



Florida Office of Insurance Regulation

David Altmaier
Insurance Commissioner

Medical Malpractice Financial Information

Closed Claim Database and Rate Filings
Annual Report

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Executive Summary

Section 627.912(6)(b) and (c), Florida Statutes, requires the Office of Insurance Regulation (OIR) 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 OIR during the 2019 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 24 medical malpractice insurance writers that constituted 80% of the overall Florida market in 2019.

Market size and cost components – Florida is the fourth largest U.S. state in terms of total medical malpractice premium, with roughly \$602 million in 2019 direct written premium. Among the top 10 states by premium, Florida's:

- Combined loss and defense and cost containment ratio of 88.2% ranks fifth highest;
- Non-claims-based expense ratio of 26.4% is the third highest;
- Claims-based adjusting and other expense ratio of 4.3% ranks fifth highest; and
- Combined ratio (total payouts to premium) of 120.6%, up from 111.3% in 2018, is the fourth highest.

Carrier financial strength – It is estimated that the Florida medical malpractice line of business for the top 24 carriers generated a direct before reinsurance profit on surplus (Florida after tax profit/loss divided by surplus allocated to Florida) of -18.9% in 2019. This return compares negatively with the average countrywide all-lines net return on surplus for Florida's leading medical malpractice writers of -0.3% and is down from 4.0% in 2018. This was different than the stock market gains in 2019, but both have shown volatility. Related financial information in the report suggests that the leading malpractice carriers as a class remain financially strong.

Breakdown of the market between licensed carriers and total of surplus lines insurers and risk retention groups (RRGs) – For the overall medical malpractice market, 64% 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: 64%
- Hospitals: 8%
- Other facilities: 6%

Company Admissions activity – Eleven entities, including five RRGs, entered the Florida malpractice market during 2019. Three risk purchasing groups entered in 2019. One risk retention group withdrew from the market and one insurer was merged into another.

Legislation – No bills relating directly to medical malpractice were passed during the 2019 legislative session. Further, no court decisions of the magnitude of the McCall or Kalitan cases were made recently.

Breakdown of the market by subline – Physicians malpractice dominates the medical malpractice premium in Florida. Sixty-four percent (64%) of the 2019 Florida medical malpractice written premium was for physicians, 18% was for other healthcare professionals, 5% was for hospitals, and 13% was for other medical facilities.

Key financial information on physicians malpractice – Florida is the third largest state for physicians malpractice premium, with \$385 million in 2019 direct written premium. Its loss ratio during 2019, specifically excluding defense and cost containment, at 60.4%, was the third highest among the top 10 states. That ranking translates to an estimated 2019 combined (all costs divided by all premiums) ratio of 109%, fourth highest among the top 10 states. This is lower than the all medical malpractice estimated combined ratio of 121%. Physicians malpractice loss ratios differ markedly among the leading carriers, ranging from as low as 14% to as high as 118%.

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, is 1,481 for physicians malpractice insurance. That is below the 1,500 threshold that would suggest the market is moderately concentrated. Since the types of insureds within the other sublines in the National Association of Insurance Commissioners' (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 four out of eight of the examples priced, Florida rates were the highest among all 10 states. In the remaining examples, Florida’s rank varied from second to fifth.

Rate filings – There were 71 medical malpractice rate filings either approved or processed as informational in Florida during 2019. This is down from 73 in 2018 and 84 in 2017. The average rate change for a Florida physician as a result of rate filings resolved in 2019 was +4.4%. This was derived by taking the actual rate changes approved in 2019 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 2019, including:

- Dentists rates: -1.0%
- Professional nurses rates: +0.0%
- Podiatrists, optometrists, chiropractors, and similar professionals rates: +0.6%

Professional liability claims reporting system data – During 2019, 2,934 professional liability claims were reported as closed (up slightly from 2,927 in 2018); 1,429 claims were closed for female claimants and 1,505 for male claimants. As in previous reports, hospital inpatient facilities were the most commonly reported claims location. As in prior reports, most claims could be characterized as “severe” or “moderate.” An estimated \$1.131 million, 8% above 2018 which in turn was 21% above 2017, was paid over the lifetime of the claims closed in 2019; \$940 million was paid in damages, the remainder in loss adjustment expenses.

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

General conclusion – Based on the trends found in this report, it would appear that the 2003 changes to the law have continued to benefit 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) and (c), Florida Statutes, requires OIR to publish an annual report of the state of the medical malpractice insurance market in Florida. The statute requires OIR to utilize three data resources:

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

(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 B), for purposes of comparison, this report compares Florida with other states in the top 10 for the most medical malpractice premium written overall for the medical malpractice line of business: New York, California, Pennsylvania, Illinois, New Jersey, Massachusetts, Texas, Maryland, and Georgia. The report also compares Florida direct losses incurred, expenses borne, and other key financial criteria with those of the other top 10 states.

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

different operating characteristics than conventional insurance companies. One large carrier, Healthcare Indemnity (HCI), primarily covers the risks of its owner (a hospital chain), and its data was removed from the October 2019 version and the preceding versions of this report. Another captive belonging to a large hospital chain, The Healthcare Underwriting Company, RRG, was removed from the October 2019 version and the preceding versions of this report as well. Therefore, both captives were removed from the data used to produce this report. Further, due to the diminishing volume of the carriers merged into NORCAL (FD Insurance and Medicus Insurance), they are no longer combined into NORCAL beginning with last year's report.

The NAIC data used in this report includes all statutory annual statement data in the NAIC system as of August 4, 2020.

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 OIR's legislative summary were 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 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 top 10 states and other key 50 states plus U.S. territories data items are in the appendices.

Analysis of the Complete Medical Malpractice Line of Business

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.

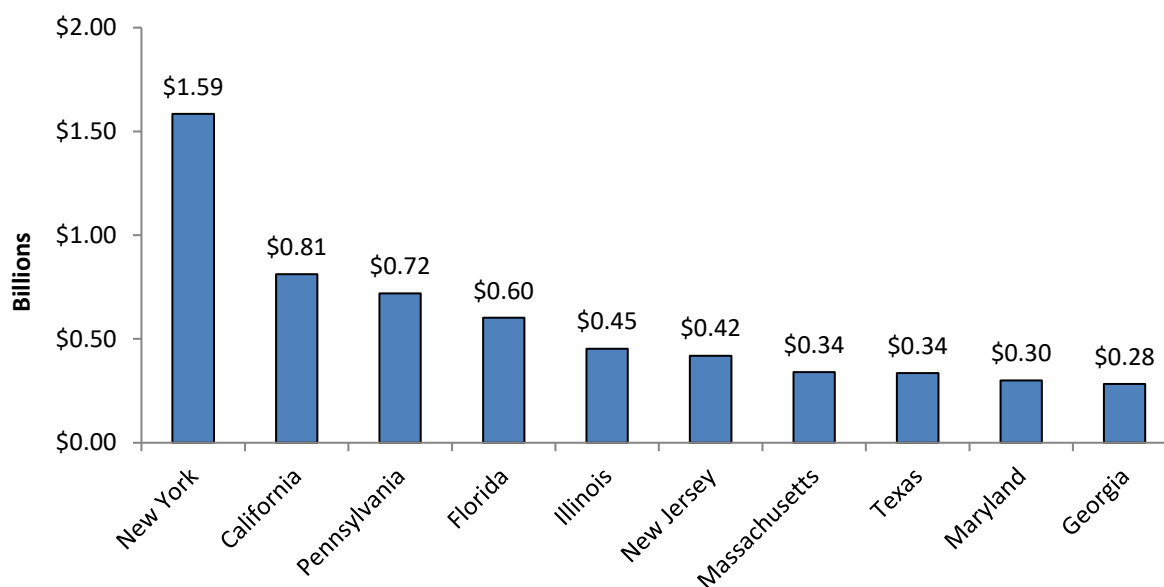
Comparisons to Other Leading States

Comparative data for the Florida medical malpractice market and that of the top 10 states for total malpractice premium is presented in the following sections.

Top 10 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. Florida ranks third by population but fourth within its peer group for medical malpractice direct written premium.

2019 Top 10 States for Medical Malpractice Direct Written Premium



Loss and DCC Information for the Top 10 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 tend to require 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 10 states and their loss ratio ranks are shown in the chart on the following page.

2019 All Medical Malpractice Direct Loss Ratios

Written Premium Rank	State	All Medical Malpractice Direct Loss Ratio	Loss Ratio Rank
10	Georgia	90.5%	1
9	Maryland	71.9%	2
4	Florida	70.1%	3
5	Illinois	64.6%	4
2	California	62.1%	5
7	Massachusetts	59.0%	6
3	Pennsylvania	54.6%	7
6	New Jersey	52.3%	8
8	Texas	48.7%	9
1	New York	40.4%	10

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 use 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. As an example of distortions that can occur, Florida shows a loss ratio of 70.1%, but that is driven by an incurred loss of roughly \$76 million booked in 2019 by a risk retention group domiciled in Vermont. If that insurer's data was removed, the Florida loss ratio would be 58.1%. The 2018 loss ratio for Florida was 57.4%. (Is this confusing?)

Georgia ranked the highest, with Maryland second. The aggregate direct loss ratio for the Florida market was third in 2019, up from fourth in 2018. The national average in 2019 for all states and territories was 56.6%, higher than the 47.8% loss ratio in 2018. Florida's loss ratio increased from 57.4% to 70.1% in 2019.

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 on the next page.

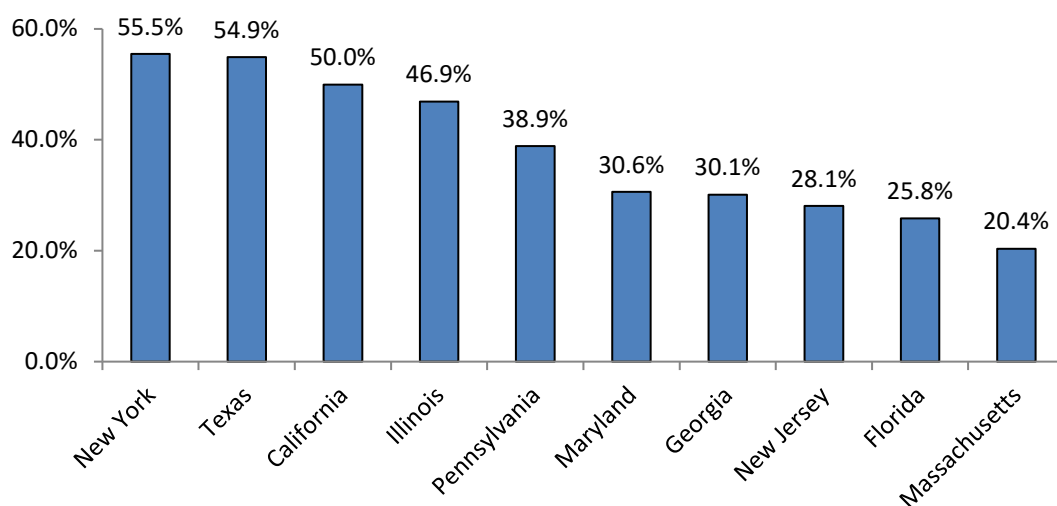
2019 All Medical Malpractice Direct Loss and DCC Ratios

Written Premium Rank	State	All Medical Malpractice Direct Loss and DCC Ratio	Loss & DCC Rank
10	Georgia	117.8%	1
5	Illinois	94.9%	2
9	Maryland	93.9%	3
2	California	93.1%	4
4	Florida	88.2%	5
3	Pennsylvania	75.9%	6
8	Texas	75.5%	7
7	Massachusetts	71.0%	8
6	New Jersey	67.0%	9
1	New York	62.8%	10

The loss and DCC ratio rankings loosely mirror the loss ratio rankings somewhat. Georgia, with the highest loss ratio, also had the highest loss and DCC ratio among the top 10 states in 2019. In this case, Illinois was second and Florida was fifth (down from fourth in 2018).

Alternatively, DCC can be considered as frictional costs associated with the payment of damages to claimants.¹ Following that approach, the graph below shows the ratios of incurred (accrued in a calendar year) DCC to incurred loss.

2019 All Medical Malpractice Direct DCC to Loss Ratios



¹ It is important to note, 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, and others 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.

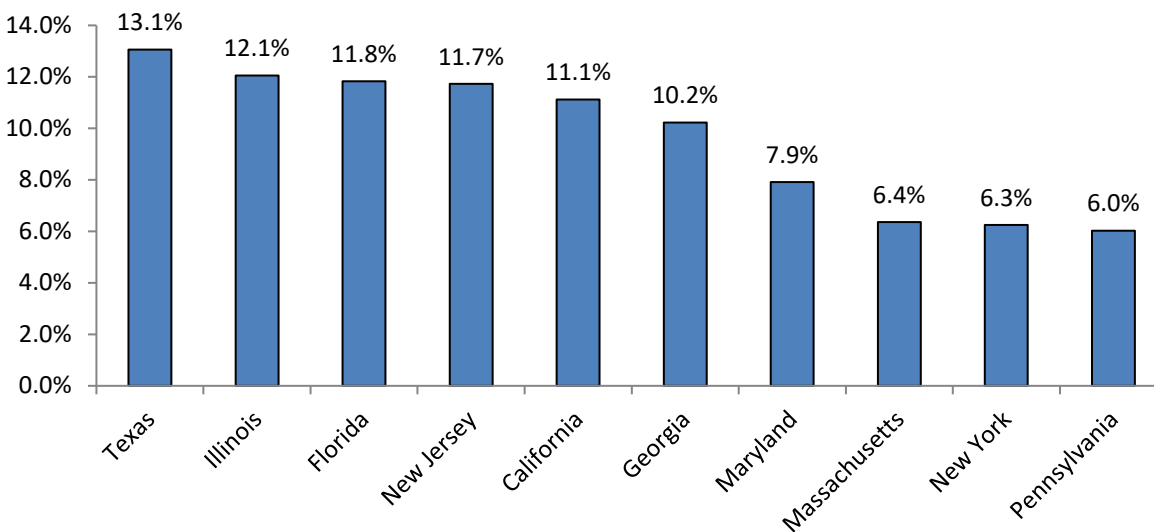
Florida had the second lowest ratio of DCC to loss among the top 10 states in 2019. Although this data may also be distorted by the same factors that can distort the loss ratio, it is suggestive of relative efficiency in DCC expenditures.

Expense Information for the Top 10 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, in the NAIC database AOE, other acquisition, and general expense data is strictly on a countrywide basis. Throughout this report, Florida AOE, other acquisition, and general expense were determined by pro-rating countrywide figures using direct malpractice earned premium. In that way, if a state has a higher-than-average percentage 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 10 states by direct written premium are shown below.

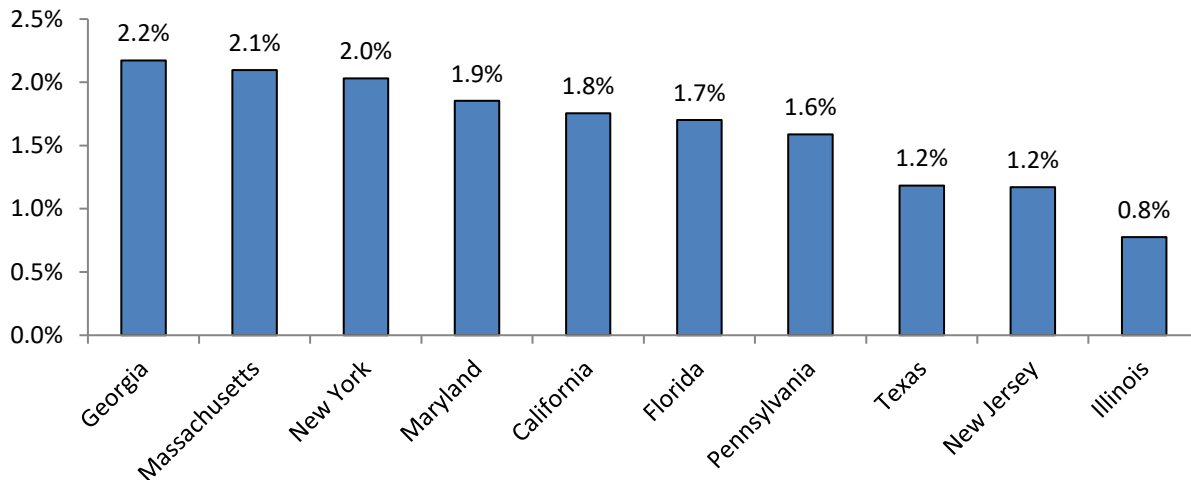
2019 All Medical Malpractice Direct Commission to Written Premium Ratios



Florida has the third highest with higher commission ratio among the states. The Florida commission is about 0.6% lower than the 12.4% in 2018.

Ratios of premium tax to written premium for the top 10 states are shown below.

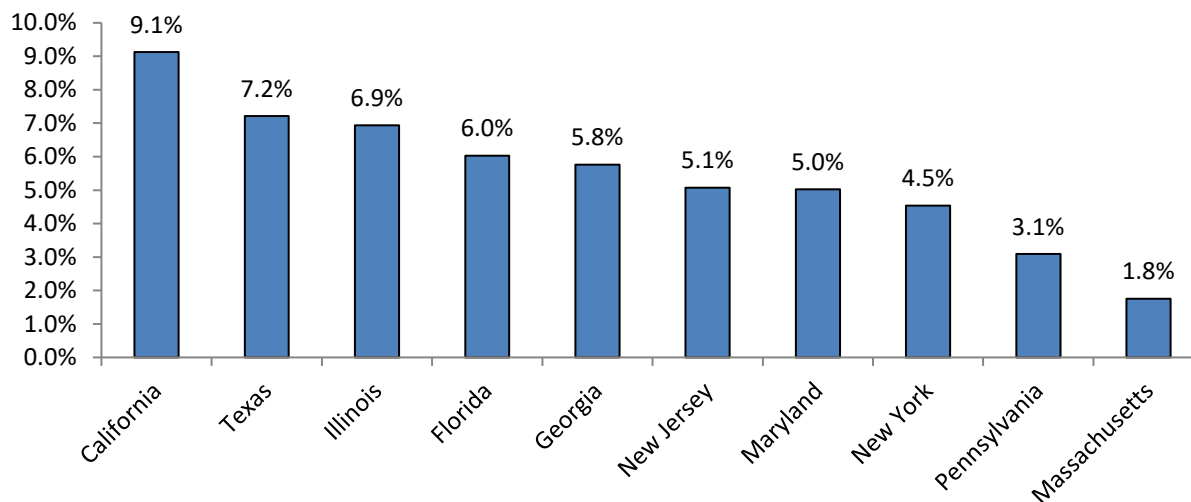
2019 All Medical Malpractice Premium Tax to Direct Written Premium Ratios



Differences in premium tax percentages are somewhat reduced from those in 2018, and Florida's premium tax expense has remained the same at 1.7%.

The direct commission to written premium ratios shown on the prior page and premium tax expense ratios above are based on actual state and company data. OIR has also analyzed 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.

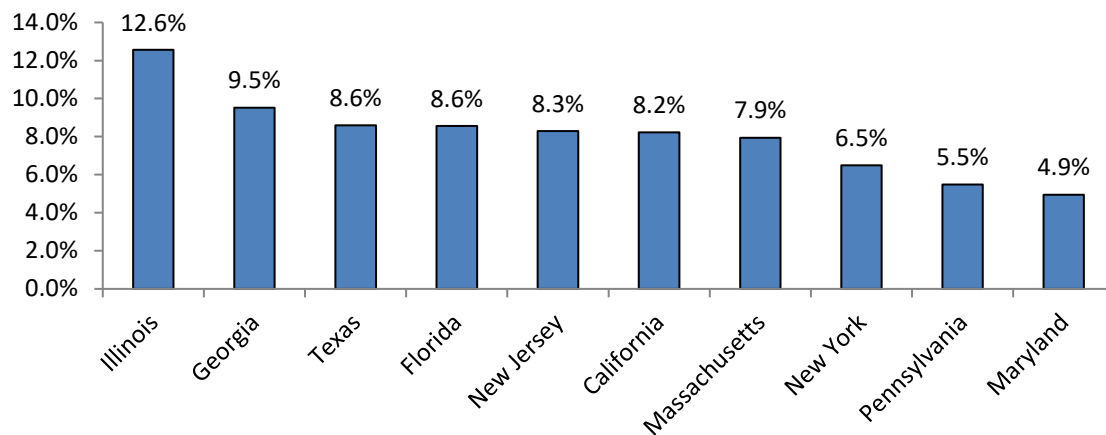
2019 All Medical Malpractice AOE to Direct Earned Premium Ratios



Last year, Florida had the fourth highest AOE expense ratio within the peer group. In 2019, Florida still has the fourth highest AOE expense ratio.

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.

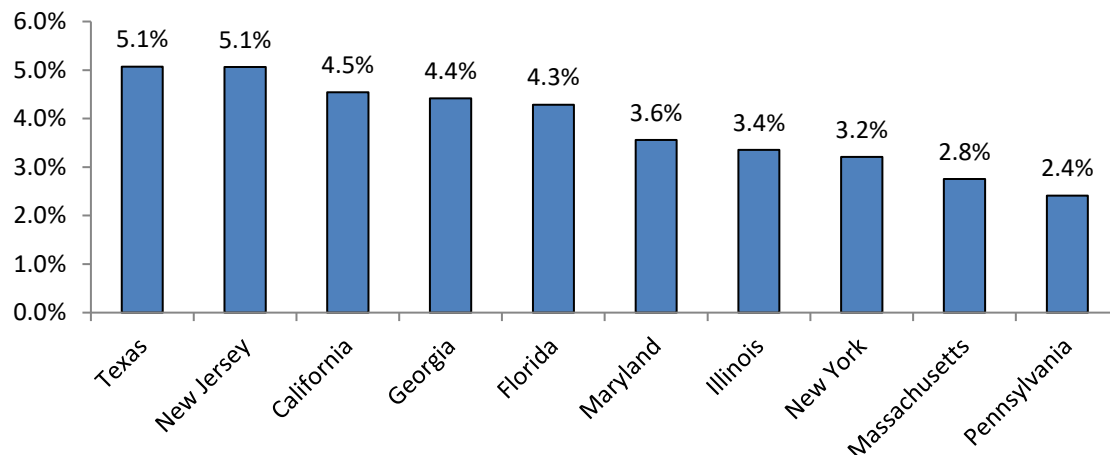
2019 All Medical Malpractice General Expense to Direct Earned Premium Ratios



Florida has the fourth highest general expense ratio among the top 10 states at 8.6%, up from 8.5% last year. It was fifth highest in 2018.

Other acquisition expense is also related to earned premium and are shown in the following graph.

2019 All Medical Malpractice Other Acquisition Expense to Direct Earned Premium Ratios

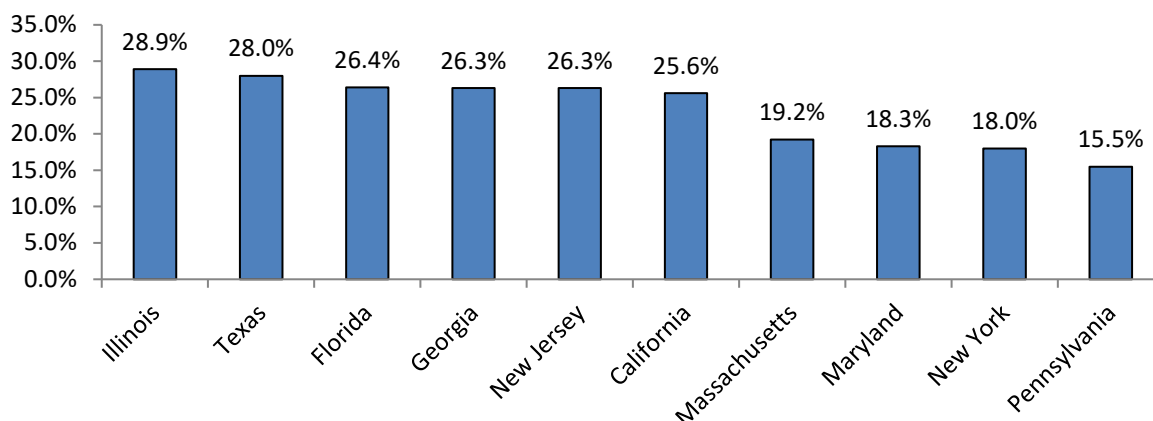


These ratios are typically not as high as the general expense ratios. Although Florida's other acquisition expense ratio was midrange in the peer group (fifth), Florida is near the upper end of

commission expense. Consequently, Florida's total acquisition expense (commission and other acquisition combined of 16.1%) ratio was somewhat high (third) within the peer group. Last year's ratio was 16.7%, which was also third in the peer group.

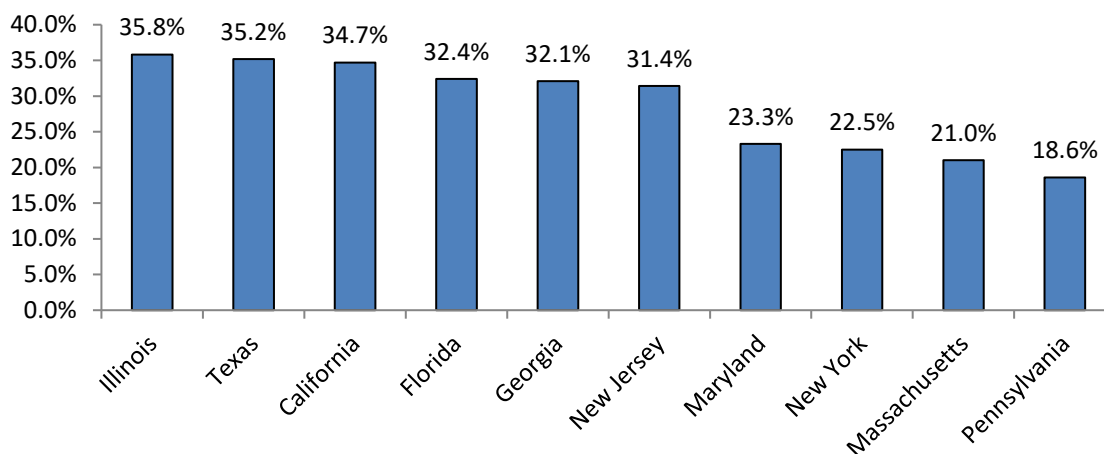
In calculating the overall expense ratio, the industry standard approach involves the combination of the commission, tax, general expense, and other acquisition ratios, and excludes AOE since the AOE ratio relates better to the number of claims to be adjusted rather than premium. Ratios on that basis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

2019 All Medical Malpractice Standard (No AOE) Expense Ratios



A review of the chart shows that Florida's standard expense ratio is the third highest among the top 10 states, the same as in 2018. When AOE expense is added to the above expense ratios as a step in computing total underwriting profitability, Florida has the fourth highest expense ratio of the top 10 states.

2019 All Medical Malpractice Expense Ratios (Inclusive of AOE)



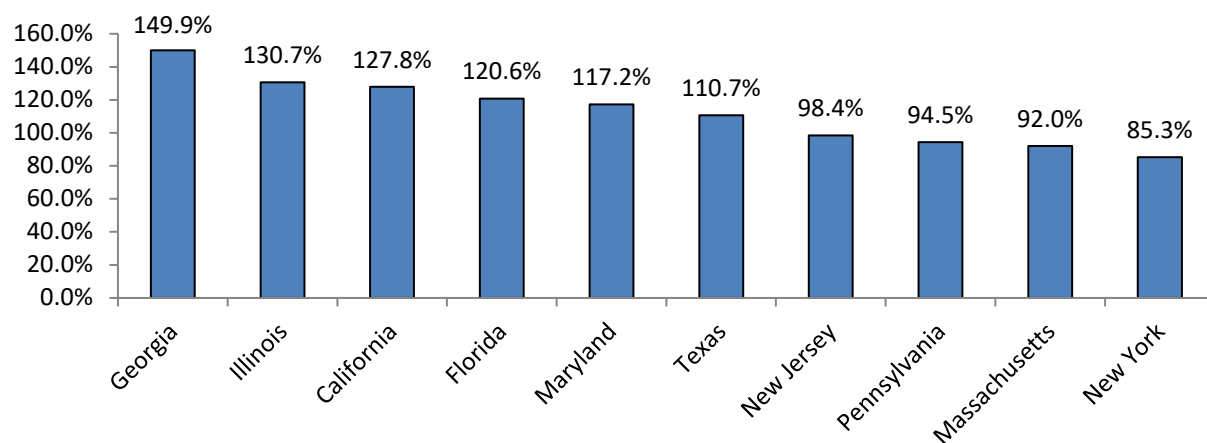
Profitability Measures for the Top 10 States

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, 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, 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.

Most of the data available in the NAIC financial database is based on “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 the calendar year loss values. When the calendar year combined ratio of a state is taken as a bellwether, a deeper actuarial analysis of the individual state data for each company may be needed to fully understand medical malpractice profitability in the state.

The combined ratios for the top 10 states are shown below.

2019 All Medical Malpractice Direct Combined Ratios



The chart shows that the overall medical malpractice line is generating underwriting losses in six states and underwriting profits in four states. However, the combined ratios shown do not include the income the insurers earn on their investments. When that is reflected, it is likely that medical malpractice in some of the states with high combined ratios is nonetheless profitable. Florida is fourth in the peer group (down from third) with a 120.6% combined ratio (up from 111.3% in 2018). If the risk retention group that booked the large incurred losses in 2019 were removed, the combined loss ratio would be 108.6%.

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. Insurers report financial information in their statutory annual statements on an aggregate, nationwide, by-state, and 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, OIR 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 and Brokerage Expenses
- Taxes, Licenses, and Fees

The 2004 Annual Report provided a financial analysis of insurers representing 80% of the market on a *direct written premium* basis as a surrogate for net written premium. OIR 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 that 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 data from all lines of business are grouped together. Therefore, certain information must either be analyzed on an all lines combined basis or allocated between lines or states.

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

With those caveats, the 2019 direct written premium of the companies that comprise 80% of the total medical malpractice insurance market in Florida is shown below. Highlighted rows indicate insurers that are domiciled in Florida in this exhibit and other exhibits in this report.

2019 Florida Written Premium for Leading Malpractice Carriers

Premium Rank	Company	Direct Written Premium	Market Share	Cumulative Share
1	Doctors Company, An Interinsurance Exchange	\$109,521,730	18.2%	18.2%
2	MAG Mutual Insurance Company	\$73,686,202	12.2%	30.4%
3	Medical Protective Company	\$61,954,551	10.3%	40.7%
4	NORCAL Mutual Insurance Company	\$43,796,532	7.3%	48.0%
5	National Fire & Marine Insurance Company	\$29,457,140	4.9%	52.9%
6	MedMal Direct Insurance Company	\$16,023,160	2.7%	55.5%
7	Columbia Casualty Company	\$15,166,933	2.5%	58.1%
8	American Casualty Company of Reading, PA	\$14,332,663	2.4%	60.4%
9	ProAssurance Casualty Company	\$13,321,120	2.2%	62.7%
10	Samaritan RRG, Inc.	\$10,135,034	1.7%	64.3%
11	Landmark American Insurance Company	\$9,708,554	1.6%	65.9%
12	MCIC Vermont (A Reciprocal RRG)	\$9,479,829	1.6%	67.5%
13	Coverys Specialty Insurance Company	\$8,249,485	1.4%	68.9%
14	Admiral Insurance Company	\$8,034,344	1.3%	70.2%
15	Healthcare Underwriters Group, Inc.	\$6,963,415	1.2%	71.4%
16	Evanston Insurance Company	\$6,735,024	1.1%	72.5%

Premium Rank	Company	Direct Written Premium	Market Share	Cumulative Share
17	Podiatry Insurance Company of America	\$6,678,247	1.1%	73.6%
18	OMS National Insurance Company, RRG	\$6,089,937	1.0%	74.6%
19	Ophthalmic Mutual Insurance Company (A RRG)	\$6,058,084	1.0%	75.6%
20	Continental Casualty Company	\$5,895,726	1.0%	76.6%
21	Titan Risk Retention Group, Inc.	\$5,633,437	0.9%	77.5%
22	Hallmark Specialty Insurance Company	\$5,376,070	0.9%	78.4%
23	Ironshore Specialty Insurance Company	\$5,135,386	0.9%	79.3%
24	Physicians Insurance Company	\$5,067,538	0.8%	80.1%
Top 80% Total:		\$482,500,141		
Total Florida Market:		\$602,130,130		

Ten of the sample companies are licensed property and casualty insurers, and eight are surplus lines companies (#5 National Fire & Marine, #7 Columbia Casualty, #11 Landmark American, #13 Coverys Specialty, #14 Admiral, #16 Evanston, #22 Hallmark Specialty, and #23 Ironshore Specialty). There was one reciprocal-type insurer (#1 Doctors Company) and five RRGs (#10 Samaritan, #12 MCIC Vermont, #18 OMS National, #19 Ophthalmic Mutual, and #21 Titan).

There are some differences and similarities in the market when compared to the sample firms in the 2019 Annual Report on 2018 data. This year, achieving the 80% market share requirement required the inclusion of 24 insurers, with two of the insurers being domiciled in Florida. This is one less than the number of companies required in last year's annual report but is significantly different from the situation when the reforms were first instituted. In last year's report, 25 insurers were required and two were domiciled in Florida. However, in the original 2004 report, only 11 insurers were required, two of which were domiciled in Florida. In the 2005 report, 12 insurers were required, two of which were domiciled in Florida.

The total medical malpractice insurance written premium for the state of Florida as reported above increased (7.1%) to \$602 million in 2019 from \$562 million in 2018. However, since the 2003 reforms, the premium has decreased from \$860 million in 2004 and \$850 million in 2005.

Over the long term, this represents a substantial decrease (30%) 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 shown in the table below.

2019 Florida Earned Premium, Loss, and Loss and DCC Experience for Leading Malpractice Carriers

Premium		Direct Earned	Loss	Loss & DCC
Rank	Company	Premium	Ratio	Ratio
1	Doctors Company, An Interinsurance Exchange	\$108,549,298	19.5%	30.6%
2	MAG Mutual Insurance Company	\$71,573,321	63.5%	53.0%
3	Medical Protective Company	\$55,633,805	56.6%	79.4%
4	NORCAL Mutual Insurance Company	\$38,828,722	116.8%	146.5%
5	National Fire & Marine Insurance Company	\$29,454,402	66.6%	93.5%
6	MedMal Direct Insurance Company	\$15,590,776	48.0%	70.2%
7	Columbia Casualty Company	\$15,038,474	127.5%	138.3%
8	American Casualty Company of Reading, PA	\$14,379,194	90.0%	97.5%
9	ProAssurance Casualty Company	\$13,381,208	16.7%	22.7%
10	Samaritan RRG, Inc.	\$10,075,996	62.3%	75.7%
11	Landmark American Insurance Company	\$8,681,003	63.2%	75.9%
12	MCIC Vermont (A Reciprocal RRG)	\$9,479,806	799.6%	830.1%
13	Coverys Specialty Insurance Company	\$5,468,420	101.1%	255.8%
14	Admiral Insurance Company	\$7,976,385	79.0%	94.5%
15	Healthcare Underwriters Group, Inc.	\$5,798,343	50.7%	130.7%
16	Evanston Insurance Company	\$8,311,257	125.1%	142.7%
17	Podiatry Insurance Company of America	\$7,061,775	35.8%	77.8%
18	OMS National Insurance Company, RRG	\$6,087,307	43.3%	69.6%
19	Ophthalmic Mutual Insurance Company (A RRG)	\$5,939,179	40.8%	51.2%
20	Continental Casualty Company	\$6,236,143	118.7%	174.8%
21	Titan Risk Retention Group, Inc.	\$5,633,437	72.1%	93.4%
22	Hallmark Specialty Insurance Company	\$4,494,477	63.9%	76.6%
23	Ironshore Specialty Insurance Company	\$4,926,595	93.1%	106.1%
24	Physicians Insurance Company	\$5,891,715	113.9%	146.4%
Top 80% Total:		\$464,491,038	75.5%	92.3%
Total Florida Market:		\$586,021,923	70.1%	88.2%

As some of the very low loss ratios show, even carriers with as much as \$10 million in annual earned premium in a single state may exhibit significant fluctuations in loss ratios within the state and individual carriers can still have a significant impact on statewide results. If we were to remove the Vermont RRG, the 2019 Florida all companies' loss ratio of 58.1% would have been comparable to the 2018 ratio of 57.4% and the 2019 Florida all companies' loss and DCC ratio of 76.2% would have been comparable to the 2018 ratio of 79.1%.

The ratios in the previous table are “calendar year” values. As such, they represent all the loss (or loss and DCC) amounts recorded during 2019. The actual claims reported in 2019 under claims made policies (“report year”) are a portion of the calendar year result. Those represent the true costs associated with the policies earning in 2019. 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.

Information on how loss and loss adjustment expense cost estimates (reserves) have increased (+ signs indicating a cost increase developing as claims are settled) or decreased (-) in the one-year and two-year periods after the reserves are set may be seen in the charts below.

2019 One-Year Development as Percentage of 2018 Incurred Loss, and Four Prior One-Year Development Values

Company	2019	2018	2017	2016	2015
Doctors Company, an Interinsurance Exchange	-13%	-1%	-13%	-10%	-16%
MAG Mutual Insurance Company	-7%	-13%	-10%	-12%	-33%
Medical Protective Company	-25%	-37%	-55%	-38%	-50%
NORCAL Mutual Insurance Company	+30%	-7%	+10%	-0%	-21%
National Fire & Marine Insurance Company	+10%	-3%	-9%	-3%	-21%

2019 Two-Year Development as Percentage of 2017 Incurred Loss, and Four Prior Two-Year Development Values

Company	2019	2018	2017	2016	2015
Doctors Company, an Interinsurance Exchange	-19%	-13%	-24%	-26%	-27%
MAG Mutual Insurance Company	-20%	-21%	-21%	-43%	-64%
Medical Protective Company	-56%	-84%	-92%	-79%	-701%
NORCAL Mutual Insurance Company	+18%	+12%	+11%	-14%	-33%
National Fire & Marine Insurance Company	+4%	-9%	-11%	-17%	-20%

(Note, the Medical Protective values may have been affected by a special reinsurance transaction.)

Expense Information for Leading Medical Malpractice Carriers in Florida

The language in 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. 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), 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 following table contains the Florida-specific medical malpractice commission and tax ratios for the top 80% of the Florida market.

2019 Direct Florida Medical Malpractice Commission and Premium Tax Ratios for Leading Malpractice Carriers

Premium Rank	Company	Commission to Direct Written Premium	Tax to Direct Written Premium
1	Doctors Company, An Interinsurance Exchange	8.8%	1.2%
2	MAG Mutual Insurance Company	7.1%	3.3%
3	Medical Protective Company	13.1%	3.4%
4	NORCAL Mutual Insurance Company	10.6%	1.1%
5	National Fire & Marine Insurance Company	32.3%	0.0%
6	MedMal Direct Insurance Company	0.0%	1.9%
7	Columbia Casualty Company	13.6%	0.0%
8	American Casualty Company of Reading, PA	37.8%	1.6%
9	ProAssurance Casualty Company	0.0%	1.8%
10	Samaritan RRG, Inc.	9.9%	0.0%
11	Landmark American Insurance Company	19.9%	0.0%
12	MCIC Vermont (A Reciprocal RRG)	0.1%	2.8%
13	Coverys Specialty Insurance Company	13.8%	0.1%
14	Admiral Insurance Company	17.4%	0.0%
15	Healthcare Underwriters Group, Inc.	9.2%	2.9%
16	Evanston Insurance Company	18.8%	0.2%
17	Podiatry Insurance Company of America	3.2%	1.1%
18	OMS National Insurance Company, RRG	5.9%	0.0%
19	Ophthalmic Mutual Insurance Company (A RRG)	0.0%	0.0%
20	Continental Casualty Company	1.6%	3.3%
21	Titan Risk Retention Group, Inc.	0.0%	3.0%
22	Hallmark Specialty Insurance Company	22.2%	0.0%
23	Ironshore Specialty Insurance Company	12.5%	0.0%
24	Physicians Insurance Company	10.1%	1.9%

The commission ratios fluctuate widely, due in part to differences in sales strategies. The tax ratios also show significant fluctuations among 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.

2019 Direct Countrywide Medical Malpractice AOE, General, and Other Acquisition Ratios for Leading Malpractice Carriers

Premium Rank	Company	AOE To Direct Earned Premium	General Exp Ratio	Other Acq Exp Ratio
1	Doctors Company, An Interinsurance Exchange	11.5%	13.7%	2.9%
2	MAG Mutual Insurance Company	-0.1%	13.0%	4.3%
3	Medical Protective Company	2.9%	7.7%	5.2%
4	NORCAL Mutual Insurance Company	9.1%	6.4%	7.7%
5	National Fire & Marine Insurance Company	8.1%	1.4%	0.5%
6	MedMal Direct Insurance Company	1.9%	12.5%	10.6%
7	Columbia Casualty Company	4.8%	6.9%	6.3%
8	American Casualty Company of Reading, PA	4.5%	2.8%	2.6%
9	ProAssurance Casualty Company	12.5%	4.7%	6.6%
10	Samaritan RRG, Inc.	1.4%	4.1%	0.3%
11	Landmark American Insurance Company	1.1%	0.3%	0.3%
12	MCIC Vermont (A Reciprocal RRG)	0.0%	0.0%	0.0%
13	Coverys Specialty Insurance Company	11.3%	12.5%	6.1%
14	Admiral Insurance Company	2.9%	5.1%	3.7%
15	Healthcare Underwriters Group, Inc.	4.1%	2.0%	1.0%
16	Evanston Insurance Company	8.7%	12.2%	0.2%
17	Podiatry Insurance Company of America	10.2%	0.0%	15.7%
18	OMS National Insurance Company, RRG	6.6%	21.2%	4.9%
19	Ophthalmic Mutual Insurance Company (A RRG)	6.5%	18.1%	14.0%
20	Continental Casualty Company	5.9%	5.7%	4.7%
21	Titan Risk Retention Group, Inc.	0.0%	1.9%	0.0%
22	Hallmark Specialty Insurance Company	0.1%	3.5%	11.0%
23	Ironshore Specialty Insurance Company	3.7%	22.3%	0.0%
24	Physicians Insurance Company	3.3%	7.2%	6.9%

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 of the top medical malpractice carriers in Florida are shown below.

2019 Direct Estimated Overall Non-AOE Expense Ratios for Leading Malpractice Carriers

Premium Rank	Company	Non-AOE Expense Ratio	Expense Rank
1	Doctors Company, An Interinsurance Exchange	26.7%	12
2	MAG Mutual Insurance Company	27.7%	10
3	Medical Protective Company	29.4%	9
4	NORCAL Mutual Insurance Company	25.7%	15
5	National Fire & Marine Insurance Company	34.2%	4
6	MedMal Direct Insurance Company	25.1%	16
7	Columbia Casualty Company	26.8%	11
8	American Casualty Company of Reading, PA	44.8%	1
9	ProAssurance Casualty Company	13.2%	22
10	Samaritan RRG, Inc.	14.3%	21
11	Landmark American Insurance Company	20.5%	17
12	MCIC Vermont (A Reciprocal RRG)	2.8%	24
13	Coverys Specialty Insurance Company	32.5%	5
14	Admiral Insurance Company	26.2%	13
15	Healthcare Underwriters Group, Inc.	15.1%	20
16	Evanston Insurance Company	31.4%	8
17	Podiatry Insurance Company of America	20.1%	18
18	OMS National Insurance Company, RRG	32.1%	6
19	Ophthalmic Mutual Insurance Company (A RRG)	32.1%	7
20	Continental Casualty Company	15.3%	19
21	Titan Risk Retention Group, Inc.	4.9%	23
22	Hallmark Specialty Insurance Company	36.6%	2
23	Ironshore Specialty Insurance Company	34.8%	3
24	Physicians Insurance Company	26.2%	14

While the differences are not as pronounced as in some of the individual expense component analyses, these ratios still range from as low² as 2.8% to a high of 44.8%. Among the top five carriers, one has an expense ratio of 34%, while the remaining four all have ratios in a range between 25% and 30%.

² An expense ratio of 2.8% is very unusual, since some expenses are needed to administer policies. What entity pays those costs for MCIC Vermont (A Reciprocal RRG) and how the costs are funded is not known.

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 based on “calendar year” information. That data includes a mix of 2019 losses and changes in the 2018 and prior years. Data over several years may be more meaningful than one year of data. A single year’s profit or loss may not be a reliable indicator of the strength of the market.

In this section, the 2019 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. The Florida loss and DCC ratios may be added with the AOE and non-AOE expense ratios shown in the previous tables to produce estimated combined ratios. The results are shown in the table below.

2019 Direct Estimated Florida Malpractice Combined Ratios for Leading Florida Malpractice Carriers

Premium Rank	Company	Combined Ratio
1	Doctors Company, An Interinsurance Exchange	68.9%
2	MAG Mutual Insurance Company	80.7%
3	Medical Protective Company	111.6%
4	NORCAL Mutual Insurance Company	181.4%
5	National Fire & Marine Insurance Company	135.8%
6	MedMal Direct Insurance Company	97.1%
7	Columbia Casualty Company	169.9%
8	American Casualty Company of Reading, PA	146.8%
9	ProAssurance Casualty Company	48.4%
10	Samaritan RRG, Inc.	91.4%
11	Landmark American Insurance Company	97.4%
12	MCIC Vermont (A Reciprocal RRG)	832.9%
13	Coverys Specialty Insurance Company	299.6%
14	Admiral Insurance Company	123.6%
15	Healthcare Underwriters Group, Inc.	149.8%
16	Evanston Insurance Company	182.8%
17	Podiatry Insurance Company of America	108.1%
18	OMS National Insurance Company, RRG	108.2%
19	Ophthalmic Mutual Insurance Company (A RRG)	89.8%
20	Continental Casualty Company	196.0%

Premium Rank	Company	Combined Ratio
21	Podiatry Insurance Company of America	98.3%
22	Ironshore Specialty Insurance Company	113.3%
23	Coverys Specialty Insurance Company	144.6%
24	Aspen American Insurance Company	175.9%

There is a broad range of different combined ratios among the top Florida malpractice carriers. Sixteen (16) companies show combined ratios over 100%, with twelve (12) companies showing combined ratios over 115%. Reserving complications could exacerbate the values, but the 2018 year generated sixteen (16) companies with combined ratios over 100%, 10 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. It is possible that an analysis with more data could change the results considerably.

Subtracting each insurer's combined ratio from one will produce its underwriting profit ratio for Florida medical malpractice. Multiplying that underwriting profit ratio by the Florida medical malpractice earned premium produces the insurer's Florida medical malpractice underwriting profit. To arrive at the overall post-tax³ profit, one must add investment income and deduct federal taxes. Further, one must relate that income to a measure of the capital investment made 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. Financial data in the NAIC database includes a single countrywide all-lines surplus value for each company. 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, an approach of allocating surplus according to direct⁴ written premium was used. The results are shown in the following chart on the next page.

³ Computing the post-tax profit is the 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.

⁴ 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.

2019 Surplus Allocated to Florida Medical Malpractice for Leading Malpractice Carriers

Premium Rank	Company	Allocated Surplus in 1,000,000's
1	Doctors Company, An Interinsurance Exchange	\$378.99
2	MAG Mutual Insurance Company	\$208.89
3	Medical Protective Company	\$273.52
4	NORCAL Mutual Insurance Company	\$81.53
5	National Fire & Marine Insurance Company	\$136.39
6	MedMal Direct Insurance Company	\$12.98
7	Columbia Casualty Company	\$5.93
8	American Casualty Company of Reading, PA	\$2.97
9	ProAssurance Casualty Company	\$17.18
10	Samaritan RRG, Inc.	\$28.27
11	Landmark American Insurance Company	\$2.21
12	MCIC Vermont (A Reciprocal RRG)	\$15.21
13	Coverys Specialty Insurance Company	\$3.85
14	Admiral Insurance Company	\$8.84
15	Healthcare Underwriters Group, Inc.	\$12.95
16	Evanston Insurance Company	\$5.74
17	Podiatry Insurance Company of America	\$10.68
18	OMS National Insurance Company, RRG	\$25.49
19	Ophthalmic Mutual Insurance Company (A RRG)	\$30.79
20	Continental Casualty Company	\$9.19
21	Titan Risk Retention Group, Inc.	\$2.31
22	Hallmark Specialty Insurance Company	\$0.78
23	Ironshore Specialty Insurance Company	\$1.03
24	Physicians Insurance Company	\$7.18

OIR estimated the total profit that each company earned in Florida during 2019. 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 2019 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 income was allocated to the Florida medical malpractice premium 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 premium 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 carriers are listed below.

Components of 2019 Estimates (in Millions) of Pre-Tax Florida Medical Malpractice Profit for Leading Malpractice Carriers

Premium Rank	Company	Post-Dividend Underwriting Profit/Loss	Allocated Investment Income	Florida Pre-Tax Profit
1	Doctors Company, An Interinsurance Exchange	\$32.63	\$24.57	\$57.20
2	MAG Mutual Insurance Company	\$6.21	\$14.56	\$20.77
3	Medical Protective Company	-\$6.47	\$20.50	\$14.03
4	NORCAL Mutual Insurance Company	-\$31.61	\$3.07	-\$28.54
5	National Fire & Marine Insurance Company	-\$10.54	\$8.59	-\$1.95
6	MedMal Direct Insurance Company	\$0.45	\$1.26	\$1.71
7	Columbia Casualty Company	-\$10.51	\$1.49	-\$9.02
8	American Casualty Company of Reading, PA	-\$6.73	\$2.49	-\$4.24
9	ProAssurance Casualty Company	\$6.91	\$2.28	\$9.19
10	Samaritan RRG, Inc.	\$0.86	\$4.16	\$5.02
11	Landmark American Insurance Company	\$0.23	\$0.60	\$0.83
12	MCIC Vermont (A Reciprocal RRG)	-\$69.48	\$4.37	-\$65.11
13	Coverys Specialty Insurance Company	-\$10.92	\$0.63	-\$10.29
14	Admiral Insurance Company	-\$1.88	\$0.69	-\$1.19
15	Healthcare Underwriters Group, Inc.	-\$2.89	\$1.01	-\$1.88
16	Evanston Insurance Company	-\$6.89	\$1.74	-\$5.15
17	Podiatry Insurance Company of America	-\$0.57	\$1.08	\$0.51
18	OMS National Insurance Company, RRG	-\$0.50	\$1.24	\$0.74
19	Ophthalmic Mutual Insurance Company (A RRG)	-\$0.19	\$1.34	\$1.15
20	Continental Casualty Company	-\$5.98	\$1.46	-\$4.52
21	Titan Risk Retention Group, Inc.	\$0.09	\$0.00	\$0.09
22	Hallmark Specialty Insurance Company	-\$0.60	\$0.19	-\$0.41
23	Ironshore Specialty Insurance Company	-\$2.20	\$0.65	-\$1.55
24	Physicians Insurance Company	-\$4.47	\$0.34	-\$4.13

Using that pre-tax profit, and the tax rate each company paid on total income in 2019 (capped between 0% and 21%), OIR computed the estimated direct post-tax profit and return on surplus. The results are shown in the table on the next page.

Estimated 2019 Post-Tax Florida Medical Malpractice Profit (in Millions) and Return on Surplus for Leading Malpractice Carriers

Premium Rank	Company	Capped Tax Rate	Post-Tax Profit	Return on Surplus
1	Doctors Company, An Interinsurance Exchange	0.0%	\$57.20	15.1%
2	MAG Mutual Insurance Company	0.0%	\$20.77	9.9%
3	Medical Protective Company	16.2%	\$11.75	4.3%
4	NORCAL Mutual Insurance Company	10.0%	-\$25.68	-31.5%
5	National Fire & Marine Insurance Company	9.8%	-\$1.76	-1.3%
6	MedMal Direct Insurance Company	0.0%	\$1.71	13.2%
7	Columbia Casualty Company	19.6%	-\$7.26	-122.3%
8	American Casualty Company of Reading, PA	0.0%	-\$4.24	-142.8%
9	ProAssurance Casualty Company	16.6%	\$7.67	44.6%
10	Samaritan RRG, Inc.	11.7%	\$4.43	15.7%
11	Landmark American Insurance Company	21.0%	\$0.66	29.6%
12	MCIC Vermont (A Reciprocal RRG)	0.0%	-\$65.11	-428.2%
13	Coverys Specialty Insurance Company	17.3%	-\$8.51	-221.0%
14	Admiral Insurance Company	10.3%	-\$1.07	-12.1%
15	Healthcare Underwriters Group, Inc.	20.6%	-\$1.49	-11.5%
16	Evanston Insurance Company	11.9%	-\$4.54	-79.0%
17	Podiatry Insurance Company of America	21.0%	\$0.40	3.8%
18	OMS National Insurance Company, RRG	17.8%	\$0.61	2.4%
19	Ophthalmic Mutual Insurance Company (A RRG)	4.9%	\$1.09	3.6%
20	Continental Casualty Company	11.3%	-\$4.01	-43.7%
21	Titan Risk Retention Group, Inc.	0.0%	\$0.09	3.9%
22	Hallmark Specialty Insurance Company	7.8%	-\$0.38	-48.2%
23	Ironshore Specialty Insurance Company	15.1%	-\$1.32	-127.7%
24	Physicians Insurance Company	0.0%	-\$4.13	-57.5%

The leading Florida medical malpractice carrier, the Doctors Company, generated an estimated 15.1% return on surplus in 2019. The carrier showing the highest estimated return on surplus is ProAssurance Casualty Company. Among other things, this is heavily affected by the ratio of written premium to surplus. For example, #16 Evanston Insurance's ratio of written premium to allocated Florida surplus is 117%, but the Doctors Company's ratio is 29%. That 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 following 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 2019 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-Uncapped-Tax Return on Surplus	Countrywide Net Post-Tax Return on Surplus
1	Doctors Company, An Interinsurance Exchange	15.1%	17.3%	4.1%
2	MAG Mutual Insurance Company	9.9%	10.4%	2.0%
3	Medical Protective Company	4.3%	4.3%	6.9%
4	NORCAL Mutual Insurance Company	-31.5%	-31.5%	-37.0%
5	National Fire & Marine Insurance Company	-1.3%	-1.3%	3.5%
6	MedMal Direct Insurance Company	13.2%	17.9%	5.2%
7	Columbia Casualty Company	-122.3%	-122.5%	3.2%
8	American Casualty Company of Reading, PA	-142.8%	-142.7%	7.7%
9	ProAssurance Casualty Company	44.6%	44.6%	-39.9%
10	Samaritan RRG, Inc.	15.7%	15.7%	15.4%
11	Landmark American Insurance Company	29.6%	28.2%	6.0%
12	MCIC Vermont (A Reciprocal RRG)	-428.2%	-443.1%	5.8%
13	Coverys Specialty Insurance Company	-221.0%	-221.0%	2.3%
14	Admiral Insurance Company	-12.1%	-12.2%	2.1%
15	Healthcare Underwriters Group, Inc.	-11.5%	-11.5%	2.4%
16	Evanston Insurance Company	-79.0%	-79.0%	24.7%
17	Podiatry Insurance Company of America	3.8%	3.7%	7.5%
18	OMS National Insurance Company, RRG	2.4%	2.4%	6.6%
19	Ophthalmic Mutual Insurance Company (A RRG)	3.6%	3.5%	1.4%
20	Continental Casualty Company	-43.7%	-43.7%	9.5%
21	Titan Risk Retention Group, Inc.	3.9%	4.1%	22.1%
22	Hallmark Specialty Insurance Company	-48.2%	-47.9%	-11.4%
23	Ironshore Specialty Insurance Company	-127.7%	-128.0%	4.7%
24	Physicians Insurance Company	-57.5%	-57.5%	-21.4%
Top 80% Averages:		-18.8%	-18.4%	-0.3%
Averages for Total Florida Market:		-13.8%	-13.4%	5.1%

The data on post-tax direct return on surplus suggest that in 2019, Florida medical malpractice policies of the top 24 carriers generated lesser returns comparable to that of the carriers' other policies. However, this may be distorted by volatility in claims costs (as discussed on pages 14 and 25).

While the Florida returns have been low overall, 11 carriers posted positive operating returns under the capped tax approach, and 13 carriers posted negative returns on surplus from Florida policy earnings using the capped tax rates. Should this situation worsen, it is possible that the direct return on surplus in Florida may be significantly 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 policies. 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 countrywide post-tax net of reinsurance return was -0.3% for the leading carriers and 5.1% for the market as a whole. Considering that in 2019 the Dow Jones industrial stocks⁵ gained 24.2% and the Standard and Poor's index gained 30.3%, the return of the carriers appears to be different from the overall stock market, although both have shown volatility. However, this still generally supports the viability of the leading Florida malpractice carriers in the medium term, although four of the carriers, one of which is a Florida domestic, had negative overall countrywide returns.

Any volatility in the loss reserves booked by an insurance company will heavily impact the company's reported income. 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 the top Florida medical malpractice carriers have had to increase the costs of claims that were reserved in prior years. The following table shows the percentage change during 2019 in the cost of claims underlying the 2018 reserves and the percentage change during the 2018-2019 period in the cost of claims held in the 2017 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.

⁵ All items were computed using the Finance section in [Google.com](https://www.google.com).

**One-Year Development on Countrywide All Lines 2018 Loss and Loss Adjustment
Expense Reserves and Two-Year Development on 2017 Reserves**

Florida Written Premium Rank	Company	<u>All Lines One-Year Reserve</u> <u>Development</u>		<u>All Lines Two-Year Reserve</u> <u>Development</u>	
		As Percentage	As Percentage	As Percentage	As Percentage
		of 2018 Reserves	of 2018 Surplus	of 2017 Reserves	of 2017 Surplus
1	Doctors Company, An Interinsurance Exchange	-4.2%	-3.3%	-6.1%	-4.5%
2	MAG Mutual Insurance Company	-3.0%	-2.2%	-9.2%	-5.9%
3	Medical Protective Company	-5.8%	-2.5%	-13.4%	-5.5%
4	NORCAL Mutual Insurance Company	25.4%	19.7%	13.7%	11.9%
5	National Fire & Marine Insurance Company	5.1%	2.0%	2.5%	0.7%
6	MedMal Direct Insurance Company	4.8%	5.4%	4.5%	5.0%
7	Columbia Casualty Company	0.0%	0.0%	0.0%	0.0%
8	American Casualty Company of Reading, PA	0.0%	0.0%	0.0%	0.0%
9	ProAssurance Casualty Company	4.5%	11.0%	-7.3%	-13.5%
10	Samaritan RRG, Inc.	-19.6%	-8.3%	-4.9%	-2.2%
11	Landmark American Insurance Company	2.1%	1.0%	-4.9%	-1.9%
12	MCIC Vermont (A Reciprocal RRG)	5.4%	11.2%	1.9%	3.4%
13	Coverys Specialty Insurance Company	0.0%	0.0%	0.0%	0.0%
14	Admiral Insurance Company	0.0%	0.0%	0.0%	0.0%
15	Healthcare Underwriters Group, Inc.	0.0%	0.0%	0.0%	0.0%
16	Evanston Insurance Company	-5.1%	-9.4%	-9.4%	-15.2%
17	Podiatry Insurance Company of America	-2.8%	-3.3%	-5.3%	-6.2%
18	OMS National Insurance Company, RRG	-7.4%	-3.7%	-11.5%	-5.1%
19	Ophthalmic Mutual Insurance Company (A RRG)	0.4%	0.1%	3.1%	0.6%
20	Continental Casualty Company	-0.5%	-0.8%	-1.4%	-2.2%
21	Titan Risk Retention Group, Inc.	0.0%	0.0%	0.0%	0.0%
22	Hallmark Specialty Insurance Company	14.6%	17.4%	17.2%	26.6%
23	Ironshore Specialty Insurance Company	0.0%	0.0%	0.0%	0.0%
24	Physicians Insurance Company	44.0%	45.2%	56.8%	51.9%

This table compares the reserve runoff to the surplus and carried reserves of the past. A review of the table will show that, as in the last year's report, the booked costs of claims occurring through 2017 and 2018 have generally 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 2017 and 2018 reserves were set conservatively. The latter scenario would suggest significant financial strength among medical malpractice carriers.

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

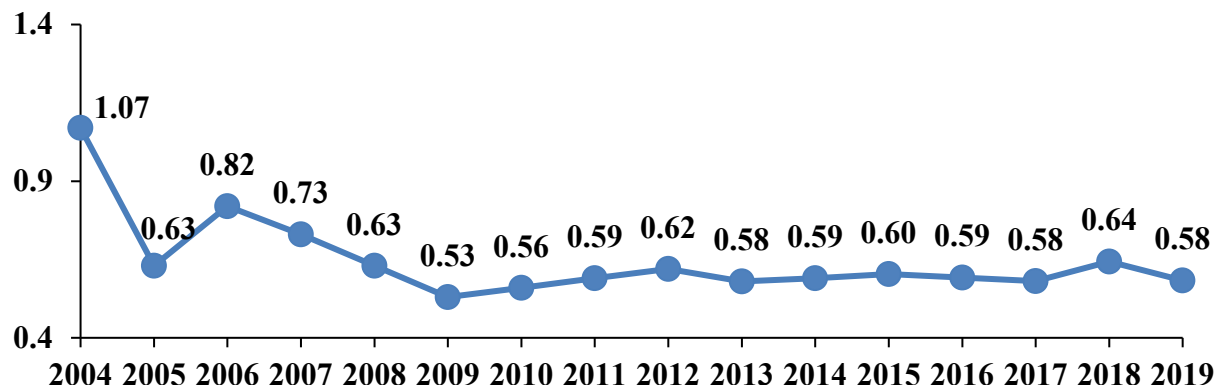
2019 Ratios of Premium to Surplus for Leading Malpractice Carriers

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	28.9%	28.5%
2	MAG Mutual Insurance Company	35.3%	38.7%
3	Medical Protective Company	22.7%	11.0%
4	NORCAL Mutual Insurance Company	53.7%	62.8%
5	National Fire & Marine Insurance Company	21.6%	21.4%
6	MedMal Direct Insurance Company	123.4%	97.0%
7	Columbia Casualty Company	255.8%	0.0%
8	American Casualty Company of Reading, PA	482.6%	0.0%
9	ProAssurance Casualty Company	77.6%	103.0%
10	Samaritan RRG, Inc.	35.8%	35.8%
11	Landmark American Insurance Company	438.8%	39.7%
12	MCIC Vermont (A Reciprocal RRG)	62.3%	60.7%
13	Coverys Specialty Insurance Company	214.3%	0.0%
14	Admiral Insurance Company	90.9%	0.0%
15	Healthcare Underwriters Group, Inc.	53.8%	0.0%
16	Evanston Insurance Company	117.3%	92.1%
17	Podiatry Insurance Company of America	62.5%	62.1%
18	OMS National Insurance Company, RRG	23.9%	24.0%
19	Ophthalmic Mutual Insurance Company (A RRG)	19.7%	17.9%
20	Continental Casualty Company	64.2%	60.7%
21	Titan Risk Retention Group, Inc.	243.9%	11.5%
22	Hallmark Specialty Insurance Company	684.9%	232.4%
23	Ironshore Specialty Insurance Company	498.3%	0.0%
24	Physicians Insurance Company	70.6%	55.6%

It is generally thought to be highly desirable for the net written premium to surplus ratio to be under 300%. All of the carriers fall into that category. That suggests that the medical malpractice industry, as a whole, is financially strong. The overall average net written premium to surplus ratio, weighting the ratio of each company writing in Florida by its 2019 Florida medical

malpractice written premium, was 0.58. As the graph below shows, it is slightly lower than the ratio developed in 2018, but still well below 300%, or even 100%.

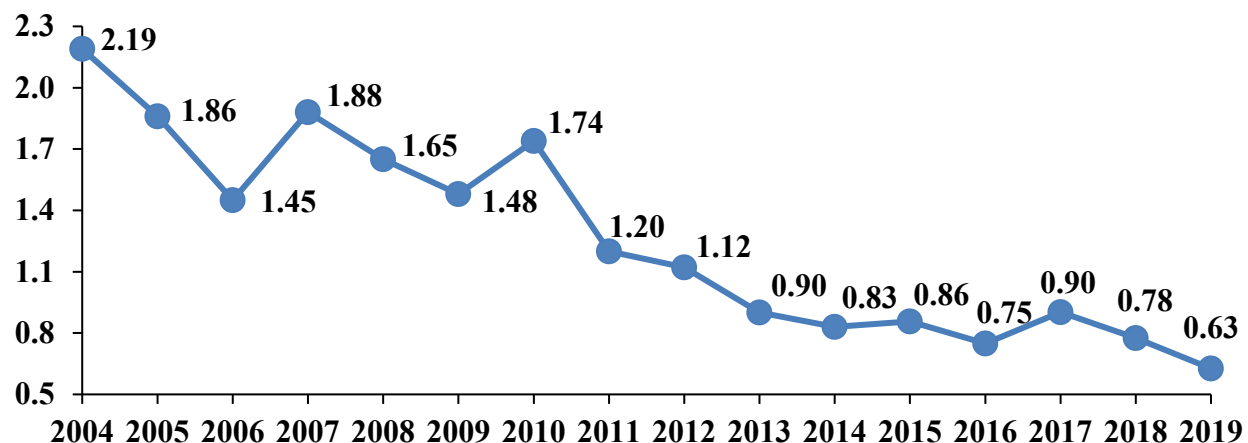
Historical Average Ratio of Net Written Premium to Surplus



The ratio of premiums written to surplus has generally remained low throughout since 2004, with lower values from 2008 to present.

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

Historical Average Ratio of Net Liabilities to Surplus for Leading Malpractice Carriers

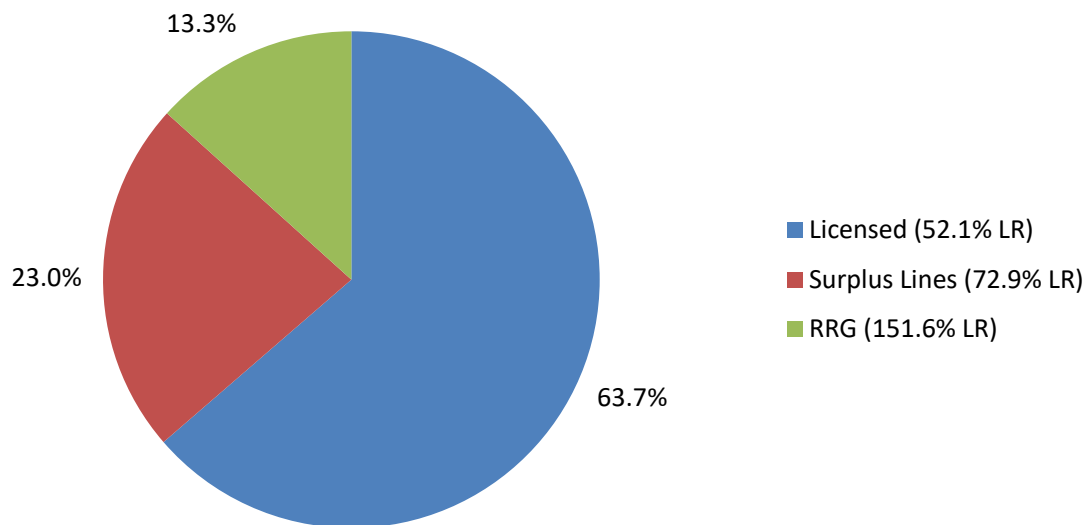


There is no precise statutory requirement for the net liabilities to surplus ratio, although the more recent ratios certainly suggest enhanced financial strength.

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

There are different types of companies that may sell medical malpractice insurance in Florida. The most common are licensed property/casualty companies that offer protection from the Florida Insurance Guaranty Association, in the event the companies fail. Licensed companies must file rates and policy contract language with OIR. 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” licensed 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 medical malpractice premium by entity type is shown below, along with the overall loss ratio for each entity type.

Composition of Overall 2019 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 insurance is sold by licensed property/casualty insurance companies. It is important to consider that these results include facilities, such as hospitals, and other healthcare professionals, such as 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 each subline should be measured separately. When a company is admitted to write medical malpractice insurance in Florida, its license generally allows it to write all types of medical malpractice coverage. Information from the company admissions unit of OIR 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 OIR. During 2019, the following insurance companies and risk retention groups entered the medical malpractice insurance market in Florida.

Carriers Entering the Florida Medical Malpractice Market in 2019

Company	Type of Entity	Domiciliary State
Argonaut Insurance Company	Property/Casualty Insurer	IL
Ascot Insurance Company	Property/Casualty Insurer	CO
CM Regent Insurance Company	Property/Casualty Insurer	PA
Nationwide Property and Casualty Insurance Company	Property/Casualty Insurer	OH
Professional Solutions Insurance Company	Property/Casualty Insurer	IA
Service American Indemnity Company	Property/Casualty Insurer	OK
Continuing Care Risk Retention Group, Inc.	RRG	VT
Copic, A Risk Retention Group	RRG	DC
Graph Insurance Group, A Risk Retention Group, LLC	RRG	VT
Midwest Insurance Group, Inc. A Risk Retention Group	RRG	VT
Titan Risk Retention Group, Inc.	RRG	AZ

In 2019, 11 insurance carriers entered the Florida market. Five of the new entrants are risk retention groups and the other six are admitted insurers. This compares to the five admitted insurers and four risk retention groups that were admitted into the Florida medical malpractice market in 2018.

Risk Purchasing Groups Entering the Florida Medical Malpractice Market in 2019

Company	Type of Entity	Domiciliary State
HUB International Medical Purchasing Group, Inc.	Risk Purchasing Group	IL
Orion Health Risk Purchasing Group LLC	Risk Purchasing Group	DE
Professional Services Purchasing Group	Risk Purchasing Group	TX

Three new risk purchasing groups were registered in Florida during 2019. Risk purchasing groups do not provide insurance. They pool insureds into groups to make them more attractive to insurers already licensed in Florida.

One risk retention group, J.M. Woodworth Risk Retention Group, Inc., withdrew its registration during 2019. One insurance company, PACO Assurance Company, Inc., merged with Podiatry Insurance Company of America and is now known as ProAssurance Insurance Company of America.

Recent Medical Malpractice Legislation

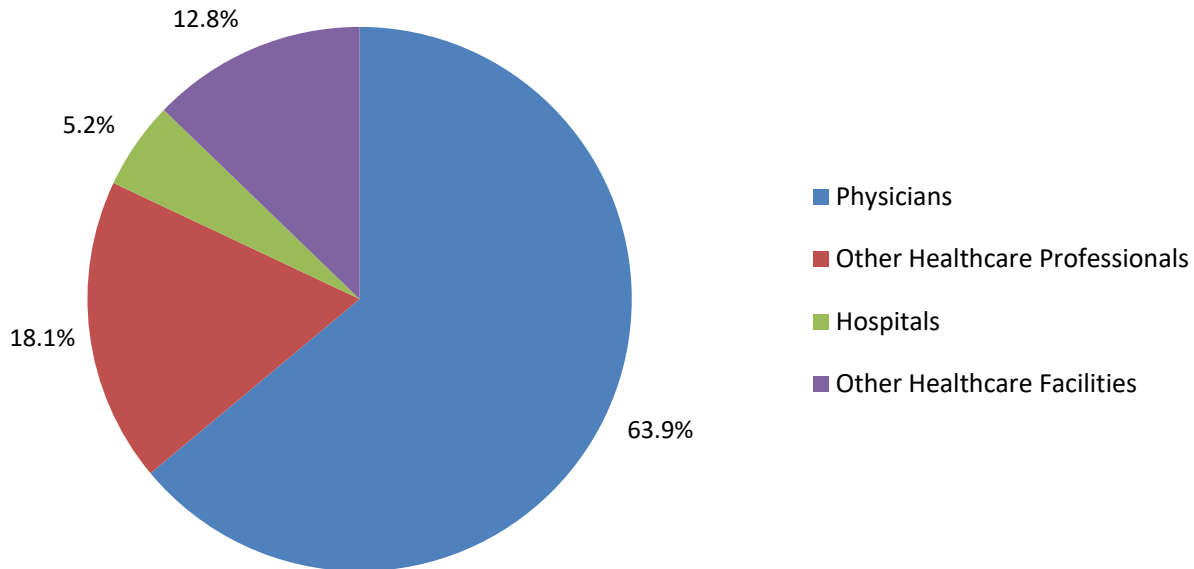
No legislation relating directly to medical malpractice were passed during the 2019 Florida Legislative Session. Further, no court decisions of the magnitude of the McCall or Kalitan cases were made recently.

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 \$2 million or higher deductibles, 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, blood banks, and MRI centers are also covered under the medical malpractice line of insurance.

As the chart on the next page shows, the physicians and surgeons category represents 64% of the 2019 Florida medical malpractice premium, and is by far the most prevalent.

2019 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 10 states. It will focus on comparisons among the top 10 physicians and surgeons malpractice states (by written premium) in the U.S., the leading physicians and surgeons malpractice carriers in Florida, the types of insurers selling physicians malpractice insurance in Florida, marketplace dynamics for the physicians insurance subline in Florida, and information on rate filings made in the physicians subline during 2019.

Comparisons to Other Leading States

As with the total malpractice market, the top 10 states by physicians malpractice written premium were determined and are shown below.

2019 Top 10 States by Physicians Malpractice Direct Written Premium

State	Physicians Written Premium	Physicians Written Premium Rank	All Medical Malpractice Written Premium Rank
New York	\$884,224,220	1	1
California	\$435,211,558	2	2
Florida	\$385,013,800	3	4
Illinois	\$300,034,070	4	5
New Jersey	\$270,766,911	5	6

State	Physicians Written Premium	Physicians Written Premium Rank	All Medical Malpractice Written Premium Rank
Pennsylvania	\$239,272,575	6	3
Georgia	\$178,400,713	7	10
Arizona	\$145,787,536	8	13
Maryland	\$144,007,168	9	9
Texas	\$143,992,515	10	8

The chart above closely mirrors the rankings for all medical malpractice. Only one of the top 10 states for all medical malpractice (#8 Massachusetts) is not on this list. Pennsylvania, Georgia, Texas, 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 2019 loss ratios of strictly physicians malpractice for the top 10 states is below.

2019 Direct Loss Ratios of Top 10 Physicians Malpractice States

Premium Rank	State	Physicians Direct Loss Ratio
7	Georgia	97.7%
4	Illinois	60.5%
3	Florida	60.4%
2	California	51.4%
6	Pennsylvania	48.8%
5	New Jersey	46.4%
9	Maryland	43.4%
10	Texas	41.4%
1	New York	38.6%
8	Arizona	31.6%

Florida ranks third in this list, the same as in 2018, and its rank is similar to its rank (fourth) in the total malpractice review. Further, five of the top 10 physicians' malpractice states (Georgia, Pennsylvania, Florida, New York, and Illinois) had loss ratios of over 50%.

Since physicians malpractice insurance is such a large part of the total malpractice market, it is reasonable⁶ 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 10 physicians malpractice states.

Estimated 2019 Direct Combined Ratios of Top 10 Physicians Malpractice States

Premium Rank	State	Physicians Combined Ratio
7	Georgia	159.3%
4	Illinois	124.7%
2	California	111.7%
3	Florida	108.4%
10	Texas	99.3%
5	New Jersey	90.8%
6	Pennsylvania	86.4%
1	New York	82.6%
9	Maryland	80.0%
8	Arizona	75.1%

By this estimate, Florida ranks fourth highest in physicians combined ratios, down from third in the previous study. As with the analysis of total medical malpractice, this suggests some stress in profitability in physicians' malpractice insurance.

Leading Physicians Carriers in Florida

As with the total malpractice insurance market, it is helpful to identify the leading carriers for physicians malpractice insurance in Florida, defined in statute as those constituting 80% of the physicians' malpractice market. As the following table shows, it requires 10 carriers, the same as last year, to constitute 80% of the physicians' malpractice insurance market in Florida.

⁶ 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.

Key 2019 Financial Information for Top Physicians Malpractice Carriers in Florida

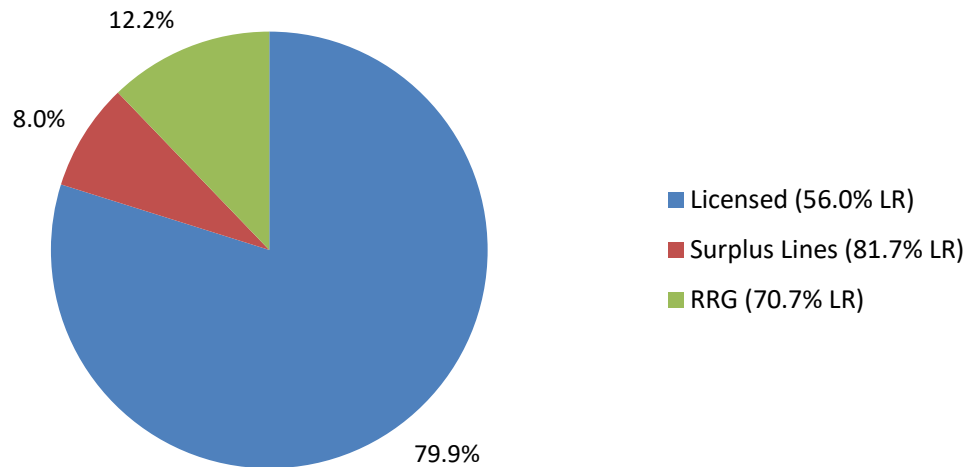
Company	Direct Florida Physicians Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Physicians Earned Premium	Direct Loss Ratio
Doctors Company, An Interinsurance Exchange	\$95,132,631	1	24.7%	24.7%	\$94,220,071	30.3%
MAG Mutual Insurance Company	\$73,021,311	2	19.0%	43.7%	\$70,899,325	63.7%
NORCAL Mutual Insurance Company	\$43,532,019	3	11.3%	55.0%	\$38,559,579	118.1%
Medical Protective Company	\$42,662,082	4	11.1%	66.1%	\$39,803,372	55.9%
MedMal Direct Insurance Company	\$16,023,160	5	4.2%	70.2%	\$15,590,776	48.0%
ProAssurance Casualty Company	\$12,826,691	6	3.3%	73.6%	\$12,907,228	13.8%
Samaritan RRG, Inc.	\$10,135,034	7	2.6%	76.2%	\$10,075,996	62.3%
Healthcare Underwriters Group, Inc.	\$6,963,415	8	1.8%	78.0%	\$5,798,343	50.7%
Ophthalmic Mutual Insurance Company (A RRG)	\$6,058,084	9	1.6%	79.6%	\$5,939,179	40.8%
National Fire & Marine Insurance Company	\$5,223,968	10	1.4%	80.9%	\$5,029,731	61.7%

The loss ratios for the top 10 insurers vary widely. The loss ratios of the #1 carrier, Doctors Company, and the #3 carrier, NORCAL, range from 30% to 118%. For the smaller companies, any volatility is likely dominated by random fluctuation in the costs of individual claims. For the larger companies, systemic changes such as reserve volatility changes may be key drivers of the loss ratio results. As shown above, the top 10 physicians insurers comprise 80% of the physicians malpractice insurance market, whereas 24 companies are required to include 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 the physicians malpractice market is shown on the next page.

**Composition of 2019 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 among 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 healthcare professionals, just like the physicians and surgeons, are primarily served by licensed insurers. That is confirmed in charts later in the report.

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

**2019 Percentage of Leading Carriers' All Lines Countrywide
Direct Written Premium that is from Physicians Malpractice (All States)**

Florida Physicians Premium Rank	Company	Physicians Written Premium to Total Written Premium Ratio
1	Doctors Company, An Interinsurance Exchange	89.6%
2	MAG Mutual Insurance Company	93.2%
3	NORCAL Mutual Insurance Company	99.0%
4	Medical Protective Company	62.1%
5	MedMal Direct Insurance Company	100.0%
6	ProAssurance Casualty Company	85.5%
7	Samaritan RRG, Inc.	100.0%
8	Healthcare Underwriters Group, Inc.	100.0%
9	Ophthalmic Mutual Insurance Company (A RRG)	100.0%
10	National Fire & Marine Insurance Company	3.0%

With the exception of National Fire & Marine, the top 10 carriers could be described as physicians malpractice specialists.

The table below 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. Three may be regarded as Florida physicians malpractice specialists.

**2019 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	14.9%
2	MAG Mutual Insurance Company	25.1%
3	NORCAL Mutual Insurance Company	14.2%
4	Medical Protective Company	7.2%
5	MedMal Direct Insurance Company	79.6%
6	ProAssurance Casualty Company	9.1%
7	Samaritan RRG, Inc.	100.0%
8	Healthcare Underwriters Group, Inc.	53.4%
9	Ophthalmic Mutual Insurance Company (A RRG)	13.8%
10	National Fire & Marine Insurance Company	0.3%

Florida Marketplace Dynamics for the Physicians Malpractice Subline

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

First, the quality of the competition is evaluated. The most relevant measure that can be computed from NAIC physicians market data is the Herfindahl index. This is a measure of the extent to which market share (and presumably market clout) is concentrated in a few companies. The theory of economic competition is based on an assumption that there are a large number of sellers of a commodity, in this case, physicians malpractice insurance, that act independently, and that each seller is a “price taker” that must accept a market price. Therefore, the potential for the market to optimize pricing to benefit insureds is affected by the degree of concentration in the market. The United States Justice Department uses the Herfindahl index to measure concentration within a market. It is computed by taking the squares of the market shares of the competitors in a market (squaring, for example, 10 to 100 for a company with a 10% market share) and summing the results across all the competitors in the market segment. The position posted on the Department of Justice website⁷ is that markets with Herfindahl indices between 1,500 and 2,500 are moderately concentrated and markets with Herfindahl indices over 2,500 are highly concentrated. Thus, computing the Herfindahl index is key to analyzing market concentration. The calculation⁸ of the Herfindahl index is shown below. As one may see, the index is somewhat below the threshold for moderate concentration.

Herfindahl Index for Florida Physicians Malpractice Market

Company	Florida Physicians Market Share	Squared Market Share
Doctors Company, An Interinsurance Exchange	27	708
MAG Mutual Insurance Company	20	417
NORCAL Mutual Insurance Company	12	148
Medical Protective Company	12	142
Doctors Company, An Interinsurance Exchange	27	708
ProAssurance Casualty Company	4	13
Samaritan RRG, Inc.	3	8
Healthcare Underwriters Group, Inc.	2	4
Ophthalmic Mutual Insurance Company (A RRG)	2	3
National Fire & Marine Insurance Company	1	2
All Other Groups & Companies	13	16
Herfindahl-Hirschman Index		1,481

⁷ <http://www.justice.gov/atr/public/guidelines/hhi.html>

⁸ Different treatments of the very small market share companies have been used by different analysts. In the OIR analysis, all small companies are treated individually in the calculation.

Another way to look at the Florida medical malpractice marketplace is its resiliency, or ability to withstand a major or minor marketplace event related to a single carrier. In the analysis, two scenarios are considered. One is a decision related to major coverage, pricing, and other factors 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 write malpractice policies in Florida.

Such events may cause dramatic market dislocations should the other carriers be reluctant to immediately increase their policies written to fill any consequent gap in the market. It is well known that new business to an insurance company is generally riskier than renewal business. That is because the insurance company has the benefit of insuring the renewal policies for a few years and, consequently, has a better understanding of the losses they might bring. It would not be unusual for an insurance company to place some limit on the total policies it writes, 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 below show whether an average 10%, 15%, or 25% increase in premiums written 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	<u>Is 25% of Cos. Business Replaceable by</u>		
		10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Doctors Company, An Interinsurance Exchange	27%	Yes	Yes	Yes
MAG Mutual Insurance Company	20%	Yes	Yes	Yes
NORCAL Mutual Insurance Company	12%	Yes	Yes	Yes
Medical Protective Company	12%	Yes	Yes	Yes
MedMal Direct Insurance Company	4%	Yes	Yes	Yes
ProAssurance Casualty Company	4%	Yes	Yes	Yes
Samaritan RRG, Inc.	3%	Yes	Yes	Yes
Healthcare Underwriters Group, Inc.	2%	Yes	Yes	Yes
Ophthalmic Mutual Insurance Company (A RRG)	2%	Yes	Yes	Yes
National Fire & Marine Insurance Company	1%	Yes	Yes	Yes

With the current division of the physicians malpractice market, it appears the market is resilient enough to withstand a single insurer's event of this size.

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

Company	Florida Physicians Market Share	<u>Is Withdrawal of Co. Replaceable by</u>		
		10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Doctors Company, An Interinsurance Exchange	27%	No	No	No
MAG Mutual Insurance Company	20%	No	No	Yes
NORCAL Mutual Insurance Company	12%	No	Yes	Yes
Medical Protective Company	12%	No	Yes	Yes
MedMal Direct Insurance Company	4%	Yes	Yes	Yes
ProAssurance Casualty Company	4%	Yes	Yes	Yes
Samaritan RRG, Inc.	3%	Yes	Yes	Yes
Healthcare Underwriters Group, Inc.	2%	Yes	Yes	Yes
Ophthalmic Mutual Insurance Company (A RRG)	2%	Yes	Yes	Yes
National Fire & Marine Insurance Company	1%	Yes	Yes	Yes

In the event of an outright withdrawal from Florida, the physicians malpractice market is at risk of availability problems in four situations, similar to 2018. Should the #1 group leave Florida, the remaining carriers would have to increase their writings by more than 25% (actually, by approximately 37%) for all Florida physician policyholders to be served. Should the #2 carrier exit the market, a substantial, but more modest, writing increase of 25% would be required of the remaining groups. Should the #3 or #4 carrier exit the market, a writing increase of approximately 14% 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 10 states in Appendix A. To prepare that exhibit, OIR obtained the rating manuals of the top three carriers (by 2019 physicians malpractice volume) within each of the top 10 states for physicians malpractice from the insurance regulatory bodies of the various states. OIR was unable to rate the examples for the number three carrier in Arizona, Preferred Physicians Medical RRG, and the number three carrier in California, Mutual RRG, Inc., because as risk retention groups they are not required to file rates in Arizona or California. OIR was also unable to rate the examples for the number two carrier in Texas, The Medical Protective Company, as the state rating manual was filed as confidential with the Texas Insurance Department. All other examples could be prepared. Meaningful information for all 10 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 10 states. Therefore, all the premiums are stated on a comparable

basis, unless shown otherwise. Four key classes were chosen (family practice, emergency room medicine, orthopedics, and obstetrics) 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 highest rated territories of all the states may be compared to one another, and similarly, the premiums in the lowest 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 begins with the premiums of the carrier with the highest rates in each type of territory (highest rated or lowest rated). Within that approach, the premiums of the various states were ranked from highest to lowest. Information on the carrier with the highest premium, the carrier with the lowest premium, and where Florida ranks among the 10 states sampled is shown in the chart that begins on the next page.

Summary of Results of Premium Comparisons between Leading States

Physician Class	State Rank	State	Company	Territory	Premium
Results for Territories with Highest Rates					
Family Practitioner	Highest (1)	Florida	Doctors Company	Dade	\$ 46,033
	1	Florida	Doctors Company	Dade	\$ 46,033
	Lowest (10)	California	Doctors Company	Riverside, San Bernardino	\$ 11,009
Emergency Room Dr.	Highest (1)	Florida	Doctors Company	Dade	\$ 97,378
	1	Florida	Doctors Company	Dade	\$ 97,378
	Lowest (10)	Georgia	MAG Mutual	Remainder of State	\$ 25,576
Orthopedist	Highest (1)	New York	Medical Liability Mutual	Nassau, Suffolk	\$ 133,521
	3	Florida	Doctors Company	Dade	\$ 123,936
	Lowest (10)	Arizona	Medical Protective	Entire State	\$ 33,279
Obstetrician	Highest (1)	Florida	Doctors Company	Dade	\$ 205,380
	1	Florida	MAG Mutual	Broward, Dade	\$ 205,380
	Lowest (10)	Arizona	Medical Protective	Entire State	\$ 33,279
Results for Territories with Lowest Rates					
Family Practitioner	Highest (1)	Florida	Doctors Company	Remainder of State	\$ 23,606
	1	Florida	Doctors Company	Remainder of State	\$ 23,606
	Lowest (10)	New York	Hospitals Insurance Co.	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	\$ 4,110
Emergency Room Dr.	Highest (1)	Maryland	Doctors Company	Remainder of State	\$ 56,576
	2	Florida	Doctors Company	Remainder of State	\$ 29,937
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, etc.*	\$ 11,257
Orthopedist	Highest (1)	Maryland	Doctors Company	Remainder of State	\$ 71,055
	3	Florida	Doctors Company	Remainder of State	\$ 63,557
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, etc.*	\$ 17,120
Obstetrician	Highest (1)	Maryland	Doctors Company	Remainder of State	\$ 128,810
	5	Florida	Doctors Company	Remainder of State	\$ 105,323
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, etc.*	\$ 25,190

*Full territory definitions are in Appendix A.

Florida is the highest of the 10 states in four of the eight examples and ranked in the top five states as far as premiums go in the other four scenarios. That includes both the higher rated territories and lower rated territories.

Physicians Malpractice Rate Filings in 2019

An overall premium level increase was affected by the overall market in the 2019 rate filings. On average, overall rates for the admitted market companies, the only companies required to file their rates, increased by 4.2%. That represents an average of 4.4% contained in the typical rate filing, with about 4% of the admitted market not having a rate change resolved during 2019.

Calendar year 2019 featured 79 filings⁹ that were either approved or processed as informational (50 rate filings, 17 actuarial certifications, 12 not involving rate changes) of all types of medical malpractice, and 12 that were withdrawn by the carriers before a resolution was made. No malpractice filings were disapproved. Within the physicians' segment of the medical malpractice line, 27 malpractice filings were resolved by OIR. During 2019, 15 filings were approved by OIR regarding physicians' malpractice rate changes, new company initial rates, or mathematically affirming rate levels. Six filings were simply actuarial certifications, as allowed by a recent law change, that company rates were adequate. Those certification filings were just informational. Five physicians' filings were withdrawn by the carriers before a decision was made. No physicians filing was disapproved, and one physicians' malpractice filing not involving rate changes was approved or processed as informational by OIR during 2019.

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 final rate changes varied somewhat. Fifteen (15) filings effected rate changes ranging from a 0.0% change to a 21.7% increase.

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 4.1% (down from 7.6% in 2018) of the admitted market by premium either did not have rate changes resolved during calendar year 2019 or withdrew their filings before they were resolved with OIR. The impact of the rate changes experienced by the average physician is only 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 2019 is shown on the following page.

⁹ 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.

2019 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	3,453	\$99,799	13.8%	5.0%	5.0%	5/6/2019
Doctors Company, An Interinsurance Exchange	4,329	\$80,257	0.0%	0.0%	0.0%	10/1/2019
MAG Mutual Insurance Company	4,172	\$55,045	7.2%	3.0%	5.0%	2/14/2019
Medical Protective Company	3,306	\$38,232	10.2%	7.5%	7.5%	10/29/2019
NORCAL Mutual Insurance Company	1,353	\$31,639	24.8%	4.0%	4.0%	4/16/2019
ProAssurance Casualty Company	1,102	\$15,403	13.5%	13.5%	8.6%	2/26/2019
Healthcare Underwriters Group, Inc.	650	\$6,356	25.0%	0.0%	3.9%	6/13/2019
ProAssurance Indemnity Company, Inc.	18	\$1,239	30.7%	30.6%	21.7%	2/26/2019
Florida Medical Malpractice JUA	102	\$1,005	-10.2%	3.1%	3.1%	4/10/2019
ProAssurance Indemnity Company, Inc.	4	\$35	16.0%	11.4%	11.4%	2/26/2019
Medical Mutual Insurance Company of North Carolina	1	\$10	0.0%	0.0%	0.0%	1/7/2019
ProSelect Insurance Company	4	\$2	0.0%	0.0%	0.0%	11/8/2019
ISMIE Mutual Insurance Company	0	\$0	0.0%	0.0%	0.0%	2/14/2019
Liberty Insurance Underwriters, Inc.	0	\$0	0.0%	0.0%	0.0%	4/19/2019
Average Rate Change for Doctors Insured by Above Companies:			9.5%	4.1%	4.4%	
Market Share (%) of Admitted Insurance Companies Not Making Rate Changes:			4.1%			
Average Rate Change for Doctors in Florida (Insured by Admitted Companies):			9.1%	3.9%	4.2%	

2019 Rate Certifications for Physicians Market Segment

Company	Policy Count	Reported Earned Premium (000's)	Resolution Date
MedMal Direct Insurance Company	907	\$14,149	1/24/2019
Preferred Professional Insurance Company	69	\$1,876	11/20/2019
Medical Mutual Insurance Company of North Carolina	1	\$19	4/25/2019
Accredited Surety and Casualty Company, Inc.	0	\$0	3/7/2019
Liberty Insurance Underwriters, Inc.	0	\$0	10/9/2019
Fair American Insurance and Reinsurance Company	0	\$0	12/5/2019

It is also instructive to look beyond just a single calendar year. There have been a certain number of rate filings so far in 2020. The table on the next page shows the latest effective rate change for each licensed carrier writing physicians' medical malpractice. As with the table of rate filings resolved in 2019, only filings involving either an actuarial certification that rates are adequate or a definitive action by OIR (approval or disapproval) are included. Filings withdrawn by carriers are not included.

Physicians Carriers and Last Base Rate or Certification Filing Made by Each

	Rate Change	Reported Earned	Cumulative		Proposed	Final
Company	Effective Date	Premium (000's)	Market Share	Policy Count	Rate Change	Rate Change
Doctors Company, An Interinsurance Exchange	8/1/2020	\$94,972	32%	3,407	5.0%	5.0%
MAG Mutual Insurance Company	5/1/2020	\$64,126	57%	1,327	6.7%	4.7%
Medical Protective Company	3/1/2020	\$38,232	71%	3,306	7.5%	7.5%
NORCAL Mutual Insurance Company	8/1/2020	\$30,203	81%	1,287	7.1%	7.1%
ProAssurance Casualty Company	7/1/2019	\$15,403	87%	1,102	13.5%	8.6%
MedMal Direct Insurance Company	3/26/2020	\$14,053	92%	969	0.0%	0.0%
Physicians Insurance Company	4/1/2020	\$6,435	94%	862	0.0%	0.0%
Healthcare Underwriters Group, Inc.	10/1/2019	\$6,356	96%	650	0.0%	3.9%
Allied World Insurance Company	7/20/2017	\$2,103	97%	337	-10.5%	-10.5%
Medical Mutual Insurance Company of North Carolina	4/1/2020	\$2,064	98%	69	0.0%	0.0%
Preferred Professional Insurance Company	12/19/2019	\$1,876	99%	69	0.0%	0.0%
ProAssurance Indemnity Company, Inc.	7/1/2019	\$1,239	99%	18	30.6%	21.7%
Florida Medical Malpractice JUA	7/1/2020	\$1,058	99%	94	2.8%	2.8%
American Casualty Company of Reading, PA	5/15/2016	\$608	100%	1	19.1%	20.0%
Aspen American Insurance Company	7/1/2018	\$466	100%	37	0.0%	0.0%
Health Care Indemnity Inc.	1/1/2020	\$393	100%	1	0.0%	0.0%
ProAssurance Indemnity Company, Inc.	7/1/2019	\$35	100%	4	11.4%	11.4%
ProSelect Insurance Company	10/1/2019	\$2	100%	4	0.0%	0.0%
Accredited Surety and Casualty Company, Inc.	3/15/2019	\$0	100%	0	0.0%	0.0%
Capitol Indemnity Corporation	12/20/2018	\$0	100%	0	0.0%	0.0%
Fair American Insurance and Reinsurance Company	2/1/2020	\$0	100%	0	0.0%	0.0%
ISMIE Mutual Insurance Company	3/15/2020	\$0	100%	0	0.0%	0.0%
Liberty Insurance Underwriters, Inc.	3/1/2020	\$0	100%	0	0.0%	0.0%
National Union Fire Insurance Co. of Pittsburgh, PA	12/18/2019	\$0	100%	0	0.0%	0.0%
Total:		\$279,624		13,544		

Company	Rate Change Effective Date	Reported Earned Premium (000's)	Cumulative Market Share	Policy Count	Proposed Rate Change	Final Rate Change
Premium Weighted Average Rate Change:						5.20%
Policy Count Weighted Average Rate Change:						4.90%

When the latest approved rates are taken together, as in the table above, the overall physicians' medical malpractice rates have increased by roughly 5%.

A portion of the physicians insured in Florida (20%) are insured by either 'surplus lines' carriers or risk retention groups, neither of which is 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 also have the option of posting collateral with the Department of Business and Professional Regulation in lieu of purchasing insurance. There are portions of the impact on the average physician that could not be quantified.

As the following table shows, there was one physicians rate filing approved during 2019 that did not involve a rate change.

Non-Rate Change Physicians Rate Filings Resolved in 2019

Company	Impact of Filing	Resolution Date
Healthcare Underwriters Group, Inc.	Replacing the e-MD Endorsement with a new Cyber Liability and Protection Plus Coverage.	2/19/2019

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, physical therapists, and many other classes. 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

The following chart shows the top 10 states for this subline with respect to direct written premium with relevant information obtained and summarized from the NAIC financial database.

2019 Top 10 States by Other Healthcare Professionals Malpractice Direct Written Premium

State	Other Healthcare Professionals Written Premium	Other Healthcare Professionals Written Premium Rank	All Malpractice Written Premium Rank
California	\$161,006,390	1	2
New York	\$137,856,323	2	1
Florida	\$108,765,808	3	4
Texas	\$89,149,168	4	8
Pennsylvania	\$59,755,614	5	3
New Jersey	\$57,024,253	6	6
Illinois	\$53,548,989	7	5
Ohio	\$35,636,434	8	11
Maryland	\$35,505,893	9	9
Massachusetts	\$33,786,993	10	7

As with physicians malpractice, the state rankings differ somewhat from those of the overall malpractice market but are also very similar overall. Only one of the top 10 states for all medical malpractice (#9 Georgia) is not on this list.

The direct loss ratios of those top 10 states are included in the chart below. The loss ratios range from a 0.0% loss ratio in New York to 45.5% in New Jersey. Unfortunately, due to the gap typically observed between physicians and other healthcare professionals expense levels, other healthcare professionals combined ratios cannot be reasonably estimated using the NAIC database. However, it is worth noting that Florida carriers in this segment could have expense and DCC ratios ranging up to 50% (possibly higher) and still likely earn an underwriting profit.

2019 Direct Loss Ratios of Top 10 Other Healthcare Professionals Malpractice States

Premium Rank	State	Other Healthcare Professionals Direct Loss Ratio
1	California	21.7%
2	New York	0.0%
3	Florida	33.0%

Premium Rank	State	Other Healthcare Professionals Direct Loss Ratio
4	Texas	16.5%
5	Pennsylvania	18.7%
6	New Jersey	45.5%
7	Illinois	23.9%
8	Ohio	26.4%
9	Maryland	34.1%
10	Massachusetts	17.8%

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 #6 Podiatry Insurance Company and #7 NCMIC RRG specialize in certain professions such as podiatrists, chiropractors, or dentists. Other companies may specialize as well.

Key 2019 Financial Information for Top Other Healthcare Professionals Malpractice Carriers in Florida

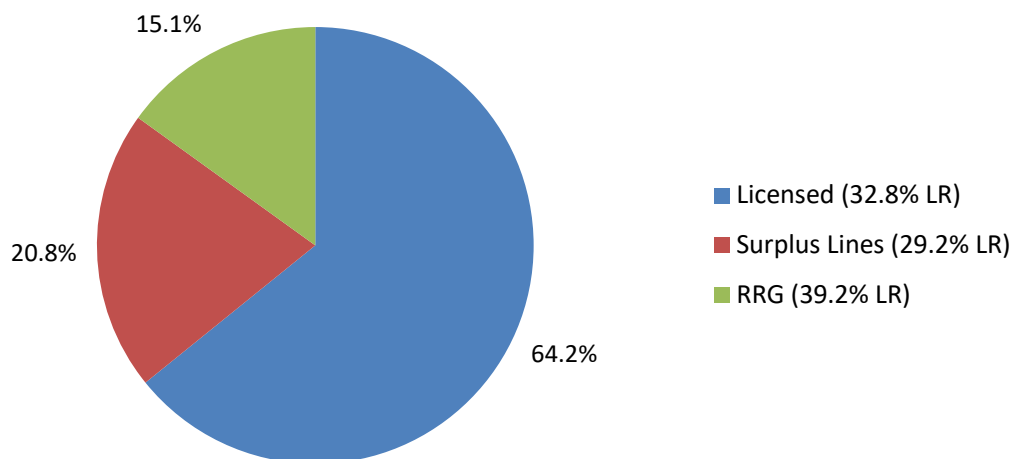
Company	Direct Florida Other Healthcare Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Healthcare Earned Premium	Direct Loss Ratio
Medical Protective Company	\$19,292,469	1	17.7%	17.7%	\$15,918,759	35.5%
American Casualty Company of Reading, PA	\$14,332,663	2	13.2%	30.9%	\$14,379,194	89.5%
Doctors Company, An Interinsurance Exchange	\$13,237,345	3	12.2%	43.1%	\$13,192,404	16.2%
Landmark American Insurance Company	\$9,708,554	4	8.9%	52.0%	\$8,681,003	63.2%
Podiatry Insurance Company of America	\$6,678,247	5	6.1%	58.2%	\$7,061,775	35.8%
OMS National Insurance Company, RRG	\$6,089,937	6	5.6%	63.8%	\$6,087,307	43.3%
NCMIC RRG Inc	\$4,669,333	7	4.3%	68.0%	\$4,643,204	19.4%
Admiral Insurance Company	\$4,090,012	8	3.8%	71.8%	\$3,881,875	57.4%
Liberty Insurance Underwriters Inc.	\$4,009,041	9	3.7%	75.5%	\$4,221,066	-2.3%
Gables RRG Inc	\$3,031,833	10	2.8%	78.3%	\$3,055,180	45.7%
Aspen American Insurance Company	\$3,020,258	11	2.8%	81.1%	\$3,470,161	19.4%

Company	Direct Florida Other Healthcare Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Healthcare Earned Premium	Direct Loss Ratio
Medical Protective Company	\$19,292,469	1	17.7%	17.7%	\$15,918,759	35.5%

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 2019 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 among segments, but the total premium volume in this segment, at \$108.8 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 OIR's IRFS Forms and Rates Filing Search may be broken down among dentists, nurses, and other healthcare professionals.

Since that breakdown is available, rate filing information for those major segments within the NAIC other healthcare professionals subline are presented separately.

Dentists Malpractice Rate Filing Data

Details of the dentists' malpractice filings with rate impacts carried to completion are shown in the following table. Overall, five dentists malpractice rate change filings were approved by OIR during 2019. As with the physicians segment, companies may certify that rates are adequate. There were no certifications made in 2019. One dentists malpractice filing not involving a rate change was approved during 2019. A total of six dentists filings were resolved and one filing was withdrawn in 2019. In accordance with prior reports, the affected portion of the market is reflected in policy counts, as reported in the filings, rather than premium.

2019 Rate Filings for Dentists Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date
Doctors Company, an Interinsurance Exchange	4217	8.8%	-1.7%	3/25/2019
Medical Protective Company	728	-0.8%	-2.7%	11/8/2019
Fortress Insurance Company	694	7.0%	0.7%	1/28/2019
NCMIC Insurance Company	318	50.5%	7.8%	2/19/2019
Florida Medical Malpractice JUA	42	31.2%	0.0%	4/10/2019
Average Approved Rate Change:			-1.0%	

The companies carrying filings to completion during 2019 showed an approved rate decrease of 1.0%, compared to roughly no change in 2018. Details on the total size of the dentists malpractice market are not included in the NAIC database. So, it is possible that there are additional carriers in this segment.

As the following table shows, there were two dentists rate filings approved during 2019 that did not involve a rate change.

Non-Rate Change Dentists Rate Filings Resolved in 2019

Company	Impact of Filing	Resolution Date
ProSelect Insurance Company	Cyber Liability and Protection Plus coverage provided with basic limits to policyholders.	4/19/2019

Nurses Malpractice Rate Filing Data

A small number (four) of rate filings for nurses malpractice insurance were processed as informational or approved by OIR during 2019. The disposition is shown in the table below. Two things about this segment are worth mentioning. First, this only includes the rates for nurses that are not covered as part of a physician's policy. Second, this segment may include situations where a company has a special program covering only a certain type 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 requires the companies to submit rate pages on an informational basis. No approval by OIR is required or authorized. Further, these new requirements do not require companies to provide the affected premium or policies produced by the new pages. Overall, four nurses malpractice rate change filings were processed as informational by OIR during 2019. There were two nurses malpractice filings not involving a rate change that were processed during 2019 and the law governing actuarial certifications does not apply to nurses malpractice. So, a total number of six nurses filings were processed during 2019.

2019 Rate Filings for Nurses Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date
Medical Protective Company	802	0.0%	0.0%	7/8/2019
Berkshire Hathaway Specialty Insurance Company	359	0.0%	0.0%	3/6/2019
Florida Medical Malpractice JUA	149	0.1%	0.1%	4/10/2019
Hartford Fire Insurance Company	0	0.0%	0.0%	12/17/2019

There were two nurses malpractice filings without a rate impact processed in 2019, shown below.

Non-Rate Change Nurses Rate Filings Resolved in 2019

Company	Impact of Filing	Resolution Date
Medical Protective Company	Limited Review Filing Information not verified	9/5/2019
ProSelect Insurance Company	Limited Review Filing Information not verified	4/22/2019

Miscellaneous Healthcare Professionals Malpractice Rate Filing Data

The remaining professionals covered by medical malpractice insurance 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 following

chart shows the rate changes processed by OIR during 2019 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 OIR is neither requested nor provided. During 2019, 35 miscellaneous healthcare professionals malpractice filings were resolved by OIR. Eighteen (18) filings were approved or processed as informational by OIR regarding miscellaneous healthcare professionals malpractice rate changes. Eleven (11) certification filings were processed. Five (5) filings were withdrawn by the carriers before resolution. No filings were disapproved, and six (6) miscellaneous healthcare professionals malpractice filings that did not involve rate changes were approved by OIR during 2019.

2019 Rate Filings for Miscellaneous Healthcare Professionals Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
Medical Protective Company	27,839	0.0%	0.0%	7/12/2019	MedPro Provider Solutions, Inc., an RPG
American Casualty Company of Reading, Pennsylvania	5,123	29.0%	3.1%	1/25/2019	Healthcare Providers Service Organization Program
Doctors Company, An Interinsurance Exchange	828	13.8%	5.0%	5/14/2019	Medical Malpractice/Other Healthcare Profs (Reduced)
Doctors Company, An Interinsurance Exchange	828	0.0%	0.0%	10/3/2019	Physicians, Surgeons and Ancillary Healthcare Providers Professional Liability Insurance Program
Pharmacists Mutual Insurance Company	535	-2.8%	0.0%	1/7/2019	Individual Pharmacist Professional Liability
Great Divide Insurance Company	413	20.0%	10.0%	9/19/2019	Optometrists Professional Liability Insurance Program
Berkshire Hathaway Specialty Insurance Company	359	0.0%	-4.2%	3/6/2019	Medical Malpractice/Other Healthcare Profs (Reduced)
Medical Protective Company	166	-8.8%	-8.8%	7/11/2019	Multi-Specialty Healthcare Professionals
Medical Protective Company	166	0.0%	0.0%	7/11/2019	Multi-Specialty Healthcare Professionals
Doctors Company, An Interinsurance Exchange	48	13.8%	5.0%	5/6/2019	Chiropractors and Podiatrists
Doctors Company, An Interinsurance Exchange	48	0.0%	0.0%	10/1/2019	Chiropractors and Podiatrists
Doctors Company, An Interinsurance Exchange	7	8.8%	-1.7%	3/28/2019	Medical Malpractice/Other Healthcare Profs (Reduced)
Florida Medical Malpractice JUA	5	5.3%	1.9%	4/10/2019	Medical Malpractice - Other Healthcare Professionals

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
Florida Medical Malpractice JUA	5	-3.7%	0.0%	4/10/2019	Med Mal - Other Healthcare Professionals (Reduced)
Great Divide Insurance Company	0	0.0%	0.0%	9/19/2019	Optometrists Professional Liability Insurance Program
Great Divide Insurance Company	0	0.0%	0.0%	12/11/2019	Optometrists Professional Liability Insurance Program
Hartford Fire Insurance Company	0	0.0%	0.0%	12/16/2019	The Hartford Healthcare Pro Program – Other Healthcare Professional
Medical Protective Company	0	0.0%	0.0%	8/22/2019	Multi-Specialty Healthcare Professionals
Average Approved Rate Change:			0.6%		

Some carriers in this segment did not report rate changes, and some comparatively modest changes were approved or processed as informational during 2019. The rate change information provided shows changes ranging from -8.8% to +10.0%.

2019 Rate Certifications for Miscellaneous Healthcare Professionals Market Segment

Company	Policy Count	Resolution Date	Program
Great Divide Insurance Company	241	11/20/2019	Doctor of Chiropractic Professional Liability
Medical Protective Company	159	2/26/2019	Professional Liability - Podiatrist
Medical Protective Company	32	2/28/2019	MPS RPG - Pharmacists & Pharmacy Techs
Medical Protective Company	26	2/26/2019	Professional Liability - Chiropractors
Medical Protective Company	8	2/26/2019	Allied Healthcare Providers
Campmed Casualty & Indemnity Company Inc.	0	3/26/2019	Podiatry Medical Professional Liability
Medical Protective Company	0	2/28/2019	Master RPG Program - Chiropractors
Medical Protective Company	0	2/28/2019	MPS RPG Podiatrists
Medical Protective Company	0	2/28/2019	MSHP Professional Liability - Chiropractors
Medical Protective Company	0	2/28/2019	MSHP - Podiatrists
Medical Protective Company	0	2/28/2019	MSHP Professional Liability - Pharmacists & Pharmacy Techs

The following table shows all the rule and related filings approved or processed as informational for other healthcare professionals (all types except physicians, dentists, and nurses) in 2019, which did not involve rate changes. These six filings covered different classes and involved different aspects of the rating procedure, and one involved a program withdrawal.

Non-Rate Change Miscellaneous Healthcare Professionals Rate Filings Resolved in 2019

Company	Impact of Filing	Resolution	
		Date	Program
Campmed Casualty & Indemnity Company Inc.	Revise the rule for one medical professional liability endorsement to be used for the insureds.	1/7/2019	Healthcare Providers Professional Liability
National Union Fire Insurance Co. of Pittsburgh PA	Withdrawal of program	12/19/2019	Chiropractor Professional Liability Plus
Pharmacists Mutual Insurance Company	Revisions in ancillary coverages - some included in base rate in program with very limited volume.	6/10/2019	Individual Pharmacist Professional Liability
Philadelphia Indemnity Insurance Company	Adding \$10 late fee charge	8/2/2019	Chiropractors
Philadelphia Indemnity Insurance Company	Adoption of \$15 NSF fee	10/16/2019	Chiropractors Program
ProSelect Insurance Company	Limited Review Filing - Information not verified	4/22/2019	Medical Malpractice/Other Healthcare Profs (Reduced)

Analysis of the Hospital Malpractice Subline

Data for the hospital malpractice subline is analyzed in this report. 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. Significant differences exist between hospitals that include coverage for staff of various types on the policy and those that do not. More importantly, it is common for larger hospitals to purchase coverage excess of a high deductible or self-insured retention, which make their loss exposure 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 following chart shows the top 10 states for this subline with respect to direct written premium.

2019 Top 10 States by Hospital Malpractice Direct Written Premium

State	2019 Hospital Direct Written Premium	Hospital Written Premium Rank	All Malpractice Written Premium Rank
New York	\$423,701,537	1	1
Pennsylvania	\$334,162,187	2	3
Massachusetts	\$175,774,570	3	7
Connecticut	\$101,306,855	4	14
Maryland	\$91,164,412	5	9
California	\$86,849,034	6	2
North Carolina	\$42,466,607	7	15
Missouri	\$41,595,431	8	19
Illinois	\$35,893,053	9	5
New Jersey	\$35,739,212	10	6

Florida is not represented in the top 10 states (listed as #12 rather than #4 for all malpractice premium). Possible reasons for Florida not being represented include Florida hospitals may use higher retentions and other forms of self-insurance or fewer Florida physicians may obtain insurance through a hospital.

The direct loss ratios of those top 10 states are included in the following table. They range widely, from 27.3% in North Carolina to 168.4% in Connecticut. The volatility is typical of the hospital subline, due to the presence of large claims and large deductibles. 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.

2019 Direct Loss Ratios of Top 10 Hospital Malpractice States

Premium Rank	State	2019 Hospital Direct Loss Ratio
1	New York	33.6%
2	Pennsylvania	62.3%
3	Massachusetts	69.5%
4	Connecticut	168.4%
5	Maryland	130.7%
6	California	107.3%
7	North Carolina	27.3%
8	Missouri	73.4%
9	Illinois	101.2%
10	New Jersey	42.1%

For comparison, although loss ratios in this subline are often volatile, Florida's 2019 hospital malpractice loss ratio was 311.5%.

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 below. 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 six 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.

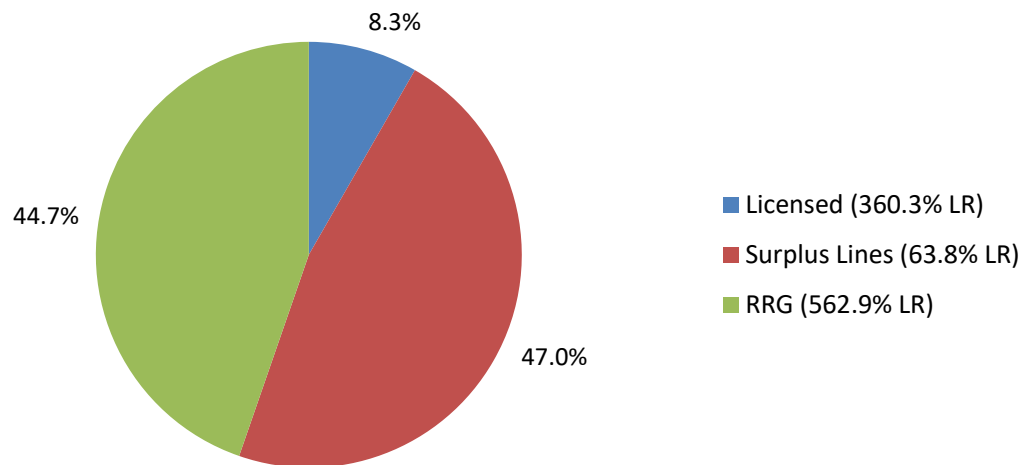
Key 2019 Financial Information for Top Hospital Malpractice Carriers in Florida

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)	\$9,479,829	1	30.2%	30.2%	\$9,479,829	799.6%
National Fire & Marine Insurance Company	\$7,105,745	2	22.6%	52.9%	\$7,105,745	62.3%
Titan Risk Retention Group, Inc.	\$3,209,026	3	10.2%	63.1%	\$3,209,026	98.5%
Continental Casualty Company	\$2,556,346	4	8.1%	71.2%	\$2,556,346	226.4%
TDC Specialty Insurance Company	\$1,520,302	5	4.8%	76.1%	\$1,520,302	45.6%
Cruden Bay RRG, Inc.	\$1,405,392	6	4.5%	80.6%	\$1,405,392	29.6%

Composition of the Florida Hospital Malpractice Market by Type of Insurer

A breakdown of the 2019 hospital malpractice direct written premium by the type of carrier generating the premium is provided on the following page. 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 2019 Florida Hospital Medical Malpractice Insurance Market
(Written Premium) by Insurer Type - Including Loss Ratios for
Each Type of Insurer**



Surplus lines carriers dominate this segment, and only a small segment is covered by licensed property and 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 following table shows, one hospital malpractice rate change filing was processed during 2019. All companies using medical malpractice rates are required to make an annual base rate filing or actuarial certification. 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 they believe no filing is required because they have no base rates.

2019 Rate Filings for Hospital Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date
Florida Medical Malpractice JUA	0	12.6%	0.0%	4/10/2019
Average Approved Rate Change:			0.0%	

As the following table shows, there was one hospital rate filing approved during 2019 that did not involve a rate change.

Non-Rate Change Miscellaneous Healthcare Professionals Rate Filings Resolved in 2019

Company	Impact of Filing	Resolution	
		Date	Program
ProSelect Insurance Company	Cyber Liability and Protection Plus coverage provided with basic limits to policyholders.	4/19/2019	Hospital Professional Liability

In total, OIR processed two hospital filings during 2019 and no filings were disapproved. No rate certifications for hospitals were processed during 2019.

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

Diversity of the Insureds in this Subline

This subline is similar to the other healthcare professionals subline 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 10 states for the other facilities subline with respect to direct written premium.

2019 Top 10 States by Other Facilities Malpractice Direct Written Premium

State	2019 Other Healthcare Facilities Direct Written Premium	Other Healthcare Facilities Written Premium Rank	All Malpractice Written Premium Rank
New York	\$139,914,188	1	1
California	\$126,632,760	2	2
Florida	\$76,930,834	3	4
Texas	\$74,463,905	4	8
Pennsylvania	\$74,042,839	5	3
Illinois	\$62,916,743	6	5
New Jersey	\$55,606,137	7	6
West Virginia	\$51,103,610	8	26
Washington	\$45,339,504	9	17
Ohio	\$44,812,718	10	11

Florida has nearly the same rank (third) for other facilities as it does for all malpractice combined (fourth).

The direct loss ratios of those top 10 states are shown in the next table. In 2019, the other facilities loss ratios among states varied just as much as those in the hospital subline.

2019 Direct Loss Ratios of Top 10 Other Facilities Malpractice States

Premium Rank	State	2019 Other Healthcare Facilities Direct Loss Ratio
1	New York	133.1%
2	California	108.8%
3	Florida	74.0%
4	Texas	47.6%
5	Pennsylvania	82.1%
6	Illinois	95.8%
7	New Jersey	98.2%
8	West Virginia	56.0%
9	Washington	53.5%
10	Ohio	63.3%

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 on the following page. 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.

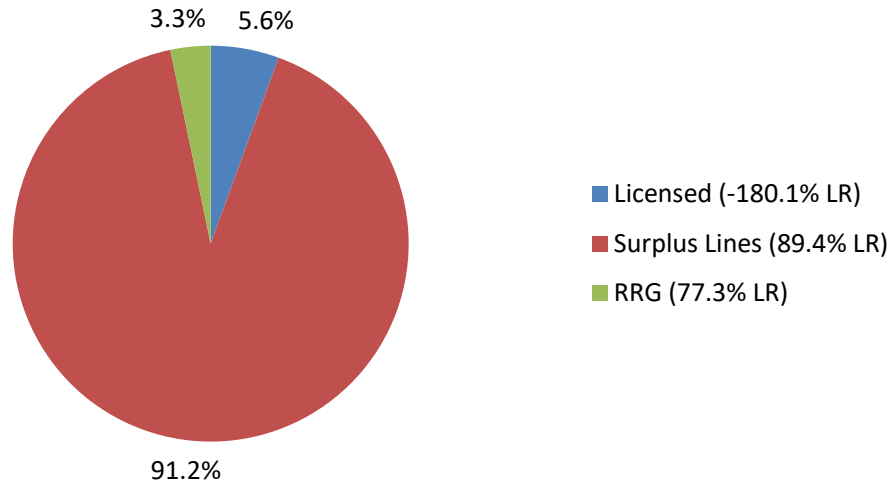
Key 2019 Financial Information for Top Other Facilities Malpractice Carriers in Florida

Company	Direct Florida Other Facilities Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Facilities Earned Premium	Direct Loss Ratio
National Fire & Marine Insurance Company	\$16,783,140	1	21.8%	21.8%	\$17,978,976	71.3%
Columbia Casualty Company	\$10,926,490	2	14.2%	36.0%	\$11,230,581	136.4%
Coverys Specialty Insurance Company	\$5,591,397	3	7.3%	43.3%	\$4,593,007	-19.6%
Arch Specialty Insurance Company	\$4,948,665	4	6.4%	49.7%	\$4,744,731	44.3%
Hallmark Specialty Insurance Company	\$4,572,186	5	5.9%	55.7%	\$3,827,538	70.2%
Ironshore Specialty Insurance Company	\$4,305,936	6	5.6%	61.3%	\$3,644,736	92.1%
Evanston Insurance Company	\$3,472,970	7	4.5%	65.8%	\$3,678,487	413.7%
Darwin Select Insurance Company	\$2,643,249	8	3.4%	69.2%	\$3,023,273	32.5%
TDC Specialty Insurance Company	\$2,038,901	9	2.7%	71.9%	\$1,869,280	45.6%
Torus Specialty Insurance Company	\$1,818,258	10	2.4%	74.2%	\$945,550	-17.7%
Capitol Specialty Insurance Corporation	\$1,769,342	11	2.3%	76.5%	\$1,486,942	60.2%
Graph Insurance Group, a Risk Retention Group	\$1,670,680	12	2.2%	78.7%	\$597,886	109.9%
General Star Indemnity Company	\$1,567,589	13	2.0%	80.7%	\$1,224,463	24.9%

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

A breakdown of the 2019 other facilities malpractice direct written premium by the type of carrier generating the premium is provided in the following chart. 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 2019 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 is covered by licensed 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 seven other facilities rate filings processed as informational or approved by OIR during 2019 are listed in the following table. One filing was withdrawn. Two of the carriers making filings in this segment are domiciled in Florida, as shown by the shaded cells in the tab. 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.

2019 Rate Filings for Other Facilities Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
MAG Mutual Insurance Company	60	0.0%	0.0%	1/22/2019	Medical Malpractice/Other Facilities
Medmal Direct Insurance Company	22	-51.9%	0.0%	1/2/2019	Medical Malpractice/Other Facilities
Florida Medical Malpractice JUA	3	-6.4%	0.0%	4/10/2019	Medical Malpractice: Other Healthcare Facilities

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
Hartford Fire Insurance Company	0	0.0%	0.0%	12/16/2019	The Hartford Healthcare Pro - Other Facilities
Liberty Insurance Underwriters Inc.	0	0.0%	0.0%	8/13/2019	Home Health Care Professional Liability
National Union Fire Insurance Co. of Pittsburgh, PA	0	0.0%	0.0%	5/28/2019	Hospice, Home Health Care, and Related Organizations Program
Pharmacists Mutual Insurance Company	0	0.0%	0.0%	2/22/2019	Medical Malpractice/Other Facilities
Average Approved Rate Change:			0.0%		

As with the other sublines, most filings simply reaffirmed the rates presently in use. No rate certifications for other facilities were processed during 2019.

As the following table shows, there was one other facilities rate filing approved during 2019 that did not involve a rate change.

Non-Rate Change Other Facilities Rate Filings Resolved in 2019

Company	Impact of Filing	Resolution Date
American Alternative Insurance Company	Limited Review Filing - Information not verified	3/14/2019

Data from the Professional Liability Claims Reporting System

OIR 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, 2019 to December 31, 2019, 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 2019, it is most probable that the occurrence date and/or report date of a specific claim are from a previous year.

As 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 a final payment is made. For the top 24 carrier claims closed in 2019, the average difference between occurrence and when the claim was filed was 451 days, and the average difference between when a claim was filed and when the claim was closed was 691 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. Additionally, trends 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) and (c), Florida Statutes, this portion of the report is divided into two sections: 1) the statewide data for all medical malpractice claims in Florida (the ‘Medical Malpractice Insurance Claims in Florida’ section); and 2) the data for the 25 companies that represent 80% of the Florida market (the ‘Closed Claims of Leading Carriers in Florida’ section). In the closed claim reports in the system, insurers are asked to fill out 72 different fields of data. Some of these fields are required fields (e.g., claim number) while some are not (e.g., institution code). This report focuses on roughly 25 fields and is not intended to represent the entirety of information reported to OIR.

Medical Malpractice Insurance Claims in Florida

In 2019, the Florida medical malpractice insurance companies reported 2,934 closed claims in Florida. Of those 2,934 claims closed in 2019, 1,505 claims were filed by males and 1,429 claims were filed by females.

Injury Location

One of the data elements reported is the injury location, which has been divided into 10 different categories. The injury location for claims closed in 2019 is distributed as shown in the next table.

Location of Injury for Claims Closed in 2019

Location	Number of Claims
Hospital Inpatient Facility	1,362
Physician's Office	454
Emergency Room	378
Other Outpatient Facility	173
Other Hospital/Institution	145
Hospital Outpatient Facility	144
Other Location	137
Nursing Home	77
Patient's Home	38
Prison	26
Total	2,934

The data show that the largest number of claims came from hospital inpatient facilities, which together with physicians’ offices and emergency rooms generated roughly 75% of all claims closed in 2019 (up slightly from roughly 74.5% in 2018 and 74% 2017).

Severity

The reporting data also contains coding 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 table below tabulates the frequencies of the various claims severities for claims resolved in Florida in 2019.

Severity Codes for Claims Closed in 2019

Severity Class	Number of Claims
1 - Emotional only	86
2 - Slight lacerations	72
3 - Minor infections, missed fracture, etc.	522
4 - Major burns, drug reaction	380
5 - Loss of finger, damage to organs	336
6 - Deafness, loss of limb, loss of eye	334
7 - Paraplegia, blindness, loss of limbs	193
8 - Quadriplegia, brain damage	114
9 - Death	897
Total	2,934

Class “9” (i.e., death) is the leading category for medical malpractice claims closed and accounted for 30% of all the claims closed in 2019 (the same as in 2018).

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 arise from areas with the highest populations. The 10 counties with the most closed medical malpractice claims in 2019 are shown in the following table.

2019 Closed Claims in Top 10 Counties

Rank	County	Number of Claims	2018 County this Rank
1	Dade	354	Dade
2	Broward	287	Hillsborough
3	Hillsborough	273	Palm Beach
4	Palm Beach	271	Broward
5	Pinellas	253	Pinellas
6	Duval	149	Orange
7	Out of state	126	Duval
8	Orange	119	Pasco
9	Polk	109	Lee
10	Pasco	92	Polk

The top 10 counties are ordered slightly differently than the 2018 top 10 counties list, including Out of State replacing Lee County. Sixteen (16) Florida counties had no closed claims reported through the closed claim reporting system during 2019.

Entities with the Most Closed Claims

In 2019, 177 entities reported closed medical malpractice claims. Of those reporting, 71 only closed either one or two claims. Conversely, 47 reported 10 or more claims. They are:

Entities Reporting 10 or More Closed Claims in 2019

(24 Leading Carriers Listed in Bold)

Entity	Number Of Claims
Health Care Indemnity Inc.	446
Doctors Company, An Interinsurance Exchange	351
MAG Mutual Insurance Company	276
Medical Protective Company	138
NORCAL Mutual Insurance Company	105
EmCare Holdings, Inc.	84
Team Health, Inc.	83
National Fire & Marine Insurance Company	76
BayCare Health Systems	73
Lexington Insurance Company	57
The Healthcare Underwriting Company, A RRG	54
Baptist Health South Florida	50
Public Health Trust of Miami-Dade County	46
Podiatry Insurance Company of America	45

Entity	Number Of Claims
MedMal Direct Insurance Company	35
Evanston Insurance Company	32
Lee Memorial Health System	32
Mount Sinai Medical Center	32
Continental Casualty Company	32
North Broward Hospital District	29
ProAssurance Casualty Company	27
Florida Hospital East Orlando	27
Healthcare Underwriters Group, Inc.	25
FD Insurance Company	24
Lancet Indemnity RRG Inc	24
Samaritan RRG, Inc.	22
ProAssurance Indemnity Company, Inc.	22
Lexington Insurance Company	21
Pediatrix Medical Group, Inc.	20
Columbia Casualty Company	20
First Professionals Insurance Company	19
Physicians Casualty RRG, Inc.	18
Tampa General Hospital	18
OMS National Insurance Company, RRG	17
Florida Physicians Medical Group	17
Coverys Specialty Insurance Company	15
Baptist Medical Center	15
Physicians Insurance Company	15
Watson Clinic LLP	14
Applied Medico-Legal Solutions RRG, Inc.	14
Univ of FL JHMHC Self-Insurance Program	13
Martin Memorial Medical Center, Inc.	13
H. Lee Moffitt Cancer Center & Research Institute, Inc.	12
University Community Hospital	11
Jupiter Medical Center, Inc.	11
University of South Florida Health Sciences Center	11
Ascension Health Alliance PL/GL Self-Insured Trust	10

The companies in bold type are among the 24 companies comprising 80% of the 2019 direct written premium in Florida. As the data shows, although these companies are in the top 24 of direct written premium calculations, they are not all necessarily the ones with the most closed claims in 2019. 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 16 of the 47 entities with the most closed claims in 2019 are in the sample of 24 companies with the most premium volume.

Financial Data

OIR analyzed financial data related to medical malpractice insurance company claim payments. The amount paid by the insurer 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 2019 combined were as shown in the table below.

Financial Data from Closed Claim System - Aggregation of All Claims Closed in 2019

Category of Payment	Amount
Indemnity Paid	\$940,446,012
LAE Paid to Defense Counsel	\$151,594,140
All Other LAE Paid	\$39,083,507
Non-Economic Loss	\$240,157,621
Economic Loss - Incurred to Date by Claimant	\$141,778,214
Economic Loss - Anticipated by Claimant	\$227,105,887

The total of the indemnity and loss adjustment expense (LAE) categories is \$1,131,123,659 (up 8% from 2018), which represents the total amount paid by insurance companies, self-insurance companies, and surplus lines companies for claims settled in 2019. In many instances, (approximately 30% 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 2019 closed claims shows \$156,495,360 in non-economic loss (up approximately 53% from 2018, which was also up 9% from 2017) and combined incurred and anticipated economic loss of \$368,884,101 (up 8% in 2018, which was in turn down from 32% in 2017).

The non-economic and economic fields are not submitted on all claims. For example, the total of economic and non-economic loss of \$609,041,762 represents 85%, not 100%, of the total loss paid, up from 60% in 2018. The year-to-year comparisons may be distorted by any increase or decrease in the percentage of claims for which data is recorded. 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, most 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 (\$369 million) is more than the amount of non-economic losses paid (\$240 million).

Closed Claims of Leading Carriers in Florida

Much of this report has focused on the top 24 leading writers of medical malpractice in the state of Florida in 2019. 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. Since not all the sample companies distinguished between economic versus non-economic claims, this data is not included. Legal settlements often state a specified amount, and do not apportion the final settlement amount based on economic versus non-economic damages.

The Timing of the Claim

There are two main time sequences important to the resolution of a claim: 1) the amount of time between the incident occurrence and the reporting of the claim to the insurance company; and 2) the amount of time between reporting the claim and the final disposition of the claim. For these two elements,¹⁰ 21 of the 24 leading writers of medical malpractice insurance in Florida reported the average times shown in the next table.

Timing of Claims Closed by Leading Carriers in Florida During 2019

Company	Total Days	Report to Disposition	Occurrence to Report
Doctors Company, An Interinsurance Exchange	1,390	818	572
MAG Mutual Insurance Company	1,233	699	533
Medical Protective Company	1,253	689	564
NORCAL Mutual Insurance Company	1,104	499	605
National Fire & Marine Insurance Company	778	464	314
MedMal Direct Insurance Company	1,281	872	410
Columbia Casualty Company	1,180	792	388
American Casualty Company of Reading, PA	299	145	154
ProAssurance Casualty Company	1,477	1,031	446
Samaritan RRG, Inc.	980	574	406
Coverys Specialty Insurance Company	1,131	599	533

¹⁰ Landmark American Insurance Company, MCIC Vermont, and Titan Risk Retention Group reported zero closed claims in 2019.

Company	Total Days	Report to Disposition	Occurrence to Report
Admiral Insurance Company	574	332	241
Healthcare Underwriters Group, Inc.	1,108	730	379
Evanston Insurance Company	1,133	871	261
Podiatry Insurance Company of America	1,405	762	643
OMS National Insurance Company, RRG	1,274	789	485
Ophthalmic Mutual Insurance Company (A RRG)	909	642	267
Continental Casualty Company	1,319	924	395
Hallmark Specialty Insurance Company	701	57	644
Ironshore Specialty Insurance Company	2,467	1,792	675
Physicians Insurance Company	982	422	561
Average	1,142	691	451

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 closed in 2019, including those of other entities, the total number of days between occurrence and final disposition averaged 1,132 days (3.1 years) with a range from 219 days to disposition to a maximum of 3,209 days (9.2 years).

The Plaintiff Settlement

A “closed” claim does not mean that the plaintiff received payment. Whether due to an outcome of the courts, arbitration, or a plaintiff discontinuing pursuit of a claim, some claims are closed without any payment settlement. The data on the next chart shows differences among the companies in terms of the percentage of closed claims that resulted in a 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, An Interinsurance Exchange	205	351	58.4%
MAG Mutual Insurance Company	154	276	55.8%
Medical Protective Company	55	137	40.1%
NORCAL Mutual Insurance Company	69	104	66.3%
National Fire & Marine Insurance Company	42	76	55.3%
MedMal Direct Insurance Company	31	35	88.6%
Columbia Casualty Company	10	20	50.0%
American Casualty Company of Reading, PA	0	5	0.0%

Company	Claims With Indemnity Payments	Total Claims	Percentage With Indemnity Payments
ProAssurance Casualty Company	22	27	81.5%
Samaritan RRG, Inc.	14	22	63.6%
Coverys Specialty Insurance Company	7	15	46.7%
Admiral Insurance Company	5	5	100.0%
Healthcare Underwriters Group, Inc.	15	25	60.0%
Evanston Insurance Company	30	32	93.8%
Podiatry Insurance Company of America	12	45	26.7%
OMS National Insurance Company, RRG	8	17	47.1%
Ophthalmic Mutual Insurance Company (A RRG)	2	2	100.0%
Continental Casualty Company	20	32	62.5%
Hallmark Specialty Insurance Company	1	1	100.0%
Ironshore Specialty Insurance Company	1	1	100.0%
Physicians Insurance Company	14	15	93.3%
Total	717	1,243	57.7%

Payment Amounts

Companies are also required to report payment amounts. Some companies did not segregate payments between economic and non-economic loss. Therefore, indemnity payments are not split between economic and non-economic loss in the upcoming table. The claims reported closed by the 24 leading companies in 2019 contained the claim payments summarized in the following table.

Breakdown of Loss and LAE Paid on 2019 Closed Claims by Leading Carriers in Florida

Company	Indemnity Payments	LAE Paid to Defense Counsel	All Other LAE Paid
Doctors Company, An Interinsurance Exchange	\$46,615,329	\$11,402,377	\$5,415,983
MAG Mutual Insurance Company	\$48,971,246	\$10,289,414	\$3,643,029
Medical Protective Company	\$11,829,718	\$2,894,119	\$1,345,798
NORCAL Mutual Insurance Company	\$20,335,842	\$1,736,266	\$382,956
National Fire & Marine Insurance Company	\$7,503,300	\$1,075,711	\$15,507
MedMal Direct Insurance Company	\$4,766,833	\$1,650,468	\$5,208
Columbia Casualty Company	\$5,638,610	\$369,881	\$169,231
American Casualty Company of Reading, PA	\$0	\$618	\$0

Company	Indemnity Payments	LAE Paid to Defense Counsel	All Other LAE Paid
ProAssurance Casualty Company	\$5,944,784	\$1,066,820	\$504,852
Samaritan RRG, Inc.	\$3,250,000	\$1,459,672	\$336,010
Coverys Specialty Insurance Company	\$1,528,750	\$5,230,831	\$58,146
Admiral Insurance Company	\$419,000	\$82,864	\$2,985
Healthcare Underwriters Group, Inc.	\$1,636,380	\$1,065,778	\$7,071
Evanston Insurance Company	\$33,367,495	\$2,891,750	\$0
Podiatry Insurance Company of America	\$1,283,999	\$2,085,952	\$89,028
OMS National Insurance Company, RRG	\$2,017,499	\$544,977	\$41,321
Ophthalmic Mutual Insurance Company (A RRG)	\$453,000	\$0	\$0
Continental Casualty Company	\$4,708,101	\$1,186,244	\$416,333
Hallmark Specialty Insurance Company	\$20,000	\$0	\$4,235
Ironshore Specialty Insurance Company	\$3,320,000	\$320,000	\$0
Physicians Insurance Company	\$4,482,500	\$426,314	\$167,977

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 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) and (c), Florida Statutes, requires OIR 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) and (c), Florida Statutes, requires OIR to draw upon three data resources:

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

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

Appendix A

Detailed State-to-State Physicians Malpractice Premium Comparisons

State	Company	Territory	Family Practitioner	Emergency Room Dr.	Orthopedist	Obstetrician
			1M/3M Rate	1M/3M Rate	1M/3M Rate	1M/3M Rate
Arizona	Medical Protective	Entire State	\$20,475	\$31,004	\$33,279	\$33,279
Arizona	Mutual Ins. Co. of AZ	Entire State	\$13,080	\$27,977	\$39,433	\$50,263
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	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	\$46,033	\$97,378	\$123,936	\$205,380
Florida	Doctors Company	Remainder of State	\$23,606	\$49,937	\$63,557	\$105,323
Florida	MAG Mutual	Broward, Dade	\$44,484	\$67,359	\$114,600	\$196,137
Florida	MAG Mutual	Remainder of State	\$21,046	\$31,358	\$52,884	\$89,163
Florida	NORCAL Mutual	Miami-Dade	\$36,072	\$76,112	\$100,281	\$202,007
Florida	NORCAL Mutual	Remainder of State	\$16,176	\$34,131	\$44,969	\$90,586
Georgia	Doctors Company	Entire State	\$13,902	\$35,079	\$43,396	\$70,561
Georgia	MAG Mutual	Remainder of State	\$14,246	\$25,576	\$39,133	\$71,589
Georgia	MAG Mutual	Catoosa, Chatooga, Dade, Fannin, Floyd, Gilmer, Murray, Rabun, Towns, Union, Walker, Whitfield	\$8,548	\$15,346	\$23,480	\$42,953
Georgia	Medical Protective	Clayton, Cobb, DeKalb, Fulton, Gwinnett	\$17,574	\$48,500	\$39,362	\$39,362
Georgia	Medical Protective	Catoosa, Chatooga, Dade, Fannin, Floyd, Gilmer, Murray, Rabun, Towns, Union, Walker, Whitfield	\$12,780	\$35,271	\$28,626	\$28,626
Illinois	ISMIE Mutual	Madison, Will	\$36,912	\$63,744	\$98,828	\$138,040
Illinois	ISMIE Mutual	Adams, Knox, Peoria, Rock Island	\$18,536	\$31,312	\$48,020	\$66,692
Illinois	Medical Protective	Cook, Jackson, Madison, St. Clair, Will	\$30,062	\$68,211	\$79,522	\$68,211
Illinois	Medical Protective	Adams, Knox, Peoria, Rock Island	\$13,528	\$30,696	\$35,786	\$30,696
Illinois	NORCAL Mutual	Cook, Jackson, Madison, St. Clair, Will	\$30,343	\$52,190	\$91,939	\$130,171
Illinois	NORCAL Mutual	Adams, Knox, Peoria, Rock Island	\$14,534	\$24,999	\$44,039	\$62,352
Maryland	Doctors Company	Baltimore City and Baltimore County	\$27,276	\$75,024	\$96,020	\$172,878
Maryland	Doctors Company	Remainder of State	\$19,842	\$56,576	\$71,055	\$128,810

State	Company	Territory	Family Practitioner 1M/3M	Emergency Room Dr. 1M/3M	Orthopedist 1M/3M	Obstetrician 1M/3M
			Rate	Rate	Rate	Rate
Maryland	Medical Mutual Liab. Ins. Society of MD	Baltimore City, Baltimore	\$15,517	\$38,793	\$38,793	\$116,378
Maryland	Medical Mutual Liab. Ins. Society of MD	Remainder of State	\$12,414	\$31,034	\$31,034	\$93,102
Maryland	ProAssurance	Baltimore City, Baltimore	\$20,710	\$52,579	\$66,579	\$158,317
Maryland	ProAssurance	Remainder of State	\$17,040	\$42,536	\$53,735	\$127,126
New Jersey	MDAdvantage Ins. Co. of NJ	Entire State	\$11,515	\$26,297	\$37,420	\$80,992
New Jersey	Princeton Insurance Co.	Entire State	\$19,906	\$45,108	\$48,771	\$109,325
New Jersey	Proselect Insurance Co.	Entire State	\$14,137	\$33,434	\$65,526	\$125,211
New York	Hospitals Insurance Co.	Nassau, Suffolk	\$22,942	\$64,717	\$115,159	\$154,597
New York	Hospitals Insurance Co.	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	\$4,110	\$11,594	\$20,631	\$27,696
New York	Medical Liability Mutual	Nassau, Suffolk	\$26,600	\$75,035	\$133,521	\$179,245
New York	Medical Liability Mutual	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	\$4,765	\$13,442	\$23,920	\$32,111
New York	Physicians' Reciprocal Insurers	Nassau, Suffolk	\$33,852	\$88,104	\$128,177	\$182,456
New York	Physicians' Reciprocal Insurers	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	\$9,886	\$25,728	\$37,434	\$53,286
Pennsylvania	Medical Protective	Delaware, Philadelphia	\$26,033	\$69,796	\$82,059	\$132,049
Pennsylvania	Medical Protective	Bucks, Carbon, Chester, Columbia, Cumberland, Dauphin, Erie, Franklin, Lackawanna, Lehigh, Luzerne, Monroe, Montgomery, Montour, Northampton, Northumberland, Pike, Schuylkill, Wayne, Wyoming	\$16,796	\$45,032	\$52,943	\$85,196
Pennsylvania	NORCAL Mutual	Lackawanna, Monroe, Schuylkill	\$15,687	\$32,588	\$49,489	\$80,273
Pennsylvania	NORCAL Mutual	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,	\$10,663	\$20,529	\$30,396	\$48,367

State	Company	Territory	Family Practitioner	Emergency Room Dr.	Orthopedist	Obstetrician
			1M/3M Rate	1M/3M Rate	1M/3M Rate	1M/3M Rate
		Lycoming, McKean, Mifflin, Perry, Potter, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Westmoreland, York				
Texas	Doctors Company	Brooks, Cameron, Hidalgo, Jim Hogg, Starr, Webb, Willacy, Zapata	\$17,151	\$40,555	\$40,754	\$59,723
Texas	Doctors Company	Andrew, Archer, Armstrong, Bailey, Baylor, Borden, Briscoe, Carson, Castro, Childress, Clay, Cochran, Collingsworth, Cottle, Crosby, Dallam, Dawson, Deaf Smith, Dickens, Donley, Fisher, Floyd, Foard, Gaines, Garza, Gray, Hale, Hall, Hansford, Hardeman, Hartley, Haskell, Hemphill, Hockley, Howard, Hutchinson, Jones, Kent, King, Knox, Lamb, Lipscomb, Lubbock, Lynn, Martin, Mitchell, Moore, Motley, Nolan, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Scurry, Shackelford, Sherman, Stonewall, Swisher, Taylor, Terry, Throckmorton, Wheeler, Wichita, Wilbarger, Yoakum	\$9,743	\$20,824	\$20,927	\$30,668
Texas	ProAssurance	Cameron, Hidalgo, Kinney, Maverick, Starr, Val Verde, Webb, Willacy, Zapata	\$15,942	\$35,080	\$42,735	\$54,218
Texas	ProAssurance	Lubbock, Potter, Randall	\$9,202	\$19,917	\$24,202	\$30,631

Appendix B

Total Medical Malpractice Data for States and U.S. Territories

2020

2019 Rank	2018 Rank	State	Direct Written Premium	Direct Earned Premium	Incurred Losses	Incurred DCC
1	1	New York	\$1,585,033,096	\$1,569,296,489	\$633,443,749	\$351,480,770
2	2	California	\$811,694,032	\$772,872,664	\$479,838,677	\$239,745,564
3	3	Pennsylvania	\$719,827,747	\$697,905,548	\$381,248,174	\$148,129,704
4	4	Florida	\$602,130,130	\$586,021,923	\$410,957,508	\$106,191,317
5	5	Illinois	\$453,462,760	\$457,995,256	\$295,893,071	\$138,689,478
6	6	New Jersey	\$419,455,249	\$407,491,320	\$213,149,083	\$59,798,795
7	8	Massachusetts	\$339,693,272	\$334,557,766	\$197,242,409	\$40,147,856
8	7	Texas	\$335,264,926	\$329,448,617	\$160,491,882	\$88,114,792
9	10	Maryland	\$300,787,855	\$289,649,137	\$208,115,551	\$63,752,825
10	9	Georgia	\$283,541,148	\$277,698,487	\$251,405,784	\$75,746,977
11	11	Ohio	\$236,397,307	\$234,540,787	\$56,846,899	\$39,843,179
12	13	Tennessee	\$233,403,463	\$223,857,713	\$158,774,819	\$69,114,996
13	12	Arizona	\$210,932,732	\$206,246,715	\$102,467,218	\$41,337,109
14	15	Connecticut	\$205,278,198	\$212,417,242	\$250,888,084	\$37,094,139
15	17	North Carolina	\$198,240,307	\$194,359,534	\$85,105,617	\$32,328,420
16	14	Michigan	\$197,084,891	\$191,736,500	\$28,766,454	\$45,244,454
17	18	Washington	\$191,108,177	\$192,612,461	\$151,850,556	\$53,532,701
18	16	Virginia	\$185,240,446	\$186,922,826	\$80,078,669	\$23,965,236
19	20	Missouri	\$153,342,386	\$148,233,196	\$116,075,385	\$30,135,349
20	19	Colorado	\$149,983,564	\$150,349,869	\$62,215,142	\$28,077,879
21	22	Alabama	\$130,454,454	\$124,599,629	\$70,372,989	\$35,751,341
22	21	Indiana	\$126,519,003	\$121,685,440	\$52,484,542	\$35,722,637
23	23	Kentucky	\$107,790,230	\$109,562,680	\$84,228,066	\$41,496,789
24	25	Louisiana	\$101,400,172	\$98,892,874	\$21,234,021	\$27,093,656
25	24	Oklahoma	\$97,715,174	\$97,258,578	\$50,060,353	\$27,041,314
26	29	West Virginia	\$96,095,218	\$97,506,645	\$55,556,746	\$14,252,592
27	26	Oregon	\$91,185,952	\$92,084,208	\$89,630,966	\$17,775,628
28	27	Minnesota	\$83,204,118	\$80,908,816	\$48,061,211	\$20,031,284
29	31	South Carolina	\$79,226,910	\$75,911,239	\$45,710,136	\$16,753,602
30	28	Wisconsin	\$75,186,108	\$75,009,047	\$36,024,118	\$21,202,111
31	32	Nevada	\$73,675,519	\$70,627,271	\$40,691,667	\$25,528,971
32	30	Puerto Rico	\$69,230,010	\$68,522,774	\$24,166,198	\$12,552,558
33	34	Iowa	\$67,943,959	\$66,703,961	\$60,871,354	\$19,873,971
34	35	Kansas	\$65,812,312	\$62,668,628	\$26,722,265	\$18,565,452
35	33	Arkansas	\$64,399,488	\$62,990,019	\$43,583,651	\$15,452,378
36	36	New Mexico	\$59,328,188	\$58,272,685	\$65,234,230	\$30,001,161
37	37	Utah	\$55,991,846	\$55,881,970	\$27,795,446	\$20,411,924
38	41	Maine	\$52,042,252	\$46,306,921	\$13,993,604	\$3,604,608
39	39	New Hampshire	\$48,531,098	\$45,206,710	\$27,745,565	\$6,055,924
40	38	Mississippi	\$45,096,268	\$45,349,078	\$11,395,809	\$6,477,740

2019 Rank	2018 Rank	State	Direct Written Premium	Direct Earned Premium	Incurred Losses	Incurred DCC
41	40	Montana	\$35,639,981	\$43,503,369	\$26,753,832	\$11,126,603
42	42	Nebraska	\$34,154,634	\$33,341,072	\$21,247,199	\$14,406,720
43	43	Idaho	\$33,801,304	\$33,424,496	\$11,969,053	\$7,852,957
44	46	Rhode Island	\$31,587,962	\$30,079,998	\$24,381,774	\$10,483,071
45	45	Delaware	\$30,182,896	\$29,895,794	\$14,005,516	\$3,771,292
46	44	Hawaii	\$30,095,810	\$31,048,227	\$9,661,571	\$5,335,422
47	47	District of Columbia	\$25,688,870	\$27,208,395	\$18,121,234	\$5,619,436
48	48	Alaska	\$23,990,705	\$24,989,593	\$23,938,251	\$4,014,424
49	49	Wyoming	\$18,904,740	\$19,407,375	\$3,750,434	\$2,679,779
50	52	Vermont	\$17,033,804	\$16,166,842	\$18,940,313	\$4,178,087
51	50	South Dakota	\$15,710,897	\$15,950,488	\$12,985,792	\$1,991,314
52	51	Other Territories	\$14,877,662	\$13,567,984	\$383,027	\$1,803,277
53	53	North Dakota	\$11,782,126	\$11,128,897	\$942,135	\$2,137,161
Grand Total:			\$9,726,181,356	\$9,549,875,753	\$5,407,497,799	\$2,203,516,724

Appendix C

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

2020

2019 Rank	2018 Rank	State	Loss and DCC Ratio
1	45	North Dakota	27.7%
2	17	Wyoming	33.1%
3	36	Maine	38.0%
4	16	Michigan	38.6%
5	4	Mississippi	39.4%
6	14	Ohio	41.2%
7	13	Hawaii	48.3%
8	7	Louisiana	48.9%
9	10	Other Territories	53.3%
10	3	Puerto Rico	53.6%
11	19	Virginia	55.7%
12	31	Idaho	59.3%
13	42	Delaware	59.5%
14	23	Colorado	60.1%
15	9	North Carolina	60.4%
16	25	New York	62.8%
17	18	New Jersey	67.0%
18	20	Arizona	69.7%
19	6	Massachusetts	71.0%
20	37	West Virginia	71.6%
21	27	Kansas	72.3%
22	26	Indiana	72.5%
23	49	New Hampshire	74.8%
24	33	Texas	75.5%
25	44	Pennsylvania	75.9%
26	5	Wisconsin	76.3%
27	29	Oklahoma	79.3%
28	47	South Carolina	82.3%
29	35	Minnesota	84.2%
30	15	Alabama	85.2%
31	41	Utah	86.3%
32	40	Montana	87.1%
33	1	District of Columbia	87.3%
34	34	Florida	88.2%
35	28	California	93.1%
36	24	Arkansas	93.7%
37	12	Nevada	93.8%
38	22	Maryland	93.9%

2019 Rank	2018 Rank	State	Loss and DCC Ratio
39	2	South Dakota	93.9%
40	38	Illinois	94.9%
41	32	Missouri	98.6%
42	43	Tennessee	101.8%
43	30	Washington	106.6%
44	39	Nebraska	106.9%
45	8	Alaska	111.9%
46	50	Kentucky	114.8%
47	52	Rhode Island	115.9%
48	21	Oregon	116.6%
49	48	Georgia	117.8%
50	51	Iowa	121.1%
51	46	Connecticut	135.6%
52	11	Vermont	143.0%
53	53	New Mexico	163.4%
National Average:			79.7%

Appendix D

Physicians Malpractice Data for States and U.S. Territories

2020

Written Premium Rank	State	Direct Physicians Written Premium	Direct Physicians Earned Premium	Direct Physicians Incurred Loss	Loss Ratio
1	New York	\$884,224,220	\$875,674,215	\$338,263,633	38.6%
2	California	\$435,211,558	\$419,912,354	\$215,680,983	51.4%
3	Florida	\$385,013,800	\$372,489,060	\$224,905,935	60.4%
4	Illinois	\$300,034,070	\$306,516,379	\$185,482,929	60.5%
5	New Jersey	\$270,766,911	\$267,791,682	\$124,266,692	46.4%
6	Pennsylvania	\$239,272,575	\$239,152,452	\$116,795,381	48.8%
7	Georgia	\$178,400,713	\$177,010,200	\$172,996,275	97.7%
8	Arizona	\$145,787,536	\$143,677,257	\$45,395,221	31.6%
9	Maryland	\$144,007,168	\$135,138,264	\$58,635,326	43.4%
10	Texas	\$143,992,515	\$142,272,781	\$58,862,999	41.4%
11	Tennessee	\$140,193,041	\$139,942,033	\$118,299,198	84.5%
12	Ohio	\$129,446,109	\$131,876,412	\$9,650,781	7.3%
13	Virginia	\$125,565,024	\$127,115,138	\$57,739,676	45.4%
14	Michigan	\$115,522,271	\$115,176,321	\$3,390,412	2.9%
15	North Carolina	\$105,278,964	\$102,970,977	\$52,315,213	50.8%
16	Massachusetts	\$98,013,400	\$97,776,483	\$59,033,980	60.4%
17	Colorado	\$90,234,376	\$92,387,958	\$29,795,469	32.3%
18	Washington	\$88,563,051	\$88,499,528	\$52,573,357	59.4%
19	Missouri	\$76,172,235	\$74,857,186	\$69,490,637	92.8%
20	Alabama	\$73,921,181	\$69,450,345	\$29,587,888	42.6%
21	Connecticut	\$69,804,924	\$77,300,460	\$63,369,602	82.0%
22	Indiana	\$65,512,026	\$63,715,689	\$21,831,031	34.3%
23	Kentucky	\$61,065,255	\$62,093,856	\$45,153,031	72.7%
24	Oklahoma	\$58,897,573	\$59,308,739	\$31,782,184	53.6%
25	Louisiana	\$54,414,039	\$53,743,641	\$6,703,173	12.5%
26	Oregon	\$54,134,758	\$54,614,488	\$34,856,023	63.8%
27	Nevada	\$52,935,333	\$51,073,026	\$34,194,932	67.0%
28	South Carolina	\$52,030,054	\$50,108,182	\$25,387,922	50.7%
29	Minnesota	\$35,990,627	\$34,990,079	\$27,035,740	77.3%
30	Utah	\$35,370,493	\$35,933,825	\$17,585,604	48.9%
31	Arkansas	\$35,266,659	\$35,441,180	\$24,186,622	68.2%
32	Wisconsin	\$34,323,355	\$33,385,238	\$11,798,597	35.3%
33	Iowa	\$32,644,894	\$31,767,415	\$43,934,436	138.3%
34	Puerto Rico	\$32,628,476	\$31,866,416	\$10,247,177	32.2%
35	Kansas	\$31,077,948	\$30,702,597	\$9,482,195	30.9%
36	West Virginia	\$29,573,071	\$29,260,881	\$16,194,689	55.3%
37	Maine	\$26,305,443	\$19,976,913	(\$8,009,253)	-40.1%
38	New Hampshire	\$25,730,838	\$24,654,759	\$17,849,045	72.4%

Written Premium Rank	State	Direct Physicians Written Premium	Direct Physicians Earned Premium	Direct Physicians Incurred Loss	Loss Ratio
39	New Mexico	\$25,535,803	\$24,647,746	\$14,267,854	57.9%
40	Delaware	\$22,030,405	\$21,980,658	\$6,247,798	28.4%
41	Idaho	\$17,526,274	\$18,192,139	\$4,401,490	24.2%
42	Hawaii	\$16,224,202	\$17,018,972	\$5,950,321	35.0%
43	Mississippi	\$16,020,554	\$14,618,616	\$5,347,910	36.6%
44	District of Columbia	\$15,559,061	\$16,344,380	\$5,176,912	31.7%
45	Montana	\$15,429,333	\$22,812,783	\$14,916,797	65.4%
46	Rhode Island	\$14,973,457	\$14,307,839	\$6,327,601	44.2%
47	Alaska	\$14,520,733	\$15,669,134	\$7,776,215	49.6%
48	Nebraska	\$12,583,473	\$12,363,565	\$8,300,701	67.1%
49	Wyoming	\$10,688,024	\$11,028,989	\$1,196,461	10.8%
50	South Dakota	\$7,997,103	\$8,351,299	\$4,481,297	53.7%
51	Vermont	\$7,644,488	\$7,413,499	\$1,964,908	26.5%
52	North Dakota	\$5,985,720	\$5,964,488	\$547,539	9.2%
53	Other Territories	\$2,101,555	\$1,989,190	(\$1,258,420)	-4327.2%
Grand Total:		\$5,162,146,669	\$5,112,327,706	\$2,542,390,119	49.7%

Appendix E

Written Premium in Top Five States of Leading Florida Malpractice Carriers

2020

Company	State 1	State 2	State 3	State 4	State 5
Doctors Company, An Interinsurance Exchange	CA	FL	TX	OH	VA
	\$166,940,330	\$109,521,730	\$34,799,266	\$33,128,332	\$31,594,565
MAG Mutual Insurance Company	GA	FL	NC	SC	VA
	\$92,943,229	\$73,686,202	\$26,916,123	\$23,714,433	\$17,040,074
Medical Protective Company	FL	PA	TX	OH	CA
	\$61,954,551	\$53,984,598	\$47,204,511	\$43,253,271	\$32,234,233
NORCAL Mutual Insurance Company	CA	FL	PA	IL	TX
	\$104,812,573	\$43,796,532	\$36,175,240	\$27,491,719	\$17,252,340
National Fire & Marine Insurance Company	CA	FL	IL	NY	PA
	\$40,625,106	\$29,457,140	\$23,141,640	\$22,983,530	\$22,837,082
MedMal Direct Insurance Company	FL	GA	IL	TX	OK
	\$16,023,160	\$2,473,425	\$448,688	\$444,731	\$305,615
Columbia Casualty Company	PA	CA	TX	FL	OH
	\$20,760,847	\$19,543,294	\$16,618,795	\$15,166,933	\$14,076,070
American Casualty Company of Reading, PA	CA	NY	FL	TX	NJ
	\$33,746,484	\$23,160,729	\$14,332,663	\$13,869,326	\$12,397,807
ProAssurance Casualty Company	MI	CA	WI	NV	FL
	\$25,812,802	\$19,701,392	\$19,403,207	\$16,146,305	\$13,321,120
Samaritan RRG, Inc.	FL	-	-	-	-
	\$10,135,034	-	-	-	-
Landmark American Insurance Company	FL	CA	NY	TX	IL
	\$9,708,554	\$8,611,306	\$5,723,217	\$3,867,367	\$3,364,835
MCIC Vermont (A Reciprocal RRG)	NY	CT	MD	FL	DC
	\$201,622,920	\$97,150,343	\$87,303,097	\$9,479,829	\$2,973,210
Coverys Specialty Insurance Company	WA	FL	CA	NY	IL
	\$24,547,669	\$8,249,485	\$7,185,579	\$5,847,788	\$4,862,951
Admiral Insurance Company	CA	NY	FL	PA	IL
	\$22,075,204	\$9,953,825	\$8,034,344	\$7,508,615	\$7,345,900
Healthcare Underwriters Group, Inc.	FL	OH	KY	TX	IN
	\$6,963,415	\$3,660,480	\$2,178,061	\$220,883	\$9,456
Evanston Insurance Company	CA	NY	FL	TX	IL
	\$12,025,338	\$10,315,546	\$6,735,024	\$5,037,393	\$4,480,138
Podiatry Insurance Company of America	NY	FL	CA	IL	PA
	\$8,816,667	\$6,678,247	\$6,506,307	\$5,287,491	\$4,933,616
OMS National Insurance Company, RRG	NY	FL	CA	PA	TX
	\$11,326,977	\$6,089,937	\$5,990,094	\$3,803,781	\$3,793,628
Ophthalmic Mutual Insurance Company (A RRG)	FL	IL	CA	PA	VA
	\$6,058,084	\$4,425,870	\$4,305,014	\$2,315,977	\$2,284,826
Continental Casualty Company	OR	WI	OH	CT	OK
	\$11,642,114	\$10,419,181	\$9,242,884	\$6,893,652	\$6,159,472
Titan Risk Retention Group, Inc.	PA	FL	MA	-	-
	\$6,952,317	\$5,633,437	\$1,495,836	-	-

Company	State 1	State 2	State 3	State 4	State 5
Hallmark Specialty Insurance Company	CA	NY	NJ	FL	GA
	\$12,714,157	\$9,589,607	\$7,730,933	\$5,376,070	\$2,613,991
Ironshore Specialty Insurance Company	IL	IA	MA	NY	TX
	\$12,975,265	\$10,947,171	\$9,775,517	\$8,794,530	\$7,550,841
Physicians Insurance Company	FL	TX	-	-	-
	\$5,067,538	\$28,326	-	-	-

Appendix F

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

2020

Company	State 1	State 2	State 3	State 4	State 5
Doctors Company, An Interinsurance Exchange	CA	FL	TX	OH	VA
	\$166,940,330	\$109,521,730	\$34,799,266	\$33,128,332	\$31,594,565
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	\$16,023,160	\$2,473,425	\$448,688	\$444,731	\$305,615
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Physicians Insurance Company	FL	TX	-	-	-
	\$5,067,538	\$28,326	-	-	-



Florida Office of Insurance Regulation

David Altmaier, Insurance Commissioner

200 East Gaines Street — Tallahassee, FL 32399

(850) 413-3140

www.floir.com