type-Including Loss Ratios for Each Type of Insurer



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

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

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

2014 Percentage of Leading Carriers' All Lines Countrywide Direct Written Premium that is from Physicians Malpractice (All States)

Florida Physicians Premium Rank	Company	Total Physicians Written Premium to Total Written Premium Ratio
1	Doctors Company, An Interinsurance Exchange	95.3%
2	MAG Mutual Insurance Company	94.3%
3	Medical Protective Company	77.4%
4	FD Insurance Company	99.0%
5	ProAssurance Casualty Company	76.9%
6	MedMal Direct Insurance Company	100.0%
7	Samaritan RRG, Inc.	100.0%
8	Medicus Insurance Company	100.0%
9	Lancet Indemnity RRG Inc	100.0%
10	Ophthalmic Mutual Insurance Company (A RRG)	100.0%

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

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

2014 Percentage of Leading Carriers' All Lines Countrywide Direct Written Premium that is from Strictly Florida Physicians Malpractice

Florida Physicians Premium Rank	Company	Florida Physicians Written Premium to Total Written Premium Ratio
1	Doctors Company, An Interinsurance Exchange	16.6%
2	MAG Mutual Insurance Company	22.2%
3	Medical Protective Company	5.9%
4	FD Insurance Company	99.0%
5	ProAssurance Casualty Company	10.7%
6	MedMal Direct Insurance Company	88.0%
7	Samaritan RRG, Inc.	100.0%
8	Medicus Insurance Company	11.5%

Florida Physicians Premium Rank	Company	Florida Physicians Written Premium to Total Written Premium Ratio
9	Lancet Indemnity RRG Inc	51.4%
10	Ophthalmic Mutual Insurance Company (A RRG)	13.7%

Three may be regarded as Florida physicians malpractice specialists.

Florida Marketplace Dynamics for the Physicians Malpractice Subline

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

As a first step, the quality of the competition is evaluated, at least to the extent that it is determinable from NAIC data. The most relevant measure that can be computed from NAIC physicians market data is the Herfindahl index. This is a measure of the extent to which market share (and presumably market clout) is concentrated in a few companies. The theory of economic competition is based on an assumption that there are a large number of sellers of a commodity (in this case, physicians malpractice insurance), each acting independently, and that each seller is a “price taker” that must accept a market price. Therefore, the potential for the market to optimize pricing to benefit insureds is affected by the degree of concentration in the market. The United States Justice Department uses the Herfindahl index to measure concentration within a market. It is computed by taking the squares of the market shares of the competitors in a market (squaring, for example, 10 to 100 for a company with a 10% market share) and summing the results across all the competitors in the market segment. The position posted on the Department of Justice website¹⁷ is that markets with Herfindahl indices between 1500 and 2500 are moderately concentrated and markets with Herfindahl indices over 2500 are highly concentrated. Thus, computing the Herfindahl index is key to analyzing market concentration. The calculation¹⁸ of the Herfindahl index is shown on the following page. While the index is fairly close to suggesting moderate concentration, it is nonetheless below the threshold.

¹⁷ <http://www.justice.gov/atr/public/guidelines/hhi.html>

¹⁸ Different treatments of the very small market share companies have been used by different analysts. In our analysis, all small companies are treated individually in the calculation.

Herfindahl Index for Florida Physicians Malpractice Market

Company	Florida Physicians Market Share	Squared Market Share
Doctors Company, An Interinsurance Exchange	32	997
MAG Mutual Insurance Company	14	204
Medical Protective Company	9	89
FD Insurance Company	8	59
ProAssurance Casualty Company	5	23
MedMal Direct Insurance Company	4	12
Samaritan RRG, Inc.	2	6
Medicus Insurance Company	2	4
Lancet Indemnity RRG Inc	2	3
Ophthalmic Mutual Insurance Company (A RRG)	2	3
All Other Groups & Companies	21	16
Herfindahl-Hirschman Index		1,416

Another way to look at the Florida medical malpractice market is to analyze its resiliency, or ability to withstand a major or minor marketplace event related to a single carrier. In the analysis, two scenarios are considered. One is a major coverage, pricing, etc. decision by a company or group of companies under common control that is unpopular enough with the physicians and/or physician practice groups to cause an extra 25% of the group's insureds to choose to switch insurance providers. The other is the more catastrophic event of an insolvency or retrenchment that would result in an insurance company or insurance group electing to no longer sell malpractice policies in Florida.

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

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

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

Company	Florida Physicians Market Share	Is 25% of Cos. Business Replaceable by		
		10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Doctors Company, An Interinsurance Exchange	32%	No	Yes	Yes
MAG Mutual Insurance Company	14%	Yes	Yes	Yes
Medical Protective Company	9%	Yes	Yes	Yes
FD Insurance Company	8%	Yes	Yes	Yes
ProAssurance Casualty Company	5%	Yes	Yes	Yes
MedMal Direct Insurance Company	4%	Yes	Yes	Yes
Samaritan RRG, Inc.	2%	Yes	Yes	Yes
Medicus Insurance Company	2%	Yes	Yes	Yes
Lancet Indemnity RRG Inc	2%	Yes	Yes	Yes
Ophthalmic Mutual Insurance Company (A RRG)	2%	Yes	Yes	Yes

The Florida physicians malpractice market appears to be reasonably capable of offering alternatives to adverse activity by any company or group except The Doctors Company. Further, if the other carriers perceive that the market opportunity is strong enough to risk additional new business in the amount of 15-25% of their current business, the market could conceivably offer alternatives to The Doctors Company that supply the necessary insurance capacity.

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

Company	Florida Physicians Market Share	Is Withdrawal of Co. Replaceable by		
		10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Doctors Company, An Interinsurance Exchange	32%	No	No	No
MAG Mutual Insurance Company	14%	No	No	Yes
Medical Protective Company	9%	No	Yes	Yes
FD Insurance Company	8%	Yes	Yes	Yes
ProAssurance Casualty Company	5%	Yes	Yes	Yes
MedMal Direct Insurance Company	4%	Yes	Yes	Yes
Samaritan RRG, Inc.	2%	Yes	Yes	Yes

Company	Florida Physicians Market Share	Is Withdrawal of Co. Replaceable by		
		10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Medicus Insurance Company	2%	Yes	Yes	Yes
Lancet Indemnity RRG Inc	2%	Yes	Yes	Yes
Ophthalmic Mutual Insurance Company (A RRG)	2%	Yes	Yes	Yes

In the event of an outright withdrawal from Florida, the physicians malpractice market is at risk of unavailability problems in three (up from two in 2013) situations. Should the #1 group leave Florida, the remaining carriers would have to increase their writings by more than 25% (actually, by approximately 50%) for all Florida physician policyholders to be served. Should the #2 carrier exit the market, a substantial, but more modest, writing increase of slightly over 17% would be required of the remaining groups. Should the #3 carrier exit the market, a writing increase of slightly over 10% would be needed of the remaining groups.

Comparison of Florida Physicians Rates to Those of Other States

This report contains example premiums for carriers in the top ten states in Appendix A. To prepare that exhibit, the Office obtained the rating manuals of the top three carriers (by 2014 physicians malpractice volume) within each of the top ten states for physicians malpractice from the insurance regulatory bodies of the various states. In Arizona and Pennsylvania, only the rates of two of the top three carriers were in the insurance department's public files. That is because one of the top three carriers in Arizona was a risk retention group, and so was not required to file its rates with the insurance department. Further, the third largest carrier in Pennsylvania, TriCentury, is primarily a captive of a large university hospital, so its rates are not publicly available. Lastly, the Office was unable to rate the examples for the number one carrier in Maryland, Medical Mutual Liability Insurance Society of Maryland, from the manual pages contained in the rate filings they made with the Maryland Insurance Administration. However, the Office was able to validate and use a comparison guide containing the needed information for the Medical Mutual Liability Insurance Society of Maryland and use it to complete the examples. So, meaningful information for all ten states (including Florida) was used in the comparison.

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

of all the states may be compared to one another, and similarly the premiums in the highest rated territories may be compared as well.

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

Summary of Results of Premium Comparisons between Leading States

Physician Class	State Rank	State	Company	Territory	Premium
Results for Territories with Highest Rates:					
Family Practice	Highest (1)	Florida	Doctors Company	Dade	\$ 42,772
	1	Florida	Doctors Company	Dade	\$ 42,772
	Lowest (10)	California	Doctors Company	Riverside, San Bernardino	\$ 11,009
Obstetrician					
	Highest (1)	New York	Physicians' Reciprocal Insurers	Nassau, Suffolk	\$ 225,749
	3	Florida	Doctors Company	Dade	\$ 190,829
	Lowest (10)	Arizona	Mutual Ins. Co. of AZ	Entire State	\$ 51,978
Emergency Room Drs.					
	Highest (1)	Florida	Doctors Company	Dade	\$ 190,829
	1	Florida	Doctors Company	Dade	\$ 190,829
	Lowest (10)	Ohio	ProAssurance	Cuyahoga, Lorain	\$ 12,241
Orthopedists					
	Highest (1)	New York	Academic Health Professionals	Nassau, Suffolk	\$ 199,310
	4	Florida	Doctors Company	Dade	\$ 190,829
	Lowest (10)	Georgia	Medical	Remainder of State	\$ 67,144

Physician Class	State Rank	State	Company	Territory	Premium
			Protective		
Results for Territories with Lowest Rates:					
Family Practice	Highest (1)	Arizona	Medical Protective	Entire State	\$ 23,533
	2	Florida	Doctors Company	Remainder of State	\$ 21,934
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz	\$ 4,735
Obstetrician	Highest (1)	Maryland	ProAssurance	Remainder of State	\$ 127,126
	5	Florida	Doctors Company	Remainder of State	\$ 97,861
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz	\$ 25,190
Emergency Room Drs.	Highest (1)	Maryland	Doctors Company	Remainder of State	\$ 49,320
	3	Florida	Doctors Company	Remainder of State	\$ 46,399
	Lowest (10)	Ohio	ProAssurance	Adams, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Greene, Hamilton, Highland, Jackson, Lawrence, Miami, Montgomery, Pike, Preble, Ross, Scioto, Vinton, Warren	\$ 7,311
Orthopedists	Highest (1)	Florida	Doctors Company	Remainder of State	\$ 59,054
	1	Florida	Doctors Company	Remainder of State	\$ 59,054
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz	\$ 17,120

Florida is the highest (of the ten states) in three of eight examples and the second highest or third highest state as far as premiums go in three other scenarios. That includes both the higher rated territories and lower rated territories.

Physicians Malpractice Rate Filings in 2014

A very small overall premium level increase was generated by the overall market in their 2014 filings, since only a few carriers revised rates. The vast majority of the carriers filed and supported continuance of their existing rates. So, on the average, overall rates for the admitted market companies (the only companies required to file rates) decreased by only 0.2%. That represents an average 0.2% increase contained in the typical rate filing, with about 2% of the admitted market not having a rate filing resolved during 2014.

Calendar year 2014 featured 86 filings¹² that were either approved or processed as informational (71 rate filings, 15 not involving rate changes) of all types of medical malpractice, and 15 that were withdrawn by the carriers before a resolution was made. Three malpractice filings were disapproved. Of those filings within the medical malpractice line overall, 29 physicians malpractice filings were resolved by the Office. During 2014, 19 filings were approved by the Office regarding physicians malpractice rate changes, new company initial rates, or mathematically affirming rate levels. Five physician filings were withdrawn by the carriers before a decision was made. Three physicians filings were disapproved, and two physicians malpractice filings that did not involve rate changes were approved by the Office during 2014.

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

In reviewing the chart on the following page, the data shows that the approved rate changes varied somewhat. As stated earlier, most physicians malpractice filings resulted in no change in rate level. Five other filings effected rate changes ranging from a 5.1% decrease to a 2.6% increase. Most of those were changed, by as much as 4%, from the amount initially requested by the companies.

There are other aspects of the impact of insurance on physicians that are not shown in the chart. First, although the figure involves some estimation, it appears that 2% (down from 44% in 2013) of the admitted market (by premium) either did not have rate changes resolved during calendar year 2014 or withdrew their filings before they were resolved with the Office. The impact of the rate changes experienced by the average physician is slightly diluted for the calendar year (as shown in the 'Average Rate Change for Doctors in Florida' row).

The specific set of physicians malpractice filings resolved in 2014 is shown on the next page.

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

2014 Rate Filings for Physicians Market Segment

Company	Policy Count	Reported Earned Premium (000's)	Rate Change Indicated	Rate Change Proposed	Rate Change Approved	Resolution Date
Doctors Company, An Interinsurance Exchange	5,090	\$137,988	7.8%	0.0%	0.0%	3/27/2014
MAG Mutual Insurance Company	1,330	\$51,964	-0.5%	-0.5%	-0.5%	8/7/2014
MAG Mutual Insurance Company	1,352	\$50,938	0.8%	0.0%	0.0%	3/10/2014
FD Insurance Company	80	\$29,182	11.1%	-0.2%	-0.2%	3/20/2014
ProAssurance Casualty Company	1,304	\$20,161	6.6%	0.0%	0.0%	10/13/2014
Medical Protective Company	1,630	\$17,478	10.8%	0.0%	0.0%	3/19/2014
MedMal Direct Insurance Company	505	\$10,917	-13.7%	0.0%	-4.0%	9/5/2014
Healthcare Underwriters Group of Florida	463	\$6,779	18.2%	3.0%	2.6%	3/20/2014
MedMal Direct Insurance Company	857	\$6,269	0.0%	0.0%	0.0%	3/20/2014
Physicians Insurance Company	688	\$6,229	0.1%	0.0%	0.0%	6/12/2014
Medicus Insurance Company	318	\$3,564	4.5%	0.0%	0.0%	3/12/2014
Allied World Specialty Insurance Company	353	\$2,089	0.7%	0.0%	0.0%	3/20/2014
Florida Medical Malpractice JUA	145	\$1,846	-4.2%	-4.2%	-5.1%	5/9/2014
ProAssurance Indemnity Company, Inc.	85	\$1,182	-4.4%	0.0%	0.0%	10/13/2014
Health Care Indemnity Inc.	1	\$796	0.0%	0.0%	0.0%	1/31/2014
Preferred Professional Insurance Company	21	\$602	0.0%	0.0%	0.0%	7/15/2014
ProAssurance Indemnity Company, Inc.	69	\$534	4.2%	0.0%	0.0%	3/20/2014
Philadelphia Indemnity Insurance Company	14	\$405	0.0%	0.0%	0.0%	1/21/2014
ProAssurance Indemnity Company, Inc.	3	\$63	-1.5%	0.0%	0.0%	10/13/2014
ProAssurance Indemnity Company, Inc.	3	\$56	9.2%	0.0%	0.0%	3/20/2014

Company	Policy Count	Reported			Resolution Date	
		Earned Premium (000's)	Rate Change Indicated	Rate Change Proposed		Rate Change Approved
Great Divide Insurance Company	0	\$0	0.0%	0.0%	0.0%	3/6/2014
National Union Fire Insurance Company of Pittsburgh, PA	0	\$0	0.0%	0.0%	0.0%	3/25/2014
Average Rate Change for Doctors Insured by Above Companies:			4.9%	0.0%	-0.2%	
Market Share (%) of Admitted Insurance Companies Not Making Rate Changes:			2.2%			
Average Rate Change for Doctors in Florida (Insured by Admitted Companies):			4.8%	0.0%	-0.2%	

It is also instructive to look beyond just a single calendar year. There have been a certain number of rate filings so far in 2015. The table below shows the latest effective rate change for each admitted carrier writing physicians medical malpractice. As with the table of rate filings resolved in 2014, only filings involving a definitive action by the Office, either an approval or disapproval, are included. Filings withdrawn by carriers are not. A small number of carriers received approval for rate increases, but overall, rates have most recently decreased by 1.7%.

Physicians Carriers and Last Base Rate Filing Made by Each

Company	Rate Change Effective Date	Reported Earned Premium (000's)	Cumulative Market Share	Policy Count	Proposed Rate Change	Final Rate Change
Doctors Company, An Interinsurance Exchange	6/1/2015	\$128,956	44%	3,259	0.0%	0.0%
MAG Mutual Insurance Company	6/1/2015	\$51,964	62%	1,400	0.0%	-3.5%
FD Insurance Company	6/1/2015	\$26,368	71%	1,132	-1.7%	-1.7%
Medical Protective Company	9/1/2015	\$26,133	80%	2,705	-0.3%	-4.0%
ProAssurance Casualty Company	1/1/2015	\$20,161	87%	1,304	0.0%	0.0%
MedMal Direct Insurance Company	12/1/2014	\$10,917	90%	505	0.0%	-4.0%
Healthcare Underwriters Group of Florida	3/1/2015	\$6,937	93%	480	3.0%	3.0%

Company	Rate Change Effective Date	Reported Earned Premium (000's)	Cumulative Market Share	Policy Count	Proposed Rate Change	Final Rate Change
Physicians Insurance Company	9/1/2014	\$6,229	95%	688	0.0%	0.0%
Medicus Insurance Company	4/1/2014	\$3,564	96%	318	0.0%	0.0%
Fair American Insurance and Reinsurance Company	7/1/2015	\$2,917	97%	296	-3.3%	-6.9%
Allied World Insurance Company	3/1/2015	\$2,153	98%	327	0.0%	-3.2%
Allied World Specialty Insurance Company	7/1/2014	\$2,089	99%	353	0.0%	0.0%
Florida Medical Malpractice JUA	7/1/2015	\$1,592	99%	128	-5.0%	-5.0%
ProAssurance Indemnity Company, Inc.	1/1/2015	\$1,182	100%	85	0.0%	0.0%
Health Care Indemnity Inc.	3/10/2015	\$666	100%	1	-8.0%	-8.4%
Preferred Professional Insurance Company	5/1/2014	\$602	100%	21	0.0%	0.0%
Cincinnati Indemnity Company	7/15/2015	\$2	100%	1	-65.3%	-65.3%
American Casualty Company of Reading, PA	4/20/2015	\$0	100%	0	0.0%	0.0%
Aspen American Insurance Company	4/1/2015	\$0	100%	0	0.0%	0.0%
Great Divide Insurance Company	3/1/2015	\$0	100%	0	0.0%	0.0%
Liberty Insurance Underwriters Inc.	9/1/2015	\$0	100%	0	0.0%	0.0%
Totals						
Item Counts:		\$292,432		13,003		
Premium Weighted Average Rate Change:						-1.35%
Policy Count Weighted Average Rate Change:						-1.69%

When the latest approved rates are taken together, as in the table above, overall physicians medical malpractice rates have decreased by roughly 1.7%. However, that figure is driven by more substantial decreases approved for a small number of carriers.

A portion of the physicians insured in Florida (20%) are insured by either 'surplus lines' carriers or risk retention groups, neither of which are required to file rates in Florida. Further, physicians operating within a large hospital or chain of hospitals often effectively receive coverage through the hospital's insurance program or policy. Physicians do have the option of posting collateral with the Department of Business and Professional Regulation in lieu of purchasing insurance. So, there are portions of the impact on the average physician that could not be quantified.

Two companies made changes that did not either change or affirm their rates. Details of the 2014 non-rate change filing activity for physicians are shown below.

Non-Rate Change Physicians Filings Resolved in 2014

Company	Impact of Filing	Resolution Date
Fair American Insurance and Reinsurance Company	Adoption of form FAIR TPP0140 07 13 - notifying insureds of purchasing group terms	4/23/2014
Cincinnati Indemnity Company	Manual revision to remove withdrawn programs in sister sublines	10/31/2014

Analysis of the Other Healthcare Professionals Subline

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

Diversity of the Insureds in this Subline

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

Comparisons to Other Leading States

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

2014 Top Ten States by Other Healthcare Professionals Malpractice Direct Written Premium

State	2014 Other Healthcare Professionals Direct Written Premium	Other Healthcare Professionals Written Premium Rank	All Malpractice Written Premium Rank
California	\$137,772,804	1	2
New York	\$132,427,388	2	1
Florida	\$95,314,661	3	4
Texas	\$75,515,140	4	8
Pennsylvania	\$58,922,350	5	3
New Jersey	\$52,258,525	6	6
Illinois	\$51,774,276	7	5
Maryland	\$38,998,593	8	10
Ohio	\$35,672,583	9	9
Massachusetts	\$33,596,710	10	7

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

The direct loss ratios of those top ten states are included below. The loss ratios range from a 13.7% loss ratio in Texas to 84.3% in New York. Unfortunately, due to the gap typically observed between physician and other healthcare expense levels, other healthcare professionals combined ratios cannot be reasonably estimated using the NAIC database. However, it is worth noting Florida carriers in this segment could have expense and DCC ratios ranging up to 50% and still earn an underwriting profit.

2014 Direct Loss Ratios of Top Ten Other Healthcare Professionals Malpractice States

Premium Rank	State	2014 Other Healthcare Professionals Direct Loss Ratio
1	California	25.2%
2	New York	84.3%
3	Florida	21.7%
4	Texas	13.7%
5	Pennsylvania	19.5%
6	New Jersey	43.3%
7	Illinois	37.4%
8	Maryland	44.6%

2014 Other Healthcare Professionals		
Premium Rank	State	Direct Loss Ratio
9	Ohio	17.4%
10	Massachusetts	20.4%

Leading Other Healthcare Professionals Carriers in Florida

Key information on the carriers comprising 80% (by direct written premium) of the Florida other healthcare professionals malpractice market is shown below. A quick comparison to the carriers comprising the physicians malpractice market will show that many of the companies are different from those serving physicians. Some companies such as #4 Podiatry Insurance Company, #8 NCMIC RRG and #12 Fortress specialize in certain professions such as podiatrists, chiropractors, or dentists. Other companies may specialize as well.

Key 2014 Financial Information for Top Other Healthcare Professionals Malpractice Carriers in Florida

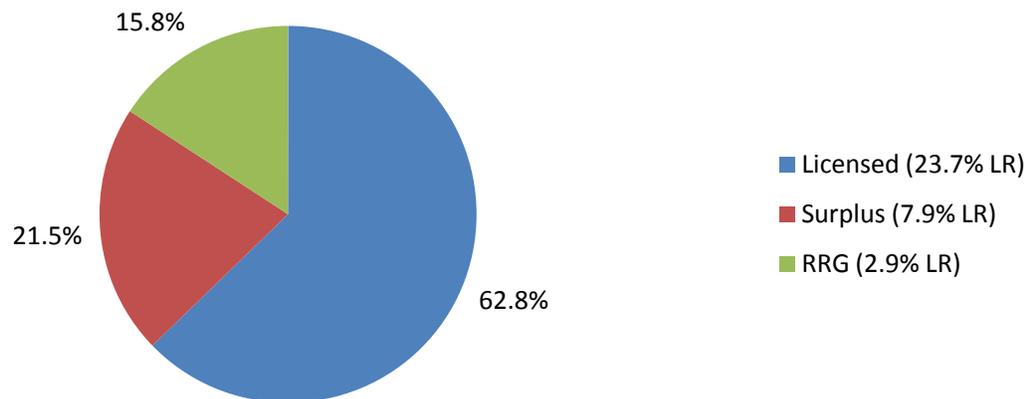
Company	Direct Florida Other Healthcare Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Healthcare Earned Premium	Direct Loss Ratio
American Casualty Company of Reading, PA	\$11,634,528	1	12.2%	12.2%	\$11,578,705	25.0%
Doctors Company, An Interinsurance Exchange	\$10,209,362	2	10.7%	22.9%	\$9,998,614	27.1%
Medical Protective Company	\$8,863,390	3	9.3%	32.2%	\$7,383,364	14.7%
Podiatry Insurance Company of America	\$6,588,765	4	6.9%	39.1%	\$6,427,906	32.1%
Evanston Insurance Company	\$6,328,392	5	6.6%	45.8%	\$4,312,400	-46.4%
OMS National Insurance Company, RRG	\$5,619,027	6	5.9%	51.7%	\$5,443,089	2.9%
Landmark American Insurance Company	\$5,613,794	7	5.9%	57.6%	\$5,792,963	49.5%
NCMIC RRG Inc	\$4,565,753	8	4.8%	62.3%	\$4,502,893	37.8%
Continental Casualty Company	\$4,165,331	9	4.4%	66.7%	\$4,018,645	7.4%
Liberty Insurance Underwriters Inc.	\$3,251,953	10	3.4%	70.1%	\$3,204,372	21.5%
National Union Fire Insurance Company of Pittsburgh, PA	\$3,176,747	11	3.3%	73.5%	\$3,130,770	44.4%
Fortress Insurance Company	\$2,853,607	12	3.0%	76.5%	\$2,935,279	31.4%

Company	Direct Florida Other Healthcare Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Healthcare Earned Premium	Direct Loss Ratio
Admiral Insurance Company	\$2,422,351	13	2.5%	79.0%	\$2,984,345	2.3%

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

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

Composition of 2014 Florida Other Healthcare Professionals Medical Malpractice Insurance Market (Written Premium) by Insurer Type-Including Loss Ratios for Each Type of Insurer



This segment has somewhat higher participation by surplus lines carriers, but is still dominated by licensed property/casualty insurance companies. The loss ratios do differ significantly between segments, the total premium volume in this segment, at \$95 million, is fairly low in comparison to the physicians segment.

Other Healthcare Professionals Malpractice Rate Filing Data

Information on rate filings for other healthcare professionals in the Office's I-File Forms & Rates Search System (I-File) may be broken down between dentists, nurses, and what the I-File system considers to be other healthcare professionals. Since this breakdown is available, rate filing

information for those major segments within the NAIC other healthcare professionals subline are presented separately.

Dentists Malpractice Rate Filing Data

Details of the dentists malpractice filings with rate impacts carried to completion are shown in the following table. Overall, twelve dentists malpractice rate change filings were approved by the Office during 2014 (two filings were withdrawn). Three dentists malpractice filings not involving a rate change were approved during 2014, for a total of 17 dentists filings resolved during 2014. In accordance with prior reports the affected portion of the market is reflected in policy counts (as reported in the filings) rather than premium.

2014 Rate Filings for Dentists Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date
Doctors Company, An Interinsurance Exchange	3624	13.9%	0.0%	3/28/2014
Fortress Insurance Company	984	24.1%	19.0%	2/28/2014
Medical Protective Company	583	4.0%	0.0%	3/20/2014
The American Insurance Company	65	18.9%	0.0%	12/10/2014
Ace American Insurance Company	57	-1.6%	0.0%	9/4/2014
Florida Medical Malpractice JUA	56	26.4%	-0.5%	5/9/2014
NCMIC Insurance Company	55	0.0%	0.0%	1/21/2014
Liberty Insurance Underwriters Inc.	13	7.0%	0.0%	3/20/2014
State Farm Fire and Casualty Company	6	0.0%	0.0%	1/7/2014
Great Divide Insurance Company	0	0.0%	0.0%	9/4/2014
Greenwich Insurance Company	0	0.0%	0.0%	7/24/2014
Philadelphia Indemnity Insurance Company	0	0.0%	0.0%	1/21/2014
Average Approved Rate Change:			3.4%	

The companies carrying filings to completion during 2014 showed a 3.4% increase, consistent with the average 3.2% increase in 2013. Details on the total size of the dentists malpractice market are not included in the NAIC database. It is possible there are other carriers that met the 2013 filing requirement with a filing approved in 2013 and the 2014 requirement with a filing approved in 2015. So, it is possible that are additional carriers in this segment. As the chart on the next page shows, there were three dentists rate filings approved during 2014 that did not involve rate changes.

Non-Rate Change Dentists Rate Filings Resolved in 2014

Company	Impact of Filing	Resolution Date
Cincinnati Indemnity Company	Minor editing revisions in dentists manual rules	4/30/2014
Cincinnati Indemnity Company	Manual revision to remove withdrawn programs in sister sublines	10/31/2014
State Farm Fire and Casualty Company	Program withdrawal	3/4/2014

Note that one very small program was withdrawn in 2014 stemming from the company's estimation of the expense costs generated by the program relative to a small premium volume of roughly \$12,000.

Nurses Malpractice Rate Filing Data

A small number of rate filings for nurses malpractice were processed by the Office during 2014. The disposition is shown in the table that follows. Two things about this segment are worth mentioning. First, this only includes rates for nurses that are not covered as part of a physician's policy. Second, this segment includes situations where some companies have different programs covering different types of nurses, so the program name is included in the table.

The nurses segment is different from the physicians and dentists segments in that the filing statute for nurses simply requires the companies to submit rate pages on an informational basis. No approval by the Office is required or authorized. Further, these new requirements do not mandate that companies provide the affected premium or policies or the rate change produced by the new pages. Overall, six nurses malpractice rate change filings were processed as informational by the Office during 2014. One nurses malpractice filings not involving a rate change was processed during 2014, and no nurses filings were withdrawn. A total number of seven nurses filings were approved or processed as informational during 2014.

2014 Rate Filings for Nurses Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
American Casualty Company of Reading, PA	14,413	0.0%	0.0%	11/19/2014	Healthcare Providers Services Organization RPG
Liberty Insurance Underwriters Inc.	2,926	2.2%	-0.3%	9/8/2014	Allied Health
Liberty Insurance Underwriters Inc.	2,926	2.2%	-0.3%	10/7/2014	Allied Health
American Casualty Company of Reading, PA	216	4.5%	5.0%	1/6/2014	Nurses Anesthetists

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
Florida Medical Malpractice JUA	135	18.7%	0.0%	3/14/2014	Nurses
Allied World Specialty Insurance Company	0	0.0%	0.0%	1/24/2014	Psychiatric Nurses
Average Approved Rate Change:			0.0%		

Per the previous comments, the “informational” filings showing a zero rate effect may not actually have a zero rate effect. The nurses malpractice carriers that did provide information generally supported a wide range of rate changes—ranging from a 0.3% increase to a 5.0% increase. The single nurses malpractice filing without a rate impact is included in the table below.

Non-Rate Change Nurses Rate Filings Resolved in 2014

Company	Impact of Filing	Resolution Date	Program
Cincinnati Indemnity Company	Manual revision to remove withdrawn programs in sister sublines	10/31/2014	Nurses

Miscellaneous Healthcare Professionals Malpractice Rate Filing Data

The remaining professionals covered by medical malpractice involve a very diverse group of professionals. Some carriers have programs specific to just one or two types of professionals. Some carriers in this segment cover a wide array of professionals. The chart below shows the rate changes processed by the Office during 2014 for this segment. The program is included since it generally describes the scope of each filing.

As with the nurses segment, a portion of the filings in this segment (those not involving podiatrists, chiropractors, pharmacists, or pharmacy technicians) simply require informational filings. For such filings, approval by the Office is neither requested nor provided. The Office processed 18 malpractice rate change filings for miscellaneous healthcare professionals during 2014. One additional filing was withdrawn before resolution. Two miscellaneous healthcare professionals filings not involving a rate change were approved or processed as informational during 2014, for a total of 21 filings resolved during 2014. Details are shown in the table on the following page.

2014 Rate Filings for Miscellaneous Healthcare Professionals Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
American Casualty Company of Reading, PA	29,490	25.3%	7.4%	3/6/2014	Healthcare Providers Service Organization (Pharmacists)
PACO Assurance Company, Inc.	1,140	10.6%	5.0%	3/20/2014	OUM Chiropractor
Liberty Insurance Underwriters Inc.	988	0.0%	-0.3%	11/24/2014	Pharmacists
Ace American Insurance Company	119	-3.5%	19.8%	9/18/2014	Podiatrists
CampMed Casualty & Indemnity Company, Inc	59	-0.9%	-0.9%	7/24/2014	Podiatrists
Doctors Company, An Interinsurance Exchange	16	7.8%	0.0%	3/27/2014	Chiropractors and Podiatrists
MedMal Direct Insurance Company	14	-8.5%	-4.0%	11/24/2014	Chiropractors and Podiatrists
Florida Medical Malpractice JUA	13	17.7%	-0.8%	5/9/2014	Other Healthcare Professionals
Medical Protective Company	8	0.0%	0.0%	3/20/2014	Podiatrists
MedMal Direct Insurance Company	3	0.0%	0.0%	3/20/2014	Chiropractors and Podiatrists
Philadelphia Indemnity Insurance Company	1	0.0%	0.0%	3/20/2014	Chiropractors
Philadelphia Indemnity Insurance Company	1	-10.5%	-10.5%	5/6/2014	Chiropractors
Chicago Insurance Company	0	0.0%	0.0%	2/21/2014	Pharmacist/Pharmacy Technician
Chicago Insurance Company	0	0.0%	0.0%	11/24/2014	Pharmacist/Pharmacy Technician
Medical Protective Company	0	0.0%	0.0%	1/9/2014	Chiropractors, Podiatrists, Pharmacists, Pharmacy Technicians
Pharmacists Mutual Insurance Company	0	0.0%	0.0%	1/21/2014	Pharmacists
Pharmacists Mutual Insurance Company	0	-1.6%	0.0%	12/10/2014	Pharmacists
Philadelphia Indemnity Insurance Company	0	0.0%	0.0%	1/21/2014	Pharmacists
Average Approved Rate Change:			7.1%		

Some carriers in this segment did not report rate changes, although in some filings they did not need to be reported, and some comparatively modest changes were approved or processed as informational during 2014. The rate change information provided shows changes ranging from -10.5% to +19.8%.

The table below shows all the rule and related filings approved or processed as informational for other healthcare professionals (of all types except physicians, dentists, and nurses) in 2014, which did not involve rate changes. These two filings covered different classes and involved different aspects of the rating procedure.

Non-Rate Change Other Healthcare Professionals Rate Filings Resolved in 2014

Company	Impact of Filing	Resolution Date	Program
Ace American Insurance Company	Reversion to prior hired and non-auto rating rules which had formerly been removed from the manual	5/21/2014	Podiatrists
Cincinnati Indemnity Company	Manual revision to remove withdrawn programs in sister sublines	10/31/2014	Chiropractors, Podiatrists, Pharmacists, Pharmacy Technicians

Analysis of the Hospital Malpractice Subline

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

Diversity of the Insureds in this Subline

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

Comparisons to Other Leading States

With the above caveat, key information from NAIC financial database is summarized in this section. The next chart shows the top ten states for this subline with respect to direct written premium.

2014 Top Ten States by Hospital Malpractice Direct Written Premium

State	2014 Hospital Direct Written Premium	Hospital Written Premium Rank	All Malpractice Written Premium Rank
New York	\$540,791,558	1	1
Pennsylvania	\$244,087,506	2	3
Massachusetts	\$137,383,130	3	7
California	\$78,445,954	4	2
Maryland	\$55,266,886	5	10
New Jersey	\$51,409,188	6	6
Connecticut	\$49,581,877	7	18
Illinois	\$37,698,735	8	5
Ohio	\$34,501,602	9	9
Washington	\$32,498,701	10	17

Florida is not represented in the top ten states (it is sixteenth in the nation at \$27,211,013 in 2014 direct hospital written premium). It suggests that either: there are fewer insured hospital beds per capita in Florida than in other states; Florida hospitals use higher retentions and other forms of self-insurance; fewer Florida physicians obtain insurance through a hospital; or, Florida hospital premiums are lower than in other states. It would appear to be unlikely, given Florida's population demographic, that it has fewer hospital beds. Further, while the physician premium comparisons in this report are associated with a different segment than hospitals, they would suggest the Florida premiums for hospitals are average or higher. Precise information on this subject is unavailable within the NAIC financial database.

The direct loss ratios of those top ten states are included in the table on the following page. They range widely, 25% in Texas to 182% in Washington State. Due to the gap typically observed between expense levels of insurance programs covering physicians and insurance programs covering other healthcare professionals, hospital malpractice combined ratios cannot be reasonably estimated using the NAIC database.

2014 Direct Loss Ratios of Top Ten Hospital Malpractice States

Premium Rank	State	2014 Hospital Direct Loss Ratio
1	New York	25.2%
2	Pennsylvania	51.3%
3	Massachusetts	39.0%
4	California	38.3%
5	Maryland	88.6%
6	New Jersey	104.5%
7	Connecticut	118.5%
8	Illinois	51.3%
9	Ohio	49.9%
10	Washington	181.8%

Due to its status as the sixteenth largest state, Florida is not represented in this chart. Its 2014 hospital malpractice loss ratio was 79.6%.

Leading Hospital Malpractice Carriers in Florida

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

Key 2014 Financial Information for Top Hospital Malpractice Carriers in Florida

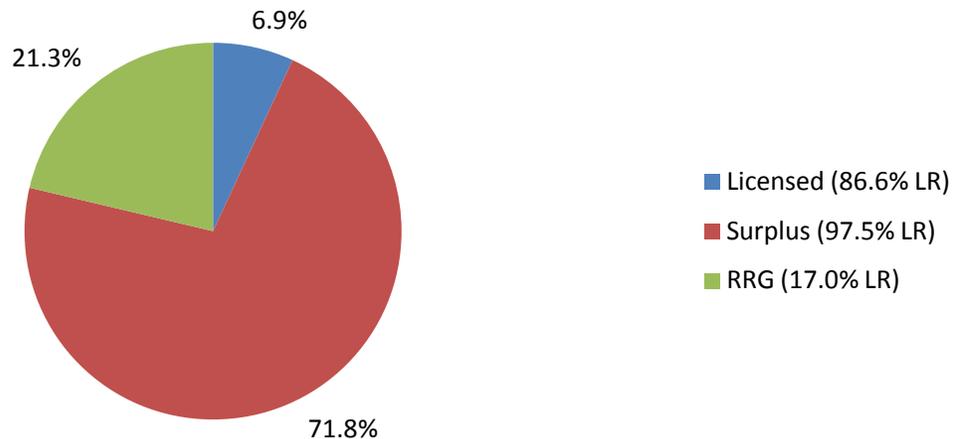
Company	Direct Florida Hospital Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Hospital Earned Premium	Direct Loss Ratio
MCIC Vermont (A Reciprocal RRG)	\$3,205,146	1	11.8%	11.8%	\$3,205,146	3.4%
Steadfast Insurance Company	\$3,099,077	2	11.4%	23.2%	\$3,021,631	-12.0%
Nautilus Insurance Company	\$2,762,000	3	10.2%	33.3%	\$2,534,532	37.4%
Columbia Casualty Company	\$2,676,113	4	9.8%	43.2%	\$3,288,018	34.9%

Company	Direct Florida Hospital Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Hospital Earned Premium	Direct Loss Ratio
National Fire & Marine Insurance Company	\$2,111,974	5	7.8%	50.9%	\$1,861,176	149.4%
Health Care Casualty RRG, Inc.	\$2,039,316	6	7.5%	58.4%	\$843,663	62.9%
Endurance American Specialty Insurance Company	\$1,876,060	7	6.9%	65.3%	\$1,900,540	275.3%
Continental Casualty Company	\$1,788,774	8	6.6%	71.9%	\$1,788,234	255.2%
Cruden Bay RRG, Inc.	\$1,549,464	9	5.7%	77.6%	\$1,549,464	20.2%
Lexington Insurance Company	\$1,247,500	10	4.6%	82.2%	\$1,098,966	681.1%

Composition of the Florida Hospital Malpractice Market by Type of Insurer

A breakdown of the 2014 hospital malpractice direct written premium by the type of carrier generating the premium is provided below. This is, as with the other sublines, designed to provide clarity on the markets most often served by surplus lines companies and risk retention groups.

Composition of 2014 Florida Hospital Medical Malpractice Insurance Market (Written Premium) by Insurer Type-Including Loss Ratios for Each Type of Insurer



This segment is dominated by surplus lines carriers, and only a small segment is covered by admitted property/casualty insurance companies. Further, the loss ratios are somewhat more volatile between groups. That might be due to a mixture of the potential for hospitals to

encounter large claims and the relatively small hospital malpractice premium volume of the licensed and risk retention group segments.

Hospital Malpractice Rate Filing Data

As the next table shows, only two hospital malpractice rate change filings were processed during 2014. All companies using medical malpractice rates are required to make an annual base rate filing. However, it is possible that the licensed carriers covering hospital risks are only covering hospitals that are eligible for individual risk rating under Rule 69O-170.019, Florida Administrative Code, and that they believe no filing is required because they have no base rates.

2014 Rate Filings for Hospital Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date
Cincinnati Indemnity Company	0	0.0%	0.0%	9/18/2014
Florida Medical Malpractice JUA	0	5.6%	0.0%	5/9/2014
Average Approved Rate Change:			0.0%	

As with the other sublines, the Office processed two hospital malpractice rules filings during 2014 that did not involve rate changes. They are shown below.

Non-Rate Change Hospital Rate Filings Resolved in 2014

Company	Impact of Filing	Resolution Date
Cincinnati Indemnity Company	Program withdrawal	10/29/2014
ProAssurance Indemnity Company, Inc.	Program withdrawal	10/3/2014

In total, four hospital filings were approved by the Office during 2014, all of which were approved.

Analysis of the Other Facilities Subline

Data for the malpractice sold to medical facilities other than hospitals is analyzed in this section. This subline covers entities such as nursing homes, blood banks, and MRI facilities. Due to claims cost issues that have arisen in the past for nursing homes and other eldercare facilities and the large number of such facilities in Florida, there is some reason to suspect that a majority of

the other facilities premium might be for eldercare liability. There is, however, no data in the NAIC financial database to validate or invalidate this conjecture.

Diversity of the Insureds in this Subline

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

Comparisons to Other Leading States

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

2014 Top Ten States by Other Facilities Malpractice Direct Written Premium

State	2014 Other Healthcare Facilities Direct Written Premium	Other Healthcare Facilities Written Premium Rank	All Malpractice Written Premium Rank
California	\$85,823,814	1	2
New York	\$80,402,191	2	1
Florida	\$55,463,556	3	4
Illinois	\$51,054,183	4	5
Pennsylvania	\$46,092,705	5	3
Texas	\$42,108,634	6	8
Tennessee	\$29,492,190	7	12
New Jersey	\$27,758,548	8	6
Ohio	\$26,809,097	9	9
Massachusetts	\$15,873,631	10	7

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

The direct loss ratios of those top ten states are shown on the following page. The loss ratios vary widely, but not so widely as those of hospitals.

2014 Direct Loss Ratios of Top Ten Other Facilities Malpractice States

Premium Rank	State	2014 Other Healthcare Facilities Direct Loss Ratio
1	California	75.1%
2	New York	65.0%
3	Florida	60.3%
4	Illinois	72.5%
5	Pennsylvania	47.5%
6	Texas	21.4%
7	Tennessee	57.2%
8	New Jersey	41.3%
9	Ohio	20.3%
10	Massachusetts	38.7%

Leading Other Facilities Malpractice Carriers in Florida

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

Key 2014 Financial Information for Top Other Facilities Malpractice Carriers in Florida

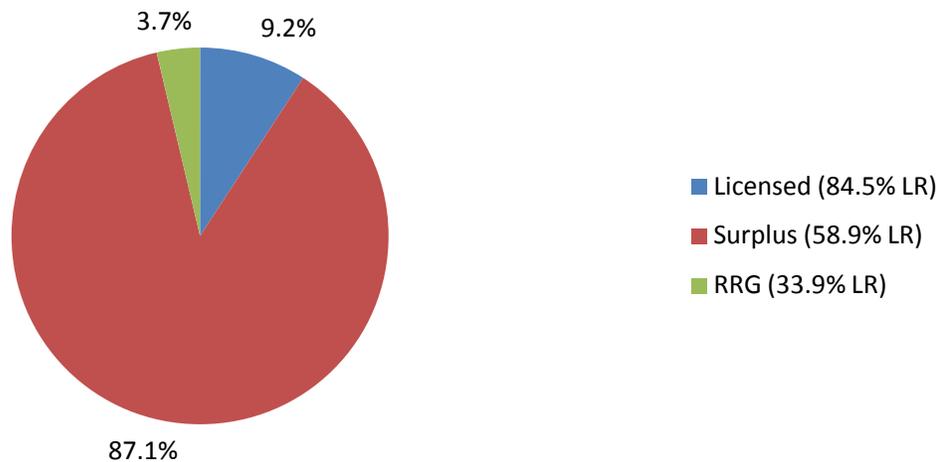
Company	Direct Florida Other Facilities Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Facilities Earned Premium	Direct Loss Ratio
Evanston Insurance Company	\$7,483,528	1	13.5%	13.5%	\$6,862,181	122.8%
Darwin Select Insurance Company	\$7,312,657	2	13.2%	26.7%	\$6,813,673	71.0%
Arch Specialty Insurance Company	\$5,563,403	3	10.0%	36.7%	\$5,092,272	70.4%
Homeland Insurance Company of NY	\$4,617,551	4	8.3%	45.0%	\$4,053,772	31.3%
National Fire & Marine Insurance Company	\$4,337,569	5	7.8%	52.9%	\$3,574,732	93.4%
Ironshore Specialty Insurance Company	\$4,317,643	6	7.8%	60.6%	\$1,714,736	52.9%
Lexington Insurance Company	\$4,096,763	7	7.4%	68.0%	\$4,461,026	42.4%

Company	Direct Florida Other Facilities Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Facilities Earned Premium	Direct Loss Ratio
Columbia Casualty Company	\$2,908,028	8	5.2%	73.3%	\$2,014,569	23.9%
Torus Specialty Insurance Company	\$2,626,565	9	4.7%	78.0%	\$2,383,604	5.4%
American Alternative Insurance Corporation	\$2,105,398	10	3.8%	81.8%	\$2,363,722	-1.4%

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

A breakdown of the 2014 other facilities malpractice direct written premium by the type of carrier generating the premium is provided below. This last analysis of this nature is also designed to provide clarity on the markets most often served by surplus lines companies and risk retention groups.

Composition of 2014 Florida Other Facilities Medical Malpractice Insurance Market (Written Premium) by Insurer Type-Including Loss Ratios for Each Type of Insurer



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

Other Facilities Malpractice Rate Filing Data

The other facilities rate filings processed by the Office during 2014 are listed in the table below. Also, some of the carriers making filings in this segment are Florida domestics (as shown by the shaded cells in the table). The program name is listed to provide information on the types of insureds affected by each filing. As with nurses and certain other healthcare professionals, rate filings for entities other than nursing homes, assisted living centers, and hospitals are filed on a strictly informational basis.

2014 Rate Filings for Other Facilities Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
General Insurance Company of America	282	0.4%	0.0%	8/22/2014	Social Services Facilities
American Alternative Insurance Corporation	138	-25.0%	-3.8%	9/3/2014	Hospice, Home Health Care
MedMal Direct Insurance Company	19	0.0%	0.0%	1/2/2014	Other Facilities
Florida Medical Malpractice JUA	1	-0.8%	0.0%	3/14/2014	Other Facilities
Cincinnati Indemnity Company	0	0.0%	0.0%	9/4/2014	Assisted Living Facilities
Cincinnati Indemnity Company	0	0.0%	0.0%	9/18/2014	Nursing Homes
Average Approved Rate Change:			-1.2%		

As with the other sublines, some filings simply reaffirmed the rates presently in use. However, one filing, involving a 3.8% decrease, was processed as informational during 2014. The Office processed fewer other facilities malpractice rules (non-rate change) filings than rate filings during 2014. The five rule filings processed in 2014 are shown next.

Non-Rate Change Other Facilities Rate Filings Resolved in 2014

Company	Impact of Filing	Resolution Date	Program
Cincinnati Indemnity Company	Program withdrawal	10/29/2014	Assisted Living Facilities
Cincinnati Indemnity Company	Program withdrawal	10/29/2014	Nursing Homes
Cincinnati Indemnity Company	Program withdrawal	11/5/2014	Other Facilities
GuideOne America Insurance Company	Program withdrawal	1/27/2014	Assisted Living Facilities
GuideOne America Insurance Company	Program withdrawal	1/27/2014	Nursing Homes

Data from the Professional Liability Claim Reporting System

The Office collects closed claim data reported by insurers and self-insured entities. For the purposes of the report, all claims closed during the period January 1, 2014 to December 31, 2014 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 2014, 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 top 26 carrier claims closed in 2014, the average difference between occurrence and when the claim was filed was 487 days, and the difference between when a claim was filed and when the claim was closed was 766 days.

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

To satisfy the statutory requirements of Section 627.912(6)(b)&(c), Florida Statutes, this portion of the report is divided into two sections: 1) the statewide data for all medical malpractice claims in Florida (the ‘Medical Malpractice Insurance Claims in Florida’ section); and 2) the data for the 26 companies representing 80% of the Florida market (the ‘Closed Claims of Leading Carriers in Florida’ section). In the closed claim reports in the system, insurers are asked to fill out 72 different fields of data. Some of these fields are required fields (i.e. claim number) while some are not (i.e. institution code). This report focuses on roughly 25 fields and is not intended to represent the entirety of information reported to the Office.

Medical Malpractice Insurance Claims in Florida

In 2014, the Florida medical malpractice insurance companies reported 2,681 closed claims in Florida. Of those 2,681 claims closed in 2014, 1,342 claims were filed by females and 1,339 claims were filed by males.

Injury Location

One of the data elements reported is the injury location, which has been divided into ten different categories. The injury location for claims closed in 2014 is distributed as shown in the table on the next page.

Location of Injury for Claims Closed in 2014

Location	Number of Claims
Hospital Inpatient Facility	1,254
Physician's Office	528
Emergency Room	329
Other Outpatient Facility	184
Hospital Outpatient Facility	128
Other Location	107
Patient's Home	56
Other Hospital/Institution	49
Nursing Home	34
Prison	12
Total	2,681

The data show that the largest number of claims came from hospital inpatient facilities, which together with physicians' offices and emergency rooms generated roughly 79% of all claims closed in 2014 (up from roughly 77% in 2013, and on a par with 2012, 2011, and 2010).

Severity

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

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

The chart on the following page tabulates the frequencies of the various claims severities for claims resolved in Florida in 2014.

Severity Codes for Claims Closed in 2014

Severity Class	Number of Claims
1 - Emotional only	97
2 - Slight lacerations	89
3 - Minor infections, missed fracture, etc.	503
4 - Major burns, drug reaction	347
5 - Loss of finger, damage to organs	305
6 - Deafness, loss of limb, loss of eye	220
7 - Paraplegia, blindness, loss of limbs	163
8 - Quadriplegia, brain damage	88
9 - Death	869
Total	2,681

Category “9”, meaning death, is the leading category for medical malpractice claims settled, and accounted for 32% of all of the claims closed in 2014 (for 2013, it represented 30% of the total).

Geographic Distribution

Among the other data submitted is the insured’s residence, including county, address, and zip code information. Not surprisingly, the largest percentage of closed claims arises from areas with the highest populations. The ten counties with the most closed medical malpractice claims in 2014 are shown below.

2014 Closed Claims in Top 10 Counties

Rank	County	Number of Claims	2013 County this Rank
1	Dade	371	Dade
2	Palm Beach	252	Pinellas
3	Broward	222	Palm Beach
4	Hillsborough	217	Broward
5	Pinellas	216	Hillsborough
6	Duval	148	Out of state
7	Orange	131	Duval
8	Pasco	79	Orange
9	Polk	76	Lee
10	Lee	69	St. Lucie

The top five counties are the same as the 2013 top five counties (this was also true when 2013 was compared to 2012), although some are in a different order. Note that “Out of State” is not a county in Florida, but is a catch-all category for which a high volume of claims were reported in

2013. Seventeen Florida counties had no closed claims reported through the closed claim reporting system during 2014.

Entities with the Most Closed Claims

In 2014, 167 entities reported closed medical malpractice claims. Of those reporting, 73 only closed either one or two claims. Conversely, 43 reported ten or more claims. They are:

**Entities Reporting Ten or More Closed Claims in 2014
(26 Leading Carriers Listed in Bold)**

Entity	Number of Claims
Doctors Company Group	478
Anesthesiologists Professional Assurance Company ¹⁹	4
Doctors Company, An Interinsurance Exchange	221
First Professionals Insurance Company	253
Health Care Indemnity Inc.	391
MAG Mutual Insurance Company	189
FD Insurance Company	127
Medical Protective Company	98
Continental Casualty Company	94
ProAssurance Casualty Company	92
Lexington Insurance Company (Hospital Claims)	82
Lexington Insurance Company	59
Podiatry Insurance Company of America	52
Baptist Health South Florida, Hospital	45
Florida Hospital Medical Center, Hospital	36
EmCare Holdings, Inc., Medical Practitioner	32
Samaritan RRG, Inc.	30
Healthcare Underwriters Group of Florida	28
Martin Memorial Medical Center, Inc., Hospital	28
Team Health, Inc., Medical Practitioner	27
Columbia Casualty Company	26
Lee Memorial Health System, Hospital	25
Florida Medical Malpractice JUA	25
National Fire & Marine Insurance Company	25
Mount Sinai Medical Center, Hospital	25
National Union Fire Insurance Company of Pittsburgh, PA	24
Evanston Insurance Company	22

¹⁹ Information on the companies that merged into the Doctors Company is shown in this section because the claims from before the merger are still being paid under the companies' names and reported in the PLCR

Entity	Number of Claims
Fortress Insurance Company	22
Applied Medico-Legal Solutions RRG, Inc.	20
Baptist Medical Center, Hospital	20
MedMal Direct Insurance Company	19
Not Provided, Medical Practitioner	18
Physicians Professional Liability RRG, Inc.	17
Lancet Indemnity RRG Inc	16
Admiral Insurance Company	16
Darwin Select Insurance Company	15
Landmark American Insurance Company	15
Univ of FL JHMHC Self-Insurance Program, Medical Practitioner	14
North Broward Hospital District, Hospital	13
Physicians Insurance Company	13
University of South Florida Health Sciences Center, Medical Practitioner	12
OMS National Insurance Company, RRG	12
University Community Hospital, Hospital	11
Cincinnati Insurance Company	11
Holy Cross Hospital, Hospital	10
H. Lee Moffitt Cancer Center & Research Institute, Inc., Hospital	10
Boca Raton Regional Hospital (formerly Boca Raton Community), Hospital	10

The companies in bold type are among the 26 companies comprising 80% of the 2014 direct written premium in Florida. As the data shows, although these companies are in the top 26 of direct written premium calculations, they are not all necessarily the ones with the most closed claims in 2014. This could be due in part to the long-tailed nature of the business, or 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 19 of the 43 entities with the most closed claims in 2014 are in the sample of 26 companies with the most premium volume. Also, 18 of the claims reported did not identify the entity.

Financial Data

Perhaps the most important information contained in the report is the financial data related to insurance company claims. The amount paid by the insured is reported in three broad categories: 1) the indemnity amount paid to the plaintiff; 2) the amount of loss adjustment expenses; and 3) economic and non-economic losses. The data elements for all claims closed in 2014 combined are shown in the table on the next page.

Financial Data from Closed Claim System - Aggregation of All Claims Closed in 2014

Category of Payment	Amount
Indemnity Paid	\$454,514,710
LAE Paid to Defense Counsel	\$170,333,698
All Other LAE Paid	\$28,374,096
Non-Economic Loss	\$83,541,555
Economic Loss - Incurred to Date by Claimant	\$71,922,213
Economic Loss - Anticipated by Claimant	\$153,885,196

The total of the indemnity and loss adjustment expense (LAE) categories is \$653,222,504 (down 33% from 2013), which represents the total amount paid by insurance companies, self-insurance companies, and surplus lines companies for claims settled in 2014. In many instances (approximately 50% of the time) the claims closed showed indemnity payments of \$0 to the plaintiff. However, even in these instances, it is likely the carrier still incurred loss adjustment expense, and sometimes other expenses.

The other area of the financial data segregates the amount that the company paid for economic versus non-economic damages to plaintiffs. The data reported in the 2014 closed claims shows \$83,541,555 in non-economic loss (down approximately 59% from 2013, which in turn was up 46% from 2012) and combined incurred and anticipated economic loss of \$225,807,409 (down 42% from 2013).

The non-economic and economic fields are not submitted on all claims (witness that the total of economic and non-economic loss of \$309,348,964 represents only 68% of the total loss paid), so the year-to-year comparisons may be distorted by any increase or decrease in the percentage of claims for which data is recorded. There may also be other explanations. One possible reason for the discrepancy pertains to the forward looking estimates included in the economic damages. Differences in methodologies for equating current dollar losses to future losses for reporting purposes can easily skew the results to make them appear unequal.

Apart from the time-value of money and the effects of estimating future losses (and rate of inflation), there is some ambiguity in the estimate of the numbers themselves. Although claims can be closed for a variety of different reasons, like a court ruling or an outcome from an arbitration hearing, the majority of claims are settled out of court. Often, these settlements stipulate a flat payment to the plaintiff and do not distinguish what portion of the payment by the insurer is for economic versus non-economic damages. Therefore, companies may estimate these numbers to complete the report. Many reporting companies provided data with no estimates, leaving these fields blank. Assuming the numbers are accurate within the noted limitations, the amount paid in economic losses (\$226 million) is more than the amount of non-economic losses paid (\$84 million).

Closed Claims of Leading Carriers in Florida

Throughout much of this report, the legislative mandate has focused on the top 26 leading writers of medical malpractice in the state of Florida in 2014. This section provides an analysis of the timing sequence involved in reporting and closing a claim, as well as the paid amounts of closed claims to plaintiffs by these companies. Because not all the sample companies distinguished between economic versus non-economic claims, this data is not included. Legal settlements often state a specified amount, and do not apportion the final settlement amount based on economic versus non-economic damages.

The Timing of the Claim

There are two main time sequences important to the resolution of a claim: 1) the amount of time between the incident occurrence and the reporting of the claim to the insurance company; and 2) the amount of time between reporting the claim and the final disposition of the claim. For these two elements²⁰, 24 of the 26 leading writers of medical malpractice insurance in Florida reported the average times shown in the table below.

Timing of Claims Closed by Leading Carriers in Florida During 2014

Company	Total Days	Report to Disposition	Occurrence to Report
Doctors Company Group	1,484	954	531
Anesthesiologists Professional Assurance Company	1,666	1,485	181
Doctors Company, An Interinsurance Exchange	1,294	683	611
First Professionals Insurance Company	1,675	1,224	451
MAG Mutual Insurance Company	1,510	896	614
Medical Protective Company	1,134	577	557
FD Insurance Company	1,363	756	608
ProAssurance Casualty Company	1,253	770	483
Evanston Insurance Company	1,116	678	438
MedMal Direct Insurance Company	957	412	545
Lexington Insurance Company	1,326	916	410
National Fire & Marine Insurance Company	1,603	1,064	540
Continental Casualty Company	1,105	699	406
Darwin Select Insurance Company	1,009	656	353
Samaritan RRG, Inc.	1,111	534	577
Homeland Insurance Company of New York	851	525	326
Medicus Insurance Company	624	226	398

²⁰ Both Arch Specialty Insurance Company and American Casualty Company of Reading, PA reported zero closed claims in 2014. This appears to be due to the nature of their businesses.

Company	Total Days	Report to Disposition	Occurrence to Report
Columbia Casualty Company	765	583	182
Podiatry Insurance Company of America	1,189	738	451
Lancet Indemnity RRG Inc	1,149	646	504
Ophthalmic Mutual Insurance Company (A RRG)	1,282	528	754
Landmark American Insurance Company	983	635	348
OMS National Insurance Company, RRG	1,257	958	298
Healthcare Underwriters Group of Florida Inc	1,839	1,122	716
Physicians Insurance Company	1,883	1,392	491
Ironshore Specialty Insurance Company	1,478	656	822
Physicians Professional Liability RRG, Inc.	1,158	567	591
Average	1,253	766	487

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 2014, the total number of days between occurrence and final disposition averaged 1,345 days (3.7 years) with a range from 15 days disposition to a maximum of 5,473 days (15.0 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 below shows differences among the companies in terms of the percentage of closed claims that were settled, and the percentage of claims that resulted in the payment to the plaintiff.

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

Company	Claims With Indemnity Payments	Total Claims	Percentage With Indemnity Payments
Doctors Company Group	212	473	44.8%
Anesthesiologists Professional Assurance Company	1	4	25.0%
Doctors Company, An Interinsurance Exchange	86	221	38.9%
First Professionals Insurance Company	126	252	50.0%
MAG Mutual Insurance Company	92	189	48.7%
Medical Protective Company	43	98	43.9%
FD Insurance Company	96	127	75.6%

Company	Claims With Indemnity Payments	Total Claims	Percentage With Indemnity Payments
ProAssurance Casualty Company	30	92	32.6%
Evanston Insurance Company	15	22	68.2%
MedMal Direct Insurance Company	18	19	94.7%
Lexington Insurance Company	27	57	47.4%
National Fire & Marine Insurance Company	12	25	48.0%
Continental Casualty Company	39	89	43.8%
Darwin Select Insurance Company	15	15	100.0%
Samaritan RRG, Inc.	6	30	20.0%
Homeland Insurance Company of New York	8	8	100.0%
Medicus Insurance Company	3	4	75.0%
Columbia Casualty Company	23	26	88.5%
Podiatry Insurance Company of America	20	52	38.5%
Lancet Indemnity RRG Inc	16	16	100.0%
Ophthalmic Mutual Insurance Company (A RRG)	3	3	100.0%
Landmark American Insurance Company	13	15	86.7%
OMS National Insurance Company, RRG	7	12	58.3%
Healthcare Underwriters Group of Florida Inc	13	28	46.4%
Physicians Insurance Company	12	13	92.3%
Ironshore Specialty Insurance Company	1	1	100.0%
Physicians Professional Liability RRG, Inc.	12	17	70.6%
Total	737	1,435	51.4%

Payment Amounts

Companies are also required to report payment amounts. Some companies did not segregate payments between economic and non-economic loss. Therefore, indemnity payments are not split between economic and non-economic loss in the following table. The claims reported closed by the 26 leading companies in 2014 contained the claim payments summarized on the following page.

Breakdown of Loss and LAE Paid on 2014 Closed Claims by Leading Carriers in Florida

Company	Indemnity Payments	LAE Paid to Defense Counsel	All Other LAE Paid
Doctors Company Group	\$45,917,929	\$25,876,158	\$7,789,972
Anesthesiologists Professional Assurance Company	\$50,000	\$536,500	\$282,901
Doctors Company, An Interinsurance Exchange	\$19,141,528	\$11,701,982	\$149,763
First Professionals Insurance Company	\$26,776,401	\$14,174,176	\$7,640,209
MAG Mutual Insurance Company	\$27,731,666	\$9,102,733	\$3,869,980
Medical Protective Company	\$7,762,000	\$1,796,961	\$774,470
FD Insurance Company	\$17,139,748	\$5,108,882	\$0
ProAssurance Casualty Company	\$6,829,000	\$2,228,133	\$1,166,721
Evanston Insurance Company	\$4,101,500	\$602,590	\$408,192
MedMal Direct Insurance Company	\$2,319,500	\$601,388	\$0
Lexington Insurance Company	\$10,086,082	\$2,318,508	\$215,803
National Fire & Marine Insurance Company	\$903,394	\$602,047	\$56,711
Continental Casualty Company	\$5,734,509	\$2,138,112	\$303,706
Darwin Select Insurance Company	\$1,857,976	\$456,276	\$7,055
Samaritan RRG, Inc.	\$1,355,000	\$682,067	\$321,216
Homeland Insurance Company of New York	\$1,085,500	\$221,923	\$2,000
Medicus Insurance Company	\$735,000	\$5,076,089	\$16,597
Columbia Casualty Company	\$3,893,334	\$670,892	\$94,022
Podiatry Insurance Company of America	\$4,465,267	\$2,156,555	\$386,722
Lancet Indemnity RRG Inc	\$2,012,500	\$804,636	\$149,248
Ophthalmic Mutual Insurance Company (A RRG)	\$335,000	\$0	\$0
Landmark American Insurance Company	\$4,645,000	\$630,052	\$0
OMS National Insurance Company, RRG	\$1,765,000	\$441,184	\$253,649
Healthcare Underwriters Group of Florida Inc	\$3,527,500	\$3,468,790	\$0
Physicians Insurance Company	\$4,637,500	\$1,117,793	\$558,499
Ironshore Specialty Insurance Company	\$75,000	\$35,619	\$0
Physicians Professional Liability RRG, Inc.	\$2,259,000	\$410,897	\$0

Notes on Appendices

Included in the appendices are:

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

Summary

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

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

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

Appendix A

Detailed State-to-State Physicians Malpractice Premium Comparisons

State	Company	Territory	Family	Emergency	Orthopedist	Obstetrician
			Practitioner	Room	1M/3M	1M/3M
			1M/3M	1M/3M	1M/3M	1M/3M
			Rate	Rate	Rate	Rate
Arizona	Medical Protective	Entire State	\$23,533	\$49,029	\$49,029	\$88,251
Arizona	Mutual Ins. Co. of AZ	Entire State	\$13,409	\$28,862	\$40,475	\$51,978
California	Doctors Company	Riverside, San Bernardino	\$11,009	\$36,507	\$43,208	\$67,235
California	Doctors Company	Alameda, Contra Costa, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz	\$4,735	\$11,257	\$17,120	\$25,190
California	Medical Insurance Exchange	Los Angeles, Kern, Orange, Riverside, San Bernardino	\$12,566	\$28,274	\$37,699	\$62,834
California	Medical Insurance Exchange	Remainder of State	\$7,392	\$16,632	\$22,176	\$36,961
California	Norcal Mutual	Riverside, San Bernardino	\$17,899	\$34,009	\$56,383	\$77,863
California	Norcal Mutual	Fresno, Madera, Monterey, San Mateo, Santa Clara, Santa Cruz	\$7,350	\$13,966	\$23,153	\$31,974
Florida	Doctors Company	Dade	\$42,772	\$90,479	\$115,155	\$190,829
Florida	Doctors Company	Remainder of State	\$21,934	\$46,399	\$59,054	\$97,861
Florida	MAG Mutual	Broward, Dade	\$31,032	\$61,569	\$104,749	\$179,277
Florida	MAG Mutual	Remainder of State	\$14,552	\$28,663	\$48,338	\$81,499
Florida	Medical Protective	Broward, Dade	\$30,038	\$76,357	\$92,157	\$144,817
Florida	Medical Protective	Remainder of State	\$17,568	\$44,656	\$53,895	\$84,692
Georgia	Doctors Company	Entire State	\$11,809	\$29,797	\$36,862	\$59,938
Georgia	MAG Mutual	Remainder of State	\$12,911	\$23,180	\$35,468	\$64,884
Georgia	MAG Mutual	Catoosa, Chattooga, Dade, Fannin, Floyd, Gilmer, Murray, Rabun, Towns, Union, Walker, Whitfield	\$7,747	\$13,908	\$21,281	\$38,930
Georgia	Medical Protective	Remainder of State	\$15,204	\$41,965	\$34,058	\$67,144
Georgia	Medical Protective	Catoosa, Chattooga, Dade, Fannin, Floyd, Gilmer, Murray, Rabun, Towns, Union, Walker, Whitfield	\$12,164	\$33,571	\$27,245	\$53,712

State	Company	Territory	Family	Emergency	Orthopedist	Obstetrician
			Practitioner	Room	1M/3M	1M/3M
			1M/3M	1M/3M	1M/3M	1M/3M
			Rate	Rate	Rate	Rate
Illinois	Doctors Company	Cook, Madison, St. Clair	\$31,319	\$88,949	\$90,562	\$145,634
Illinois	Doctors Company	Adams, Knox, Peoria, Rock Island	\$14,720	\$41,806	\$42,565	\$68,448
Illinois	ISMIE Mutual	Madison	\$35,392	\$61,116	\$108,604	\$144,224
Illinois	ISMIE Mutual	Adams, Knox, Peoria, Rock Island	\$16,168	\$27,192	\$47,548	\$62,812
Illinois	Norcal Mutual	Cook, Jackson, Madison, St. Clair, Will	\$29,748	\$51,167	\$90,136	\$127,619
Illinois	Norcal Mutual	Adams, Knox, Peoria, Rock Island	\$14,249	\$24,508	\$43,175	\$61,128
Maryland	Doctors Company	Baltimore City, Baltimore	\$24,420	\$65,402	\$78,912	\$147,105
Maryland	Doctors Company	Remainder of State	\$17,764	\$49,320	\$58,395	\$109,607
Maryland	Medical Mutual Society of MD	Baltimore City, Baltimore	\$15,948	\$39,872	\$60,604	\$130,777
Maryland	Medical Mutual Society of MD	Remainder of State	\$12,759	\$31,897	\$48,483	\$104,622
Maryland	ProAssurance	Baltimore City, Baltimore	\$20,710	\$20,710	\$66,579	\$158,317
Maryland	ProAssurance	Remainder of State	\$17,040	\$17,040	\$53,735	\$127,126
New Jersey	MADvantage Ins. Co. of NJ	Entire State (used Preferred Plus rates)	\$11,515	\$26,297	\$37,420	\$80,992
New Jersey	Princeton Insurance Co.	Entire State (used Preferred Plus rates)	\$12,419	\$24,664	\$43,726	\$90,795
New Jersey	Proselect Ins. Co.	Entire State	\$12,240	\$28,948	\$56,732	\$108,410
New York	Academic Health Professionals	Nassau, Suffolk	\$29,577	\$72,640	\$148,466	\$199,310
New York	Academic Health Professionals	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	\$5,498	\$13,779	\$27,599	\$37,051
New York	Medical Liability Mutual	Nassau, Suffolk	\$27,930	\$71,624	\$140,199	\$188,211
New York	Medical Liability Mutual	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	\$5,192	\$13,315	\$26,063	\$34,988
New York	Physicians' Reciprocal Insurers	Nassau, Suffolk	\$42,055	\$51,260	\$141,669	\$225,749

State	Company	Territory	Family	Emergency	Orthopedist	Obstetrician
			Practitioner	Room		
			1M/3M	1M/3M	1M/3M	1M/3M
			Rate	Rate	Rate	Rate
New York	Physicians' Reciprocal Insurers	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	\$12,281	\$14,969	\$41,374	\$65,930
Ohio	Doctors Company	Cuyahoga, Lorain, Mahoning, Portage, Trumbull	\$17,499	\$46,772	\$50,510	\$82,202
Ohio	Doctors Company	Brown, Butler, Clark, Clermont, Clinton, Darke, Greene, Hamilton, Miami, Montgomery, Preble, Warren	\$10,173	\$25,832	\$29,143	\$47,408
Ohio	Medical Protective	Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Magoning, Portage, Trumbull	\$22,678	\$52,357	\$62,118	\$97,614
Ohio	Medical Protective	Brown, Butler, Clark, Clermont, Clinton, Darke, Greene, Hamilton, etc.	\$11,661	\$26,924	\$31,942	\$50,198
Ohio	ProAssurance	Cuyahoga, Lorain	\$22,455	\$12,241	\$63,309	\$104,163
Ohio	ProAssurance	Adams, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Greene, Hamilton, Highland, Jackson, Lawrence, Miami, Montgomery, Pike, Preble, Ross, Scioto, Vinton, Warren	\$12,594	\$7,311	\$33,725	\$54,857
Pennsylvania	Medical Protective	Delaware, Philadelphia	\$21,131	\$65,155	\$76,602	\$123,267
Pennsylvania	Medical Protective	Remainder of State	\$13,633	\$42,035	\$49,421	\$79,528
Pennsylvania	PMSLIC	Delaware, Philadelphia	\$23,482	\$53,943	\$101,297	\$133,539
Pennsylvania	PMSLIC	Adams, Allegheny, Armstrong, Beaver, Bedford, Berks, Blair, Bradford, Butler, Cambria, Cameron, Centre, Clarion, Clearfield, Clinton, Elk, Fayette, Forest, Fulton, Greene, Huntingdon, Indiana, Jefferson, Juniata, Lancaster, Lebanon, Lycoming, McKean, Mifflin, Perry, Potter, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Westmoreland, York	\$15,023	\$31,697	\$57,268	\$74,678

Appendix B
Total Medical Malpractice Data for States and U.S. Territories
2014

2014 Rank	2013 Rank	State	Direct Written Premium	Direct Earned Premium	Incurred Losses	Incurred DCC
1	1	New York	\$1,733,374,569	\$1,722,314,380	\$910,693,193	\$333,640,988
2	2	California	\$751,437,687	\$734,155,680	\$334,320,911	\$212,918,216
3	3	Pennsylvania	\$640,908,841	\$614,855,798	\$294,963,041	\$115,259,046
4	4	Florida	\$534,448,370	\$524,452,712	\$224,711,108	\$94,649,730
5	5	Illinois	\$527,348,168	\$540,019,329	\$164,724,374	\$128,081,270
6	6	New Jersey	\$454,889,139	\$453,624,060	\$236,587,609	\$104,007,536
7	8	Massachusetts	\$307,107,538	\$311,444,044	\$85,519,602	\$55,604,195
8	9	Texas	\$295,136,991	\$303,638,523	\$69,467,778	\$58,085,025
9	7	Ohio	\$293,798,716	\$304,122,373	\$63,632,470	\$55,900,382
10	11	Maryland	\$273,066,053	\$271,491,183	\$112,613,817	\$46,416,129
11	10	Georgia	\$252,088,320	\$253,999,779	\$112,318,042	\$40,218,599
12	12	Tennessee	\$232,104,507	\$229,127,107	\$89,134,976	\$53,072,432
13	13	Arizona	\$219,732,551	\$220,832,566	\$65,853,556	\$36,127,639
14	14	Virginia	\$194,889,389	\$200,122,862	\$28,939,930	\$35,791,532
15	16	Michigan	\$191,859,440	\$192,271,459	\$59,972,337	\$54,478,132
16	15	North Carolina	\$184,650,844	\$189,136,309	\$48,172,033	\$40,968,232
17	17	Washington	\$176,091,879	\$182,705,913	\$125,854,675	\$40,501,079
18	19	Connecticut	\$168,003,660	\$172,224,201	\$102,647,790	\$39,120,838
19	18	Colorado	\$153,936,001	\$154,017,648	\$48,294,726	\$26,221,496
20	20	Missouri	\$142,303,308	\$143,078,116	\$47,866,156	\$32,807,852
21	23	Indiana	\$119,361,878	\$120,600,707	\$24,860,891	\$28,297,761
22	21	Alabama	\$118,648,776	\$126,314,255	\$18,444,531	\$24,553,384
23	22	Kentucky	\$107,318,495	\$114,685,671	\$57,834,488	\$33,838,523
24	24	Oklahoma	\$99,009,541	\$101,481,755	\$45,032,404	\$20,792,437
25	26	Oregon	\$91,246,464	\$92,771,085	\$44,354,396	\$19,041,375
26	25	Louisiana	\$91,165,010	\$91,872,354	\$9,468,895	\$21,586,366
27	28	Minnesota	\$79,038,851	\$79,198,276	\$33,012,675	\$9,018,710
28	27	Wisconsin	\$78,656,042	\$82,173,172	\$2,949,597	\$9,397,456
29	29	Nevada	\$72,428,199	\$75,825,749	\$15,634,683	\$35,163,223
30	30	West Virginia	\$72,174,796	\$71,524,847	\$34,846,583	\$15,573,937
31	31	Puerto Rico	\$68,650,308	\$68,388,669	\$24,621,769	\$11,847,474
32	32	Iowa	\$68,254,185	\$67,355,572	\$10,610,300	\$7,437,587
33	34	South Carolina	\$63,242,222	\$62,669,522	\$42,626,940	\$16,296,309
34	33	Arkansas	\$62,262,108	\$63,530,428	\$18,302,416	\$9,927,373
35	35	Utah	\$57,330,160	\$58,064,125	\$21,700,049	\$11,627,223
36	36	Kansas	\$55,119,787	\$57,407,814	\$14,122,412	\$17,882,180
37	38	New Mexico	\$51,928,643	\$53,574,355	\$34,588,950	\$7,726,061
38	37	Mississippi	\$49,662,346	\$53,738,122	(\$5,013,069)	\$6,920,840
39	39	Maine	\$41,673,490	\$41,278,807	\$9,009,037	\$3,618,940

2014 Rank	2013 Rank	State	Direct Written Premium	Direct Earned Premium	Incurred Losses	Incurred DCC
40	41	Montana	\$41,458,338	\$40,111,867	\$9,824,010	\$10,460,831
41	40	Rhode Island	\$38,622,814	\$40,546,185	\$15,731,945	\$9,365,884
42	42	New Hampshire	\$38,049,824	\$39,367,616	\$23,534,616	\$9,021,079
43	44	Nebraska	\$34,629,414	\$35,014,861	\$8,679,300	\$8,044,310
44	43	Delaware	\$34,307,536	\$35,894,477	\$11,789,492	\$5,017,138
45	46	Idaho	\$30,789,093	\$30,246,405	\$11,021,192	\$9,036,127
46	45	District of Columbia	\$30,437,026	\$33,925,074	\$10,320,758	\$4,289,320
47	47	Hawaii	\$29,360,207	\$28,828,642	\$24,496,378	\$3,998,300
48	48	Wyoming	\$23,562,659	\$23,975,616	\$18,502,133	\$3,739,358
49	49	Alaska	\$23,220,062	\$22,355,747	\$5,633,642	\$5,591,723
50	50	Vermont	\$17,372,741	\$17,709,130	\$5,555,670	\$2,402,025
51	51	South Dakota	\$17,087,906	\$17,059,326	\$5,832,110	\$2,465,941
52	52	North Dakota	\$12,021,967	\$12,271,202	\$4,881,996	\$618,107
53	53	Guam	\$773,968	\$784,070	\$312,946	\$137,234
54	54	U.S. Virgin Islands	\$239,321	\$214,286	\$116,213	\$100,240
55	55	Other Territories	\$141,647	\$436,106	\$3,796,749	(\$1,150,006)
Grand Total:			\$9,546,421,795	\$9,578,829,937	\$3,843,325,221	\$1,987,555,118

Appendix C

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

2014

2014 Rank	2013 Rank	State	Loss and DCC Ratio
1	19	Mississippi	3.6%
2	8	Wisconsin	15.0%
3	6	Iowa	26.8%
4	12	Maine	30.6%
5	21	Virginia	32.3%
6	16	Louisiana	33.8%
7	24	Alabama	34.0%
8	13	Ohio	39.3%
9	14	Texas	42.0%
10	9	District of Columbia	43.1%
11	4	Indiana	44.1%
12	51	Arkansas	44.4%
13	10	North Dakota	44.8%
14	15	Vermont	44.9%
15	34	Massachusetts	45.3%
16	22	Arizona	46.2%
17	32	Delaware	46.8%
18	11	North Carolina	47.1%
19	41	Nebraska	47.8%
20	25	Colorado	48.4%
21	54	South Dakota	48.6%
22	7	Alaska	50.2%
23	33	Montana	50.6%
24	27	Minnesota	53.1%
25	47	Puerto Rico	53.3%
26	20	Illinois	54.2%
27	29	Kansas	55.7%
28	17	Missouri	56.4%
29	28	Utah	57.4%
30	2	Guam	57.4%
31	55	Maryland	58.6%
32	23	Michigan	59.5%
33	35	Georgia	60.1%
34	36	Florida	60.9%
35	48	Rhode Island	61.9%
36	46	Tennessee	62.1%
37	30	Oklahoma	64.9%
38	31	Idaho	66.3%
39	45	Pennsylvania	66.7%

2014 Rank	2013 Rank	State	Loss and DCC Ratio
40	49	Nevada	67.0%
41	53	Oregon	68.3%
42	38	West Virginia	70.5%
43	50	New York	72.2%
44	40	California	74.5%
45	44	New Jersey	75.1%
46	52	New Mexico	79.0%
47	39	Kentucky	79.9%
48	26	Connecticut	82.3%
49	18	New Hampshire	82.7%
50	43	Washington	91.1%
51	42	Wyoming	92.8%
52	37	South Carolina	94.0%
53	3	Hawaii	98.8%
54	5	U.S. Virgin Islands	101.0%
55	1	Other Territories	938.7%
National Average:			60.9%

Appendix D
Physicians Malpractice Data for States and U.S. Territories
2014

Written Premium Rank	State	Direct Physicians Written Premium	Direct Physicians Earned Premium	Direct Physicians Incurred Loss	Loss Ratio
1	New York	\$956,058,604	\$966,592,968	\$618,109,296	63.9%
2	California	\$447,948,522	\$441,830,989	\$214,174,388	48.5%
3	Illinois	\$386,471,258	\$402,056,405	\$91,524,435	22.8%
4	Florida	\$353,370,855	\$353,636,633	\$154,457,303	43.7%
5	New Jersey	\$320,949,283	\$321,226,729	\$150,964,682	47.0%
6	Pennsylvania	\$290,981,873	\$287,145,908	\$130,300,525	45.4%
7	Ohio	\$195,994,054	\$204,469,992	\$34,174,041	16.7%
8	Georgia	\$181,533,262	\$183,790,917	\$68,903,267	37.5%
9	Maryland	\$162,783,875	\$159,925,121	\$36,926,019	23.1%
10	Arizona	\$156,663,773	\$158,607,332	\$55,622,718	35.1%
11	Tennessee	\$150,725,184	\$148,203,277	\$62,455,711	42.1%
12	Texas	\$143,115,685	\$150,971,638	\$32,552,641	21.6%
13	Virginia	\$142,742,879	\$148,585,017	\$25,408,457	17.1%
14	Michigan	\$121,620,000	\$121,493,939	\$40,274,331	33.1%
15	Massachusetts	\$120,154,735	\$125,935,405	\$19,372,687	15.4%
16	North Carolina	\$118,876,124	\$120,707,760	\$21,463,968	17.8%
17	Colorado	\$108,400,648	\$110,113,830	\$35,256,962	32.0%
18	Washington	\$107,137,987	\$105,456,391	\$46,580,360	44.2%
19	Connecticut	\$89,424,873	\$93,458,185	\$36,447,997	39.0%
20	Missouri	\$87,991,813	\$88,919,548	\$38,981,764	43.8%
21	Alabama	\$73,303,753	\$81,404,858	\$7,793,594	9.6%
22	Kentucky	\$67,797,798	\$73,317,338	\$46,733,458	63.7%
23	Oklahoma	\$67,179,109	\$69,924,037	\$31,040,194	44.4%
24	Indiana	\$66,901,481	\$67,636,985	\$9,188,757	13.6%
25	Oregon	\$58,823,314	\$60,817,766	\$23,582,440	38.8%
26	Louisiana	\$53,762,450	\$53,957,376	\$265,045	0.5%
27	Nevada	\$48,871,511	\$53,001,370	\$10,504,472	19.8%
28	South Carolina	\$42,837,300	\$41,874,333	\$22,464,084	53.6%
29	Utah	\$41,621,036	\$43,280,884	\$15,450,405	35.7%
30	West Virginia	\$41,537,054	\$41,393,407	\$23,121,503	55.9%
31	Minnesota	\$41,434,354	\$41,333,372	\$16,486,568	39.9%
32	Arkansas	\$38,533,452	\$39,553,810	\$9,083,433	23.0%
33	Wisconsin	\$36,370,525	\$38,412,856	(\$7,946,725)	-20.7%
34	Iowa	\$35,582,730	\$34,960,819	\$2,372,752	6.8%
35	Kansas	\$32,842,107	\$34,609,724	\$4,621,438	13.4%
36	Puerto Rico	\$32,419,595	\$32,404,216	\$13,934,595	43.0%
37	New Mexico	\$26,965,401	\$26,814,924	(\$6,821,114)	-25.4%
38	Delaware	\$26,061,484	\$28,069,229	\$10,770,117	38.4%

Written Premium Rank	State	Direct Physicians Written Premium	Direct Physicians Earned Premium	Direct Physicians Incurred Loss	Loss Ratio
39	Maine	\$23,624,261	\$23,005,994	(\$3,926,978)	-17.1%
40	Rhode Island	\$23,161,217	\$24,551,020	\$9,474,904	38.6%
41	New Hampshire	\$21,955,280	\$23,158,977	\$8,961,547	38.7%
42	Montana	\$20,309,658	\$19,580,372	\$3,986,657	20.4%
43	District of Columbia	\$20,190,927	\$24,387,010	\$6,777,308	27.8%
44	Mississippi	\$18,848,135	\$22,081,037	(\$574,560)	-2.6%
45	Idaho	\$17,737,872	\$17,223,713	\$9,621,721	55.9%
46	Hawaii	\$17,296,721	\$17,324,977	\$10,914,290	63.0%
47	Nebraska	\$16,330,346	\$16,786,732	\$3,155,089	18.8%
48	Alaska	\$15,300,020	\$14,793,873	\$4,628,634	31.3%
49	Wyoming	\$14,127,658	\$14,043,119	\$7,426,348	52.9%
50	South Dakota	\$10,565,184	\$10,580,790	(\$630,055)	-6.0%
51	Vermont	\$9,658,738	\$10,031,713	\$170,382	1.7%
52	North Dakota	\$4,448,225	\$4,487,394	\$50,111	1.1%
53	Guam	\$596,540	\$608,057	\$289,610	47.6%
54	U.S. Virgin Islands	\$5,161	\$5,161	(\$955)	-18.5%
55	American Samoa	\$0	\$0	\$0	0.0%
56	Canada	\$0	\$0	\$0	0.0%
57	Other Territories	\$0	\$0	(\$2,956)	0.0%
58	Northern Mariana Islands	\$0	\$0	\$0	0.0%
Grand Total:		\$5,709,945,684	\$5,798,545,227	\$2,206,917,665	38.1%

Appendix E

Written Premium in Top 5 States of Leading Florida Malpractice Carriers

2014

Company	State 1	State 2	State 3	State 4	State 5
Doctors Company, An Interinsurance Exchange	CA	FL	OH	VA	TX
	\$175,772,483	\$124,015,643	\$54,509,831	\$35,655,051	\$35,193,380
MAG Mutual Insurance Company	GA	FL	NC	SC	VA
	\$85,824,640	\$52,093,253	\$30,988,577	\$19,443,183	\$16,255,581
Medical Protective Company	PA	OH	TX	FL	IN
	\$69,544,114	\$66,867,992	\$43,606,240	\$42,620,910	\$28,197,493
FD Insurance Company	FL	-	-	-	-
	\$27,674,307	-	-	-	-
ProAssurance Casualty Company	MI	WI	FL	IL	NV
	\$29,183,692	\$20,649,912	\$17,431,164	\$16,972,955	\$13,465,270
Evanston Insurance Company	FL	PA	CA	TX	NY
	\$16,683,476	\$9,447,713	\$8,475,836	\$7,955,026	\$6,274,115
MedMal Direct Insurance Company	FL	GA	IL	NC	TX
	\$12,605,226	\$1,297,094	\$215,025	\$126,243	\$81,316
American Casualty Company of Reading, PA	CA	NY	FL	PA	NJ
	\$17,087,312	\$13,986,346	\$11,634,528	\$10,352,818	\$9,916,188
Lexington Insurance Company	CA	TN	NY	IL	IA
	\$41,401,129	\$28,919,559	\$28,019,200	\$26,708,672	\$12,719,978
National Fire & Marine Insurance Company	FL	NJ	WA	GA	IL
	\$8,994,414	\$7,916,379	\$6,277,965	\$4,515,517	\$3,656,926
Continental Casualty Company	OR	WI	CT	AR	FL
	\$22,195,528	\$11,844,291	\$9,746,480	\$8,986,488	\$8,867,422
Darwin Select Insurance Company	FL	PA	CA	TX	IL
	\$8,809,584	\$7,511,166	\$6,715,655	\$5,459,461	\$5,249,743
Samaritan RRG, Inc.	FL	-	-	-	-
	\$8,661,507	-	-	-	-
Homeland Insurance Company of NY	CA	VA	FL	TX	IL
	\$9,142,674	\$8,428,768	\$7,861,109	\$7,416,705	\$7,128,470
Medicus Insurance Company	CA	FL	WV	MO	AZ
	\$7,844,990	\$7,265,875	\$6,551,141	\$6,060,609	\$5,954,142
Columbia Casualty Company	CA	TX	OH	IL	FL
	\$14,139,083	\$12,823,417	\$9,223,643	\$8,089,619	\$6,840,533
Podiatry Insurance Company of America	NY	FL	IL	CA	NJ
	\$10,035,012	\$6,588,765	\$6,439,512	\$6,243,704	\$5,405,937
Lancet Indemnity RRG Inc	FL	CA	MI	GA	TX
	\$6,430,503	\$1,969,456	\$1,047,482	\$810,392	\$714,247
Ophthalmic Mutual Insurance Company (A RRG)	FL	IL	CA	TX	VA
	\$6,041,688	\$5,382,395	\$4,272,632	\$2,804,749	\$2,084,603
Landmark American Insurance Company	CA	FL	NY	TX	IL
	\$6,464,558	\$5,915,070	\$3,494,553	\$2,608,993	\$1,979,667

Company	State 1	State 2	State 3	State 4	State 5
Arch Specialty Insurance Company	NY	FL	CA	TX	TN
	\$5,990,769	\$5,699,403	\$4,865,282	\$4,465,659	\$3,749,783
OMS National Insurance Company, RRG	NY	FL	CA	NJ	PA
	\$10,408,572	\$5,619,027	\$5,453,036	\$3,764,105	\$3,687,315
Healthcare Underwriters Group of Florida	FL	-	-	-	-
	\$5,575,532	-	-	-	-
Physicians Insurance Company	FL	TX	-	-	-
	\$5,533,608	\$66,536	-	-	-
Ironshore Specialty Insurance Company	IL	TX	TN	PA	FL
	\$12,024,419	\$10,593,179	\$6,972,722	\$6,007,108	\$5,434,685
Physicians Professional Liability RRG, Inc.	FL	-	-	-	-
	\$5,014,675	-	-	-	-

Appendix F

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

2014

Company	State 1	State 2	State 3	State 4	State 5
Doctors Company, An Interinsurance Exchange	CA	FL	OH	VA	TX
	80%	84%	95%	3%	68%
MAG Mutual Insurance Company	GA	FL	NC	SC	VA
	61%	56%	60%	127%	75%
Medical Protective Company	PA	OH	TX	FL	IN
	43%	25%	23%	64%	61%
FD Insurance Company	FL	-	-	-	-
	65%	-	-	-	-
ProAssurance Casualty Company	MI	WI	FL	IL	NV
	110%	-18%	-82%	-44%	60%
Evanston Insurance Company	FL	PA	CA	TX	NY
	60%	90%	46%	28%	35%
MedMal Direct Insurance Company	FL	GA	IL	NC	TX
	40%	63%	64%	64%	64%
American Casualty Company of Reading, PA	CA	NY	FL	PA	NJ
	38%	48%	5%	24%	88%
Lexington Insurance Company	CA	TN	NY	IL	IA
	173%	98%	26%	82%	23%
National Fire & Marine Insurance Company	FL	NJ	WA	GA	IL
	153%	88%	50%	105%	100%
Continental Casualty Company	OR	WI	CT	AR	FL
	79%	-16%	97%	25%	98%
Darwin Select Insurance Company	FL	PA	CA	TX	IL
	119%	112%	165%	46%	66%
Samaritan RRG, Inc.	FL	-	-	-	-
	36%	-	-	-	-
Homeland Insurance Company of NY	CA	VA	FL	TX	IL
	97%	37%	41%	33%	111%
Medicus Insurance Company	CA	FL	WV	MO	AZ
	230%	65%	191%	79%	29%
Columbia Casualty Company	CA	TX	OH	IL	FL
	57%	107%	11%	228%	68%
Podiatry Insurance Company of America	NY	FL	IL	CA	NJ
	115%	47%	75%	68%	78%
Lancet Indemnity RRG Inc	FL	CA	MI	GA	TX
	107%	95%	97%	52%	46%
Ophthalmic Mutual Insurance Company (A RRG)	FL	IL	CA	TX	VA
	22%	-11%	-21%	-12%	68%
Landmark American Insurance Company	CA	FL	NY	TX	IL
	25%	58%	29%	62%	68%

Company	State 1	State 2	State 3	State 4	State 5
Arch Specialty Insurance Company	NY	FL	CA	TX	TN
	55%	62%	26%	20%	-8%
OMS National Insurance Company, RRG	NY	FL	CA	NJ	PA
	78%	19%	119%	24%	27%
Healthcare Underwriters Group of Florida	FL	-	-	-	-
	59%	-	-	-	-
Physicians Insurance Company	FL	TX	-	-	-
	66%	99%	-	-	-
Ironshore Specialty Insurance Company	IL	TX	TN	PA	FL
	51%	38%	26%	209%	38%
Physicians Professional Liability RRG, Inc.	FL	-	-	-	-
	53%	-	-	-	-



FLORIDA OFFICE OF INSURANCE REGULATION

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