Florida Office of Insurance Regulation

2017

Medical Malpractice Financial Information Closed Claim Database and Rate Filings Annual Report

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Insurance Commissioner

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Executive Summary

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

- A review of the profitability and solvency of medical malpractice insurers doing business in Florida;
- A comparison of Florida medical malpractice insurance data to that of other states;
- A review of rate filings resolved by the Office during the 2016 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 27 medical malpractice insurance writers that constituted 80% of the overall Florida market in 2016.

Market size and cost components – Florida is the fourth largest U.S. state in terms of total medical malpractice premium, with roughly $550 million in 2016 direct written premium. Among the top 10 states by premium, Florida's:

- Combined loss and defense and cost containment ratio of 71.2% ranks third lowest;
- Non-claims-based expense ratio of 27.5% is the fourth highest;
- Claims-based adjusting and other expense of 5.8% ranks second highest; and
- Combined ratio (total payouts to premium) of 104.7%, up from 101.1% in 2015, is the fourth lowest.

Carrier financial strength – It is estimated that the Florida medical malpractice line of business standing alone generated a direct (before reinsurance) loss on surplus (Florida after tax profit/loss divided by surplus allocated to Florida) of 11.2% in 2016. This return compares negatively with the average countrywide all-lines net return on surplus for Florida's leading medical malpractice writers of 2.8% (up from 2.6% in 2015). This was different than the positive stock market returns in 2016, but both have shown volatility. This represents the second unprofitable year over the 13 years since the reform. However, 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, 63% 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: 62%
- Hospitals: 1%
- Other facilities: 6%

Except for the surplus lines segment (which had a higher loss ratio), loss ratios within the segments in the physicians subline did not differ meaningfully by carrier type. However, differences in loss ratios between segments were seen where the premium volume is low, as with the other sublines.

Company Admissions activity – Seven (7) entities (including two RRGs and one captive) entered the Florida malpractice market during 2016. No carrier became inactive. Six (6) entities (including one risk retention group) surrendered their Florida registration during 2016. No new risk purchasing groups entered the market during 2016. One risk purchasing group withdrew its registration during 2016.

Legislation – The final Florida Supreme Court decision in the Kalitan v. North Broward Hospital District case during 2017 eliminated the last remaining caps of non-economic damages in medical malpractice cases contained in the 2003 legislative reforms. Also, during the 2017 legislative session, House Bill 359 was passed, allowing medical malpractice insurers to provide an actuarial certification of the adequacy of their rates in lieu of an annual base rate filing.

Breakdown of the market by subline – Physicians malpractice dominates the medical malpractice premium in Florida. Sixty-four percent (64%) of the 2016 Florida medical malpractice written premium was for physicians, 20% was for other healthcare professionals, 5% was for hospitals, and 11% was for other medical facilities.

Key financial information on physicians malpractice – Florida is the third largest state for physicians malpractice, with $353 million in 2016 direct written premium. Its loss ratio during 2016 (specifically excluding defense and cost containment), at 37.5%, was the fifth lowest among the top 10 states. That midrange ranking nonetheless translates to an estimated 2016 combined (all costs divided by all premiums) ratio of 89%. This contrasts with the all medical malpractice estimated combined ratio of 105% (which, considering investment income, suggests profitability in Florida medical malpractice overall). Physicians malpractice loss ratios differ markedly among carriers, ranging from as low as 3% to as high as 64%.

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 1,358 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 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 two 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 third among the 10 states reviewed.

Rate filings – There were 98 medical malpractice rate filings either approved or processed as informational during 2016 (up from 90 in 2015 and up from 86 in 2014) in Florida. The average rate change for a Florida physician as a result of rate filings resolved in 2016 was 0.0%. This was derived by taking the actual rate changes approved in 2016 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 2016, including:

- Dentists rates: +0.5%
- Professional nurses rates: +2.2%
- Podiatrists, optometrists, chiropractors and similar professionals rates: +3.1%

Professional liability claims reporting system data – During 2016, 3,173 claims were reported as closed (up from 2,766 in 2015); 1,677 claims were closed for female claimants and 1,496 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 $1,149 million (31% above 2015, which in turn was 34% above 2014) was paid over the lifetime of the claims closed in 2016; $910 million was paid in damages, the remainder in loss adjustment expenses.

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

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

Purpose and Scope

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

1) The National Association of Insurance Commissioners (NAIC) annual financial statement filings; 2) The closed claims database maintained by the Office; and 3) An analysis of rate filings filed with the Office during the previous year. 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 2016 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 2016 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 mergers of FD Insurance and Medicus Insurance into NORCAL, the data from all those companies is combined into the NORCAL entries.

Organization of this Report

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

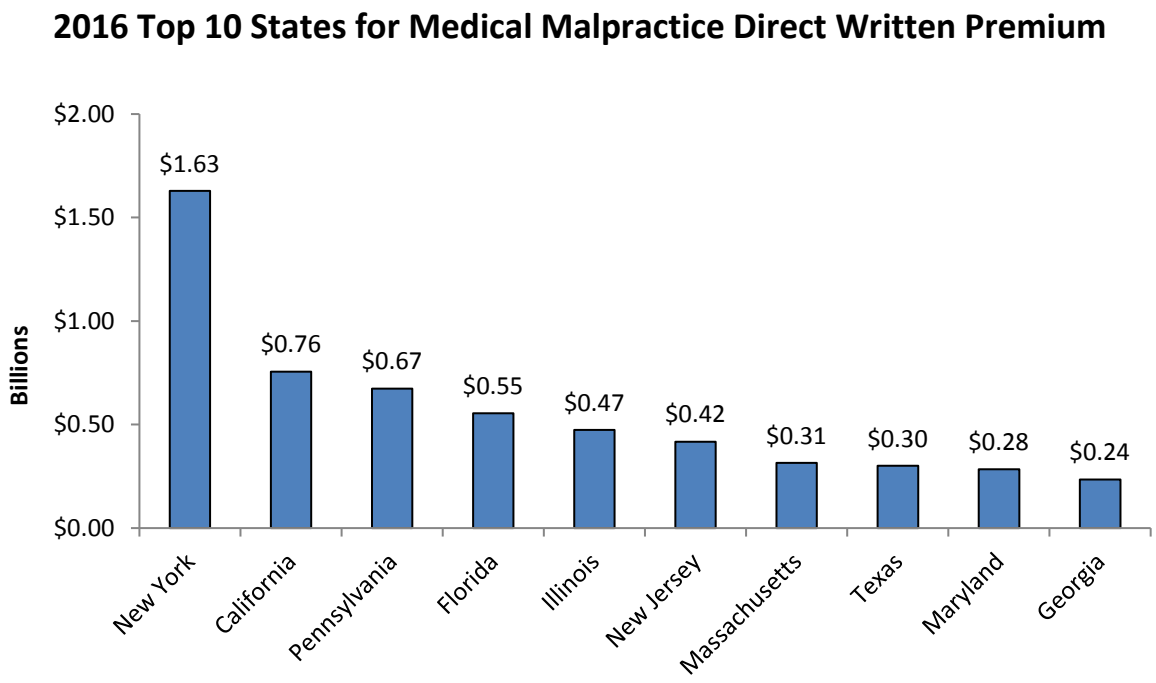
As mentioned earlier, the first section of this report covers data from all types of medical malpractice coverage combined. The first subsection of that analysis involves comparisons among the leading medical malpractice states.

Comparisons to Other Leading States

Comparative data for the Florida medical malpractice market and that of the top 10 states for total malpractice premium follows.

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. As mentioned earlier, Florida ranks third by population and fourth within its peer group for medical malpractice premium.



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

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 indicate a lower average markup on loss costs on the part of the various insurance companies doing business in a state. Data on the loss ratios of the top 10 states and their loss ratio ranks are shown in the chart on the following page.

2016 All Medical Malpractice Direct Loss Ratios

Written Premium Rank	State	2016 All Medical Malpractice Direct Loss Ratio	Loss Ratio Rank
10	Georgia	70.9%	1
1	New York	60.3%	2
6	New Jersey	57.9%	3
9	Maryland	57.3%	4
3	Pennsylvania	56.4%	5
5	Illinois	53.6%	6
4	**Florida**	**48.0%**	**7**
2	California	46.4%	8
7	Massachusetts	37.6%	9
8	Texas	26.4%	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 replace this data with data that removes year-to-year fluctuations in estimates of the costs of claims, and reflects the historical rate changes companies have made. As a by-product, those adjustments remove some of the year-to-year volatility in loss data.

Georgia, for the first time in several years ranked the highest, with New York a close second. However, New York offers physicians excess insurance at no cost if they fulfill certain criteria, so the New York costs may be higher. The aggregate direct loss ratio for the Florida market was the seventh in 2016, down from fifth in 2015. The national average in 2016 for all states and territories was 37.7% – somewhat above the 38.1% loss ratio in 2015. Florida's loss ratio increased slightly from 43.5% to 48.0% in 2016, although it still appears to be in a reasonable range.

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

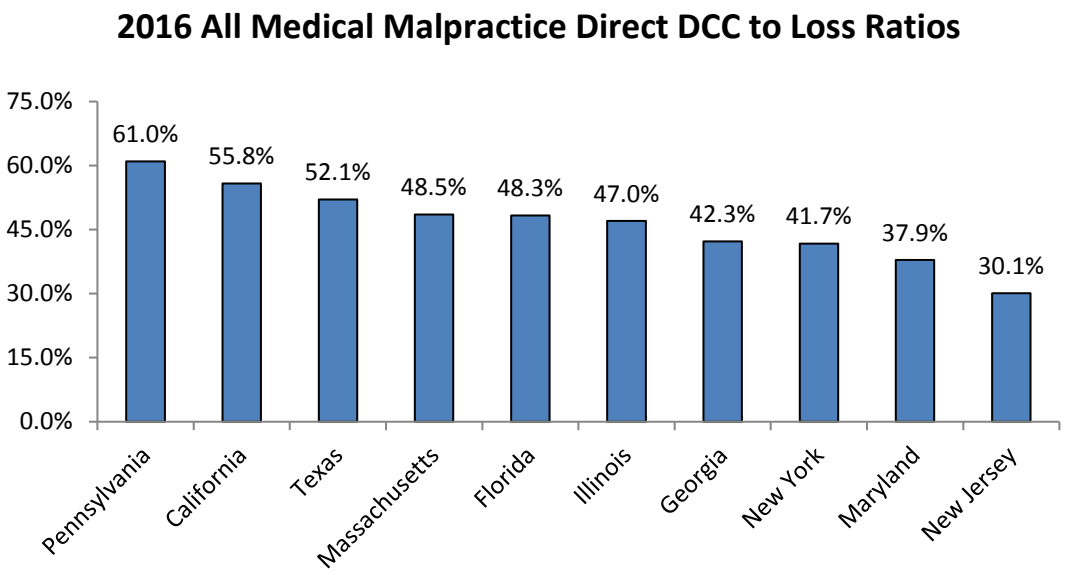
2016 All Medical Malpractice Direct Loss and DCC Ratios

Written Premium Rank	State	2016 All Medical Malpractice Direct Loss and DCC Ratio	Loss & DCC Rank
10	Georgia	100.9%	1
3	Pennsylvania	90.8%	2
1	New York	85.4%	3
9	Maryland	79.0%	4

Written Premium Rank	State	2016 All Medical Malpractice Direct Loss and DCC Ratio	Loss & DCC Rank
5	Illinois	78.8%	5
6	New Jersey	75.3%	6
2	California	72.3%	7
4	**Florida**	**71.2%**	**8**
7	Massachusetts	55.9%	9
8	Texas	40.2%	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 2016. In this case, Pennsylvania was the second, New York was the third, and Florida was the eighth (down from the fourth in 2015).

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.



Note that Florida had the fifth highest ratio of DCC to loss among the top 10 states in 2016. Although this data may also be distorted by the same factors that can distort the loss ratio, it is suggestive of relative efficiency in DCC expenditures.

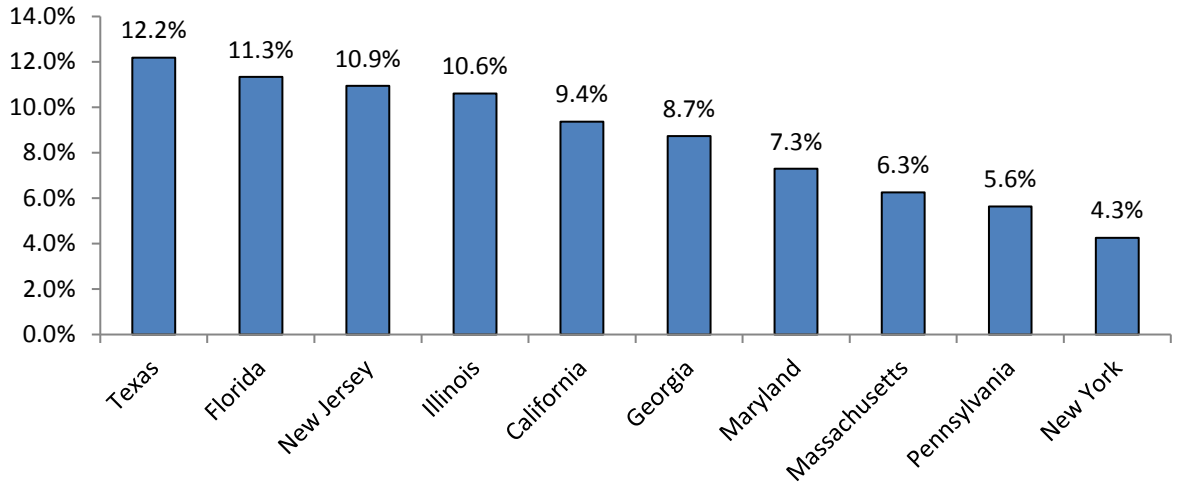
[1] It is important to note that DCC expenses are not the only frictional costs associated with payments to injured parties. In-house or other adjuster fees included in "adjusting and other" expense are also frictional costs. In some analyses, all expenses and profit would be considered as well. The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

Expense Information for the Top 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, the NAIC database AOE, other acquisition, and general expense data is strictly on a countrywide basis. Florida AOE, other acquisition, and general expense for each company were determined by pro-rating countrywide figures using direct malpractice earned premium. In that way, if a state is dominated by (or has a higher-than-average percentage in the mix, by market share, of) companies with high expenses, the state would show a higher-than-average expense ratio. If a state had a high proportion of lower-overhead insurance companies, it would show as a lower expense state. By custom of the business, the commission and taxes are generally related to written premium (in effect, related to sales). AOE, other acquisition, and general expense are generally related to earned premium (relating them to the period when benefits are provided).

The largest expense provision related to written premiums is commission. The average commission ratios for the top 10 states (by direct written premium) are shown below.

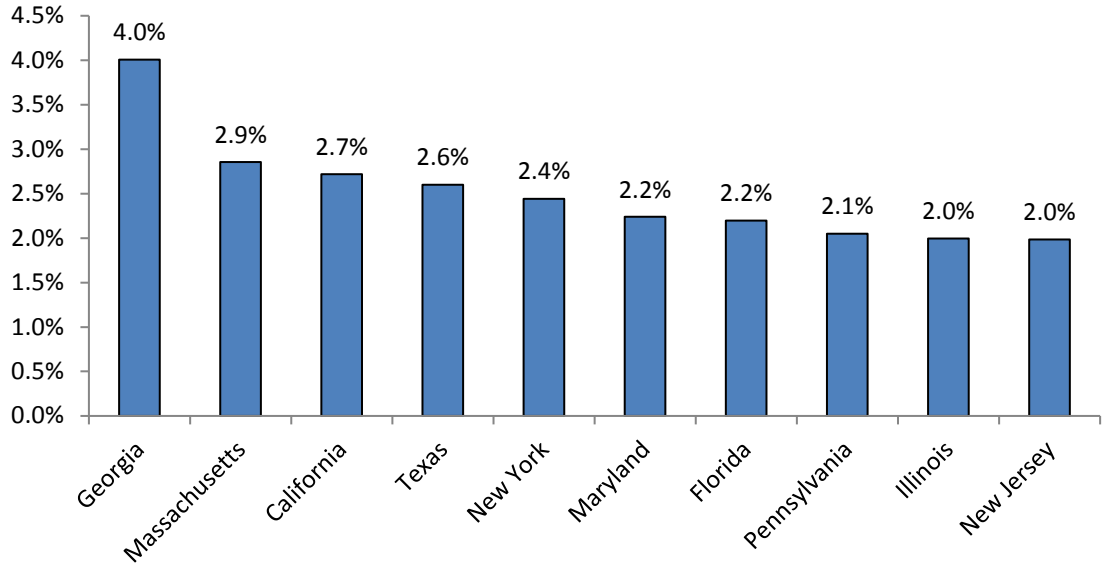
2016 All Medical Malpractice Direct Commission to Written Premium Ratios



Florida is among the states with the higher commission ratios (second highest), although the commission is about 0.5% higher than last year's 10.8%.

Ratios of premium tax to written premium for the top 10 states are shown on the following page.

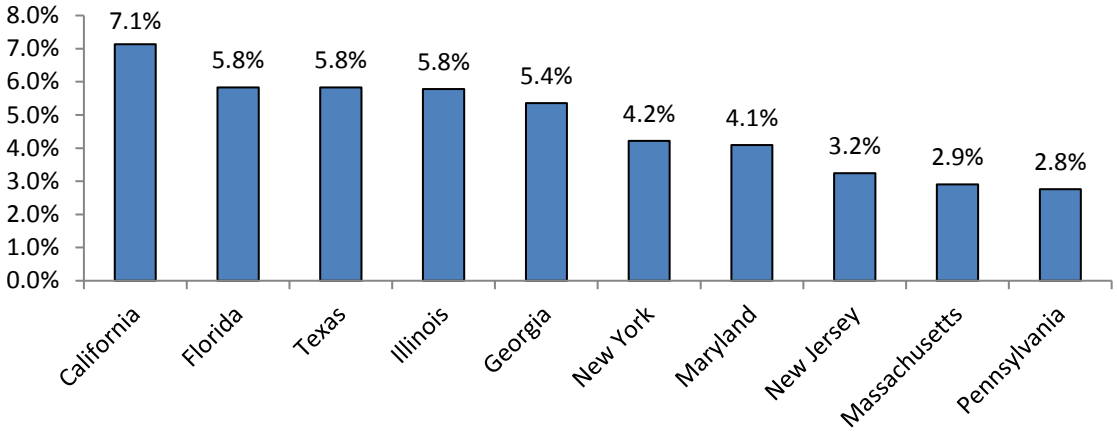
2016 All Medical Malpractice Premium Tax to Direct Written Premium Ratios



Differences in premium tax amounts are mostly minimal, and Florida's premium tax expense has not changed from 2.2% in 2014 and 2015.

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

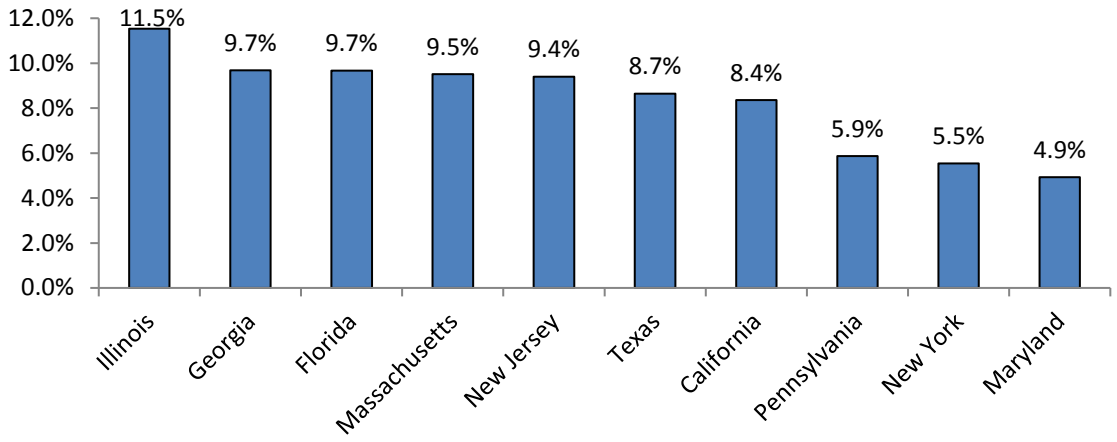
2016 All Medical Malpractice AOE to Direct Earned Premium Ratios



Last year, Florida had the third highest AOE expense ratio within the peer group. In 2016, Florida, Texas, and Illinois are tied for the second 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.

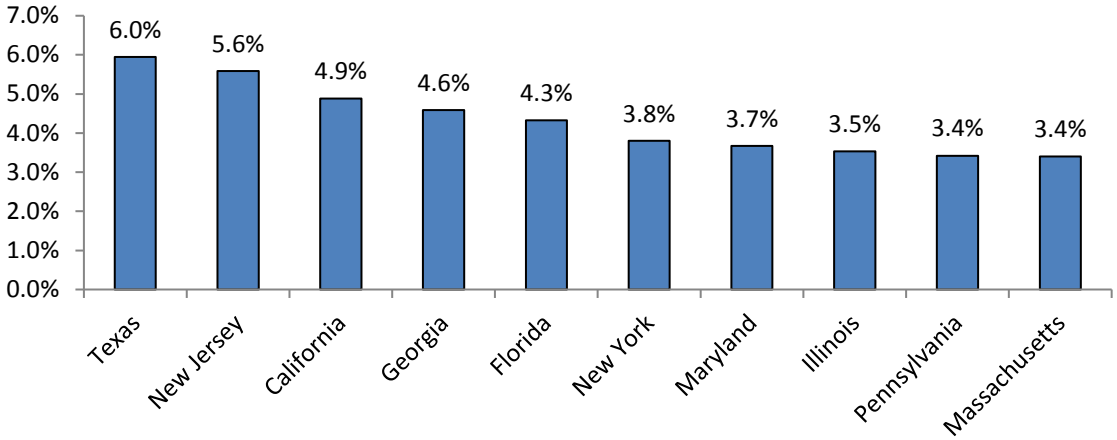
2016 All Medical Malpractice General Expense to Direct Earned Premium Ratios



Florida is tied with Georgia for the second highest general expense ratio among the top 10 states at 9.7%, down from a higher expense ratio (10.6%) in 2015 (the second highest in the peer group).

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

2016 All Medical Malpractice Other Acquisition Expense to Direct Earned Premium Ratios

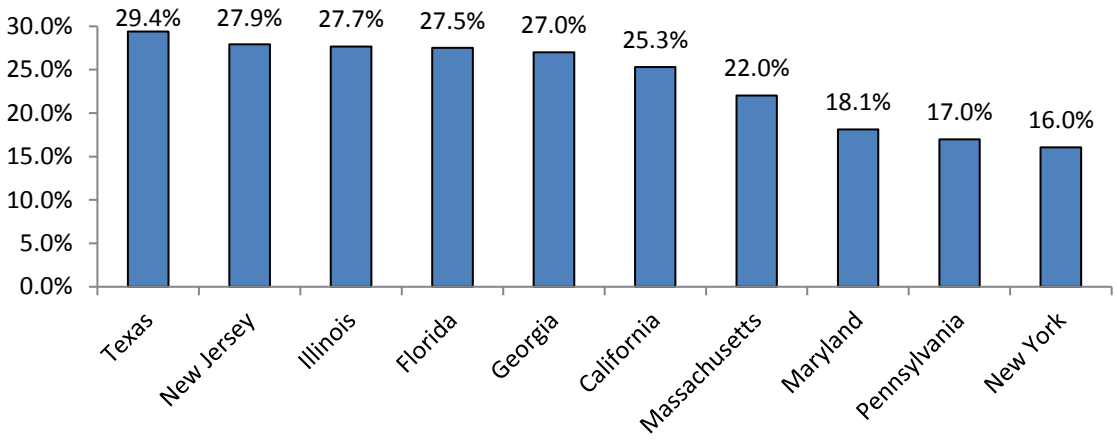


These ratios are typically not as high as the general expense ratios. Although Florida's other acquisition expense ratio was midrange in the peer group (fifth), recall that Florida is near the

upper end of commission expense, so that Florida's total acquisition expense (commission and other acquisition combined of 15.7%) ratio was somewhat high (third) within the peer group.

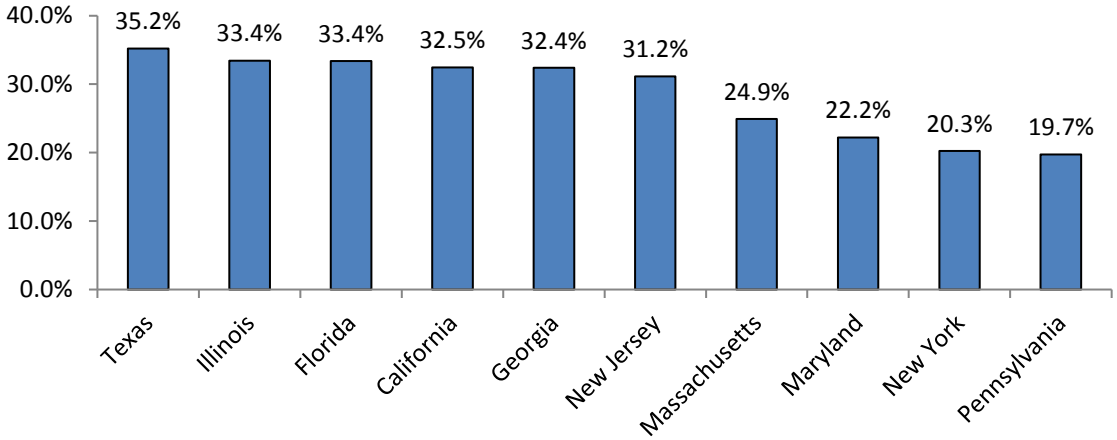
In calculating the overall expense ratio, the industry standard approach involves the combination of the commission, tax, general expense, and other acquisition ratios (and excludes AOE since the AOE ratio relates better to the amount of claims to be adjusted rather than premium). Ratios on that basis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

2016 All Medical Malpractice Standard (No AOE) Expense Ratios



A review of the chart shows that Florida's standard expense ratio is the fourth highest among the top 10 states (down from the highest in 2015), while New York's is the lowest. When AOE expense is added to the above expense ratios (as a step in computing total underwriting profitability), Florida, along with Illinois, has the second highest expense ratio of the top 10 states.

2016 All Medical Malpractice Expense Ratios (Inclusive of AOE)

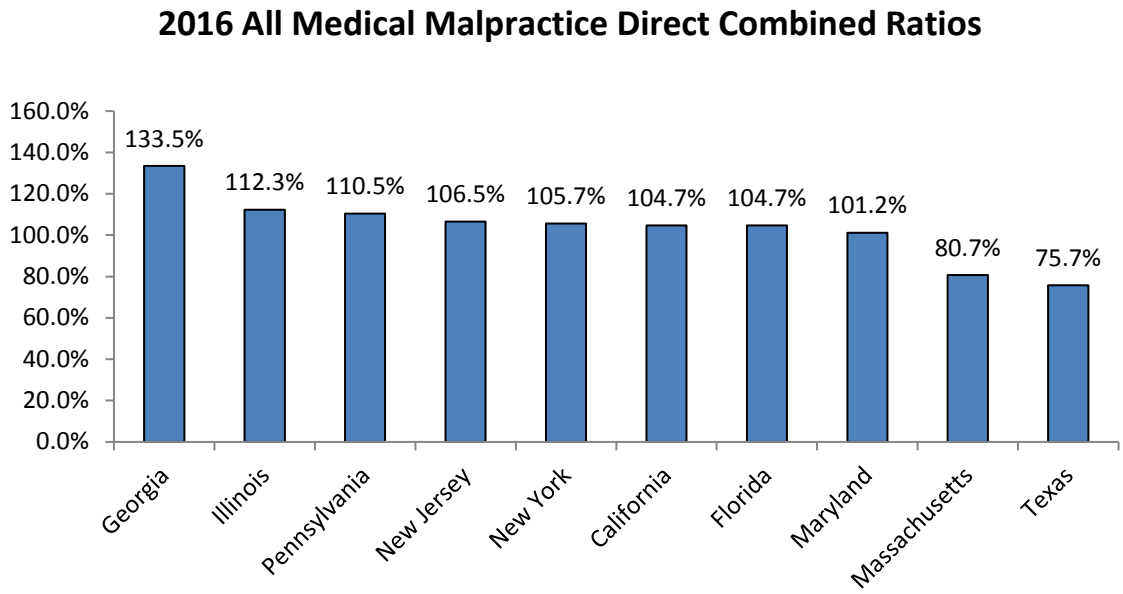


Profitability Measures for the Top 10 States

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 and DCC and expense ratios form the combined ratio. A ratio below one indicates that the total costs are less than the premiums paid, generating an underwriting profit. If the ratio is above one, an underwriting loss is generated. However, since investment income may offset all or part of an underwriting loss, the fact that a company is running an underwriting loss does not mean that the company is unprofitable. Generally, though, loss ratios well below one suggest a very high degree of profitability. Consequently, they are associated with high financial solvency and, theoretically, should lead to higher competition to enhance the value per dollar spent ratio for insureds. Loss ratios well above one are consistent with unprofitability and could lead to a problem of too few insurers offering coverage to meet the needs of all the healthcare providers.

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

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



The chart shows that the overall medical malpractice line is generating underwriting losses in all the top 10 states but Massachusetts and Texas. 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 tied with California for the sixth in the peer group with a 104.7% combined ratio.

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

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

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

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

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

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

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

While portions of the annual statement are limited to medical malpractice, the balance sheet, income statement, cash flow statement, and investment information lump data from all lines of business together. Therefore, certain information must either be analyzed on 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 2016 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).

2016 Florida Written Premium for Leading Malpractice Carriers

Premium Rank	Company	Direct Premium Written	Market Share	Cumulative Share
1	Doctors Company, An Interinsurance Exchange	$117,162,317	21.1%	21.1%
2	MAG Mutual Insurance Company	$57,871,090	10.4%	31.6%
3	Medical Protective Company	$50,921,458	9.2%	40.8%
4	NORCAL Mutual Insurance Company	$27,806,451	5.0%	45.8%
5	National Fire & Marine Insurance Company	$17,896,734	3.2%	49.0%
6	ProAssurance Casualty Company	$15,777,115	2.8%	51.8%
7	Evanston Insurance Company	$15,451,557	2.8%	54.6%
8	**MedMal Direct Insurance Company**	**$14,097,163**	**2.5%**	**57.2%**
9	American Casualty Company of Reading, PA	$12,876,979	2.3%	59.5%
10	Lexington Insurance Company	$9,926,238	1.8%	61.3%
11	Samaritan RRG, Inc.	$9,443,506	1.7%	63.0%
12	MCIC Vermont (A Reciprocal RRG)	$8,375,113	1.5%	64.5%
13	Lone Star Alliance, Inc., a RRG	$7,797,154	1.4%	65.9%
14	Continental Casualty Company	$7,755,631	1.4%	67.3%
15	Columbia Casualty Company	$6,918,913	1.2%	68.6%
16	**Physicians Insurance Company**	**$6,170,950**	**1.1%**	**69.7%**

Premium Rank	Company	Direct Premium Written	Market Share	Cumulative Share
17	Landmark American Insurance Company	$5,989,263	1.1%	70.7%
18	Healthcare Underwriters Group, Inc.	$5,869,155	1.1%	71.8%
19	OMS National Insurance Company, RRG	$5,707,439	1.0%	72.8%
20	Allied World Surplus Lines Insurance Company	$5,561,921	1.0%	73.8%
21	Podiatry Insurance Company of America	$5,510,830	1.0%	74.8%
22	Ophthalmic Mutual Insurance Company (A RRG)	$5,478,888	1.0%	75.8%
23	Lancet Indemnity RRG Inc	$5,377,604	1.0%	76.8%
24	Admiral Insurance Company	$5,257,247	0.9%	77.7%
25	Homeland Insurance Company of NY	$5,097,454	0.9%	78.7%
26	Applied Medico-Legal Solutions RRG, Inc.	$4,848,076	0.9%	79.5%
27	ProAssurance Specialty Insurance Company, Inc.	$4,753,057	0.9%	80.4%
	Top 80% Total	**$445,699,303**		
	Total Florida Market	**$554,446,555**		

In terms of organizational structure, 10 of the sample companies are licensed property/casualty insurers, nine are surplus lines companies (#5 National Fire & Marine, #7 Evanston, #10 Lexington, #15 Columbia Casualty, #17 Landmark American, #20 Allied World Surplus, #24 Admiral, #25 Homeland, and #27 ProAssurance Specialty). There was one reciprocal-type insurer (#1 Doctors Company); and seven RRGs (#11 Samaritan, #12 MCIC Vermont, #13 Lone Star Alliance, #19 OMS National, #22 Ophthalmic Mutual, #23 Lancet, and #26 Applied Medico-Legal Solutions).

The list shows some differences and similarities in the market when compared to the sample firms in the 2016 Annual Report on 2015. This year, achieving the 80% market share requirement required the inclusion of 27 insurers, with two of the insurers being domiciled in Florida. This differs slightly from the number of companies required in prior annual reports:

- 27 insurers for the 2016 report (two were domiciled in Florida);
- 27 insurers for the 2015 report (three were domiciled in Florida);
- 26 insurers for the 2014 report (four were domiciled in Florida);
- 26 insurers for the 2013 report (four were domiciled in Florida);
- 25 insurers for the 2012 report (four remained domiciled in Florida after the Doctors Company merger);
- 24 insurers for the 2011 report (five were domiciled in Florida);
- 22 insurers for the 2010 report (five were domiciled in Florida);
- 22 insurers for the 2009 report (five were domiciled in Florida);
- 22 insurers for the 2008 report (six were domiciled in Florida);
- 17 insurers for the 2007 report (six were domiciled in Florida);
- 15 insurers for the 2006 report (three were domiciled in Florida);
- 12 insurers for the 2005 report (two were domiciled in Florida); and
- 11 insurers for the 2004 report (two were domiciled in Florida).

Another finding is that the total medical malpractice insurance written premium for the state of Florida as reported above increased (3.7%) to $554 million in 2016. The total gross Florida medical malpractice insurance premiums for prior reports are:

- 2004 - $860 million;
- 2005 - $850 million;
- 2006 - $847 million;
- 2007 - $663 million;
- 2008 - $596 million;
- 2009 - $550 million;
- 2010 - $559 million;
- 2011 - $546 million;
- 2012 - $533 million[2];
- 2013 - $544 million;
- 2014 - $534 million; and
- 2015 - $534 million.

Over the long term, this represents a substantial decrease (36%) in the overall medical malpractice premium reported in Florida since 2004. This could be partially attributable to the lowering of rates, however, it may also be due to new arrangements by physicians including the use of individual bonding, purchasing malpractice insurance through hospitals/employers as well as utilization of self-insurance funds, or other non-traditional insurance mechanisms.

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

2016 Florida Earned Premium, Loss, and Loss and DCC Experience for Leading Malpractice Carriers

Premium Rank	Company	Direct Premium Earned	Loss Ratio	Loss&DCC Ratio
1	Doctors Company, An Interinsurance Exchange	$119,267,160	28.2%	51.6%
2	MAG Mutual Insurance Company	$56,186,029	64.5%	97.8%
3	Medical Protective Company	$48,953,535	34.0%	56.9%
4	NORCAL Mutual Insurance Company	$24,836,410	54.2%	75.4%
5	National Fire & Marine Insurance Company	$17,731,257	72.3%	94.2%
6	ProAssurance Casualty Company	$16,970,310	44.8%	63.8%
7	Evanston Insurance Company	$14,505,199	124.5%	146.4%
8	MedMal Direct Insurance Company	$13,084,046	11.1%	40.0%
9	American Casualty Company of Reading, PA	$12,477,342	33.5%	47.5%
10	Lexington Insurance Company	$12,639,743	-8.9%	-4.5%

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

Premium Rank	Company	Direct Premium Earned	Loss Ratio	Loss&DCC Ratio
11	Samaritan RRG, Inc.	$9,149,711	35.8%	63.1%
12	MCIC Vermont (A Reciprocal RRG)	$8,373,634	54.5%	64.5%
13	Lone Star Alliance, Inc., a RRG	$5,956,830	60.9%	85.4%
14	Continental Casualty Company	$8,280,071	92.3%	118.2%
15	Columbia Casualty Company	$5,969,579	24.8%	30.7%
16	**Physicians Insurance Company**	**$5,550,135**	**41.9%**	**70.3%**
17	Landmark American Insurance Company	$5,682,257	-18.0%	-15.2%
18	Healthcare Underwriters Group, Inc.	$5,881,987	2.8%	58.8%
19	OMS National Insurance Company, RRG	$5,706,383	43.8%	60.1%
20	Allied World Surplus Lines Insurance Company	$5,523,436	88.4%	102.0%
21	Podiatry Insurance Company of America	$5,699,618	43.6%	78.6%
22	Ophthalmic Mutual Insurance Company (A RRG)	$5,850,138	30.9%	38.8%
23	Lancet Indemnity RRG Inc	$5,774,970	86.2%	143.3%
24	Admiral Insurance Company	$5,039,524	55.6%	67.6%
25	Homeland Insurance Company of NY	$5,293,396	72.3%	85.5%
26	Applied Medico-Legal Solutions RRG, Inc.	$4,187,881	29.3%	30.9%
27	ProAssurance Specialty Insurance Company, Inc.	$1,817,668	54.8%	81.5%
	Top 80% Total	**$436,388,249**	**43.7%**	**66.8%**
	Total Florida Market	**$549,056,189**	**48.0%**	**71.2%**

As some of the very low loss ratios show, even carriers with as much as $13 million in annual earned premium in a single state may exhibit significant fluctuations in loss ratios within the state. However, noting that in 2015 the Florida all companies loss ratio was 43% and the 2015 Florida loss and DCC ratio was 68%, one may see that the overall state results are more stable than those of individual companies, but still subject to substantial changes from year to year.

The ratios above are “calendar year” values. As such, they represent all the loss (or loss and DCC) amounts recorded during 2016. The actual claims reported in 2016 under claims made policies (so-called “report year”) are a portion of the calendar year result. Those represent the true costs associated with the policies earning in 2016. 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- and two-year period after the reserves are set may be seen in the charts on the following page.

2016 One-Year Development as Percentage of 2016 Incurred Loss

Company	2016	2015	2014	2013	2012
Doctors Company, An Interinsurance Exchange	-10%	-16%	-10%	-11%	-15%
MAG Mutual Insurance Company	-12%	-33%	-40%	-67%	-38%
Medical Protective Company	-40%	-50%	+126%	-74%	+23%
NORCAL Mutual Insurance Company	0%	-21%	-21%	-12%	-32%
ProAssurance Casualty Company	-53%	-53%	-99%	-86%	-285%

2016 Two-Year Development as Percentage of 2016 Incurred Loss

Company	2016	2015	2014	2013	2012
Doctors Company, An Interinsurance Exchange	-26%	-27%	-21%	-20%	-40%
MAG Mutual Insurance Company	-43%	-64%	-82%	-98%	-101%
Medical Protective Company	-81%	-701%	+122%	-18%	-17%
NORCAL Mutual Insurance Company	-14%	-33%	-32%	-34%	-39%
ProAssurance Casualty Company	-103%	-131%	-196%	-240%	-582%

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

Expense Information for Leading Medical Malpractice Carriers in Florida

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

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

2016 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	9.5%	1.8%
2	MAG Mutual Insurance Company	5.9%	3.7%
3	Medical Protective Company	12.5%	1.8%
4	NORCAL Mutual Insurance Company	11.3%	2.4%
5	National Fire & Marine Insurance Company	33.8%	0.0%
6	ProAssurance Casualty Company	0.0%	0.1%
7	Evanston Insurance Company	16.0%	0.2%
8	MedMal Direct Insurance Company	0.0%	1.8%
9	American Casualty Company of Reading, PA	38.5%	1.5%
10	Lexington Insurance Company	7.8%	0.0%
11	Samaritan RRG, Inc.	8.0%	0.0%
12	MCIC Vermont (A Reciprocal RRG)	0.1%	2.8%
13	Lone Star Alliance, Inc., a RRG	10.8%	5.0%
14	Continental Casualty Company	14.9%	2.0%
15	Columbia Casualty Company	10.2%	0.0%
16	Physicians Insurance Company	11.6%	1.8%
17	Landmark American Insurance Company	21.3%	0.0%
18	Healthcare Underwriters Group, Inc.	9.1%	2.1%
19	OMS National Insurance Company, RRG	6.1%	0.0%
20	Allied World Surplus Lines Insurance Company	26.0%	0.0%
21	Podiatry Insurance Company of America	0.0%	-0.6%
22	Ophthalmic Mutual Insurance Company (A RRG)	0.0%	0.0%
23	Lancet Indemnity RRG Inc	14.1%	0.2%
24	Admiral Insurance Company	15.2%	0.0%
25	Homeland Insurance Company of NY	16.8%	0.0%
26	Applied Medico-Legal Solutions RRG, Inc.	15.1%	5.0%
27	ProAssurance Specialty Insurance Company, Inc.	20.2%	0.0%

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

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

2016 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	8.0%	11.9%	2.6%
2	MAG Mutual Insurance Company	4.0%	14.6%	4.5%
3	Medical Protective Company	3.5%	7.0%	7.3%
4	NORCAL Mutual Insurance Company	4.9%	4.2%	5.0%
5	National Fire & Marine Insurance Company	9.0%	3.0%	1.0%
6	ProAssurance Casualty Company	12.4%	5.0%	5.5%
7	Evanston Insurance Company	12.2%	13.8%	0.3%
8	MedMal Direct Insurance Company	3.4%	33.6%	1.2%
9	American Casualty Company of Reading, PA	1.5%	2.4%	2.7%
10	Lexington Insurance Company	8.5%	1.4%	8.9%
11	Samaritan RRG, Inc.	1.1%	3.8%	1.0%
12	MCIC Vermont (A Reciprocal RRG)	0.0%	0.0%	0.0%
13	Lone Star Alliance, Inc., a RRG	2.9%	4.8%	3.8%
14	Continental Casualty Company	12.3%	6.0%	5.8%
15	Columbia Casualty Company	2.3%	7.4%	7.8%
16	Physicians Insurance Company	3.5%	10.3%	15.4%
17	Landmark American Insurance Company	0.3%	0.3%	0.4%
18	Healthcare Underwriters Group, Inc.	5.1%	19.3%	6.7%
19	OMS National Insurance Company, RRG	6.4%	17.8%	5.1%
20	Allied World Surplus Lines Insurance Company	-0.3%	0.0%	0.0%
21	Podiatry Insurance Company of America	9.1%	0.1%	16.8%
22	Ophthalmic Mutual Insurance Company (A RRG)	4.6%	13.8%	11.2%
23	Lancet Indemnity RRG Inc	0.9%	12.8%	3.3%
24	Admiral Insurance Company	4.1%	5.7%	7.2%
25	Homeland Insurance Company of NY	7.8%	15.7%	1.3%
26	Applied Medico-Legal Solutions RRG, Inc.	0.0%	0.0%	0.0%
27	ProAssurance Specialty Insurance Company, Inc.	15.8%	5.8%	5.7%

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

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

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

2016 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	25.8%	16
2	MAG Mutual Insurance Company	28.8%	12
3	Medical Protective Company	28.5%	13
4	NORCAL Mutual Insurance Company	23.0%	20
5	National Fire & Marine Insurance Company	37.8%	3
6	ProAssurance Casualty Company	10.6%	26
7	Evanston Insurance Company	30.3%	9
8	MedMal Direct Insurance Company	36.5%	5
9	American Casualty Company of Reading, PA	45.0%	1
10	Lexington Insurance Company	18.1%	23
11	Samaritan RRG, Inc.	12.8%	25
12	MCIC Vermont (A Reciprocal RRG)	2.9%	27
13	Lone Star Alliance, Inc., a RRG	24.4%	19
14	Continental Casualty Company	28.8%	11
15	Columbia Casualty Company	25.4%	17
16	Physicians Insurance Company	39.1%	2
17	Landmark American Insurance Company	22.0%	21
18	Healthcare Underwriters Group, Inc.	37.2%	4
19	OMS National Insurance Company, RRG	29.0%	10
20	Allied World Surplus Lines Insurance Company	26.0%	15
21	Podiatry Insurance Company of America	16.2%	24
22	Ophthalmic Mutual Insurance Company (A RRG)	25.1%	18
23	Lancet Indemnity RRG Inc	30.3%	8
24	Admiral Insurance Company	28.1%	14
25	Homeland Insurance Company of NY	33.8%	6
26	Applied Medico-Legal Solutions RRG, Inc.	20.1%	22
27	ProAssurance Specialty Insurance Company, Inc.	31.7%	7

While the differences are not as pronounced as in some of the individual expense component analyses, these ratios still range from as low[3] as 3% to a high of 45%. Among the top five carriers, one has an expense ratio of 38%, while the remaining four all have ratios in a range between 23% and 29%.

Profitability of Leading Medical Malpractice Carriers in Florida

As with the analysis of the medical malpractice line across different states, this report (consistent with the general guidance provided in the law) includes estimates of the profitability of medical malpractice in Florida. The Florida-specific data on loss costs in the NAIC database is limited to "calendar year" information. That data includes a mix of 2016 losses and changes in the 2015 and prior years. So, one should recognize that data over several years may be more meaningful than one year of data. So, a single year's profit or loss may not be a reliable indicator of the strength of the market. In this section, the 2016 Florida profitability of each of the carriers making up the top 80% of the Florida market is estimated. Exact information on the profitability of medical malpractice in Florida is not included in the NAIC financial database. Further, the calendar year loss ratios may be distorted by volatility in the loss reserves. However, the loss, DCC, commission, and tax information included in the NAIC database may be combined with reasonable allocations of the remaining quantities. As a first step, the Florida loss and DCC ratios may be added with the AOE and expense ratios shown in the previous table to produce estimated combined ratios. The results are shown in the table below.

2016 Direct Estimated Florida Malpractice Combined Ratios for Leading Florida Malpractice Carriers

Premium Rank	Company	Combined Ratio
1	Doctors Company, An Interinsurance Exchange	85.4%
2	MAG Mutual Insurance Company	130.6%
3	Medical Protective Company	88.9%
4	NORCAL Mutual Insurance Company	103.3%
5	National Fire & Marine Insurance Company	141.0%
6	ProAssurance Casualty Company	86.8%
7	Evanston Insurance Company	188.9%
8	MedMal Direct Insurance Company	79.8%
9	American Casualty Company of Reading, PA	94.0%
10	Lexington Insurance Company	22.0%
11	Samaritan RRG, Inc.	77.0%
12	MCIC Vermont (A Reciprocal RRG)	67.4%
13	Lone Star Alliance, Inc., a RRG	112.7%

[3] An expense ratio of 3% 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 unknown.

Premium Rank	Company	Combined Ratio
14	Continental Casualty Company	159.2%
15	Columbia Casualty Company	58.4%
16	**Physicians Insurance Company**	**112.9%**
17	Landmark American Insurance Company	7.1%
18	Healthcare Underwriters Group, Inc.	101.1%
19	OMS National Insurance Company, RRG	95.5%
20	Allied World Surplus Lines Insurance Company	127.8%
21	Podiatry Insurance Company of America	103.9%
22	Ophthalmic Mutual Insurance Company (A RRG)	68.4%
23	Lancet Indemnity RRG Inc	174.5%
24	Admiral Insurance Company	99.8%
25	Homeland Insurance Company of NY	127.0%
26	Applied Medico-Legal Solutions RRG, Inc.	51.0%
27	ProAssurance Specialty Insurance Company, Inc.	129.0%

There is a broad range of different combined ratios among the top Florida malpractice carriers. Thirteen show combined ratios over 100%, with eight showing combined ratios over 115%. Reserving complications could exacerbate the values, but the 2015 year generated 12 companies with combined ratios over 100%, eight 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 quite possible, though, that an analysis with more data than could be gleaned from the NAIC database 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-tax[4] 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. Consequently, the financial data in the NAIC database only includes a single countrywide all-lines surplus value for each company. However, to perform a direct return on surplus calculation for Florida medical malpractice, it is necessary to allocate surplus to strictly

[4] 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.

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 direct[5] written premium was used. The results are shown in the chart below.

2016 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	$346.43
2	MAG Mutual Insurance Company	$223.31
3	Medical Protective Company	$154.81
4	NORCAL Mutual Insurance Company	$63.32
5	National Fire & Marine Insurance Company	$109.37
6	ProAssurance Casualty Company	$46.85
7	Evanston Insurance Company	$16.09
8	MedMal Direct Insurance Company	$16.61
9	American Casualty Company of Reading, PA	$3.37
10	Lexington Insurance Company	$18.93
11	Samaritan RRG, Inc.	$19.04
12	MCIC Vermont (A Reciprocal RRG)	$15.44
13	Lone Star Alliance, Inc., a RRG	$1.29
14	Continental Casualty Company	$12.32
15	Columbia Casualty Company	$2.68
16	Physicians Insurance Company	$6.26
17	Landmark American Insurance Company	$3.15
18	Healthcare Underwriters Group, Inc.	$21.60
19	OMS National Insurance Company, RRG	$19.80
20	Allied World Surplus Lines Insurance Company	$2.27
21	Podiatry Insurance Company of America	$9.69
22	Ophthalmic Mutual Insurance Company (A RRG)	$28.14
23	Lancet Indemnity RRG Inc	$2.03
24	Admiral Insurance Company	$6.23
25	Homeland Insurance Company of NY	$2.94
26	Applied Medico-Legal Solutions RRG, Inc.	$3.84
27	ProAssurance Specialty Insurance Company, Inc.	$2.68

[5] 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.

The next step involves estimating the total profit that each company earned in Florida during 2016. 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 2016 were subtracted from the underwriting profit, so the results would be comparable to the way insurers report their overall profit. As a next step, the investment income and underwriting profit were added together. As with the surplus, the investment income must be allocated to Florida. Many methods may be used to perform the allocation. As before, this report uses a simplified approach. Investment was allocated to the Florida medical malpractice by computing the sum of the Florida loss and DCC reserve for medical malpractice, the Florida unearned premium reserve for medical malpractice, and the surplus allocated to Florida medical malpractice for each company. The ratio of that sum to the sum of the corresponding countrywide all-lines values for each company was used to prorate each company's investment income. The resulting pre-tax operating income estimates for Florida medical malpractice follow.

Components of 2016 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	$13.13	-$7.71	$5.42
2	MAG Mutual Insurance Company	-$22.30	$9.20	-$13.10
3	Medical Protective Company	$5.43	$11.05	$16.48
4	NORCAL Mutual Insurance Company	-$0.67	$6.75	$6.08
5	National Fire & Marine Insurance Company	-$7.26	$19.97	$12.70
6	ProAssurance Casualty Company	$2.23	$3.22	$5.45
7	Evanston Insurance Company	-$12.89	$1.55	-$11.34
8	**MedMal Direct Insurance Company**	**$2.64**	**$0.67**	**$3.30**
9	American Casualty Company of Reading, PA	$0.75	$2.09	$2.84
10	Lexington Insurance Company	$9.86	$2.75	$12.60
11	Samaritan RRG, Inc.	$2.10	$0.93	$3.04
12	MCIC Vermont (A Reciprocal RRG)	$2.73	$0.69	$3.42
13	Lone Star Alliance, Inc., a RRG	-$0.75	-$0.17	-$0.93
14	Continental Casualty Company	-$4.91	$1.92	-$2.98
15	Columbia Casualty Company	$2.48	$1.01	$3.49
16	**Physicians Insurance Company**	**-$0.72**	**$0.25**	**-$0.47**
17	Landmark American Insurance Company	$5.28	$0.38	$5.66
18	Healthcare Underwriters Group, Inc.	-$0.06	$0.92	$0.85
19	OMS National Insurance Company, RRG	$0.26	$0.90	$1.15
20	Allied World Surplus Lines Insurance Company	-$1.53	$0.39	-$1.14
21	Podiatry Insurance Company of America	-$0.22	$0.75	$0.52
22	Ophthalmic Mutual Insurance Company (A RRG)	$0.87	$1.13	$2.00

Premium Rank	Company	Post-Dividend Underwriting Profit/Loss	Allocated Investment Income	Florida Pre-Tax Profit
23	Lancet Indemnity RRG Inc	-$4.30	$0.09	-$4.22
24	Admiral Insurance Company	$0.01	$0.32	$0.33
25	Homeland Insurance Company of NY	-$1.43	$0.13	-$1.30
26	Applied Medico-Legal Solutions RRG, Inc.	$2.05	$0.45	$2.50
27	ProAssurance Specialty Insurance Company, Inc.	-$0.53	$0.19	-$0.33

Using that, and the tax rate each company paid on total income in 2016 (capped between 0% and 35%), one may compute the estimate direct post-tax income and return on surplus. The results are shown in the table below.

Estimated 2016 Post-Tax Florida Medical Malpractice Profit (in Millions) and Return on Surplus for Leading Malpractice Carriers

Premium Rank	Company	Capped Tax Rate	Post-Tax Income	Return on Surplus
1	Doctors Company, An Interinsurance Exchange	16.9%	$4.50	1.3%
2	MAG Mutual Insurance Company	9.5%	-$11.86	-5.3%
3	Medical Protective Company	28.5%	$11.78	7.6%
4	NORCAL Mutual Insurance Company	0.0%	$6.08	9.6%
5	National Fire & Marine Insurance Company	8.1%	$11.68	10.7%
6	ProAssurance Casualty Company	8.9%	$4.97	10.6%
7	Evanston Insurance Company	22.3%	-$8.81	-54.8%
8	**MedMal Direct Insurance Company**	**0.0%**	**$3.30**	**19.9%**
9	American Casualty Company of Reading, PA	0.0%	$2.84	84.2%
10	Lexington Insurance Company	35.0%	$8.19	43.3%
11	Samaritan RRG, Inc.	32.8%	$2.04	10.7%
12	MCIC Vermont (A Reciprocal RRG)	0.0%	$3.42	22.2%
13	Lone Star Alliance, Inc., a RRG	0.0%	-$0.93	-72.0%
14	Continental Casualty Company	7.6%	-$2.76	-22.4%
15	Columbia Casualty Company	31.1%	$2.41	89.8%
16	**Physicians Insurance Company**	**0.0%**	**-$0.47**	**-7.5%**
17	Landmark American Insurance Company	23.8%	$4.31	137.0%
18	Healthcare Underwriters Group, Inc.	0.0%	$0.85	3.9%
19	OMS National Insurance Company, RRG	20.7%	$0.91	4.6%
20	Allied World Surplus Lines Insurance Company	31.5%	-$0.78	-34.6%
21	Podiatry Insurance Company of America	15.9%	$0.44	4.5%
22	Ophthalmic Mutual Insurance Company (A RRG)	22.2%	$1.55	5.5%

Premium Rank	Company	Capped Tax Rate	Post-Tax Income	Return on Surplus
23	Lancet Indemnity RRG Inc	35.0%	-$2.74	-135.4%
24	Admiral Insurance Company	13.1%	$0.29	4.6%
25	Homeland Insurance Company of NY	13.4%	-$1.13	-38.3%
26	Applied Medico-Legal Solutions RRG, Inc.	7.8%	$2.31	60.2%
27	ProAssurance Specialty Insurance Company, Inc.	34.4%	-$0.22	-8.1%

The leading Florida medical malpractice carrier, the Doctors Company, generated an estimated 1.3% return on surplus in 2016. The carrier showing the highest estimated return on surplus (#17 Landmark American) is part of a large insurer group and might have inter-company pooling agreements that would allow them to hold lesser amounts of surplus in subsidiaries. For example, Landmark American's ratio of written premium to allocated Florida surplus is 190%, but the Doctors Company's ratio is 34%. 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. This year, though, the Doctor's Company suffered a rare loss on investments, which also depressed its earnings.

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

Comparison of Estimated 2016 Post-Tax Florida Medical Malpractice Direct Return on Surplus to All Lines Companywide Net Return on Surplus for Leading 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	1.3%	1.3%	-3.6%
2	MAG Mutual Insurance Company	-5.3%	-5.3%	1.7%
3	Medical Protective Company	7.6%	7.6%	6.4%
4	NORCAL Mutual Insurance Company	9.6%	9.9%	19.0%
5	National Fire & Marine Insurance Company	10.7%	10.7%	16.7%
6	ProAssurance Casualty Company	10.6%	10.6%	9.8%

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
7	Evanston Insurance Company	-54.8%	-54.8%	13.4%
8	MedMal Direct Insurance Company	19.9%	19.9%	0.8%
9	American Casualty Company of Reading, PA	84.2%	84.2%	7.1%
10	Lexington Insurance Company	43.3%	-200.1%	4.2%
11	Samaritan RRG, Inc.	10.7%	10.7%	10.5%
12	MCIC Vermont (A Reciprocal RRG)	22.2%	22.7%	3.4%
13	Lone Star Alliance, Inc., a RRG	-72.0%	-72.0%	-6.6%
14	Continental Casualty Company	-22.4%	-22.4%	9.4%
15	Columbia Casualty Company	89.8%	89.8%	3.0%
16	Physicians Insurance Company	-7.5%	-7.5%	-17.3%
17	Landmark American Insurance Company	137.0%	137.0%	6.3%
18	Healthcare Underwriters Group, Inc.	3.9%	4.1%	4.3%
19	OMS National Insurance Company, RRG	4.6%	4.6%	5.8%
20	Allied World Surplus Lines Insurance Company	-34.6%	-34.6%	-0.2%
21	Podiatry Insurance Company of America	4.5%	4.5%	7.8%
22	Ophthalmic Mutual Insurance Company (A RRG)	5.5%	5.5%	5.5%
23	Lancet Indemnity RRG Inc	-135.4%	-135.4%	-93.3%
24	Admiral Insurance Company	4.6%	4.6%	1.6%
25	Homeland Insurance Company of NY	-38.3%	-38.3%	0.7%
26	Applied Medico-Legal Solutions RRG, Inc.	60.2%	60.2%	3.7%
27	ProAssurance Specialty Insurance Company, Inc.	-8.1%	-8.1%	9.3%
Totals for Overall Florida Malpractice Market:		-11.2%	-12.5%	2.8%

The data above suggest that in 2016, Florida medical malpractice policies generated lower returns (in fact, overall negative returns) than the carriers' other policies. However, it is possible that a significant portion of the difference may be generated by volatility in claims costs (as discussed on pages 14 and 25).

While the Florida returns have been negative overall, 18 carriers posted positive operating returns under the capped tax approach, and nine 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 stressed at some future time.

Overall Financial Strength Measures for Leading Medical Malpractice Carriers in Florida

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

One key metric from the last chart of the previous section, the overall countrywide return on surplus, relates to the overall financial strength of the Florida malpractice carriers. Specifically, the average post-tax net of reinsurance return was 2.8%. Considering that in 2016, the Dow Jones industrial stocks[6] gained 13.4%, and the Standard and Poor's index gained 9.5%, the direct Florida 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. Five of the carriers 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 table on the next page shows the percentage change during 2016 in the cost of claims underlying the 2015 reserves and the percentage change during the 2015-2016 period in the cost of claims held in the 2014 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 in the table on the following page. A positive measure represents an increase in costs and a negative value a reduction in costs.

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

One-Year Development on Countrywide All Lines 2015 Loss and Loss Adjustment Expense Reserves and Two-Year Development on 2014 Reserves

Florida Written Premium Rank	Company	All Lines One-Year Reserve Development		All Lines Two-Year Reserve Development	
		As Percentage of 2015 Reserves	As Percentage of 2015 Surplus	As Percentage of 2014 Reserves	As Percentage of 2014 Surplus
1	Doctors Company, An Interinsurance Exchange	-3.4%	-2.7%	-9.0%	-6.8%
2	MAG Mutual Insurance Company	-3.9%	-2.2%	-14.4%	-9.4%
3	Medical Protective Company	-7.0%	-3.6%	-15.2%	-7.4%
4	NORCAL Mutual Insurance Company	-5.7%	-5.4%	-11.7%	-8.9%
5	National Fire & Marine Insurance Company	-1.7%	-0.3%	-10.0%	-1.6%
6	ProAssurance Casualty Company	-8.7%	-11.2%	-15.9%	-18.0%
7	Evanston Insurance Company	-4.1%	-7.4%	-19.0%	-21.6%
8	MedMal Direct Insurance Company	4.6%	2.6%	5.6%	5.5%
9	American Casualty Company of Reading, PA	0.0%	0.0%	0.0%	0.0%
10	Lexington Insurance Company	11.3%	22.0%	15.2%	30.9%
11	Samaritan RRG, Inc.	-10.3%	-4.4%	12.1%	3.6%
12	MCIC Vermont (A Reciprocal RRG)	-2.2%	-4.5%	-6.0%	-9.8%
13	Lone Star Alliance, Inc., a RRG	20.0%	2.0%	-41.1%	-2.2%
14	Continental Casualty Company	-0.9%	-1.6%	-2.1%	-3.5%
15	Columbia Casualty Company	0.0%	0.0%	0.0%	0.0%
16	Physicians Insurance Company	17.5%	3.7%	-4.4%	-1.3%
17	Landmark American Insurance Company	-10.0%	-2.8%	-14.4%	-4.4%
18	Healthcare Underwriters Group, Inc.	-7.8%	-5.2%	-16.4%	-12.1%
19	OMS National Insurance Company, RRG	-6.0%	-3.3%	-9.4%	-4.7%
20	Allied World Surplus Lines Insurance Company	2.5%	2.2%	2.9%	2.4%
21	Podiatry Insurance Company of America	-3.4%	-3.8%	-8.7%	-9.7%
22	Ophthalmic Mutual Insurance Company (A RRG)	-16.3%	-3.3%	-19.3%	-4.3%
23	Lancet Indemnity RRG Inc	160.9%	258.7%	169.7%	286.1%
24	Admiral Insurance Company	0.0%	0.0%	0.0%	0.0%

Florida Written Premium Rank	Company	All Lines One-Year Reserve Development As Percentage of 2015 Reserves	All Lines One-Year Reserve Development As Percentage of 2015 Surplus	All Lines Two-Year Reserve Development As Percentage of 2014 Reserves	All Lines Two-Year Reserve Development As Percentage of 2014 Surplus
25	Homeland Insurance Company of NY	0.0%	0.0%	0.0%	0.0%
26	Applied Medico-Legal Solutions RRG, Inc.	4.6%	8.0%	6.6%	10.9%
27	ProAssurance Specialty Insurance Company, Inc.	0.0%	0.0%	0.0%	0.0%

This table compares the reserve runoff to the surplus and carried reserves of the past, not the current booked losses as in the previous chart. Nonetheless, a review of the table will show that, as in the last year's report, the booked costs of claims occurring through 2014 and 2015 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 2014 and 2015 reserves were set conservatively. The latter scenario would suggest significant financial strength among medical malpractice carriers.

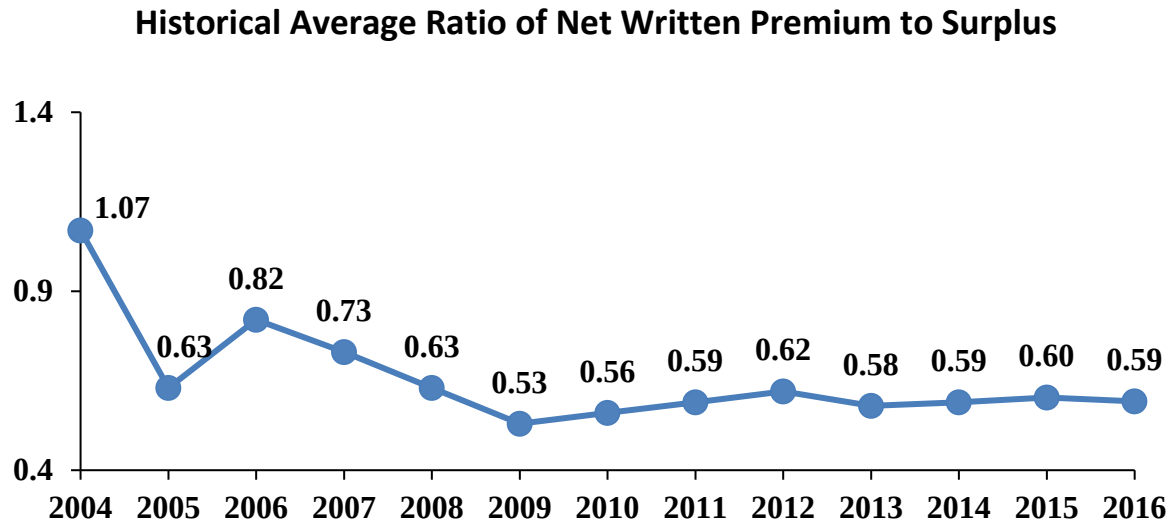
Another approach to solvency is to relate the premium sold or "written" by a company to its surplus. This relates the degree of risk in the form of the risk of a premium shortfall associated with the premium to the company's resources for funding a shortfall should it emerge. Ratios of both direct and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

2016 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	33.8%	31.3%
2	MAG Mutual Insurance Company	25.9%	26.7%
3	Medical Protective Company	32.9%	15.0%
4	NORCAL Mutual Insurance Company	37.1%	39.3%
5	National Fire & Marine Insurance Company	16.4%	16.8%
6	ProAssurance Casualty Company	33.7%	38.7%
7	Evanston Insurance Company	96.0%	106.7%
8	MedMal Direct Insurance Company	84.9%	58.9%
9	American Casualty Company of Reading, PA	382.5%	0.0%
10	Lexington Insurance Company	52.4%	82.6%
11	Samaritan RRG, Inc.	49.6%	49.6%

Florida Written Premium Rank	Company	All Lines Direct Premiums to Surplus Ratio	All Lines Net Premiums to Surplus Ratio
12	MCIC Vermont (A Reciprocal RRG)	54.2%	52.3%
13	Lone Star Alliance, Inc., a RRG	605.8%	22.2%
14	Continental Casualty Company	63.0%	55.8%
15	Columbia Casualty Company	258.3%	0.0%
16	Physicians Insurance Company	98.6%	77.1%
17	Landmark American Insurance Company	190.2%	16.7%
18	Healthcare Underwriters Group, Inc.	27.2%	33.3%
19	OMS National Insurance Company, RRG	28.8%	28.2%
20	Allied World Surplus Lines Insurance Company	245.4%	45.6%
21	Podiatry Insurance Company of America	56.9%	37.4%
22	Ophthalmic Mutual Insurance Company (A RRG)	19.5%	17.7%
23	Lancet Indemnity RRG Inc	265.4%	381.3%
24	Admiral Insurance Company	84.4%	0.0%
25	Homeland Insurance Company of NY	173.4%	0.0%
26	Applied Medico-Legal Solutions RRG, Inc.	126.4%	76.8%
27	ProAssurance Specialty Insurance Company, Inc.	177.1%	0.0%

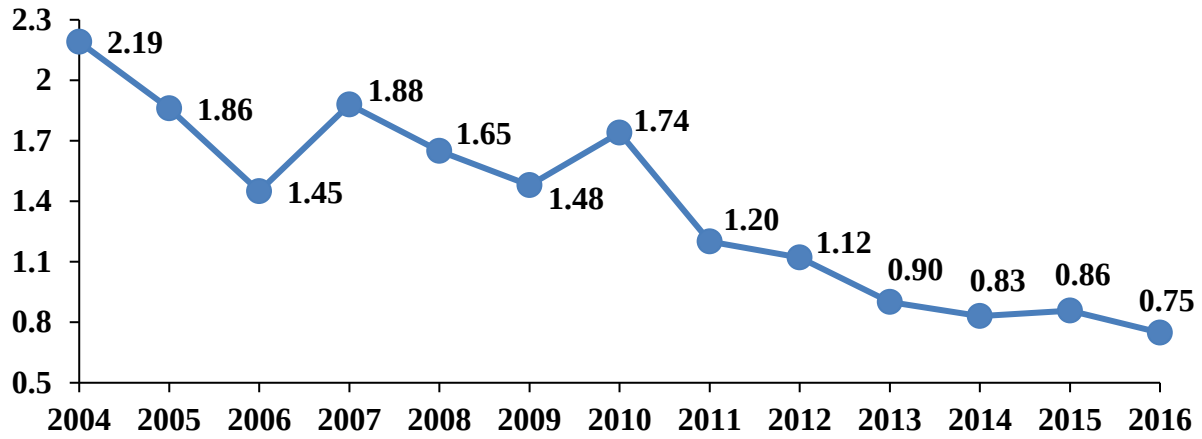
It is generally thought to be highly desirable for the net written premium to surplus ratio to be under 300%. Only one carrier's ratio of net written premium to surplus was over 300%. That suggests that the medical malpractice industry, as a whole, is financially strong. The overall average net written premium to surplus ratio (weighting the ratio of each company writing in Florida by its 2016 Florida medical malpractice written premium) was 0.59. As the graph below shows, it is only slightly lower than the ratio developed in 2015.



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

While the net premiums written to surplus ratio relates the new risks taken on to the surplus funds, it is also helpful to relate the remaining liabilities on policies previously sold (loss and loss adjustment expense reserves and unearned premium reserves) to surplus. 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

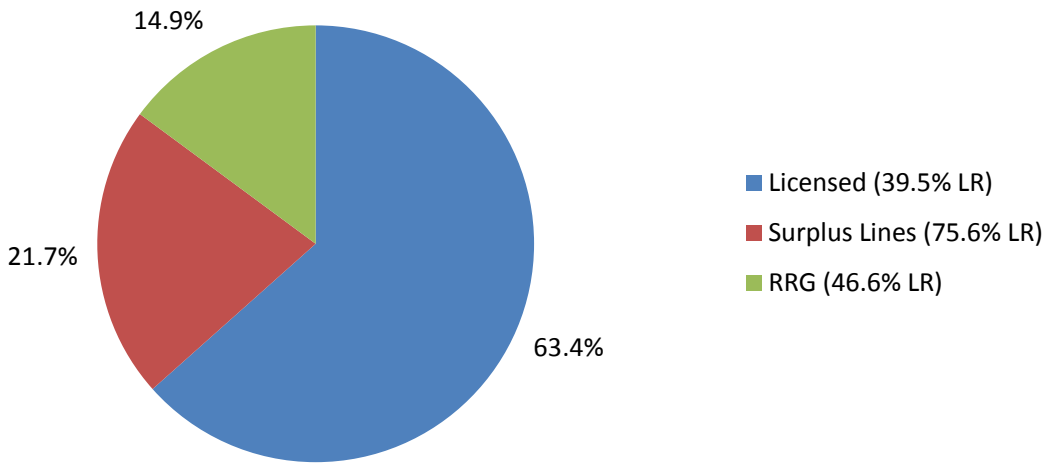


There is no precise statutory requirement for the net liabilities to surplus ratio, although the more recent ratios certainly suggest enhanced financial strength.

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

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

Composition of Overall 2016 Florida Medical Malpractice Insurance Market (Written Premium) by Insurer Type - Including Loss Ratios for Each Type of Insurer



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

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

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

Aside from the analysis of the 80% market share sample companies, another indication of the health and perceived profitability of the Florida medical malpractice insurance market is the activity in the admissions unit of the Office. During 2016, the captive company, insurance companies, and risk retention groups shown on the following page entered the medical malpractice insurance market in Florida.

Carriers Entering the Florida Medical Malpractice Market in 2016

Company	Type of Entity	Domiciliary State
Capitol Indemnity Corporation	Property/Casualty Insurer	WI
National Indemnity Company	Property/Casualty Insurer	NE
Plaza Insurance Company	Property/Casualty Insurer	IA
Texas Medical Insurance Company	Property/Casualty Insurer	TX
Doctors Professional Liability Risk Retention Group Inc	Risk Retention Group	NC
Mountain Laurel Risk Retention Group, Inc.	Risk Retention Group	VT
Florida Medical Insurance Corporation	Captive	FL

In 2016, seven insurance carriers entered the Florida market. Only two of the new entrants are risk retention groups.

Of the seven[7] new carriers, four are admitted insurers. This is comparable to the four new insurers that were admitted into the Florida medical malpractice market in 2015. As noted in the last year's report, it may be premature to draw broad conclusions about the Florida market from this data.

One captive company, Florida Medical Insurance Corporation, entered the market.

As the following table shows, no new risk purchasing groups were registered in Florida during 2016. Risk purchasing groups do not provide insurance. They pool insureds into groups to make them more attractive to insurers already licensed in Florida.

Risk Purchasing Groups Entering the Florida Medical Malpractice Market in 2016

Company	Type of Entity	Domiciliary State
None	Risk Purchasing Group	

Five companies (Bedivere Insurance Company, Employers Fire Insurance Company, Galen Insurance Company, Lamorak Insurance Company, and Peleus Insurance Company) surrendered their Florida registration during 2016. One risk retention group, Ponce De Leon LTC Risk

[7] An additional property/casualty insurer (TDC National Assurance Company), two risk retention groups (CMIC RRG and Doctors Professional Liability RRG, Inc.), and three risk purchasing groups (Ampro RPG, LLC., OB-GYN Risk Alliance, and Professional Services Purchasing Group) did not complete the entire application process during 2016.

Retention Group, Inc., surrendered its Florida registration. One risk purchasing group, Physicians Purchasing Group, Inc., withdrew its Florida registration during 2016.

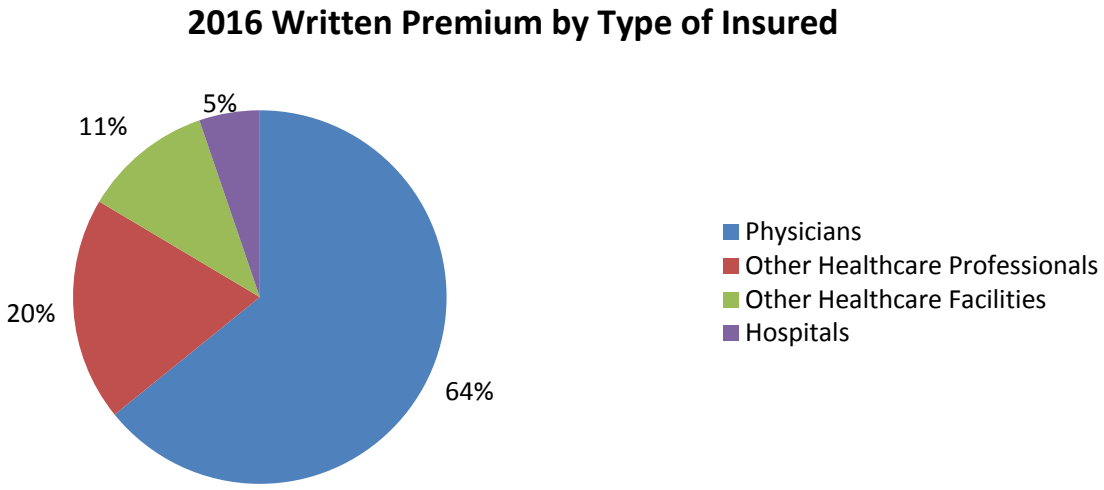
Recent Medical Malpractice Legislation

The final Florida Supreme Court decision in the Kalitan v. North Broward Hospital District case during 2017 eliminated the last remaining caps on non-economic damages in medical malpractice cases contained in the 2003 legislative reforms. Also, during the 2017 legislative session, House Bill 359 was passed, allowing medical malpractice insurers to provide an actuarial certification of the adequacy of their rates in lieu of an annual base rate filing.

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 but also including facilities such as blood banks and MRI centers) are also covered under the medical malpractice line of insurance.

As the chart below shows, the physicians and surgeons category represents 64% of the 2016 medical malpractice premium, and is by far the most prevalent.



The next portion of this report analyzes the information in the NAIC database, rate filing data, and comparative premium rates among the top 10 states. It will focus on comparisons among the

top 10 physicians and surgeons malpractice states (by written premium) in the United States, the leading physicians and surgeons malpractice carriers in Florida, the types of insurers selling physicians malpractice in Florida, marketplace dynamics for the physicians insurance subline in Florida, and information on rate filings made in the physicians subline during 2016.

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.

2016 Top 10 States by Physicians Malpractice Direct Written Premium

State	2016 Physicians Written Premium	Physicians Written Premium Rank	All Medical Malpractice Written Premium Rank
New York	$1,031,228,638	**1**	1
California	$441,203,871	**2**	2
Florida	**$352,788,593**	**3**	**4**
Illinois	$326,922,481	**4**	5
New Jersey	$288,129,749	**5**	6
Pennsylvania	$267,766,569	**6**	3
Georgia	$164,606,211	**7**	10
Ohio	$159,827,271	**8**	11
Arizona	$157,790,872	**9**	12
Maryland	$151,457,239	**10**	9

These closely mirror the all malpractice rankings. Only two of the top 10 states for all medical malpractice (#7 Massachusetts and #8 Texas) are not on this list. Pennsylvania, Georgia, Ohio, 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 2016 loss ratios of strictly physicians malpractice for the top 10 states follow.

2016 Direct Loss Ratios of Top 10 Physicians Malpractice States

Premium Rank	State	2016 Physicians Direct Loss Ratio
5	New Jersey	72.8%
8	Georgia	64.0%
1	New York	51.1%
10	Maryland	51.0%
6	Pennsylvania	41.9%
3	**Florida**	**37.5%**
2	California	37.5%
4	Illinois	37.3%
9	Arizona	24.8%
7	Ohio	-10.5%

Florida ranks sixth in this list (fifth lowest), down from fourth in 2015, and its rank is similar to its rank (seventh highest) in the total malpractice review. Further, half of the top 10 physicians malpractice states (New Jersey, Georgia, New York, Maryland, and Pennsylvania) had loss ratios of over 40%.

Since physicians malpractice is such a large part of the total malpractice market, it is reasonable[8] 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 2016 Direct Combined Ratios of Top 10 Physicians Malpractice States

Premium Rank	State	2016 Physicians Direct Combined Ratio
5	New Jersey	125.9%
8	Georgia	123.5%
1	New York	92.7%
10	Maryland	92.6%
2	California	90.9%
3	**Florida**	**89.0%**
4	Illinois	88.3%
6	Pennsylvania	87.2%

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

Premium Rank	State	2016 Physicians Direct Combined Ratio
9	Arizona	66.6%
7	Ohio	20.8%

By this reckoning, Florida ranks sixth in physicians combined ratios, the same as it was in the previous study. As with the analysis of total medical malpractice, this suggests profitability in physicians malpractice insurance. Some of the states above Florida on the chart may be generating more underwriting loss than the carriers' investment income will offset, although that does not appear to be the case in Florida

Leading Physicians Carriers in Florida

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

Key 2016 Financial Information for Top Physicians Malpractice Carriers in Florida

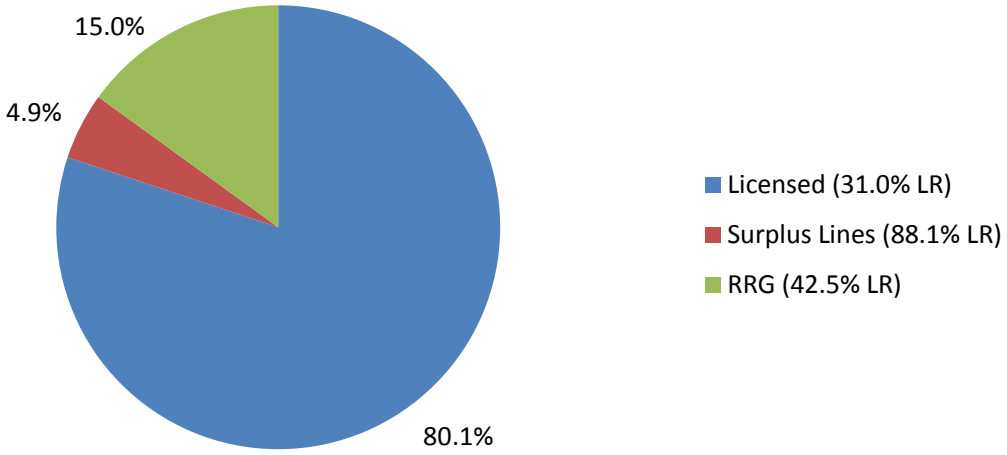
Company	Direct Florida Physician Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Physician Earned Premium	Direct Loss Ratio
Doctors Company, An Interinsurance Exchange	$105,004,679	**1**	29.8%	29.8%	$107,338,025	28.9%
MAG Mutual Insurance Company	$57,122,874	**2**	16.2%	46.0%	$55,315,676	63.9%
Medical Protective Company	$38,350,311	**3**	10.9%	56.8%	$36,457,842	28.3%
NORCAL Mutual Insurance Company	$27,567,852	**4**	7.8%	64.6%	$24,586,687	55.2%
ProAssurance Casualty Company	$15,362,366	**5**	4.4%	69.0%	$16,554,605	45.8%
MedMal Direct Insurance Company	**$14,097,163**	**6**	**4.0%**	**73.0%**	**$13,084,046**	**11.1%**
Samaritan RRG, Inc.	$9,443,506	**7**	2.7%	75.7%	$9,149,711	35.8%
Lone Star Alliance, Inc., a RRG	$7,501,520	**8**	2.1%	77.8%	$5,767,992	62.2%
Physicians Insurance Company	**$6,170,950**	**9**	**1.7%**	**79.5%**	**$5,550,135**	**41.9%**
Healthcare Underwriters Group, Inc.	$5,869,155	**10**	1.7%	81.2%	$5,881,987	2.8%

The loss ratios are between 25-65% for most of the top 10 insurers, but the #6 carrier, MedMal Direct, and the #10 carrier, Healthcare Underwriters Group, have unusual loss ratios. 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 market, whereas the top 27 comprise 80% of the overall medical malpractice market.

Composition of Florida Physicians Malpractice Market by Type of Insurer

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

Composition of 2016 Florida Physicians Medical Malpractice Insurance Market (Written Premium) by Insurer Type - Including Loss Ratios for Each Type of Insurer



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

The dominance of licensed insurers in the physicians market is likely very different than the situation for hospitals, nursing homes, and other facilities. For those categories of medical malpractice insurance, very few companies file rates, suggesting that most carriers are surplus lines carriers or risk retention groups, neither of which must file rates. Based on the number of filings, it is likely that the other 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. First, data on the percentage of each carrier's total premium from all lines of business that is for physicians malpractice follows.

2016 Percentage of Leading Carriers' All Lines Countrywide Direct Written Premium that is from Physicians Malpractice (All States)

Florida Physicians Premium Rank	Company	Total Physicians Written Premium to Total Written Premium Ratio
1	Doctors Company, An Interinsurance Exchange	94.1%
2	MAG Mutual Insurance Company	93.4%
3	Medical Protective Company	75.9%
4	NORCAL Mutual Insurance Company	98.4%
5	ProAssurance Casualty Company	86.4%
6	MedMal Direct Insurance Company	100.0%
7	Samaritan RRG, Inc.	100.0%
8	Lone Star Alliance, Inc., a RRG	96.7%
9	Physicians Insurance Company	100.0%
10	Healthcare Underwriters Group, Inc.	100.0%

All 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.

2016 Percentage of Leading Carriers' All Lines Countrywide Direct Written Premium that is from Strictly Florida Physicians Malpractice

Florida Physicians Premium Rank	Company	Florida Physicians Written Premium to Total Written Premium Ratio
1	Doctors Company, An Interinsurance Exchange	16.1%
2	MAG Mutual Insurance Company	24.1%
3	Medical Protective Company	6.8%
4	NORCAL Mutual Insurance Company	10.2%
5	ProAssurance Casualty Company	11.2%
6	MedMal Direct Insurance Company	78.2%
7	Samaritan RRG, Inc.	100.0%

Florida Physicians Premium Rank	Company	Florida Physicians Written Premium to Total Written Premium Ratio
8	Lone Star Alliance, Inc., a RRG	40.0%
9	Physicians Insurance Company	99.2%
10	Healthcare Underwriters Group, Inc.	44.9%

Three may be regarded as Florida physicians malpractice specialists.

Florida Marketplace Dynamics for the Physicians Malpractice Subline

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

As the first step, the quality of the competition, at least to the extent that it is determinable from NAIC data, is evaluated. The most relevant measure that can be computed from NAIC physicians market data is the Herfindahl index. This is a measure of the extent to which market share (and presumably market clout) is concentrated in a few companies. The theory of economic competition is based on an assumption that there are a large number of sellers of a commodity (in this case, physicians malpractice insurance), that act independently, and that each seller is a "price taker" that must accept a market price. Therefore, the potential for the market to optimize pricing to benefit insureds is affected by the degree of concentration in the market. The United States Justice Department uses the Herfindahl index to measure concentration within a market. It is computed by taking the squares of the market shares of the competitors in a market (squaring, for example, 10 to 100 for a company with a 10% market share) and summing the results across all the competitors in the market segment. The position posted on the Department of Justice website[9] 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 calculation[10] of the Herfindahl index is shown on the next page. As one may see, the index is somewhat below the threshold for moderate concentration.

[9] http://www.justice.gov/atr/public/guidelines/hhi.html

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

Herfindahl Index for Florida Physicians Malpractice Market

Company	Florida Physicians Market Share	Squared Market Share
Doctors Company, An Interinsurance Exchange	29	863
MAG Mutual Insurance Company	16	255
Medical Protective Company	11	115
NORCAL Mutual Insurance Company	8	59
ProAssurance Casualty Company	4	18
MedMal Direct Insurance Company	4	16
Samaritan RRG, Inc.	3	7
Lone Star Alliance, Inc., a RRG	2	4
Physicians Insurance Company	2	3
Healthcare Underwriters Group, Inc.	2	3
All Other Groups and Companies	20	15
Herfindahl-Hirschman Index		1,358

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

Such events may cause dramatic market dislocations should the other carriers be reluctant to immediately increase their policies sold 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 sells, even in the presence of a market opportunity generated by a withdrawal or misstep of another carrier. Hence, it is appropriate to consider how large of an increase in policies the remaining carriers must accept in order to fill the void left by a departing or suddenly undesirable carrier.

The tables on the following pages show whether an average 10%, 15%, or 25% increase in sales by all the remaining carriers (in aggregate) would restore the supply and demand balance to the physicians medical malpractice market in Florida.

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

Company	Florida Physicians Market Share	Is 25% of Cos. Business Replaceable by 10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Doctors Company, An Interinsurance Exchange	29%	No	Yes	Yes
MAG Mutual Insurance Company	16%	Yes	Yes	Yes
Medical Protective Company	11%	Yes	Yes	Yes
NORCAL Mutual Insurance Company	8%	Yes	Yes	Yes
ProAssurance Casualty Company	4%	Yes	Yes	Yes
MedMal Direct Insurance Company	4%	Yes	Yes	Yes
Samaritan RRG, Inc.	3%	Yes	Yes	Yes
Lone Star Alliance, Inc., a RRG	2%	Yes	Yes	Yes
Physicians Insurance Company	2%	Yes	Yes	Yes
Healthcare Underwriters Group, Inc.	2%	Yes	Yes	Yes

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

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

Company	Florida Physicians Market Share	Is Withdrawal of Co. Replaceable by 10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Doctors Company, An Interinsurance Exchange	29%	No	No	No
MAG Mutual Insurance Company	16%	No	No	Yes
Medical Protective Company	11%	No	Yes	Yes
NORCAL Mutual Insurance Company	8%	Yes	Yes	Yes
ProAssurance Casualty Company	4%	Yes	Yes	Yes
MedMal Direct Insurance Company	4%	Yes	Yes	Yes

Company	Florida Physicians Market Share	Is Withdrawal of Co. Replaceable by 10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Samaritan RRG, Inc.	3%	Yes	Yes	Yes
Lone Star Alliance, Inc., a RRG	2%	Yes	Yes	Yes
Physicians Insurance Company	2%	Yes	Yes	Yes
Healthcare Underwriters Group, Inc.	2%	Yes	Yes	Yes

In the event of an outright withdrawal from Florida, the physicians malpractice market is at risk of availability problems in three situations (the same as with the 2015 data). Should the #1 group leave Florida, the remaining carriers would have to increase their writings by more than 25% (actually, by approximately 42%) for all Florida physician policyholders to be served. Should the #2 carrier exit the market, a substantial, but more modest, writing increase of slightly over 19% would be required of the remaining groups. Should the #3 carrier exit the market, a writing increase of slightly over 12% 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, the Office obtained the rating manuals of the top three carriers (by 2016 physicians malpractice volume) within each of the top 10 states for physicians malpractice from the insurance regulatory bodies of the various states. The Office was unable to rate the examples for the number one carrier in Maryland, Medical Mutual Liability Insurance Society of Maryland, from the manual pages contained in the rate filings they made with the Maryland Insurance Administration. However, the Office was able to validate and use a comparison guide containing the needed information for the Medical Mutual Liability Insurance Society of Maryland and use it to complete the examples. So, meaningful information for all 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 below.

Summary of Results of Premium Comparisons between Leading States

Physician Class	State Rank	State	Company	Territory	Premium
Results for Territories with Highest Rates:					
Family Practice	**Highest (1)**	**Florida**	**Doctors Company**	**Dade**	**$ 42,772**
	1	**Florida**	**Doctors Company**	**Dade**	**$ 42,772**
	Lowest (10)	California	Doctors Company	Riverside, San Bernardino	$ 11,009
Emergency Room Drs.	**Highest (1)**	**Florida**	**Doctors Company**	**Dade**	**$ 90,479**
	1	**Florida**	**Doctors Company**	**Dade**	**$ 90,479**
	Lowest (10)	Georgia	MAG Mutual	Remainder of State	$ 23,876
Orthopedists	Highest (1)	New York	Medical Liability Mutual	Nassau, Suffolk	$ 140,199
	3	**Florida**	**Doctors Company**	**Dade**	**$ 115,155**
	Lowest (10)	Arizona	Medical Protective	Entire State	$ 33,279
Obstetrician	Highest (1)	New York	Physicians' Reciprocal Insurers	Nassau, Suffolk	$ 212,317
	2	**Florida**	**Doctors Company**	**Dade**	**$ 190,829**
	Lowest (10)	Arizona	Mutual Ins. Co. of AZ	Entire State	$ 50,263

Physician Class	State Rank	State	Company	Territory	Premium
Results for Territories with Lowest Rates:					
Family Practice	Highest (1)	Arizona	Medical Protective	Entire State	$ 22,501
	2	**Florida**	**Doctors Company**	**Remainder of State**	**$ 21,934**
	Lowest (10)	New York	Hospitals Insurance Company	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	$ 4,194
Emergency Room Drs.	Highest (1)	Maryland	Doctors Company	Remainder of State	$ 49,320
	2	**Florida**	**Doctors Company**	**Remainder of State**	**$ 46,399**
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz	$ 11,257
Orthopedists	Highest (1)	Pennsylvania	Medical Mutual Ins. Co. of North Carolina	Adams, Allegheny, Armstrong, Beaver, Bedford, Berks, Blair, Bradford, Butler, Cambria, Cameron, Centre, Clarion, Clearfield, Clinton, Crawford, Elk, Erie, Fayette, Forest, Fulton, Greene, Huntingdon, Indiana, Jefferson, Juniata, Lancaster, Lawrence, Lebanon, Lycoming, McKean, Mercer, Mifflin, Perry, Potter, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Westmoreland, York	$ 72,566
	2	**Florida**	**Doctors Company**	**Remainder of State**	**$ 59,054**
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz	$ 17,120

Physician Class	State Rank	State	Company	Territory	Premium
Obstetrician	Highest (1)	Maryland	ProAssurance	Remainder of State	$ 127,126
	3	**Florida**	**Doctors Company**	**Remainder of State**	**$ 97,861**
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz	$ 25,190

Florida is the highest (of the 10 states) in two of eight examples and the second highest or the third highest state as far as premiums go in the other five scenarios. That includes both the higher rated territories and lower rated territories.

Physicians Malpractice Rate Filings in 2016

A modest overall premium level increase was effected by the overall market in their 2016 filings. So, on the average, overall rates for the admitted market companies (the only companies required to file their rates) remained approximately the same. That represents an average of no change contained in the typical rate filing, with about 11% of the admitted market not having a rate filing resolved during 2016.

Calendar year 2016 featured 98 filings[11] that were either approved or processed as informational (72 rate filings, 26 not involving rate changes) of all types of medical malpractice, and 17 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, 30 malpractice filings were resolved by the Office. During 2016, 21 filings were approved by the Office regarding physicians malpractice rate changes, new company initial rates, or mathematically affirming rate levels. Six physicians filings were withdrawn by the carriers before a decision was made. No physicians filing was disapproved, and three physicians malpractice filings that did not involve rate changes were approved or processed as informational by the Office during 2016.

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

In reviewing the chart on the following page, the data shows that the final rate changes varied somewhat. Eight filings effected rate changes ranging from a 20.5% decrease to a 20% increase. Some of those were changed during the Office's review from the amount initially requested by the companies.

[11] 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.

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 11% (down from 12% in 2015) of the admitted market (by premium) either did not have rate changes resolved during calendar year 2016 or withdrew their filings before they were resolved with the Office. The impact of the rate changes experienced by the average physician is slightly diluted for the calendar year (as shown in the 'Average Rate Change for Doctors in Florida' row).

A table of the specific set of physicians malpractice filings resolved in 2016 follows.

2016 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	2,977	$115,824	6.3%	0.0%	0.0%	3/3/2016
Doctors Company, An Interinsurance Exchange	2,941	$107,911	0.0%	0.0%	0.0%	5/16/2016
MAG Mutual Insurance Company	1,291	$50,479	16.7%	3.6%	3.6%	2/15/2016
Medical Protective Company	2,634	$33,807	15.6%	0.0%	0.0%	3/8/2016
ProAssurance Casualty Company	651	$18,937	-8.8%	-6.7%	-6.8%	7/20/2016
MedMal Direct Insurance Company	**671**	**$12,469**	**0.0%**	**0.0%**	**0.0%**	**2/29/2016**
Healthcare Underwriters Group, Inc.	504	$5,754	15.1%	0.0%	0.0%	2/29/2016
Physicians Insurance Company	**698**	**$5,328**	**-3.3%**	**0.0%**	**0.0%**	**7/20/2016**
Allied World Insurance Company	412	$2,758	1.0%	0.0%	0.0%	6/27/2016
Florida Medical Malpractice JUA	**112**	**$1,228**	**-19.5%**	**-2.1%**	**-2.1%**	**5/18/2016**
ProAssurance Indemnity Company, Inc.	20	$1,225	-4.1%	-6.8%	-6.8%	7/20/2016
Health Care Indemnity Inc.	1	$628	0.0%	0.0%	0.0%	2/9/2016
American Casualty Company of Reading, PA	1	$608	13.7%	19.1%	20.0%	4/1/2016
Health Care Indemnity Inc.	1	$491	4.7%	0.0%	0.0%	12/19/2016
Preferred Professional Insurance Company	30	$486	0.0%	0.0%	-6.5%	12/28/2016
Aspen American Insurance Company	63	$406	0.0%	0.0%	0.0%	3/31/2016
National Union Fire Insurance Company of Pittsburgh, PA	27	$87	3.7%	0.0%	0.0%	5/24/2016
ProAssurance Indemnity Company, Inc.	2	$25	-4.0%	-20.5%	-20.5%	7/20/2016
Fair American Insurance and Reinsurance Company	294	$2	2.1%	0.3%	0.3%	12/19/2016
Capitol Indemnity Corporation	0	$0	0.0%	0.0%	0.0%	11/22/2016
Cincinnati Indemnity Company	0	$0	0.0%	0.0%	0.0%	3/15/2016

Company	Policy Count	Reported Earned Premium (000's)	Rate Change Indicated	Rate Change Proposed	Rate Change Approved	Resolution Date
Average Rate Change for Doctors Insured by Above Companies:			**6.0%**	**0.0%**	**0.0%**	
Market Share (%) of Licensed Insurance Companies Not Making Rate Changes:	**11.0%**					
Average Rate Change for Doctors in Florida (Insured by Licensed Companies):			**5.3%**	**0.0%**	**0.0%**	

It is also instructive to look beyond just a single calendar year. There have been a certain number of rate filings so far in 2017. The table on the next two pages shows the latest effective rate change for each licensed carrier writing physicians medical malpractice. As with the table of rate filings resolved in 2016, only filings involving a definitive action by the Office, either an approval or disapproval, are included. Filings withdrawn by carriers are not. A small number of carriers received approval for rate increases, and overall, rates have most recently increased by 0.6%.

Physicians Carriers and Last Base Rate Filing Made by Each

Company	Rate Change Effective Date	Reported Earned Premium (000's)	Cumulative Market Share	Policy Count	Proposed Rate Change	Final Rate Change
Doctors Company, An Interinsurance Exchange	7/1/2017	$106,996	39%	3,047	0.0%	0.0%
MAG Mutual Insurance Company	4/1/2017	$53,744	59%	1,390	2.5%	2.5%
Medical Protective Company	7/1/2017	$34,766	72%	2,837	3.0%	3.0%
NORCAL Mutual Insurance Company	9/1/2017	$29,053	82%	1,326	0.0%	0.0%
ProAssurance Casualty Company	5/1/2017	$17,482	89%	1,135	0.0%	0.0%
MedMal Direct Insurance Company	**6/1/2017**	**$12,985**	**93%**	**923**	**0.0%**	**0.0%**
Physicians Insurance Company	**9/1/2017**	**$5,550**	**95%**	**910**	**-0.5%**	**-0.5%**
Healthcare Underwriters Group, Inc.	4/1/2017	$5,513	97%	507	0.0%	0.0%
Allied World Insurance Company	7/20/2017	$2,103	98%	337	-10.5%	-10.5%
ProAssurance Indemnity Company, Inc.	5/1/2017	$1,338	99%	103	0.0%	0.0%
Florida Medical Malpractice JUA	**7/1/2017**	**$1,061**	**99%**	**105**	**-1.6%**	**-1.6%**

Company	Rate Change Effective Date	Reported Earned Premium (000's)	Cumulative Market Share	Policy Count	Proposed Rate Change	Final Rate Change
American Casualty Company of Reading, PA	5/15/2016	$608	99%	1	19.1%	20.0%
Health Care Indemnity Inc.	1/1/2017	$491	100%	1	0.0%	0.0%
Preferred Professional Insurance Company	12/19/2016	$486	100%	30	0.0%	-6.5%
Philadelphia Indemnity Insurance Company	2/10/2014	$405	100%	14	0.0%	0.0%
Aspen American Insurance Company	7/15/2017	$263	100%	18	0.0%	6.8%
National Union Fire Insurance Company of Pittsburgh, PA	7/15/2016	$87	100%	27	0.0%	0.0%
ProAssurance Indemnity Company, Inc.	5/1/2017	$39	100%	3	0.0%	0.0%
Fair American Insurance and Reinsurance Company	1/1/2017	$2	100%	294	0.3%	0.3%
Capitol Indemnity Corporation	1/1/2017	$0	100%	0	0.0%	0.0%
Liberty Insurance Underwriters Inc.	4/1/2017	$0	100%	0	0.0%	0.0%
Totals						
Item Counts:		**$272,972**		**13,008**		
Premium Weighted Average Rate Change:						**0.82%**
Policy Count Weighted Average Rate Change:						**0.60%**

When the latest approved rates are taken together, as in the table above, the overall physicians medical malpractice rates have increased by roughly 0.6%.

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

Three companies made changes that did not actually change their existing rates. Details of the 2016 non-rate change filing activity for physicians insurers is shown on the following page.

Non-Rate Change Physicians Filings Resolved in 2016

Company	Impact of Filing	Resolution Date
Cincinnati Indemnity Company	Program withdrawal	6/17/2016
Great Divide Insurance Company	Program withdrawal	3/28/2016
Medical Protective Company	Revisions in partnership or corporation rating rule, extension contract rating rule, and comprehensive liability coverage for health care providers, with no rate impact.	7/22/2016

Analysis of the Other Healthcare Professionals Subline

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

Diversity of the Insureds in this Subline

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

Comparisons to Other Leading States

With that caveat, the next step is to summarize the relevant information that could be obtained from the NAIC financial database. The following chart shows the top 10 states for this subline with respect to direct written premium.

2016 Top 10 States by Other Healthcare Professionals Malpractice Direct Written Premium

State	2016 Other Healthcare Professionals Direct Written Premium	Other Healthcare Professionals Written Premium Rank	All Malpractice Written Premium Rank
California	$145,974,935	**1**	2
New York	$140,875,034	**2**	1
Florida	**$106,517,907**	**3**	**4**
Texas	$83,639,685	**4**	8
Pennsylvania	$63,101,617	**5**	3
New Jersey	$54,739,326	**6**	6
Illinois	$53,882,926	**7**	5
Maryland	$39,814,016	**8**	9
Ohio	$36,263,699	**9**	11
Massachusetts	$34,519,738	**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 (#10 Georgia) is not on this list.

The direct loss ratios of those top 10 states are included on the table below. The loss ratios range from a 20.2% loss ratio in Massachusetts to 83.1% in Pennsylvania. 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% and still likely earn an underwriting profit.

2016 Direct Loss Ratios of Top 10 Other Healthcare Professionals Malpractice States

Premium Rank	State	2016 Other Healthcare Professionals Direct Loss Ratio
1	California	78.5%
2	New York	78.8%
3	**Florida**	**57.9%**
4	Texas	32.6%
5	Pennsylvania	83.1%
6	New Jersey	57.5%

Premium Rank	State	2016 Other Healthcare Professionals Direct Loss Ratio
7	Illinois	79.5%
8	Maryland	49.8%
9	Ohio	32.0%
10	Massachusetts	20.2%

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 #7 Podiatry Insurance Company, #9 NCMIC RRG, and #12 Fortress specialize in certain professions such as podiatrists, chiropractors, or dentists. Other companies may specialize as well.

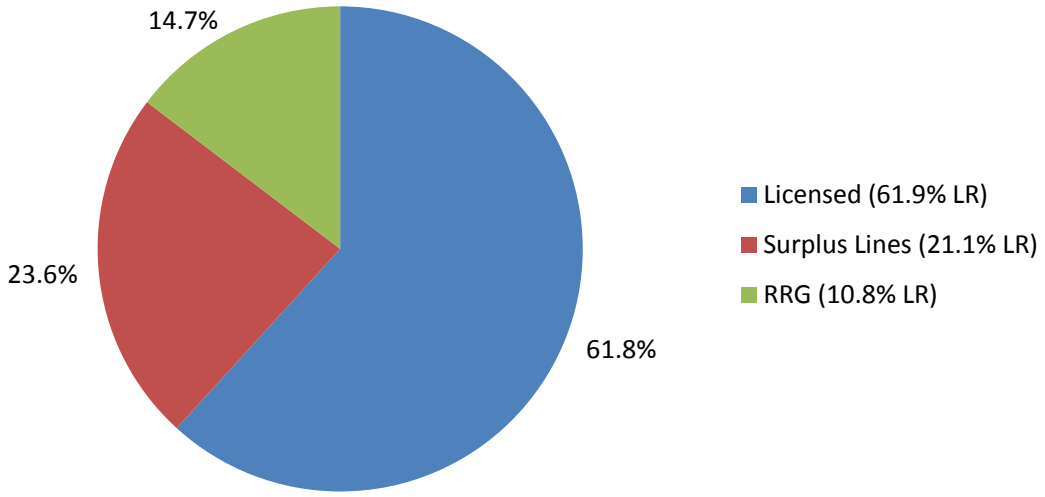
Key 2016 Financial Information for Top Other Healthcare Professionals Malpractice Carriers in Florida

Company	Direct Florida Other Healthcare Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Healthcare Earned Premium	Direct Loss Ratio
American Casualty Company of Reading, PA	$12,876,979	**1**	12.1%	12.1%	$12,477,342	32.9%
Medical Protective Company	$12,571,147	**2**	11.8%	23.9%	$12,495,693	50.6%
Evanston Insurance Company	$12,119,950	**3**	11.4%	35.3%	$12,073,944	93.3%
Doctors Company, An Interinsurance Exchange	$11,233,375	**4**	10.5%	45.8%	$10,984,025	16.1%
Landmark American Insurance Company	$5,991,763	**5**	5.6%	51.4%	$5,649,762	-14.5%
OMS National Insurance Company, RRG	$5,707,439	**6**	5.4%	56.8%	$5,706,383	43.8%
Podiatry Insurance Company of America	$5,510,830	**7**	5.2%	62.0%	$5,699,618	43.6%
Continental Casualty Company	$4,917,282	**8**	4.6%	66.6%	$5,102,306	43.9%
NCMIC RRG Inc	$4,634,845	**9**	4.4%	70.9%	$4,611,441	11.0%
Liberty Insurance Underwriters Inc.	$3,901,452	**10**	3.7%	74.6%	$3,735,976	23.5%
National Union Fire Insurance Company of Pittsburgh, PA	$3,783,550	**11**	3.6%	78.2%	$3,664,939	603.8%
Fortress Insurance Company	$2,732,222	**12**	2.6%	80.7%	$2,891,115	40.8%

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 2016 Florida Other Healthcare Professionals Medical Malpractice Insurance Market (Written Premium) by Insurer Type - Including Loss Ratios for Each Type of Insurer



This segment has somewhat higher participation by surplus lines carriers, but is still dominated by licensed property/casualty insurance companies. The loss ratios do differ significantly between segments, but the total premium volume in this segment, at $107 million, is fairly low in comparison to the physicians segment.

Other Healthcare Professionals Malpractice Rate Filing Data

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

Dentists Malpractice Rate Filing Data

Details of the dentists malpractice filings with rate impacts carried to completion are shown in the following table. Overall, 11 dentists malpractice rate change filings were approved by the Office during 2016 (two filings were withdrawn). Three dentists malpractice filings not

involving a rate change were approved during 2016, for a total of 16 dentists filings resolved during 2016. In accordance with prior reports, the affected portion of the market is reflected in policy counts (as reported in the filings) rather than premium.

2016 Rate Filings for Dentists Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date
Doctors Company, An Interinsurance Exchange	4018	0.0%	-0.1%	6/30/2016
Doctors Company, An Interinsurance Exchange	3979	1.7%	0.0%	2/29/2016
Continental Casualty Company	1175	12.1%	9.2%	8/23/2016
Fortress Insurance Company	807	3.5%	0.0%	2/9/2016
Medical Protective Company	631	-0.6%	0.0%	3/3/2016
National Union Fire Insurance Company of Pittsburgh, PA	552	5.0%	0.0%	9/20/2016
Cincinnati Indemnity Company	402	-11.1%	-12.4%	1/21/2016
NCMIC Insurance Company	174	0.0%	0.0%	2/15/2016
The American Insurance Company	117	0.9%	0.0%	1/22/2016
Florida Medical Malpractice JUA	**51**	**21.8%**	**0.0%**	**5/18/2016**
Liberty Insurance Underwriters Inc.	15	4.0%	0.0%	10/24/2016
Average Approved Rate Change:			**0.5%**	

The companies carrying filings to completion during 2016 showed a 0.5% increase, below the average 1% increase in 2015. Details on the total size of the dentists malpractice market are not included in the NAIC database. It is possible that there are other carriers that met the 2015 filing requirement with a filing approved in 2015 and the 2016 requirement with a filing approved in 2017. So, it is possible that there are additional carriers in this segment. As the following table shows, there were three dentists rate filings approved during 2016 that did not involve a rate change.

Non-Rate Change Dentists Rate Filings Resolved in 2016

Company	Impact of Filing	Resolution Date
Cincinnati Indemnity Company	Re-formatted manual pages	8/31/2016
Great Divide Insurance Company	Program withdrawal	4/28/2016
Greenwich Insurance Company	Program withdrawal	3/10/2016

Nurses Malpractice Rate Filing Data

A small number of rate filings for nurses malpractice were processed by the Office during 2016. 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 includes situations where some companies have different programs covering different types of nurses, so the program name is included in the table.

The nurses segment is different from the physicians and dentists segments in that the filing statute for nurses simply requires the companies to submit rate pages on an informational basis. No approval by the Office is required or authorized. Further, these new requirements do not require companies to provide the affected premium or policies produced by the new pages. Overall, six nurses malpractice rate change filings were processed as informational by the Office during 2016. Two additional nurses malpractice filings not involving a rate change were processed during 2016, and one nurses filing was withdrawn. So, a total number of nine nurses filings were processed during 2016.

2016 Rate Filings for Nurses Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
American Casualty Company of Reading, PA	8,758	0.0%	2.1%	1/26/2016	Healthcare Providers Service Organization
Liberty Insurance Underwriters Inc.	3,413	4.9%	2.2%	2/2/2016	Allied Health - Nurses
Florida Medical Malpractice JUA	**139**	**7.8%**	**4.9%**	**5/18/2016**	**Professional Nurses**
Berkshire Hathaway Specialty Insurance Company	0	0.0%	0.0%	3/21/2016	Professional Protection Healthcare - Nurses
Berkshire Hathaway Specialty Insurance Company	0	0.0%	0.0%	8/29/2016	Professional Protection Healthcare - Nurses
ProSelect Insurance Company	0	0.0%	0.0%	3/21/2016	Allied Healthcare Providers
Average Final Rate Change:			**2.2%**		

The nurses malpractice carriers generally filed a wide range of rate changes—ranging from a 2.1% increase to a 4.9% increase. The two nurses malpractice filings without a rate impact are included in the following table.

Non-Rate Change Nurses Rate Filings Resolved in 2016

Company	Impact of Filing	Resolution Date	Program
American Casualty Company of Reading, PA	Removal of several rules on state exception pages	3/10/2016	Healthcare Providers Service Organization (Excluding Pharmacists)
Cincinnati Indemnity Company	Re-formatted manual pages	9/9/2016	Nurses

Miscellaneous Healthcare Professionals Malpractice Rate Filing Data

The remaining professionals covered by medical malpractice involve a very diverse group of professionals. Some carriers have programs specific to just one or two types of professionals. Some carriers in this segment cover a wide array of professionals. The chart on the following page shows the rate changes processed by the Office during 2016 for this segment. The program is included since it generally describes the scope of each filing.

As with the nurses segment, a portion of the filings in this segment (those not involving podiatrists, chiropractors, pharmacists, or pharmacy technicians) simply require informational filings. For such filings, approval by the Office is neither requested nor provided. During 2016, 44 miscellaneous healthcare professionals malpractice filings were resolved by the Office. Twenty-five (25) filings were approved or processed as informational by the Office regarding miscellaneous healthcare professionals malpractice rate changes. Eight filings were withdrawn by the carriers before resolution. No filings were disapproved, and 11 miscellaneous healthcare professionals malpractice filings that did not involve rate changes were approved by the Office during 2016.

2016 Rate Filings for Miscellaneous Healthcare Professionals Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
American Casualty Company of Reading, PA	8,758	0.0%	2.1%	2/16/2016	Healthcare Providers Service Organization (Excluding Pharmacists)
Liberty Insurance Underwriters Inc.	7,918	4.9%	5.7%	2/2/2016	Misc Allied Health Professionals
Doctors Company, An Interinsurance Exchange	1,574	0.0%	0.0%	5/17/2016	Ancillary Healthcare Professionals Only
Doctors Company, An Interinsurance Exchange	1,549	6.3%	0.0%	3/4/2016	Ancillary Healthcare Professionals Only
Liberty Insurance Underwriters Inc.	964	11.9%	5.0%	3/1/2016	Allied Health – Pharmacists
Podiatry Insurance Company of America	754	5.6%	-3.2%	7/6/2016	Podiatrists
Medical Protective Company	244	5.0%	9.3%	12/16/2016	Certified Registered Nurse Anesthetist
CampMed Casualty & Indemnity Company, Inc	47	5.1%	0.5%	10/3/2016	Podiatrists
Doctors Company, An Interinsurance Exchange	41	0.0%	0.0%	5/16/2016	Chiropractors and Podiatrists Only
Medical Protective Company	36	0.0%	0.0%	2/11/2016	Podiatrists
Doctors Company, An Interinsurance Exchange	32	6.3%	0.0%	3/3/2016	Chiropractors and Podiatrists Only
MedMal Direct Insurance Company	**17**	**0.0%**	**0.0%**	**3/8/2016**	**Other Healthcare Professionals**
Florida Medical Malpractice JUA	**12**	**2.5%**	**0.0%**	**5/18/2016**	**Other Healthcare Professionals**
Medical Protective Company	9	0.0%	0.0%	4/7/2016	Other Healthcare Professionals
Doctors Company, An Interinsurance Exchange	8	1.7%	0.0%	3/3/2016	Dental Hygienists and Dental Certified Registered Nurse Anesthetists Only
Doctors Company, An Interinsurance Exchange	8	0.0%	0.0%	7/11/2016	Dental Hygienists and Dental Certified Registered Nurse Anesthetists Only
Medical Protective Company	4	0.0%	0.0%	2/11/2016	MPS - Pharmacists
Florida Medical Malpractice JUA	**2**	**2.5%**	**0.0%**	**5/18/2016**	**Other Healthcare Professionals**
Medical Protective Company	2	0.0%	0.0%	2/12/2016	Chiropractors

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
Cincinnati Indemnity Company	1	9.3%	9.3%	3/8/2016	Other Healthcare Professionals
Berkshire Hathaway Specialty Insurance Company	0	0.0%	0.0%	3/21/2016	Professional Protection Healthcare - Other Healthcare Professionals
Medical Protective Company	0	0.0%	0.0%	2/15/2016	MPS - Chiropractors
Medical Protective Company	0	0.0%	0.0%	2/11/2016	MPS - Podiatrists
Pharmacists Mutual Insurance Company	0	0.0%	0.0%	7/29/2016	Dental Hygienist Professional Liability
ProSelect Insurance Company	0	0.0%	0.0%	3/18/2016	Allied Healthcare Providers
Average Final Rate Change:			**3.1%**		

Some carriers in this segment did not report rate changes, and some comparatively modest changes were approved or processed as informational during 2016. The rate change information provided shows changes ranging from -3.2% to +9.3%.

The table below shows all the rule and related filings approved or processed as informational for other healthcare professionals (of all types except physicians, dentists, and nurses) in 2016, which did not involve rate changes. These 11 filings covered different classes and involved different aspects of the rating procedure.

Non-Rate Change Other Healthcare Professionals Rate Filings Resolved in 2016

Company	Impact of Filing	Resolution Date	Program
Ace American Insurance Company	Rules clarification	9/16/2016	Health Care and Allied Professionals
American Casualty Company of Reading, PA	Reduced filing	3/10/2016	Healthcare Providers Service Organization
American Guarantee and Liability Insurance Company	Filing made to clarify usage of Zurich Sanctions Exclusion Endorsement	3/29/2016	Ambulance Program
Cincinnati Indemnity Company	Re-formatted manual pages	8/31/2016	Chiropodists, Podiatrists, Chiropractors, Misc Health Care, Pedorthists
Cincinnati Indemnity Company	Reduced filing (Re-formatted manual pages)	9/9/2016	Emergency Medical Technicians, Misc Health Care, Optometrists, Physiotherapists, Veterinarians

Company	Impact of Filing	Resolution Date	Program
PACO Assurance Company, Inc.	Additional vendor whose courses count for risk management credit.	2/5/2016	OUM Chiropractor
PACO Assurance Company, Inc.	Revisions to risk management rule	12/29/2016	OUM Chiropractor
Pharmacists Mutual Insurance Company	Addition of new payment plan, including optional installment plans and billing fees.	10/21/2016	Individual Pharmacists
Pharmacists Mutual Insurance Company	Reduced filing; Addition of new payment plan, including optional installment plans and billing fees	9/29/2016	Pharmacy Professionals
Pharmacists Mutual Insurance Company	Expansion of coverage limited pharmacist license defense, HIPPA coverage; Medical Expense, Loss of Earnings, & Good Samaritan Coverage; and Sexual or Physical Abuse Coverage.	11/21/2016	Individual Pharmacists
Podiatry Insurance Company of America	Manual page formatting and new risk management course provider	12/5/2016	Podiatrists

Analysis of the Hospital Malpractice Subline

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

Diversity of the Insureds in this Subline

The class of primary named insureds in the class is fairly homogeneous, other than differences between large and small hospitals. But significant differences exist between hospitals that include coverage for staff of various types on the policy and those that do not. More importantly, it is common for larger hospitals to purchase coverage excess of a high deductible or self-insured retention, which make their loss exposure 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 chart on the next page shows the top 10 states for this subline with respect to direct written premium.

2016 Top 10 States by Hospital Malpractice Direct Written Premium

State	2016 Hospital Direct Written Premium	Hospital Written Premium Rank	All Malpractice Written Premium Rank
New York	$381,177,753	**1**	1
Pennsylvania	$299,395,705	**2**	3
Massachusetts	$159,298,386	**3**	7
California	$82,979,340	**4**	2
Maryland	$76,458,607	**5**	9
Connecticut	$66,032,917	**6**	16
Illinois	$45,526,826	**7**	5
New Jersey	$43,036,856	**8**	6
Missouri	$31,393,974	**9**	20
Texas	$30,343,906	**10**	8

Florida is not represented in the top 10 states (it is twelfth in the nation at $28,828,358 in 2016 direct hospital written premium). This suggests that either: there are fewer insured hospital beds per capita in Florida than in other states; Florida hospitals use higher retentions and other forms of self-insurance; fewer Florida physicians obtain insurance through a hospital; or Florida hospital premiums are lower than in other states. It would appear to be unlikely, given Florida's population demographic, that it has fewer hospital beds. Further, while the physician premium comparisons in this report are associated with a different segment than hospitals, they would suggest the Florida premiums for hospitals are average or higher. Precise information on this subject is unavailable within the NAIC financial database.

The direct loss ratios of those top 10 states are included in the table below. They range widely, from -19.3% in New Jersey to 109.4% in Missouri. The volatility these show 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.

2016 Direct Loss Ratios of Top 10 Hospital Malpractice States

Premium Rank	State	2016 Hospital Direct Loss Ratio
1	New York	70.1%
2	Pennsylvania	58.1%
3	Massachusetts	46.3%
4	California	50.5%
5	Maryland	70.9%

Premium Rank	State	2016 Hospital Direct Loss Ratio
6	Connecticut	73.4%
7	Illinois	104.8%
8	New Jersey	-19.3%
9	Missouri	109.4%
10	Texas	71.9%

Due to its status as the twelfth largest state, Florida is not in this chart. Its 2016 hospital malpractice loss ratio was 80.5%.

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 at the bottom of this page. A quick comparison to the carriers comprising the physicians malpractice market will show that different companies serve the hospitals than serve the professionals. Although only 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.

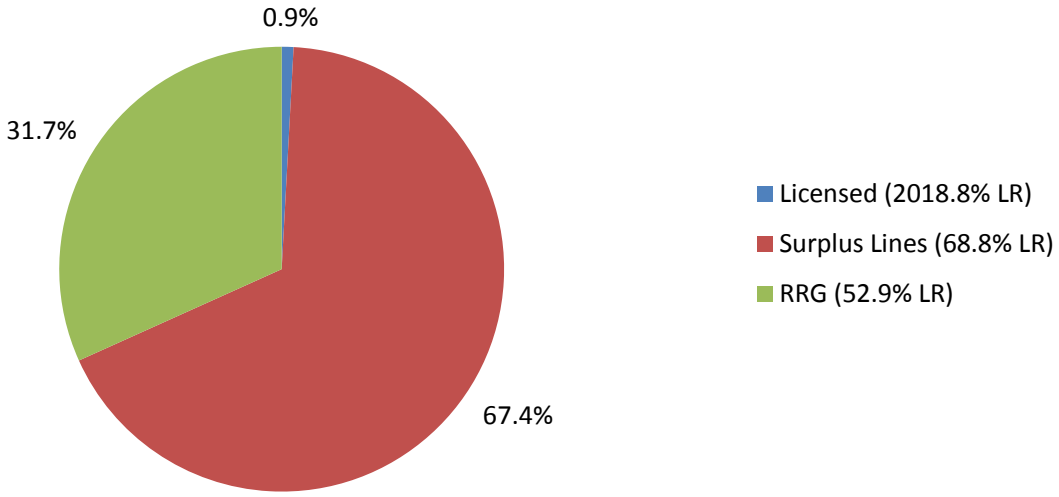
Key 2016 Financial Information for Top Hospital Malpractice Carriers in Florida

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)	$8,375,113	**1**	29.1%	29.1%	$8,373,634	54.5%
National Fire & Marine Insurance Company	$6,129,813	**2**	21.3%	50.3%	$7,077,268	70.2%
Steadfast Insurance Company	$3,121,774	**3**	10.8%	61.1%	$3,178,551	15.4%
Illinois Union Insurance Company	$2,258,035	**4**	7.8%	69.0%	$1,988,061	66.6%
Columbia Casualty Company	$1,841,520	**5**	6.4%	75.4%	$1,014,135	-384.5%
Cruden Bay RRG, Inc.	$1,429,253	**6**	5.0%	80.3%	$1,429,253	43.5%

Composition of the Florida Hospital Malpractice Market by Type of Insurer

A breakdown of the 2016 hospital malpractice direct written premium by the type of carrier generating the premium is provided below. This is, as with the other sublines, designed to provide clarity on the markets most often served by surplus lines companies and risk retention groups.

Composition of 2016 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/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 table on the next page shows, only two hospital malpractice rate change filings were processed during 2016. All companies using medical malpractice rates are required to make an annual base rate filing. However, it is possible that the licensed carriers covering hospital risks are only covering hospitals that are eligible for individual risk rating under Rule 69O-170.019, Florida Administrative Code, and that they believe no filing is required because they have no base rates.

2016 Rate Filings for Hospital Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date
Continental Casualty Company	0	0.0%	0.0%	2/9/2016
Florida Medical Malpractice JUA	**0**	**-2.1%**	**0.0%**	**5/18/2016**
Average Approved Rate Change:			**0.0%**	

As the table below shows, only one hospital malpractice rules filing that did not involve rate changes was made in 2016. In total, the Office processed three hospital filings during 2016, all of which were approved.

Non-Rate Change Hospital Rate Filings Resolved in 2016

Company	Impact of Filing	Resolution Date
Doctors Company, An Interinsurance Exchange	Program withdrawal	3/3/2016

Analysis of the Other Facilities Subline

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

Diversity of the Insureds in this Subline

This subline is similar to the other 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.

2016 Top 10 States by Other Facilities Malpractice Direct Written Premium

State	2016 Other Healthcare Facilities Direct Written Premium	Other Healthcare Facilities Written Premium Rank	All Malpractice Written Premium Rank
California	$83,989,221	**1**	2
New York	$76,396,586	**2**	1
Florida	**$61,651,588**	**3**	**4**
Pennsylvania	$48,967,260	**4**	3
Texas	$46,189,673	**5**	8
Illinois	$45,568,620	**6**	5
New Jersey	$29,983,094	**7**	6
Ohio	$24,355,747	**8**	11
Tennessee	$22,832,667	**9**	13
Michigan	$18,453,994	**10**	15

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

The direct loss ratios of those top 10 states are shown in the next table. The loss ratios vary widely, but not so widely as those of hospitals.

2016 Direct Loss Ratios of Top 10 Other Facilities Malpractice States

Premium Rank	State	2016 Other Healthcare Facilities Direct Loss Ratio
1	California	35.2%
2	New York	95.7%
3	**Florida**	**68.0%**
4	Pennsylvania	73.0%
5	Texas	25.8%
6	Illinois	96.0%
7	New Jersey	48.7%
8	Ohio	17.7%
9	Tennessee	139.4%
10	Michigan	13.9%

Leading Other Facilities Malpractice Carriers in Florida

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

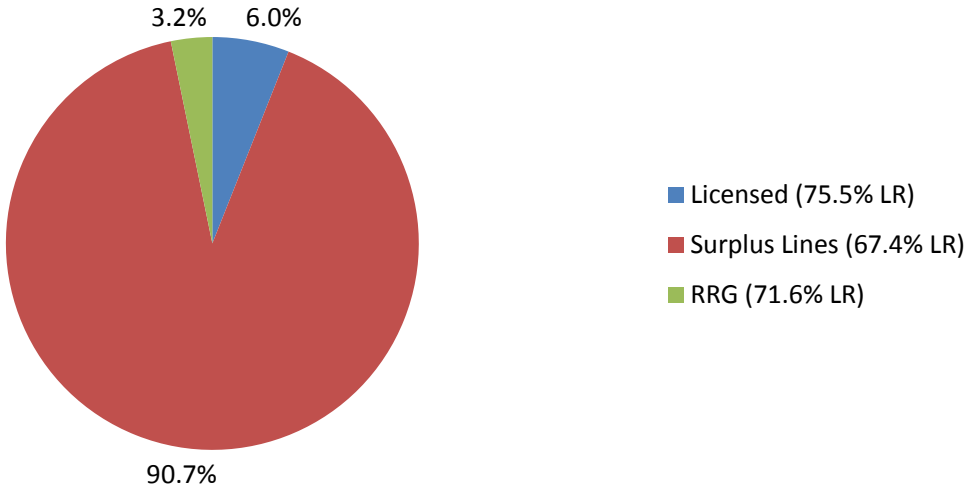
Key 2016 Financial Information for Top Other Facilities Malpractice Carriers in Florida

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	$10,839,029	**1**	17.6%	17.6%	$9,321,456	75.2%
Lexington Insurance Company	$9,512,197	**2**	15.4%	33.0%	$10,520,245	26.4%
Allied World Surplus Lines Insurance Company	$4,972,221	**3**	8.1%	41.1%	$4,976,647	86.8%
Homeland Insurance Company of NY	$4,001,723	**4**	6.5%	47.6%	$3,917,122	81.2%
Arch Specialty Insurance Company	$3,946,835	**5**	6.4%	54.0%	$4,501,582	22.5%
Columbia Casualty Company	$3,180,325	**6**	5.2%	59.1%	$3,156,002	189.6%
Ironshore Specialty Insurance Company	$3,043,508	**7**	4.9%	64.1%	$3,433,921	29.4%
Torus Specialty Insurance Company	$2,762,292	**8**	4.5%	68.5%	$4,106,401	82.8%
Allied World Assurance Company (U.S.) Inc.	$2,153,578	**9**	3.5%	72.0%	$1,926,496	41.8%
Capitol Specialty Insurance Corporation	$2,106,562	**10**	3.4%	75.5%	$2,440,425	25.8%
American Alternative Insurance Corporation	$1,554,538	**11**	2.5%	78.0%	$1,597,666	20.7%
Evanston Insurance Company	$1,518,366	**12**	2.5%	80.4%	$1,222,818	364.4%

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

A breakdown of the 2016 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 2016 Florida Other Facilities Medical Malpractice Insurance Market (Written Premium) by Insurer Type - Including Loss Ratios for Each Type of Insurer



This segment is also dominated by surplus lines carriers, and only a small segment (although not as small a segment as in the hospital malpractice chart) is covered by 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 other facilities rate filings processed by the Office during 2016 are listed in the table on the following page. Also, one of the carriers making filings in this segment is Florida domestics (as shown by the shaded cells in the table). The program name is listed to provide information on the types of insureds affected by each filing. As with nurses and certain other healthcare professionals, rate filings for entities other than nursing homes, assisted living centers, and hospitals are filed on a strictly informational basis.

2016 Rate Filings for Other Facilities Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
Doctors Company, An Interinsurance Exchange	87	17.5%	5.0%	10/13/2016	Healthcare Facilities
MAG Mutual Insurance Company	80	-4.9%	0.0%	1/5/2016	Other Facilities
MAG Mutual Insurance Company	80	-1.1%	0.0%	12/21/2016	Other Healthcare Facilities
Church Mutual Insurance Company	14	3.2%	0.0%	5/16/2016	Nursing Homes
Church Mutual Insurance Company	14	3.2%	0.0%	5/16/2016	Assisted Living Facilities
NORCAL Mutual Insurance Company	14	0.0%	0.0%	3/15/2016	Healthcare Facilities
Florida Medical Malpractice JUA	**2**	**-10.1%**	**0.0%**	**4/8/2016**	**Other Healthcare Facilities**
Average Final Rate Change:			**1.5%**		

As with the other sublines, some filings simply reaffirmed the rates presently in use. However, one filing, involving a 5% increase, was processed as informational during 2016. The Office processed fewer other facilities malpractice rules (non-rate change) filings than rate filings during 2016. The rule filings processed in 2016 are shown below.

Non-Rate Change Other Facilities Rate Filings Resolved in 2016

Company	Impact of Filing	Resolution Date	Program
American Guarantee and Liability Insurance Company	Filing made to clarify usage of Zurich Sanctions Exclusion Endorsement	2/4/2016	Other Facilities
Cincinnati Indemnity Company	Re-formatted manual pages	9/9/2016	Blood Bank/Diagnostic Testing Lab
Doctors Company, An Interinsurance Exchange	Program withdrawal	3/3/2016	Nursing Homes
Doctors Company, An Interinsurance Exchange	Program withdrawal	3/3/2016	Assisted Living Facilities
National Union Fire Insurance Company of Pittsburgh, PA	Addition of optional endorsement that provides coverage for an insured employee providing care to a patient on a cruise	5/4/2016	Health Care Agency
National Union Fire Insurance Company of Pittsburgh, PA	Addition of optional and mandatory endorsements with no premium impact	9/1/2016	Health Care Agency

Data from the Professional Liability Claim Reporting System

The Office collects closed claim data reported by insurers and self-insured entities. For the purposes of the report, all claims closed during the period January 1, 2016, to December 31, 2016, 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 2016, it is most probable that the occurrence date and/or report date of a specific claim are from a previous year.

This is part of the nature of the medical malpractice insurance industry—there can be a considerable amount of time between when an accident occurs and when a final payment is made. For the top 27 carrier claims closed in 2016, the average difference between occurrence and when the claim was filed was 513 days, and the average difference between when a claim was filed and when the claim was closed was 706 days.

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

To satisfy the statutory requirements of Section 627.912(6)(b)&(c), Florida Statutes, this portion of the report is divided into two sections: 1) the statewide data for all medical malpractice claims in Florida (the 'Medical Malpractice Insurance Claims in Florida' section); and 2) the data for the 27 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 the Office.

Medical Malpractice Insurance Claims in Florida

In 2016, the Florida medical malpractice insurance companies reported 3,173 closed claims in Florida. Of those 3,173 claims closed in 2016, 1,677 claims were filed by females and 1,496 claims were filed by males.

Injury Location

One of the data elements reported is the injury location, which has been divided into 10 different categories. The injury location for claims closed in 2016 is distributed as shown in the following table.

Location of Injury for Claims Closed in 2016

Location	Number of Claims
Hospital Inpatient Facility	1,568
Physician's Office	355
Other Location	353
Emergency Room	311
Other Outpatient Facility	170
Hospital Outpatient Facility	154
Other Hospital/Institution	148
Patient's Home	44
Nursing Home	42
Prison	28
Total	**3,173**

The data show that the largest number of claims came from hospital inpatient facilities, which together with physicians' offices and emergency rooms generated roughly 70% of all claims closed in 2016 (down from roughly 74% in 2015, and comparably lower than in 2014, 2013, and 2012).

Severity

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

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

The table on the following page tabulates the frequencies of the various claims severities for claims resolved in Florida in 2016.

Severity Codes for Claims Closed in 2016

Severity Class	Number of Claims
1 - Emotional only	366
2 - Slight lacerations	98
3 - Minor infections, missed fracture, etc.	657
4 - Major burns, drug reaction	377
5 - Loss of finger, damage to organs	320
6 - Deafness, loss of limb, loss of eye	239
7 - Paraplegia, blindness, loss of limbs	208
8 - Quadriplegia, brain damage	112
9 - Death	796
Total	**3,173**

Class "9" (i.e., death) is the leading category for medical malpractice claims settled and accounted for 25% of all the claims closed in 2016 (for 2015, it represented 30% of the total).

Geographic Distribution

Among the other data submitted is the insured's residence including county, address, and zip code information. Not surprisingly, the largest percentage of closed claims arises from areas with the highest populations. The 10 counties with the most closed medical malpractice claims in 2016 are shown below.

2016 Closed Claims in Top 10 Counties

Rank	County	Number of Claims	2015 County this Rank
1	Broward	564	Dade
2	Dade	428	Broward
3	Duval	309	Hillsborough
4	Hillsborough	260	Pinellas
5	Palm Beach	234	Palm Beach
6	Pinellas	157	Orange
7	Orange	103	Duval
8	St. Lucie	78	Lee
9	Lee	76	St. Lucie
10	Volusia	75	Alachua

The top nine counties are the same as the 2015 top nine counties (it was eight when 2015 was compared to 2014), although some are in a different order. Fourteen Florida counties had no closed claims reported through the closed claim reporting system during 2016.

Entities with the Most Closed Claims

In 2016, 169 entities reported closed medical malpractice claims. Of those reporting, 68 only closed either one or two claims. Conversely, 52 reported 10 or more claims. They are:

Entities Reporting 10 or More Closed Claims in 2016
(27 Leading Carriers Listed in Bold)

Entity	Number of Claims
Doctors Company, An Interinsurance Exchange	**448**
Health Care Indemnity Inc.	422
North Broward Hospital District, Hospital	317
Medical Protective Company	**160**
MAG Mutual Insurance Company	**152**
Continental Casualty Company	**87**
Baptist Health South Florida, Hospital	85
First Professionals Insurance Company	81
Lexington Insurance Company	**61**
EmCare Holdings, Inc., Medical Practitioner	49
ProAssurance Casualty Company	**48**
NORCAL Mutual Insurance Company	**47**
Lexington Insurace Company, Hospital	42
Podiatry Insurance Company of America	**39**
Nautilus Insurance Company	37
Healthcare Underwriters Group, Inc.	**34**
Florida Health Sciences Center, Inc., Hospital	33
National Fire & Marine Insurance Company	**32**
Team Health, Inc., Medical Practitioner	32
Evanston Insurance Company	**30**
Columbia Casualty Company	**29**
Lee Memorial Health System, Hospital	27
Public Health Trust of Miami-Dade County, Hospital	27
Samaritan RRG, Inc.	**26**
Mount Sinai Medical Center, Hospital	25
University of South Florida Health Sciences Center, Medical Practitioner	25
Lancet Indemnity RRG Inc	**24**
Florida Hospital East Orlando, Hospital	24
Applied Medico-Legal Solutions RRG, Inc.	**24**
MedMal Direct Insurance Company	**23**
Torus Specialty Insurance Company	23
Granite State Insurance Company	23
Lexington insurance Company, Hospital	23

Entity	Number of Claims
National Union Fire Insurance Company of Pittsburgh, PA	20
Florida Medical Malpractice JUA	19
Allied World Surplus Lines Insurance Company	**18**
Florida Physicians Medical Group, Medical Practitioner	18
Admiral Insurance Company	**18**
Martin Memorial Medical Center, Inc., Hospital	17
Medicus Insurance Company	16
Miami Children's Hospital, Hospital	15
Not Provided, Medical Practitioner	15
Florida Hospital Heartland and Lake Placid, Hospital	13
Fortress Insurance Company	13
Physicians Professional Liability RRG, Inc.	13
Holy Cross Hospital, Hospital	12
H. Lee Moffitt Cancer Center & Research Institute, Inc., Hospital	12
Physicians Casualty RRG, Inc.	11
OMS National Insurance Company, RRG	**11**
Centurion Medical Liability Protective RRG, Inc.	10
Homeland Insurance Company of NY	**10**
ProAssurance Indemnity Company, Inc.	10

The companies in bold type are among the 27 companies comprising 80% of the 2016 direct written premium in Florida. As the data shows, although these companies are in the top 27 of direct written premium calculations, they are not all necessarily the ones with the most closed claims in 2016. 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 20 of the 52 entities with the most closed claims in 2016 are in the sample of 27 companies with the most premium volume. Also, 15 of the claims reported did not identify the entity.

Financial Data

Perhaps the most important information contained in the report is the financial data related to insurance company claims. The amount paid by the insured is reported in three broad categories: 1) the indemnity amount paid to the plaintiff; 2) the amount of loss adjustment expenses; and 3) economic and non-economic losses. The data elements for all claims closed in 2016 combined were as shown in the table on the following page.

Financial Data from Closed Claim System - Aggregation of All Claims Closed in 2016

Category of Payment	Amount
Indemnity Paid	$909,786,121
LAE Paid to Defense Counsel	$202,458,055
All Other LAE Paid	$36,879,652
Non-Economic Loss	$159,094,206
Economic Loss - Incurred to Date by Claimant	$83,772,852
Economic Loss - Anticipated by Claimant	$188,006,538

The total of the indemnity and loss adjustment expense (LAE) categories is $1,149,123,828 (up 31% from 2015), which represents the total amount paid by insurance companies, self-insurance companies, and surplus lines companies for claims settled in 2016. In many instances, (approximately 28% 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 2016 closed claims shows $159,094,206 in non-economic loss (up approximately 38% from 2015, which in turn was up 38% from 2014) and combined incurred and anticipated economic loss of $271,779,390 (up 22% from 2015).

The non-economic and economic fields are not submitted on all claims (witness that the total of economic and non-economic loss of $430,873,596 represents only 47% of the total loss paid), so the year-to-year comparisons may be distorted by any increase or decrease in the percentage of claims for which data is recorded. There may also be other explanations. One possible reason for the discrepancy pertains to the forward-looking estimates included in the economic damages. Differences in methodologies for equating current dollar losses to future losses for reporting purposes can easily skew the results to make them appear unequal.

Apart from the time-value of money and the effects of estimating future losses (and rate of inflation), there is some ambiguity in the estimate of the numbers themselves. Although claims can be closed for a variety of different reasons, like a court ruling or an outcome from an arbitration hearing, 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 ($272 million) is more than the amount of non-economic losses paid ($159 million).

Closed Claims of Leading Carriers in Florida

Much of this report has focused on the top 27 leading writers of medical malpractice in the state of Florida in 2016. This section provides an analysis of the timing sequence involved in reporting and closing a claim, as well as the paid amounts of closed claims to plaintiffs by these companies. Because not all the sample companies distinguished between economic versus non-economic claims, this data is not included. Legal settlements often state a specified amount, and do not apportion the final settlement amount based on economic versus non-economic damages.

The Timing of the Claim

There are two main time sequences important to the resolution of a claim: 1) the amount of time between the incident occurrence and the reporting of the claim to the insurance company; and 2) the amount of time between reporting the claim and the final disposition of the claim. For these two elements[12], 25 of the 27 leading writers of medical malpractice insurance in Florida reported the average times shown in the following table.

Timing of Claims Closed by Leading Carriers in Florida During 2016

Company	Total Days	Report to Disposition	Occurrence to Report
Doctors Company, An Interinsurance Exchange	1,378	610	768
MAG Mutual Insurance Company	1,381	832	549
Medical Protective Company	1,239	730	509
NORCAL Mutual Insurance Company	1,219	747	472
National Fire & Marine Insurance Company	1,506	1,052	454
ProAssurance Casualty Company	1,536	994	542
Evanston Insurance Company	1,167	754	414
MedMal Direct Insurance Company	**1,317**	**787**	**530**
Lexington Insurance Company	883	446	436
Samaritan RRG, Inc.	808	266	543
Lone Star Alliance, Inc., a RRG	769	331	438
Continental Casualty Company	1,211	686	525
Columbia Casualty Company	1,235	712	522
Physicians Insurance Company	**985**	**303**	**682**
Landmark American Insurance Company	1,246	763	483
Healthcare Underwriters Group, Inc.	1,946	1,357	590
OMS National Insurance Company, RRG	1,319	880	439
Allied World Surplus Lines Insurance Company	1,254	1,020	234
Podiatry Insurance Company of America	1,084	490	594

[12] American Casualty Company of Reading, PA and MCIC Vermont reported zero closed claims in 2016. This appears to be due to the nature of their businesses.

Company	Total Days	Report to Disposition	Occurrence to Report
Ophthalmic Mutual Insurance Company (A RRG)	810	416	394
Lancet Indemnity RRG Inc	1,324	732	592
Admiral Insurance Company	1,111	683	429
Homeland Insurance Company of NY	1,176	742	435
Applied Medico-Legal Solutions RRG, Inc.	1,320	702	619
ProAssurance Specialty Insurance Company, Inc.	1,249	628	621
Average	**1,219**	**706**	**513**

This table reinforces the "long-tail" aspect of medical malpractice insurance as it may take up to five years or longer between the occurrence of an accident and actual payment. For all claims (including those of other entities) closed in 2016, the total number of days between occurrence and final disposition averaged 1,337 days (3.7 years) with a range from 217 days to disposition to a maximum of 5,120 days (14 years).

The Plaintiff Settlement

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

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

Company	Claims With Indemnity Payments	Total Claims	Percentage With Indemnity Payments
Doctors Company, An Interinsurance Exchange	330	448	73.7%
MAG Mutual Insurance Company	89	152	58.6%
Medical Protective Company	74	160	46.3%
NORCAL Mutual Insurance Company	33	47	70.2%
National Fire & Marine Insurance Company	18	32	56.3%
ProAssurance Casualty Company	35	48	72.9%
Evanston Insurance Company	24	30	80.0%
MedMal Direct Insurance Company	**19**	**23**	**82.6%**
Lexington Insurance Company	25	61	41.0%
Samaritan RRG, Inc.	9	26	34.6%
Lone Star Alliance, Inc., a RRG	1	1	100.0%
Continental Casualty Company	45	85	52.9%

Company	Claims With Indemnity Payments	Total Claims	Percentage With Indemnity Payments
Columbia Casualty Company	16	28	57.1%
Physicians Insurance Company	**5**	**5**	**100.0%**
Landmark American Insurance Company	4	7	57.1%
Healthcare Underwriters Group, Inc.	22	34	64.7%
OMS National Insurance Company, RRG	6	11	54.5%
Allied World Surplus Lines Insurance Company	16	18	88.9%
Podiatry Insurance Company of America	14	39	35.9%
Ophthalmic Mutual Insurance Company (A RRG)	5	5	100.0%
Lancet Indemnity RRG Inc	24	24	100.0%
Admiral Insurance Company	15	18	83.3%
Homeland Insurance Company of NY	7	10	70.0%
Applied Medico-Legal Solutions RRG, Inc.	18	24	75.0%
ProAssurance Specialty Insurance Company, Inc.	4	4	100.0%
Total	**858**	**1,340**	**64.0%**

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 27 leading companies in 2016 contained the claim payments summarized in the following table.

Breakdown of Loss and LAE Paid on 2016 Closed Claims by Leading Carriers in Florida

Company	Indemnity Payments	LAE Paid to Defense Counsel	All Other LAE Paid
Doctors Company, An Interinsurance Exchange	$34,715,396	$11,203,642	$3,660,742
MAG Mutual Insurance Company	$26,373,051	$5,825,611	$2,039,136
Medical Protective Company	$15,915,874	$3,532,635	$1,405,233
NORCAL Mutual Insurance Company	$7,598,500	$18,902,464	$10,572
National Fire & Marine Insurance Company	$4,687,490	$1,368,024	$0
ProAssurance Casualty Company	$7,829,405	$1,887,415	$892,397
Evanston Insurance Company	$3,224,595	$1,384,793	$248,389
MedMal Direct Insurance Company	**$2,478,749**	**$816,501**	**$0**
Lexington Insurance Company	$10,202,194	$993,284	$351,587

Company	Indemnity Payments	LAE Paid to Defense Counsel	All Other LAE Paid
Samaritan RRG, Inc.	$1,602,500	$331,916	$238,190
Lone Star Alliance, Inc., a RRG	$195,000	$0	$0
Continental Casualty Company	$12,723,023	$2,588,050	$761,335
Columbia Casualty Company	$2,219,805	$517,558	$97,879
Physicians Insurance Company	**$750,500**	**$127,540**	**$23,942**
Landmark American Insurance Company	$425,000	$45,032	$0
Healthcare Underwriters Group, Inc.	$2,117,500	$2,898,934	$43,527
OMS National Insurance Company, RRG	$1,200,000	$801,743	$296,174
Allied World Surplus Lines Insurance Company	$10,288,378	$1,091,663	$0
Podiatry Insurance Company of America	$2,295,100	$1,212,951	$219,337
Ophthalmic Mutual Insurance Company (A RRG)	$2,400,000	$0	$0
Lancet Indemnity RRG Inc	$3,433,003	$997,698	$238,366
Admiral Insurance Company	$2,915,722	$415,296	$52,333
Homeland Insurance Company of NY	$1,048,334	$1,574,771	$0
Applied Medico-Legal Solutions RRG, Inc.	$2,863,329	$1,269,234	$5,000
ProAssurance Specialty Insurance Company, Inc.	$1,140,000	$95,292	$36,809

Notes on Appendices

Included in the appendices are:

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

Summary

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

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

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

Appendix A

Detailed State-to-State Physicians Malpractice Premium Comparisons

State	Company	Territory	Family Practitioner 1M/3M Rate	Emergency Room 1M/3M Rate	Orthopedist 1M/3M Rate	Obstetrician 1M/3M Rate
Arizona	Medical Protective	Entire State	$22,501	$31,004	$33,279	$62,006
Arizona	Mutual Ins. Co. of AZ	Entire State	$13,080	$27,977	$39,433	$50,263
Arizona	Norcal Mutual	Entire State	$13,558	$28,607	$37,691	$57,622
California	Doctors Company	Riverside, San Bernardino	$11,009	$36,507	$43,208	$67,235
California	Doctors Company	Alameda, Contra Costa, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz	$4,735	$11,257	$17,120	$25,190
California	Medical Insurance Exchange of CA	Los Angeles, Kern, Orange, Riverside, San Bernardino	$13,693	$30,810	$41,080	$65,043
California	Medical Insurance Exchange of CA	Remainder of State	$7,207	$16,216	$21,621	$34,233
California	Norcal Mutual	Riverside, San Bernardino	$17,899	$34,009	$56,383	$77,863
California	Norcal Mutual	Fresno, Madera, Monterey, San Mateo, Santa Clara, Santa Cruz	$7,350	$13,966	$23,153	$31,974
Florida	**Doctors Company**	**Dade**	**$42,772**	**$90,479**	**$115,155**	**$190,829**
Florida	**Doctors Company**	**Remainder of State**	**$21,934**	**$46,399**	**$59,054**	**$97,861**
Florida	**MAG Mutual**	**Broward, Dade**	**$32,961**	**$65,397**	**$111,262**	**$190,424**
Florida	**MAG Mutual**	**Remainder of State**	**$15,457**	**$30,445**	**$51,344**	**$86,566**
Florida	**Medical Protective**	**Broward, Dade**	**$30,943**	**$78,660**	**$94,935**	**$149,183**
Florida	**Medical Protective**	**Remainder of State**	**$18,094**	**$45,999**	**$55,515**	**$87,237**
Georgia	Doctors Company	Entire State	$12,163	$30,691	$37,968	$61,736
Georgia	MAG Mutual	Remainder of State	$13,299	$23,876	$36,532	$66,830
Georgia	MAG Mutual	Catoosa, Chatooga, Dade, Fannin, Floyd, Gilmer, Murray, Rabun, Towns, Union, Walker, Whitfield	$7,979	$14,326	$21,919	$40,098
Georgia	Medical Protective	Remainder of State	$15,662	$43,225	$35,081	$69,160

State	Company	Territory	Family Practitioner 1M/3M Rate	Emergency Room 1M/3M Rate	Orthopedist 1M/3M Rate	Obstetrician 1M/3M Rate
Georgia	Medical Protective	Catoosa, Chatooga, Dade, Fannin, Floyd, Gilmer, Murray, Rabun, Towns, Union, Walker, Whitfield	$12,529	$34,580	$28,065	$55,329
Illinois	Doctors Company	Cook, Madison, St. Clair	$31,319	$66,712	$76,978	$121,363
Illinois	Doctors Company	Adams, Knox, Peoria, Rock Island	$14,720	$31,355	$36,180	$57,041
Illinois	ISMIE Mutual	Madison	$35,692	$61,636	$101,548	$141,464
Illinois	ISMIE Mutual	Adams, Knox, Peoria, Rock Island	$16,308	$27,424	$44,532	$61,636
Illinois	Medical Protective	Cook, Jackson, Madison, St. Clair, Will	$28,622	$50,738	$78,735	$127,083
Illinois	Medical Protective	Adams, Knox, Peoria, Rock Island	$12,880	$22,833	$35,434	$57,192
Maryland	Doctors Company	Baltimore City, Baltimore	$24,420	$65,402	$78,912	$147,105
Maryland	Doctors Company	Remainder of State	$17,764	$49,320	$58,395	$109,607
Maryland	Medical Mutual Liab. Ins. Society of MD	Baltimore City, Baltimore	$15,948	$39,872	$60,604	$130,777
Maryland	Medical Mutual Liab. Ins. Society of MD	Remainder of State	$12,759	$31,897	$48,483	$104,622
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 (used Preferred Plus rates)	$11,515	$26,297	$37,420	$80,992
New Jersey	Princeton Insurance Co.	Entire State	$19,106	$39,359	$46,810	$99,924
New Jersey	Proselect Ins. Co.	Entire State	$12,240	$28,948	$56,732	$108,410
New York	Hospitals Insurance Company	Nassau, Suffolk	$22,562	$63,646	$113,254	$152,039
New York	Hospitals Insurance Company	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	$4,194	$11,832	$21,054	$28,264
New York	Medical Liability Mutual	Nassau, Suffolk	$27,930	$78,788	$140,199	$188,210
New York	Medical Liability Mutual	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	$5,192	$14,646	$26,063	$34,988

State	Company	Territory	Family Practitioner 1M/3M Rate	Emergency Room 1M/3M Rate	Orthopedist 1M/3M Rate	Obstetrician 1M/3M Rate
New York	Physicians' Reciprocal Insurers	Nassau, Suffolk	$42,055	$70,739	$134,586	$212,317
New York	Physicians' Reciprocal Insurers	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	$12,281	$20,657	$39,306	$62,007
Ohio	Doctors Company	Cuyahoga, Lorain, Mahoning, Trumbull	$17,499	$46,772	$50,510	$82,202
Ohio	Doctors Company	Brown, Butler, Clark, Clermont, Clinton, Darke, Greene, Hamilton, Miami, Montgomery, Preble, Warren	$10,173	$25,832	$29,143	$47,408
Ohio	Medical Protective	Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Mahoning, Portage, Trumbull	$22,678	$52,357	$62,118	$97,614
Ohio	Medical Protective	Brown, Butler, Clark, Clermont, Clinton, Darke, Greene, Hamilton, Miami, Montgomery, Preble, Shelby, Warren	$11,661	$26,924	$31,942	$50,198
Ohio	ProAssurance	Cuyahoga, Lorain	$20,593	$48,405	$57,676	$94,759
Ohio	ProAssurance	Adams, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Greene, Hamilton, Highland, Jackson, Lawrence, Miami, Montgomery, Pike, Preble, Ross, Scioto, Vinten, Warren	$11,642	$26,027	$30,823	$50,004
Pennsylvania	Medical Mutual Ins. Co. of North Carolina	Bucks, Chester, Delaware, Montgomery, Philadelphia	$26,522	$64,980	$120,943	$155,156

State	Company	Territory	Family Practitioner 1M/3M Rate	Emergency Room 1M/3M Rate	Orthopedist 1M/3M Rate	Obstetrician 1M/3M Rate
Pennsylvania	Medical Mutual Ins. Co. of North Carolina	Adams, Allegheny, Armstrong, Beaver, Bedford, Berks, Blair, Bradford, Butler, Cambria, Cameron, Centre, Clarion, Clearfield, Clinton, Crawford, Elk, Erie, Fayette, Forest, Fulton, Greene, Huntingdon, Indiana, Jefferson, Juniata, Lancaster, Lawrence, Lebanon, Lycoming, McKean, Mercer, Mifflin, Perry, Potter, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Westmoreland, York	$15,913	$38,987	$72,566	$93,093
Pennsylvania	Medical Protective	Delaware, Philadelphia	$21,131	$65,155	$76,602	$123,267
Pennsylvania	Medical Protective	Remainder of State	$13,633	$42,035	$49,421	$79,528
Pennsylvania	Norcal Mutual	Delaware, Philadelphia	$23,482	$53,943	$101,297	$133,539
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, Lycoming, McKean, Mifflin, Perry, Potter, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Westmoreland, York	$15,023	$31,697	$57,268	$74,678

Appendix B

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

2016

2016 Rank	2015 Rank	State	Direct Written Premium	Direct Earned Premium	Incurred Losses	Incurred DCC
1	1	New York	$1,629,017,988	$1,637,956,636	$987,393,480	$411,681,471
2	2	California	$756,224,985	$753,364,231	$349,365,680	$195,094,733
3	3	Pennsylvania	$673,661,955	$656,348,197	$370,105,378	$225,769,871
4	**4**	**Florida**	**$554,446,555**	**$549,056,189**	**$263,479,153**	**$127,193,910**
5	5	Illinois	$474,191,859	$489,264,017	$262,187,003	$123,327,384
6	6	New Jersey	$417,397,996	$421,204,871	$243,765,687	$73,415,187
7	7	Massachusetts	$314,337,122	$320,160,720	$120,387,706	$58,423,039
8	8	Texas	$300,590,335	$295,573,175	$78,086,700	$40,652,802
9	9	Maryland	$283,620,866	$286,229,076	$163,967,710	$62,147,872
10	11	Georgia	$235,299,888	$239,639,512	$169,948,519	$71,845,335
11	10	Ohio	$230,991,812	$240,874,433	$87,829,775	$23,810,653
12	13	Arizona	$215,921,117	$219,320,189	$85,980,964	$39,098,559
13	12	Tennessee	$207,579,846	$213,975,483	$124,223,612	$53,217,522
14	14	Virginia	$186,642,345	$190,347,951	$73,607,930	$52,693,788
15	15	Michigan	$186,117,408	$188,820,609	($49,279,325)	$44,995,825
16	19	Connecticut	$171,554,520	$180,372,492	$136,898,339	$33,342,467
17	16	North Carolina	$163,948,195	$167,814,079	$6,367,487	$30,651,866
18	17	Washington	$156,825,836	$158,126,354	$76,761,700	$25,680,328
19	18	Colorado	$151,286,185	$151,656,463	$66,204,145	$33,849,618
20	20	Missouri	$141,329,736	$140,495,568	$93,283,938	$21,723,577
21	21	Alabama	$116,182,911	$120,915,375	$31,828,140	$33,487,718
22	22	Indiana	$112,847,312	$115,690,955	$35,005,906	$31,803,659
23	23	Kentucky	$103,497,230	$105,685,772	$49,320,322	$39,289,555
24	24	Oklahoma	$94,392,087	$95,076,148	$41,524,060	$38,223,471
25	26	Louisiana	$94,249,954	$94,339,539	$22,066,213	$26,100,203
26	25	Oregon	$91,826,306	$92,846,798	$52,684,549	$18,734,418
27	28	Minnesota	$78,626,975	$77,339,686	$64,994,519	$14,290,221
28	27	Wisconsin	$76,377,946	$74,778,247	($10,644,343)	$11,453,341
29	29	Nevada	$69,152,711	$68,533,403	$4,085,099	$18,300,316
30	30	Puerto Rico	$68,267,022	$66,294,878	$21,165,326	$18,697,606
31	31	Iowa	$66,967,219	$67,531,524	$43,746,282	$12,174,849
32	41	New Hampshire	$64,584,764	$58,084,951	$28,577,217	$12,707,285
33	32	South Carolina	$64,176,815	$65,025,179	$48,733,827	$26,726,305
34	33	Arkansas	$64,136,688	$64,691,149	$25,661,837	$15,254,977
35	34	West Virginia	$62,835,570	$63,730,129	$81,397,376	$30,522,436
36	35	Utah	$58,911,715	$58,986,701	$21,363,587	$14,102,209
37	36	Kansas	$58,626,489	$57,947,549	$1,126,685	$10,392,870
38	37	New Mexico	$52,428,957	$52,289,534	$34,315,534	$13,120,577
39	38	Mississippi	$47,632,541	$46,563,834	$4,850,606	$4,390,882

2016 Rank	2015 Rank	State	Direct Written Premium	Direct Earned Premium	Incurred Losses	Incurred DCC
40	39	Maine	$45,220,990	$46,474,322	$26,402,560	$6,490,891
41	40	Montana	$37,377,862	$39,982,425	$23,600,200	$11,727,270
42	42	Delaware	$32,759,943	$33,865,705	$13,081,247	$3,328,366
43	43	Nebraska	$31,723,984	$32,746,402	$15,074,725	$8,885,296
44	45	Idaho	$31,020,481	$31,291,225	$14,513,349	$6,610,085
45	44	Rhode Island	$29,010,730	$28,003,635	$32,828,386	$8,469,232
46	46	Hawaii	$28,412,241	$27,697,190	$21,675,097	$6,780,924
47	47	District of Columbia	$26,988,551	$27,713,926	$6,730,394	$428,812
48	48	Wyoming	$23,766,696	$23,613,646	$12,286,015	$6,385,052
49	49	Alaska	$23,426,932	$23,397,957	$4,183,571	$3,916,461
50	51	Vermont	$17,077,836	$16,154,158	$6,389,950	$2,126,143
51	50	South Dakota	$15,209,493	$15,260,255	($482,762)	$4,011,631
52	52	North Dakota	$9,588,027	$9,562,514	$42,277,923	$6,540,229
53	53	Other Territories	$6,763,222	$5,451,993	($13,919,636)	($1,809,495)
54	54	Guam	$1,043,007	$987,955	$226,723	$31,971
55	55	U.S. Virgin Islands	$391,113	$380,128	($46,070)	($46,866)
Grand Total:			**$9,256,488,869**	**$9,309,535,032**	**$4,517,189,995**	**$2,212,264,707**

Appendix C

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

2016

2016 Rank	2015 Rank	State	Loss and DCC Ratio
1	1	Other Territories	-255.6%
2	5	U.S. Virgin Islands	-24.4%
3	12	Michigan	-2.3%
4	6	Wisconsin	1.1%
5	20	Mississippi	19.8%
6	24	Kansas	19.9%
7	13	North Carolina	22.1%
8	30	South Dakota	23.1%
9	4	District of Columbia	25.8%
10	2	Guam	26.2%
11	49	Nevada	32.7%
12	11	Alaska	34.6%
13	17	Texas	40.2%
14	7	Ohio	46.3%
15	16	Delaware	48.5%
16	19	Louisiana	51.1%
17	3	Vermont	52.7%
18	22	Alabama	54.0%
19	28	Massachusetts	55.9%
20	26	Arizona	57.0%
21	27	Indiana	57.7%
22	9	Utah	60.1%
23	31	Puerto Rico	60.1%
24	50	Arkansas	63.2%
25	33	Washington	64.8%
26	21	Colorado	66.0%
27	18	Virginia	66.4%
28	15	Idaho	67.5%
29	29	Maine	70.8%
30	41	New Hampshire	71.1%
31	**36**	**Florida**	**71.2%**
32	38	California	72.3%
33	44	Nebraska	73.2%
34	40	New Jersey	75.3%
35	48	Oregon	76.9%
36	35	Illinois	78.8%
37	23	Maryland	79.0%
38	8	Wyoming	79.1%
39	14	Missouri	81.9%

2016 Rank	2015 Rank	State	Loss and DCC Ratio
40	32	Iowa	82.8%
41	45	Tennessee	82.9%
42	25	Kentucky	83.8%
43	42	Oklahoma	83.9%
44	47	New York	85.4%
45	39	Montana	88.4%
46	52	New Mexico	90.7%
47	34	Pennsylvania	90.8%
48	46	Connecticut	94.4%
49	37	Georgia	100.9%
50	10	Minnesota	102.5%
51	43	Hawaii	102.7%
52	54	South Carolina	116.0%
53	55	Rhode Island	147.5%
54	53	West Virginia	175.6%
55	51	North Dakota	510.5%
National Average:			**72.3%**

Appendix D

Physicians Malpractice Data for States and U.S. Territories

2016

Written Premium Rank	State	Direct Physicians Written Premium	Direct Physicians Earned Premium	Direct Physicians Incurred Loss	Loss Ratio
1	New York	$1,031,228,638	$1,050,435,215	$536,663,813	51.1%
2	California	$441,203,871	$446,792,534	$167,470,284	37.5%
3	**Florida**	**$352,788,593**	**$348,109,488**	**$130,551,953**	**37.5%**
4	Illinois	$326,922,481	$344,500,099	$128,550,483	37.3%
5	New Jersey	$288,129,749	$280,792,189	$204,406,860	72.8%
6	Pennsylvania	$267,766,569	$261,653,431	$109,674,946	41.9%
7	Georgia	$164,606,211	$169,737,801	$108,675,329	64.0%
8	Ohio	$159,827,271	$170,836,892	($17,901,368)	-10.5%
9	Arizona	$157,790,872	$160,866,072	$39,849,426	24.8%
10	Maryland	$151,457,239	$152,568,163	$77,824,990	51.0%
11	Texas	$139,576,789	$141,031,788	$19,408,620	13.8%
12	Virginia	$130,345,592	$133,741,865	$48,089,514	36.0%
13	Tennessee	$130,001,179	$129,773,490	$34,009,562	26.2%
14	Michigan	$117,451,100	$122,062,851	$53,042,377	43.5%
15	Massachusetts	$106,914,385	$111,369,115	$29,610,403	26.6%
16	Colorado	$101,877,574	$103,097,945	$32,095,892	31.1%
17	North Carolina	$101,081,189	$102,113,193	($5,557,035)	-5.4%
18	Washington	$95,622,391	$93,953,631	$6,346,453	6.8%
19	Missouri	$81,431,456	$82,763,690	$43,474,108	52.5%
20	Connecticut	$76,649,729	$85,357,012	$61,136,458	71.6%
21	Alabama	$71,071,957	$75,671,294	$21,880,532	28.9%
22	Kentucky	$63,724,164	$66,154,649	$17,132,649	25.9%
23	Indiana	$62,481,244	$63,228,605	$1,957,646	3.1%
24	Oklahoma	$62,006,340	$63,369,631	$27,124,453	42.8%
25	Oregon	$55,655,275	$57,096,909	$37,769,346	66.1%
26	Louisiana	$52,744,877	$53,353,935	$8,448,242	15.8%
27	New Hampshire	$51,904,662	$44,318,309	$15,848,647	35.8%
28	Nevada	$50,469,986	$50,373,410	($3,771,158)	-7.5%
29	South Carolina	$42,122,574	$43,587,086	$32,716,509	75.1%
30	Utah	$40,961,509	$40,900,080	$13,858,127	33.9%
31	West Virginia	$40,961,270	$41,272,329	$17,841,066	43.2%
32	Minnesota	$39,918,912	$39,442,487	$27,935,598	70.8%
33	Arkansas	$38,192,461	$38,409,488	$6,433,210	16.7%
34	Wisconsin	$35,856,841	$34,976,134	($39,539,044)	-113.0%
35	Iowa	$34,636,997	$35,078,590	$23,068,940	65.8%
36	Puerto Rico	$33,102,930	$32,404,782	$8,261,318	25.5%
37	Kansas	$32,216,383	$32,416,805	($3,211,336)	-9.9%
38	New Mexico	$24,548,090	$25,251,335	$8,905,838	35.3%

Written Premium Rank	State	Direct Physicians Written Premium	Direct Physicians Earned Premium	Direct Physicians Incurred Loss	Loss Ratio
39	Delaware	$23,317,833	$24,845,426	$7,013,925	28.2%
40	Maine	$21,029,570	$22,190,196	$14,660,199	66.1%
41	Idaho	$19,189,915	$19,334,540	($7,427,328)	-38.4%
42	Montana	$18,584,382	$21,031,446	$7,843,847	37.3%
43	District of Columbia	$17,835,117	$18,274,570	($1,081,755)	-5.9%
44	Mississippi	$17,554,115	$17,087,698	$2,618,122	15.3%
45	Hawaii	$16,554,445	$16,525,940	$9,716,085	58.8%
46	Rhode Island	$16,436,064	$15,353,872	$10,050,224	65.5%
47	Alaska	$15,319,504	$15,288,860	$3,870,072	25.3%
48	Wyoming	$13,958,901	$13,662,486	$4,492,053	32.9%
49	Nebraska	$13,225,551	$13,731,550	$2,356,397	17.2%
50	South Dakota	$8,877,905	$8,928,506	$505,106	5.7%
51	Vermont	$8,566,818	$8,261,993	$2,430,816	29.4%
52	North Dakota	$5,805,060	$5,844,766	$5,224,464	89.4%
53	Guam	$716,772	$689,121	$165,206	24.0%
54	Other Territories	$252,990	$474,336	$276,758	58.6%
55	U.S. Virgin Islands	$5,134	$5,134	($1,196)	-23.3%
Grand Total:		**$5,472,479,426**	**$5,550,392,762**	**$2,092,796,646**	**37.7%**

Appendix E

Written Premium in Top Five States of Leading Florida Malpractice Carriers

2016

Company	State 1	State 2	State 3	State 4	State 5
Doctors Company, An Interinsurance Exchange	CA	FL	OH	TX	VA
	$178,683,850	$117,162,317	$44,164,306	$35,787,667	$34,584,045
MAG Mutual Insurance Company	GA	FL	NC	SC	VA
	$81,823,461	$57,871,090	$28,693,756	$18,491,871	$16,731,244
Medical Protective Company	PA	FL	TX	OH	CA
	$61,835,294	$50,921,458	$46,160,354	$34,131,518	$27,206,923
NORCAL Mutual Insurance Company	CA	PA	IL	FL	TX
	$105,819,348	$44,115,615	$19,718,476	$27,806,451	$12,448,448
National Fire & Marine Insurance Company	FL	NY	CA	NJ	TX
	$17,896,734	$13,277,463	$12,561,078	$10,761,342	$10,528,708
ProAssurance Casualty Company	MI	WI	FL	IL	NV
	$26,529,953	$20,020,065	$15,777,115	$14,847,158	$14,070,056
Evanston Insurance Company	FL	NY	TX	CA	IL
	$15,451,557	$11,679,352	$8,312,063	$7,782,074	$5,277,043
MedMal Direct Insurance Company	FL	GA	IL	NC	TX
	$14,097,163	$2,282,975	$860,234	$366,463	$195,183
American Casualty Company of Reading, PA	CA	NY	FL	NJ	TX
	$19,350,178	$15,046,382	$12,876,979	$11,045,352	$10,706,789
Lexington Insurance Company	CA	NY	IL	IA	FL
	$39,739,616	$12,595,195	$12,558,767	$11,255,000	$9,926,238
Samaritan RRG, Inc.	FL	-	-	-	-
	$9,443,506	-	-	-	-
MCIC Vermont (A Reciprocal RRG)	NY	MD	CT	FL	DC
	$140,982,377	$74,348,172	$62,179,359	$8,375,113	$2,281,567
Lone Star Alliance, Inc., a RRG	FL	AZ	CA	IL	PA
	$7,797,154	$2,303,917	$1,701,891	$1,251,351	$1,059,162
Continental Casualty Company	OR	WI	AR	CT	FL
	$17,138,708	$10,782,764	$9,091,085	$8,103,634	$7,755,631
Columbia Casualty Company	PA	TX	CA	NY	FL
	$23,386,542	$11,154,712	$9,849,152	$7,201,002	$6,918,913
Physicians Insurance Company	FL	TX	-	-	-
	$6,170,950	$47,925	-	-	-
Landmark American Insurance Company	FL	CA	NY	TX	IL
	$5,989,263	$5,893,507	$4,343,461	$2,331,649	$2,263,091
Healthcare Underwriters Group, Inc.	FL	OH	KY	IN	-
	$5,869,155	$4,460,540	$2,729,791	$14,760	-
OMS National Insurance Company, RRG	NY	CA	FL	PA	NJ
	$11,062,601	$6,064,842	$5,707,439	$3,708,953	$3,691,014
Allied World Surplus Lines Insurance Company	FL	CA	PA	TX	TN
	$5,561,921	$4,798,395	$4,121,093	$3,273,606	$2,935,732

Company	State 1	State 2	State 3	State 4	State 5
Podiatry Insurance Company of America	NY	CA	IL	FL	NJ
	$9,701,096	$6,459,113	$5,817,846	$5,510,830	$4,368,915
Ophthalmic Mutual Insurance Company (A RRG)	FL	IL	CA	VA	AZ
	$5,478,888	$4,595,051	$3,759,220	$2,049,110	$1,986,248
Lancet Indemnity RRG Inc	FL	CA	TX	MI	GA
	$5,377,604	$1,898,291	$919,987	$870,021	$588,814
Admiral Insurance Company	CA	NY	FL	TX	IL
	$13,938,814	$10,073,329	$5,257,247	$3,981,441	$3,804,895
Homeland Insurance Company of NY	IL	TX	CA	KY	FL
	$8,150,030	$7,450,676	$5,448,581	$5,317,336	$5,097,454
Applied Medico-Legal Solutions RRG, Inc.	NY	FL	NJ	TX	AZ
	$26,139,215	$4,848,076	$3,293,958	$2,195,763	$2,007,876
ProAssurance Specialty Insurance Company, Inc.	TN	TX	FL	PA	NH
	$14,163,822	$5,863,344	$4,753,057	$4,645,583	$2,160,327

Appendix F

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

2016

Company	State 1	State 2	State 3	State 4	State 5
Doctors Company, An Interinsurance Exchange	CA	FL	OH	TX	VA
	56%	52%	1%	79%	80%
MAG Mutual Insurance Company	GA	FL	NC	SC	VA
	97%	98%	3%	119%	33%
Medical Protective Company	PA	FL	TX	OH	CA
	130%	57%	-62%	-7%	69%
NORCAL Mutual Insurance Company	CA	PA	IL	FL	TX
	65%	63%	69%	75%	74%
National Fire & Marine Insurance Company	FL	NY	CA	NJ	TX
	94%	79%	71%	73%	82%
ProAssurance Casualty Company	MI	WI	FL	IL	NV
	35%	37%	64%	9%	132%
Evanston Insurance Company	FL	NY	TX	CA	IL
	146%	100%	142%	120%	169%
MedMal Direct Insurance Company	FL	GA	IL	NC	TX
	40%	103%	13%	1%	514%
American Casualty Company of Reading, PA	CA	NY	FL	NJ	TX
	49%	77%	48%	61%	16%
Lexington Insurance Company	CA	NY	IL	IA	FL
	-7%	106%	212%	-11%	-5%
Samaritan RRG, Inc.	FL	-	-	-	-
	63%	-	-	-	-
MCIC Vermont (A Reciprocal RRG)	NY	MD	CT	FL	DC
	101%	85%	88%	64%	94%
Lone Star Alliance, Inc., a RRG	FL	AZ	CA	IL	PA
	85%	42%	176%	7%	69%
Continental Casualty Company	OR	WI	AR	CT	FL
	25%	10%	122%	73%	118%
Columbia Casualty Company	PA	TX	CA	NY	FL
	8%	19%	51%	75%	31%
Physicians Insurance Company	FL	TX	-	-	-
	70%	66%	-	-	-
Landmark American Insurance Company	FL	CA	NY	TX	IL
	-15%	12%	-1%	14%	91%
Healthcare Underwriters Group, Inc.	FL	OH	KY	IN	-
	59%	6%	114%	59%	-
OMS National Insurance Company, RRG	NY	CA	FL	PA	NJ
	39%	37%	60%	63%	86%
Allied World Surplus Lines Insurance Company	FL	CA	PA	TX	TN
	102%	92%	40%	45%	182%

Company	State 1	State 2	State 3	State 4	State 5
Podiatry Insurance Company of America	NY	CA	IL	FL	NJ
	117%	154%	83%	79%	7%
Ophthalmic Mutual Insurance Company (A RRG)	FL	IL	CA	VA	AZ
	39%	61%	100%	51%	-15%
Lancet Indemnity RRG Inc	FL	CA	TX	MI	GA
	143%	6%	33%	41%	-34%
Admiral Insurance Company	CA	NY	FL	TX	IL
	43%	26%	68%	17%	196%
Homeland Insurance Company of NY	IL	TX	CA	KY	FL
	78%	23%	152%	128%	86%
Applied Medico-Legal Solutions RRG, Inc.	NY	FL	NJ	TX	AZ
	60%	31%	53%	79%	124%
ProAssurance Specialty Insurance Company, Inc.	TN	TX	FL	PA	NH
	77%	109%	82%	81%	82%

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