Florida Office of Insurance Regulation

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Insurance Commissioner

Medical Malpractice Financial Information

Closed Claim Database and Rate Filings Annual Report

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Executive Summary

Section 627.912(6)(b)&(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 2018 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 (RRGs) 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 25 medical malpractice insurance writers that constituted 80% of the overall Florida market in 2018.

Market size and cost components – Florida is the fourth largest U.S. state in terms of total medical malpractice premium, with roughly $562 million in 2018 direct written premium. Among the top 10 states by premium, Florida's:

- Combined loss and defense and cost containment ratio of 79.1% ranks fourth highest;
- Non-claims-based expense ratio of 26.9% is the third highest;
- Claims-based adjusting and other expense of 5.3% ranks fourth highest; and
- Combined ratio (total payouts to premium) of 111.3%, down from 115.8% in 2017, is the third highest.

Carrier financial strength – It is estimated that the Florida medical malpractice line of business for the top 25 carriers standing alone generated a direct before reinsurance profit on surplus[1] of 4.7% in 2018. This return compares positively with the average countrywide all-lines net return on surplus for Florida's leading medical malpractice writers of 4.0%, which is down from 4.6% in 2017. Related financial information in the report suggests that the leading malpractice carriers as a class remain financially strong.

[1] Florida after tax profit/loss divided by surplus allocated to Florida

Breakdown of the market between licensed carriers and total of surplus lines insurers and RRGs – For the overall medical malpractice market, 65% of the premium is generated by licensed insurance companies as opposed to surplus lines carriers and RRGs. 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: 34%
- Hospitals: 8%
- Other facilities: 5%

For the most part, 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 – Nine entities, including four RRGs, entered the Florida malpractice market during 2018. No carrier became inactive. One insurer's Florida license was revoked during 2018 and another insurer's registration was revoked. One reinsurer was certified for medical malpractice reinsurance. No new RRGs entered the market during 2018.

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

Breakdown of the market by subline – Physicians malpractice dominates the medical malpractice premium in Florida. Sixty-five percent (65%) of the 2018 Florida medical malpractice written premium was for physicians, 18% was for other healthcare professionals, 5% was for hospitals, and 13% was for other medical facilities.

Key financial information on physicians malpractice – Florida is the third largest state for physicians malpractice premiums, with $364 million in 2018 direct written premium. Its loss ratio during 2018, specifically excluding defense and cost containment, at 57.9%, was the third highest among the top 10 states. That ranking translates to an estimated 2018 combined (all costs divided by all premiums) ratio of 112%, third highest among the top 10 states. This is very near the all medical malpractice estimated combined ratio of 111%. Physicians malpractice loss ratios differ markedly among the leading carriers, ranging from as low as 31% to as high as 97%.

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 1,368 for physicians malpractice insurance. That is below the 1,500 threshold that would suggest the market is moderately concentrated. Since the types of insureds

within the other sublines in the National Association of Insurance Commissioners (NAIC) financial database are very diverse, the database does not contain enough information to evaluate the degree of market concentration in the remaining sublines.

Comparison of Florida rates to those of other states – A limited scope study contained within the report indicates that in three 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 fourth.

Rate filings – There were 73 medical malpractice rate filings either approved or processed as informational in Florida during 2018. This is down from 84 in 2017 and 98 in 2016. The average rate change for a Florida physician as a result of rate filings resolved in 2018 was +3.5%. This was derived by taking the actual rate changes approved in 2018 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 2018, including:

- Dentists rates: +0.0%
- Professional nurses rates: +0.0%
- Podiatrists, optometrists, chiropractors, and similar professionals rates: +1.4%

Professional liability claims reporting system data – During 2018, 2,927 claims were reported as closed (up from 2,575 in 2017); 1,552 claims were closed for female claimants and 1,375 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 $1,047 million, 21% above 2017 which in turn was 24% below 2016, was paid over the lifetime of the claims closed in 2018; $830 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, Texas, Massachusetts, Georgia, and Maryland. 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 2018 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 2018 version and the preceding versions of this report as well. Therefore, both captives were removed from the data used to produce this report. Further, due to the diminishing volume of the carriers merged into NORCAL (FD Insurance and Medicus Insurance), they are no longer combined into NORCAL beginning with last year's report.

The NAIC data used in this report includes all statutory annual statement in the NAIC system as of May 7, 2019 (slightly over two months after the March 1 filing deadline). Subsequent to that date, a $19 million incurred loss correction (with minor significance) was made by a risk retention group in California. That changed the California loss ratio on page 13 to 40.1%, moving the state from seventh highest to eighth highest. Florida implications were unchanged.

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 internal Systems Officer including the Professional Liability Claims Reporting System (PLCR), internal reviews of rate filing activity, internal reviews of company admissions data, internal "COREN" 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

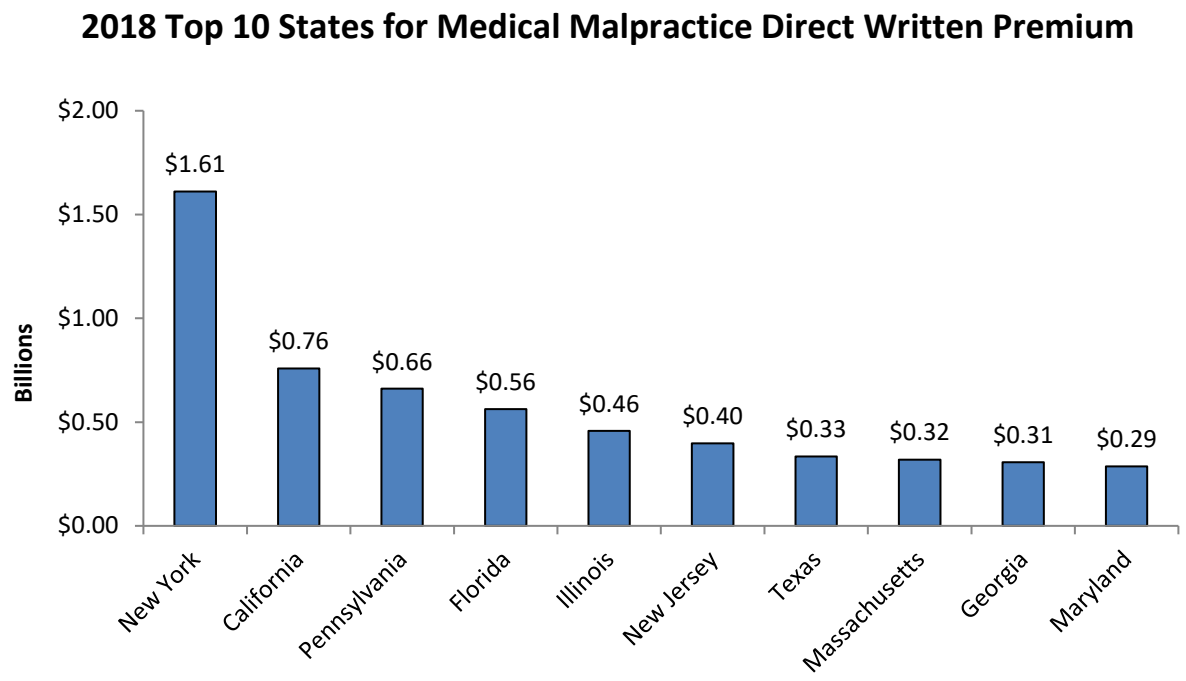
As mentioned earlier, the first section of this report covers data from all types of medical malpractice coverage combined. The first subsection of that analysis involves comparisons among the leading medical malpractice states.

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 seventh in terms of medical malpractice premium. Florida ranks third by population but fourth within its peer group for medical malpractice premium.



Loss and DCC Information for the Top 10 States

The loss ratio is a measure of the percentage of premium that will be expended on paying claims. It divides the total loss dollars accrued in a calendar year by an "earned premium" value that adjusts the premium on each policy to match the 12 months of possible loss costs that the policy might have to pay. As such, a high loss ratio would suggest that losses are high in relation to premium. Further, a higher loss ratio would tend to require a lower average markup on loss costs on the part of the various insurance companies doing business in a state. Data on the loss ratios of the top 10 states and their loss ratio ranks are shown in the chart on the following page.

2018 All Medical Malpractice Direct Loss Ratios

Written Premium Rank	State	All Medical Malpractice Direct Loss Ratio	Loss Ratio Rank
9	Georgia	83.6%	1
3	Pennsylvania	65.3%	2
5	Illinois	59.2%	3
4	**Florida**	**57.4%**	**4**
7	Texas	51.8%	**5**
10	Maryland	46.7%	6
2	California	42.6%	7
1	New York	41.5%	8
6	New Jersey	34.0%	9
8	Massachusetts	13.7%	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. As an example of distortions that can occur, Massachusetts shows a loss ratio of 13.7%, but that is driven by a negative incurred loss of roughly $78 million booked by a large Massachusetts malpractice insurer in 2018. If that insurer's data was removed, the Massachusetts loss ratio would be 49.1%

Georgia ranked the highest, with Pennsylvania second. The aggregate direct loss ratio for the Florida market was fourth in 2018, down from third in 2017. The national average in 2018 for all states and territories was 47.8% – slightly lower than the 48.7% loss ratio in 2017. Florida's loss ratio decreased from 58.7% to 57.4% in 2018.

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 on the next page.

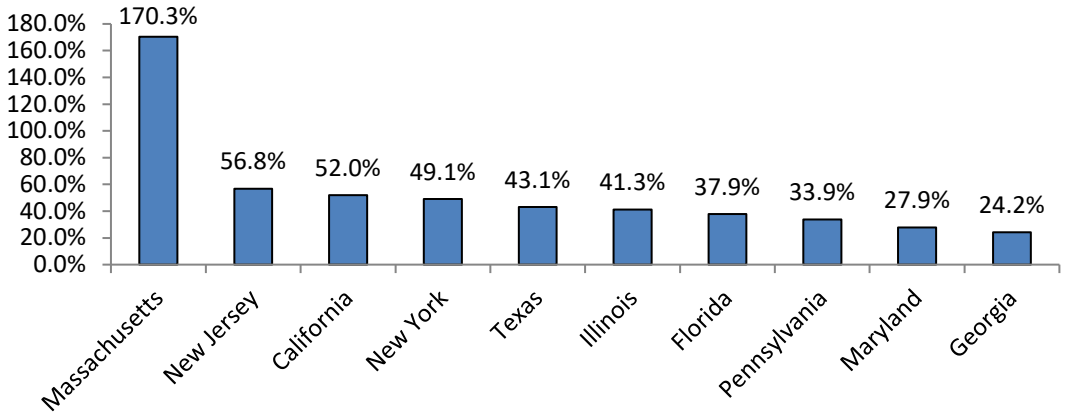
2018 All Medical Malpractice Direct Loss and DCC Ratios

Written Premium Rank	State	All Medical Malpractice Direct Loss and DCC Ratio	Loss & DCC Rank
9	Georgia	103.9%	1
3	Pennsylvania	87.5%	2
5	Illinois	83.6%	3
4	**Florida**	**79.1%**	**4**
7	Texas	74.1%	5
2	California	64.7%	6
1	New York	61.9%	7
10	Maryland	59.7%	8
6	New Jersey	53.3%	9
8	Massachusetts	37.1%	10

The loss and DCC ratio rankings loosely mirror the loss ratio[2] rankings somewhat. Georgia, with the highest loss ratio, also had the highest loss and DCC ratio among the top 10 states in 2018. In this case, Pennsylvania was second again and Florida was fourth (down from third in 2017).

Alternatively, DCC can be considered as frictional costs associated with the payment of damages to claimants.[3] Following that approach, the graph below shows the ratios of incurred (accrued in a calendar year) DCC to incurred loss.

2018 All Medical Malpractice Direct DCC to Loss Ratios



[2] The Massachusetts loss and LAE ratio would become 79.3% if the data of the insurer posting a negative incurred loss were removed from the calculation.

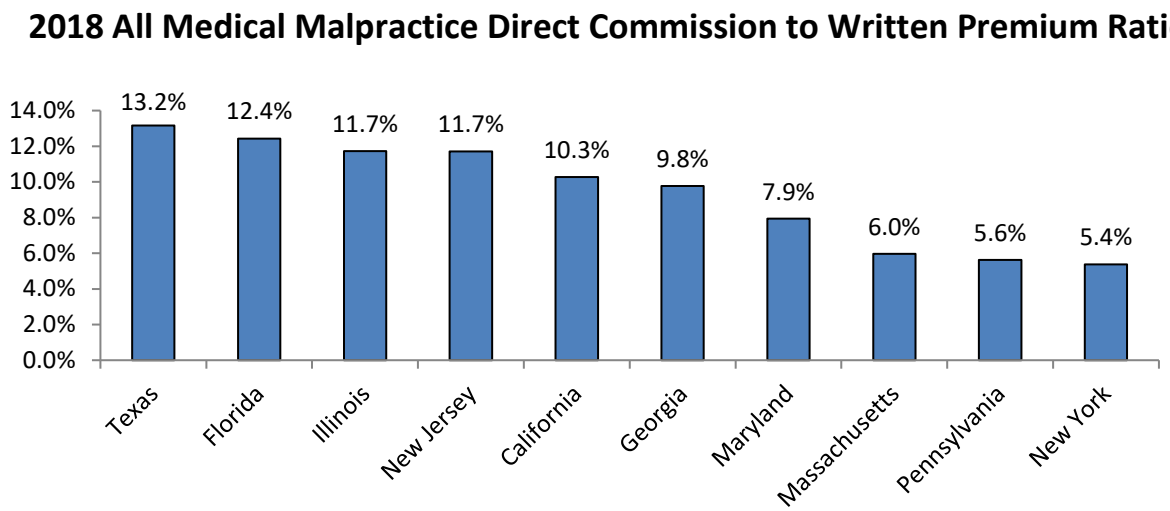
[3] It is important to note that DCC expenses are not the only frictional costs associated with payments to injured parties. In-house or other adjuster fees included in "adjusting and other" expense are also frictional costs. In some analyses, all expenses and profit would be considered as well. The 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.

Note that Florida had the seventh highest ratio of DCC to loss among the top 10 states in 2018. 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. The very high ratio for Massachusetts is caused by a very low booked loss ratio of 13.7%, which as mentioned earlier, is driven by a large negative incurred loss booked by one insurer.

Expense Information for the Top 10 States

While loss and DCC may be considered as the benefits provided under a malpractice policy, the insurance companies also have expenses associated with administering the policy. These are the adjusting and other expenses (AOE) associated with administering claims, the commissions paid to agents to sell policies, state premium taxes, non-commission policy acquisition costs called "other acquisition expense," and general overhead costs defined as "general expense." Of course, profit is also a cost paid by the insured, but that will be discussed separately. Detailed breakdowns of commission and taxes by company and state are included in the NAIC financial database. However, in the NAIC database AOE, other acquisition, and general expense data is strictly on a countrywide basis. Throughout this report, Florida AOE, other acquisition, and general expense were determined by pro-rating countrywide figures using direct malpractice earned premium. In that way, if a state 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).

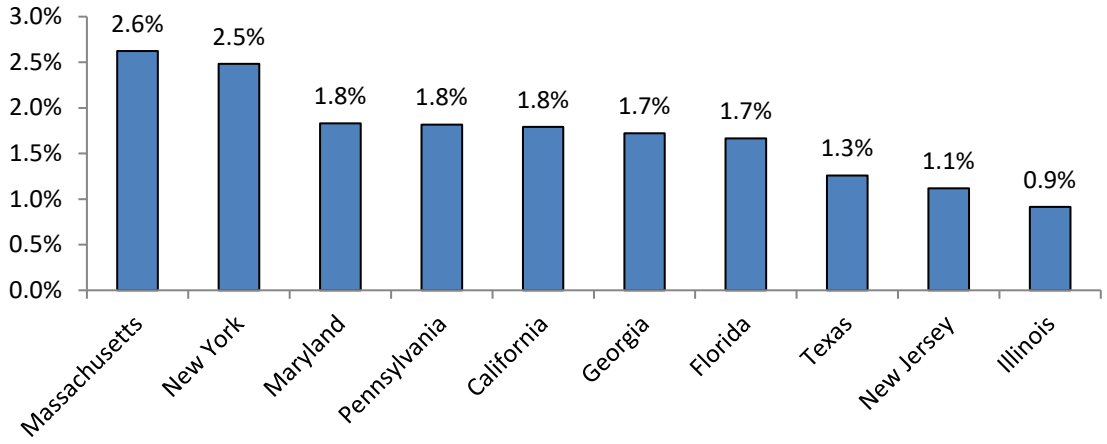
The largest expense provision related to written premiums is commission. The average commission ratios for the top 10 states (by direct written premium) are shown below.



Florida is among the states with higher commission ratios (second highest). The Florida commission is about 0.6% higher than last year's 11.8%.

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

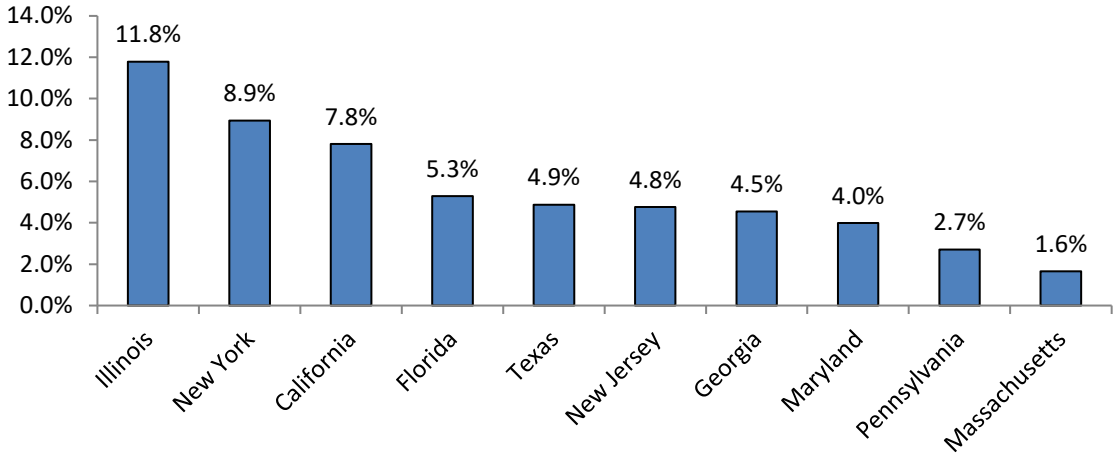
2018 All Medical Malpractice Premium Tax to Direct Written Premium Ratios



Differences in premium tax percentages are somewhat reduced from those in 2017, and Florida's premium tax expense has increased from 1.4% in 2017.

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.

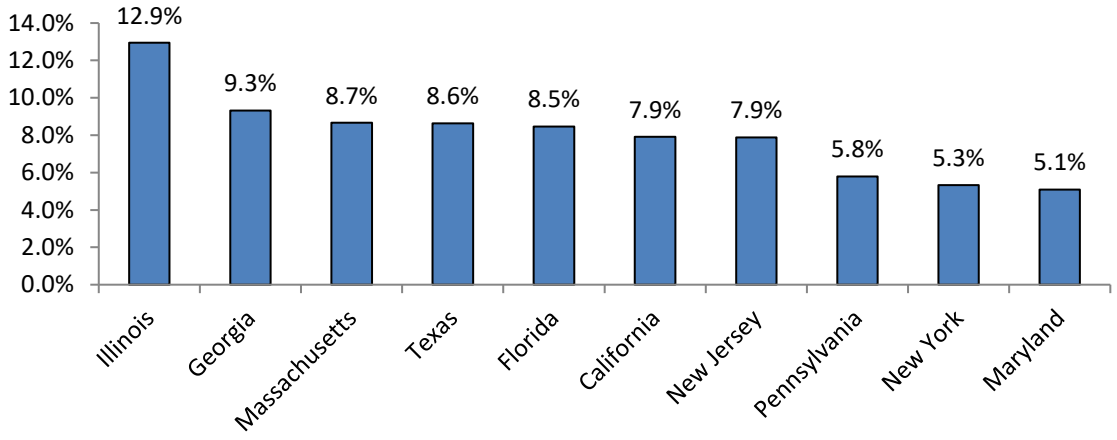
2018 All Medical Malpractice AOE to Direct Earned Premium Ratios



Last year, Florida had the fourth highest AOE expense ratio within the peer group. In 2018, Florida still has the fourth highest AOE expense ratio.

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

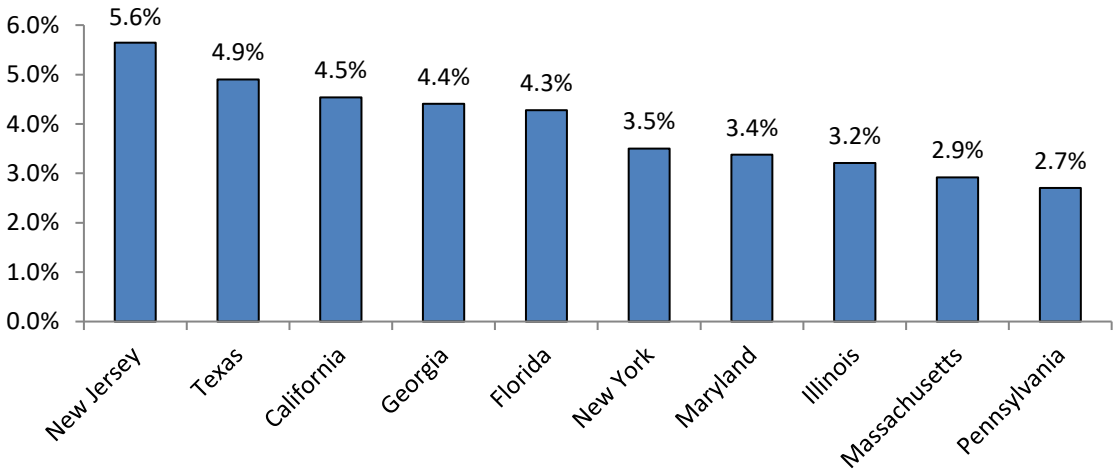
2018 All Medical Malpractice General Expense to Direct Earned Premium Ratios



Florida has the fifth highest general expense ratio among the top 10 states at 8.5%, down from 9.9% last year. It was also fifth in 2017.

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.

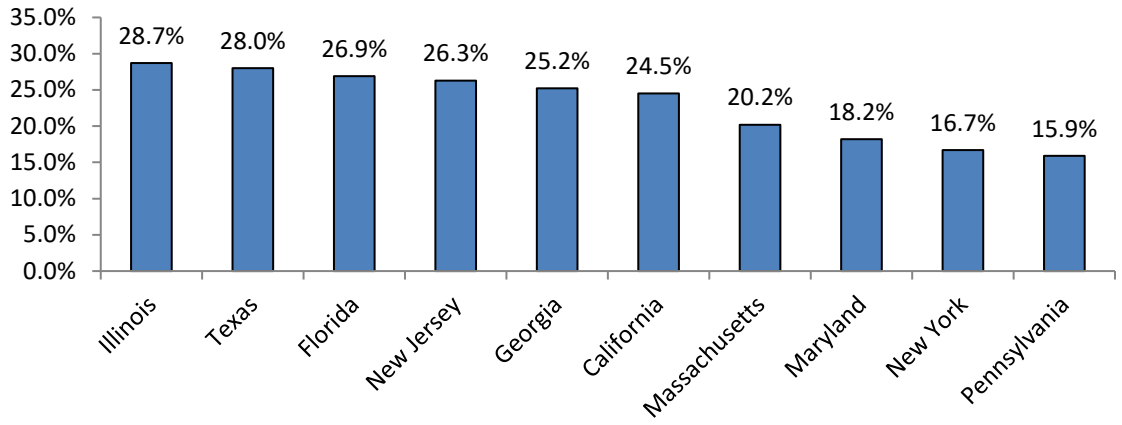
2018 All Medical Malpractice Other Acquisition Expense to Direct Earned Premium Ratios



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. Consequently, Florida's total acquisition expense (commission and other acquisition combined of 16.7%) ratio was somewhat high (third) within the peer group. Last year's ratio was 16.2%, which was also third in the peer group.

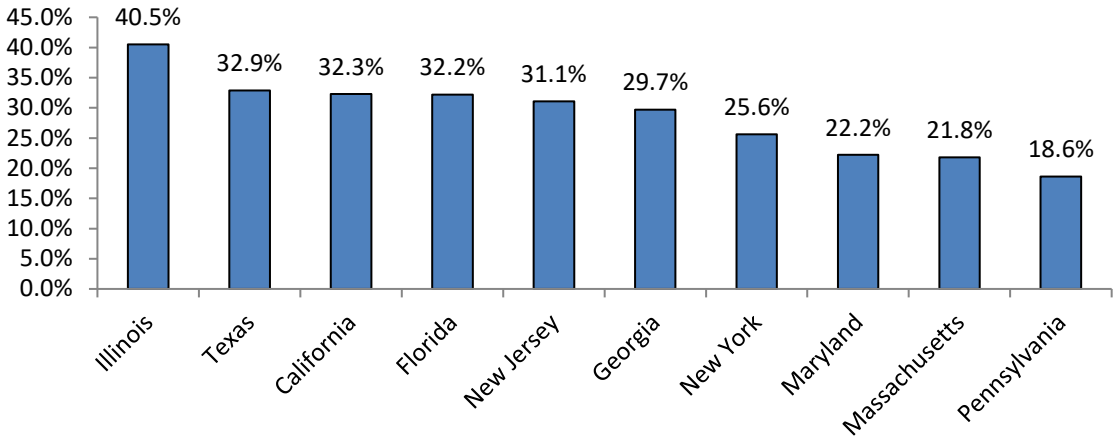
In calculating the overall expense ratio, the industry standard approach involves the combination of the commission, tax, general expense, and other acquisition ratios (and excludes AOE since the AOE ratio relates better to the amount of claims to be adjusted rather than premium). Ratios on that basis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

2018 All Medical Malpractice Standard (No AOE) Expense Ratios



A review of the chart shows that Florida's standard expense ratio is the third highest among the top 10 states (the same as in 2017), while Pennsylvania's is the lowest. When AOE expense is added to the above expense ratios (as a step in computing total underwriting profitability), Florida has the fourth highest expense ratio of the top 10 states.

2018 All Medical Malpractice Expense Ratios (Inclusive of AOE)

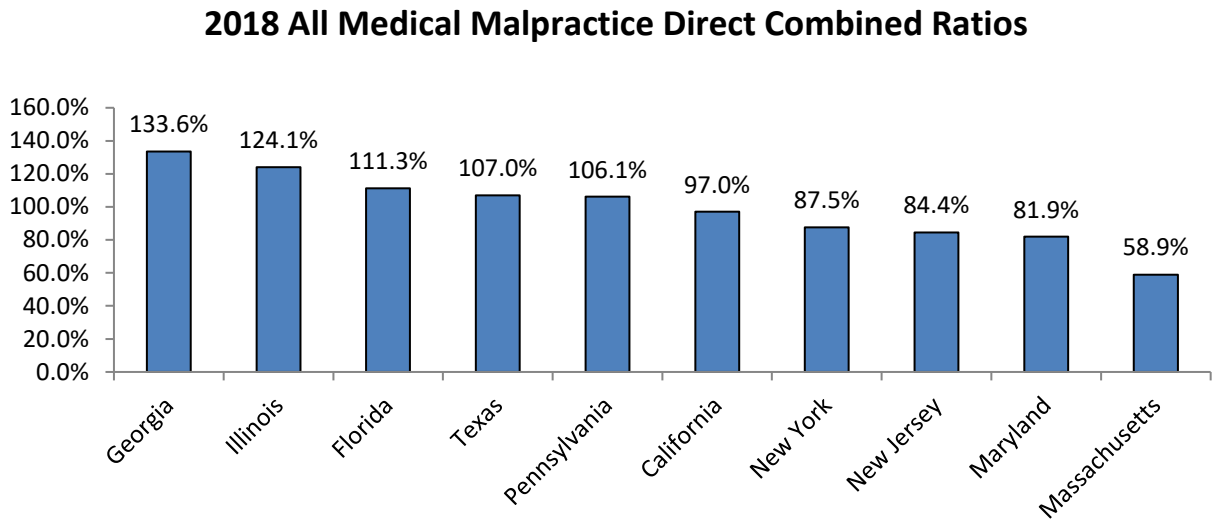


Profitability Measures for the Top 10 States

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 five states and underwriting profits in five states. However, the combined ratios shown do not include the income the insurers earn on their investments. When that is reflected, it is likely that medical malpractice in some of the states with high combined ratios is nonetheless profitable. Florida is third in the peer group (down from second) with a 111.3% combined ratio (down slightly from 115.8% in 2017).

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

While portions of the annual statement are limited to medical malpractice, the balance sheet, income statement, cash flow statement, and investment information 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 2018 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).

2018 Florida Written Premium for Leading Malpractice Carriers

Premium Rank	Company	Direct Written Premium	Market Share	Cumulative Share
1	Doctors Company, An Interinsurance Exchange	$113,539,202	20.2%	20.2%
2	MAG Mutual Insurance Company	$66,206,801	11.8%	32.0%
3	Medical Protective Company	$46,820,197	8.3%	40.3%
4	NORCAL Mutual Insurance Company	$35,307,259	6.3%	46.6%
5	National Fire & Marine Insurance Company	$27,765,462	4.9%	51.5%
6	ProAssurance Casualty Company	$14,540,258	2.6%	54.1%
7	**MedMal Direct Insurance Company**	**$14,358,272**	**2.6%**	**56.6%**
8	American Casualty Company of Reading, PA	$14,354,063	2.6%	59.2%
9	Columbia Casualty Company	$13,791,339	2.5%	61.7%
10	Samaritan RRG, Inc.	$9,355,152	1.7%	63.3%
11	MCIC Vermont (A Reciprocal RRG)	$9,030,678	1.6%	64.9%
12	Landmark American Insurance Company	$8,419,130	1.5%	66.4%
13	Healthcare Underwriters Group, Inc.	$7,611,210	1.4%	67.8%
14	Evanston Insurance Company	$7,433,446	1.3%	69.1%

Premium Rank	Company	Direct Written Premium	Market Share	Cumulative Share
15	Admiral Insurance Company	$7,383,563	1.3%	70.4%
16	ProAssurance Specialty Insurance Company, Inc.	$6,617,163	1.2%	71.6%
17	**Physicians Insurance Company**	**$6,288,391**	**1.1%**	**72.7%**
18	Continental Casualty Company	$5,995,543	1.1%	73.8%
19	OMS National Insurance Company, RRG	$5,906,378	1.1%	74.8%
20	Ophthalmic Mutual Insurance Company (A RRG)	$5,755,024	1.0%	75.8%
21	Podiatry Insurance Company of America	$5,444,828	1.0%	76.8%
22	Ironshore Specialty Insurance Company	$5,433,050	1.0%	77.8%
23	Coverys Specialty Insurance Company	$5,191,092	0.9%	78.7%
24	Aspen American Insurance Company	$4,917,062	0.9%	79.6%
25	Arch Specialty Insurance Company	$4,749,687	0.8%	80.4%
Top 80% Total:		**$452,214,250**		
Total Florida Market:		**$562,319,186**		

In terms of organizational structure, 11 of the sample companies are licensed property/casualty insurers, nine are surplus lines companies (#5 National Fire & Marine, #9 Columbia Casualty, #12 Landmark American, #14 Evanston, #15 Admiral, #16 ProAssurance Specialty, #22 Ironshore Specialty, #23 Coverys Specialty, and #25 Arch Specialty). There was one reciprocal-type insurer (#1 Doctors Company) and four RRGs (#10 Samaritan, #11 MCIC Vermont, #19 OMS National, and #20 Ophthalmic Mutual).

There are some differences and similarities in the market when compared to the sample firms in the 2018 Annual Report on 2017. This year, achieving the 80% market share requirement required the inclusion of 25 insurers, with two of the insurers being domiciled in Florida. This is the same as the number of companies required in last year's annual report but is significantly different from the situation when the reforms were first instituted. In last year's report, 25 insurers were required and two were domiciled in Florida. However, in the original 2004 report, only 11 insurers were required, two of which were domiciled in Florida. In the 2005 report, 12 insurers were required, two of which were domiciled in Florida.

Another finding is that the total medical malpractice insurance written premium for the state of Florida as reported above increased (1.6%) to $562 million in 2018 from $553 million in 2017. However, since the 2004 reforms, the premium has decreased from $860 million in 2004 and $850 million in 2005.

Over the long term, this represents a substantial decrease (35%) in the overall medical malpractice premium reported in Florida since 2004. This could be partially attributable to the lowering of rates. However, it may also be due to new arrangements by physicians including the use of individual bonding, purchasing malpractice insurance through hospitals/employers as well as utilization of self-insurance funds, or other non-traditional insurance mechanisms.

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

2018 Florida Earned Premium, Loss, and Loss and DCC Experience for Leading Malpractice Carriers

Premium Rank	Company	Direct Earned Premium	Loss Ratio	Loss&DCC Ratio
1	Doctors Company, An Interinsurance Exchange	$113,709,261	46.5%	77.2%
2	MAG Mutual Insurance Company	$64,126,344	57.4%	85.5%
3	Medical Protective Company	$52,588,664	73.5%	86.4%
4	NORCAL Mutual Insurance Company	$34,893,192	41.1%	44.3%
5	National Fire & Marine Insurance Company	$24,708,023	49.7%	71.6%
6	ProAssurance Casualty Company	$15,513,763	36.0%	38.1%
7	MedMal Direct Insurance Company	$14,810,595	50.5%	65.0%
8	American Casualty Company of Reading, PA	$13,502,123	26.5%	36.0%
9	Columbia Casualty Company	$13,203,295	87.1%	104.7%
10	Samaritan RRG, Inc.	$9,688,128	30.9%	53.8%
11	MCIC Vermont (A Reciprocal RRG)	$9,031,418	175.6%	204.8%
12	Landmark American Insurance Company	$7,537,774	64.8%	76.9%
13	Healthcare Underwriters Group, Inc.	$6,564,757	63.2%	82.4%
14	Evanston Insurance Company	$8,169,452	91.5%	110.6%
15	Admiral Insurance Company	$6,934,853	61.5%	78.5%
16	ProAssurance Specialty Insurance Company, Inc.	$5,771,735	66.5%	92.8%
17	Physicians Insurance Company	$6,435,128	70.5%	91.8%
18	Continental Casualty Company	$7,443,643	73.7%	80.2%
19	OMS National Insurance Company, RRG	$5,937,362	49.7%	64.5%
20	Ophthalmic Mutual Insurance Company (A RRG)	$5,596,793	62.7%	75.8%
21	Podiatry Insurance Company of America	$5,341,914	48.4%	89.8%
22	Ironshore Specialty Insurance Company	$3,907,465	14.8%	21.1%
23	Coverys Specialty Insurance Company	$3,910,320	76.2%	125.1%
24	Aspen American Insurance Company	$2,854,068	52.6%	58.8%
25	Arch Specialty Insurance Company	$4,668,351	33.4%	43.5%
Top 80% Total:		$446,848,421	56.5%	77.1%
Total Florida Market:		$561,737,871	57.4%	79.1%

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 2017 the Florida all companies loss ratio was 58.7% and the 2017 Florida loss and DCC ratio was 83.7%, 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 in the previous table are "calendar year" values. As such, they represent all the loss (or loss and DCC) amounts recorded during 2018. The actual claims reported in 2018 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 2018. 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 below.

2018 One-Year Development as Percentage of 2017 Incurred Loss, and Four Prior One-Year Development Values

Company	2018	2017	2016	2015	2014
Doctors Company, An Interinsurance Exchange	-1%	-13%	-10%	-16%	-10%
MAG Mutual Insurance Company	-13%	-10%	-12%	-33%	-40%
Medical Protective Company	-37%	-55%	-38%	-50%	+126%
NORCAL Mutual Insurance Company	-7%	+10%	-0%	-21%	-21%
National Fire & Marine Insurance Company	-3%	-9%	-3%	-21%	-8%

2018 Two-Year Development as Percentage of 2016 Incurred Loss, and Four Prior Two-Year Development Values

Company	2018	2017	2016	2015	2014
Doctors Company, An Interinsurance Exchange	-13%	-24%	-26%	-27%	-21%
MAG Mutual Insurance Company	-21%	-21%	-43%	-64%	-82%
Medical Protective Company	-84%	-92%	-79%	-701%	+122%
NORCAL Mutual Insurance Company	+12%	+11%	-14%	-33%	-32%
National Fire & Marine Insurance Company	-9%	-11%	-17%	-20%	-11%

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

2018 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	9.0%	1.6%
2	MAG Mutual Insurance Company	6.7%	4.0%
3	Medical Protective Company	13.5%	1.4%
4	NORCAL Mutual Insurance Company	11.3%	1.7%
5	National Fire & Marine Insurance Company	31.9%	0.0%
6	ProAssurance Casualty Company	0.0%	1.7%
7	MedMal Direct Insurance Company	0.0%	1.8%
8	American Casualty Company of Reading, PA	37.8%	1.3%
9	Columbia Casualty Company	15.0%	0.0%
10	Samaritan RRG, Inc.	7.9%	0.0%
11	MCIC Vermont (A Reciprocal RRG)	0.1%	2.8%
12	Landmark American Insurance Company	21.0%	0.0%
13	Healthcare Underwriters Group, Inc.	9.6%	1.5%
14	Evanston Insurance Company	18.8%	0.2%
15	Admiral Insurance Company	16.3%	0.0%
16	ProAssurance Specialty Insurance Company, Inc.	20.2%	0.0%
17	Physicians Insurance Company	10.4%	2.0%
18	Continental Casualty Company	10.4%	3.8%
19	OMS National Insurance Company, RRG	6.0%	0.0%
20	Ophthalmic Mutual Insurance Company (A RRG)	0.0%	0.0%
21	Podiatry Insurance Company of America	0.9%	2.0%
22	Ironshore Specialty Insurance Company	10.3%	0.0%
23	Coverys Specialty Insurance Company	16.9%	0.0%
24	Aspen American Insurance Company	24.0%	1.5%
25	Arch Specialty Insurance Company	16.5%	0.0%

The commission 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.

2018 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	7.9%	10.6%	2.5%
2	MAG Mutual Insurance Company	3.3%	13.6%	4.4%
3	Medical Protective Company	1.7%	8.9%	5.9%
4	NORCAL Mutual Insurance Company	7.0%	5.6%	8.0%
5	National Fire & Marine Insurance Company	8.2%	1.6%	0.5%
6	ProAssurance Casualty Company	10.7%	2.7%	5.4%
7	**MedMal Direct Insurance Company**	**3.7%**	**14.7%**	**10.5%**
8	American Casualty Company of Reading, PA	2.3%	3.2%	2.6%
9	Columbia Casualty Company	2.2%	7.1%	6.0%
10	Samaritan RRG, Inc.	-0.2%	4.4%	0.3%
11	MCIC Vermont (A Reciprocal RRG)	0.0%	0.0%	0.0%
12	Landmark American Insurance Company	0.7%	0.3%	0.4%
13	Healthcare Underwriters Group, Inc.	5.9%	4.8%	1.9%
14	Evanston Insurance Company	7.1%	12.0%	0.2%
15	Admiral Insurance Company	2.1%	5.9%	4.2%
16	ProAssurance Specialty Insurance Company, Inc.	13.6%	3.5%	5.8%
17	**Physicians Insurance Company**	**2.0%**	**8.4%**	**9.1%**
18	Continental Casualty Company	17.2%	4.9%	3.5%
19	OMS National Insurance Company, RRG	5.4%	23.3%	5.3%
20	Ophthalmic Mutual Insurance Company (A RRG)	5.2%	17.8%	13.5%
21	Podiatry Insurance Company of America	7.9%	0.0%	16.9%
22	Ironshore Specialty Insurance Company	0.1%	3.0%	0.0%
23	Coverys Specialty Insurance Company	8.3%	19.6%	6.8%
24	Aspen American Insurance Company	3.9%	8.5%	2.7%
25	Arch Specialty Insurance Company	5.9%	3.8%	4.3%

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.

2018 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	23.7%	17
2	MAG Mutual Insurance Company	28.7%	11
3	Medical Protective Company	29.7%	9
4	NORCAL Mutual Insurance Company	26.6%	14
5	National Fire & Marine Insurance Company	34.0%	5
6	ProAssurance Casualty Company	9.8%	24
7	**MedMal Direct Insurance Company**	**27.0%**	**13**
8	American Casualty Company of Reading, PA	44.9%	1
9	Columbia Casualty Company	28.1%	12
10	Samaritan RRG, Inc.	12.6%	23
11	MCIC Vermont (A Reciprocal RRG)	2.9%	25
12	Landmark American Insurance Company	21.7%	19
13	Healthcare Underwriters Group, Inc.	17.8%	21
14	Evanston Insurance Company	31.2%	7
15	Admiral Insurance Company	26.4%	15
16	ProAssurance Specialty Insurance Company, Inc.	29.5%	10
17	**Physicians Insurance Company**	**29.9%**	**8**
18	Continental Casualty Company	22.6%	18
19	OMS National Insurance Company, RRG	34.6%	4
20	Ophthalmic Mutual Insurance Company (A RRG)	31.3%	6
21	Podiatry Insurance Company of America	19.8%	20
22	Ironshore Specialty Insurance Company	13.3%	22
23	Coverys Specialty Insurance Company	43.3%	2
24	Aspen American Insurance Company	36.7%	3
25	Arch Specialty Insurance Company	24.6%	16

While the differences are not as pronounced as in some of the individual expense component analyses, these ratios still range from as low[4] as 2.9% to a high of 44.9%. Among the top five carriers, one has an expense ratio of 34%, while the remaining four all have ratios in a range between 23% and 30%.

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 2018 losses and changes in the 2017 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 2018 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 non-AOE expense ratios shown in the previous tables to produce estimated combined ratios. The results are shown in the table below.

2018 Direct Estimated Florida Malpractice Combined Ratios for Leading Florida Malpractice Carriers

Premium Rank	Company	Combined Ratio
1	Doctors Company, An Interinsurance Exchange	108.8%
2	MAG Mutual Insurance Company	117.5%
3	Medical Protective Company	117.8%
4	NORCAL Mutual Insurance Company	77.9%
5	National Fire & Marine Insurance Company	113.8%
6	ProAssurance Casualty Company	58.6%
7	MedMal Direct Insurance Company	95.7%
8	American Casualty Company of Reading, PA	83.2%
9	Columbia Casualty Company	135.0%
10	Samaritan RRG, Inc.	66.2%
11	MCIC Vermont (A Reciprocal RRG)	207.7%
12	Landmark American Insurance Company	99.3%
13	Healthcare Underwriters Group, Inc.	106.1%

[4] An expense ratio of 2.9% is very unusual, since some expenses are needed to administer policies. What entity pays those costs for MCIC Vermont (A Reciprocal RRG) and how the costs are funded is not known.

Premium Rank	Company	Combined Ratio
14	Evanston Insurance Company	148.9%
15	Admiral Insurance Company	107.0%
16	ProAssurance Specialty Insurance Company, Inc.	135.9%
17	Physicians Insurance Company	123.7%
18	Continental Casualty Company	120.0%
19	OMS National Insurance Company, RRG	104.5%
20	Ophthalmic Mutual Insurance Company (A RRG)	112.3%
21	Podiatry Insurance Company of America	117.5%
22	Ironshore Specialty Insurance Company	34.5%
23	Coverys Specialty Insurance Company	176.7%
24	Aspen American Insurance Company	99.4%
25	Arch Specialty Insurance Company	74.0%

There is a broad range of different combined ratios among the top Florida malpractice carriers. Sixteen (16) show combined ratios over 100%, with 10 showing combined ratios over 115%. Reserving complications could exacerbate the values, but the 2017 year generated 11 companies with combined ratios over 100%, 10 of which had loss ratios over 115%. As with the loss and DCC ratios, these ratios are subject to potential distortions due to development on older years. It is 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[5] 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 Florida medical malpractice. There are many ways in use to allocate surplus to line and state. In

[5] 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.

the interest of simplicity, an approach of allocating surplus according to direct[6] written premium was used. The results are shown in the following chart.

2018 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	$360.25
2	MAG Mutual Insurance Company	$196.32
3	Medical Protective Company	$155.97
4	NORCAL Mutual Insurance Company	$94.36
5	National Fire & Marine Insurance Company	$97.95
6	ProAssurance Casualty Company	$26.97
7	MedMal Direct Insurance Company	$11.33
8	American Casualty Company of Reading, PA	$3.39
9	Columbia Casualty Company	$5.76
10	Samaritan RRG, Inc.	$24.65
11	MCIC Vermont (A Reciprocal RRG)	$14.28
12	Landmark American Insurance Company	$2.40
13	Healthcare Underwriters Group, Inc.	$12.38
14	Evanston Insurance Company	$6.45
15	Admiral Insurance Company	$8.68
16	ProAssurance Specialty Insurance Company, Inc.	$2.63
17	Physicians Insurance Company	$4.94
18	Continental Casualty Company	$9.22
19	OMS National Insurance Company, RRG	$21.84
20	Ophthalmic Mutual Insurance Company (A RRG)	$29.09
21	Podiatry Insurance Company of America	$8.68
22	Ironshore Specialty Insurance Company	$1.25
23	Coverys Specialty Insurance Company	$4.86
24	Aspen American Insurance Company	$5.87

The next step involves estimating the total profit that each company earned in Florida during 2018. 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 2018 were subtracted from the underwriting profit, so the results would be comparable to the

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

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 2018 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	-$12.79	$24.63	$11.84
2	MAG Mutual Insurance Company	-$18.37	$16.14	-$2.23
3	Medical Protective Company	-$9.43	$14.97	$5.54
4	NORCAL Mutual Insurance Company	$7.69	$5.88	$13.57
5	National Fire & Marine Insurance Company	-$3.42	$7.61	$4.19
6	ProAssurance Casualty Company	$6.41	$3.04	$9.45
7	**MedMal Direct Insurance Company**	**$0.65**	**$0.68**	**$1.33**
8	American Casualty Company of Reading, PA	$2.27	$0.52	$2.79
9	Columbia Casualty Company	-$4.63	$1.24	-$3.39
10	Samaritan RRG, Inc.	$3.27	-$2.21	$1.06
11	MCIC Vermont (A Reciprocal RRG)	-$9.72	$0.99	-$8.73
12	Landmark American Insurance Company	$0.06	$0.56	$0.62
13	Healthcare Underwriters Group, Inc.	-$0.39	$1.29	$0.90
14	Evanston Insurance Company	-$3.99	$2.01	-$1.98
15	Admiral Insurance Company	-$0.48	$0.53	$0.05
16	ProAssurance Specialty Insurance Company, Inc.	-$2.08	$0.40	-$1.68
17	**Physicians Insurance Company**	**-$1.53**	**$0.80**	**-$0.73**
18	Continental Casualty Company	-$1.49	$1.55	$0.06
19	OMS National Insurance Company, RRG	-$0.27	$0.97	$0.70
20	Ophthalmic Mutual Insurance Company (A RRG)	-$1.46	$1.18	-$0.28
21	Podiatry Insurance Company of America	-$0.93	$0.95	$0.02
22	Ironshore Specialty Insurance Company	$2.56	$0.46	$3.02
23	Coverys Specialty Insurance Company	-$2.99	$0.27	-$2.72
24	Aspen American Insurance Company	$0.02	$0.07	$0.09
25	Arch Specialty Insurance Company	$1.21	$0.23	$1.44

Using that, and the tax rate each company paid on total income in 2018 (capped between 0% and 35%), one may compute the estimate direct post-tax profit and return on surplus. The results are shown in the table below.

Estimated 2018 Post-Tax Florida Medical Malpractice Profit (in Millions) and Return on Surplus for Leading Malpractice Carriers

Premium Rank	Company	Capped Tax Rate	Post-Tax Profit	Return on Surplus
1	Doctors Company, An Interinsurance Exchange	0.0%	$11.84	3.3%
2	MAG Mutual Insurance Company	0.0%	-$2.23	-1.1%
3	Medical Protective Company	17.5%	$4.57	2.9%
4	NORCAL Mutual Insurance Company	6.9%	$12.63	13.4%
5	National Fire & Marine Insurance Company	10.0%	$3.77	3.9%
6	ProAssurance Casualty Company	0.0%	$9.45	35.0%
7	**MedMal Direct Insurance Company**	**2.8%**	**$1.29**	**11.4%**
8	American Casualty Company of Reading, PA	0.0%	$2.79	82.2%
9	Columbia Casualty Company	19.6%	-$2.72	-47.3%
10	Samaritan RRG, Inc.	35.0%	$0.69	2.8%
11	MCIC Vermont (A Reciprocal RRG)	0.0%	-$8.73	-61.1%
12	Landmark American Insurance Company	17.4%	$0.51	21.4%
13	Healthcare Underwriters Group, Inc.	0.0%	$0.90	7.3%
14	Evanston Insurance Company	11.1%	-$1.76	-27.3%
15	Admiral Insurance Company	10.2%	$0.04	0.5%
16	ProAssurance Specialty Insurance Company, Inc.	23.3%	-$1.29	-49.0%
17	**Physicians Insurance Company**	**0.0%**	**-$0.73**	**-14.8%**
18	Continental Casualty Company	7.5%	$0.06	0.6%
19	OMS National Insurance Company, RRG	19.5%	$0.56	2.6%
20	Ophthalmic Mutual Insurance Company (A RRG)	0.0%	-$0.28	-1.0%
21	Podiatry Insurance Company of America	13.3%	$0.02	0.2%
22	Ironshore Specialty Insurance Company	35.0%	$1.96	156.7%
23	Coverys Specialty Insurance Company	19.4%	-$2.19	-45.1%
24	Aspen American Insurance Company	0.0%	$0.09	1.5%
25	Arch Specialty Insurance Company	27.3%	$1.05	33.4%

The leading Florida medical malpractice carrier, the Doctors Company, generated an estimated 3.3% return on surplus in 2018. The carrier showing the highest estimated return on surplus (#22 Ironshore) is a surplus lines company. Among other things, this is heavily affected by the ratio of written premium to surplus. For example, #14 Evanston Insurance's ratio of written premium to allocated Florida surplus is 115%, but the Doctors Company's ratio is 32%. That low ratio of premium to surplus also explains why the Doctors Company, which had a significant

underwriting profit on premium in prior years, had a fairly typical return on surplus in those years.

The Florida values are compared to the countrywide returns on surplus posted by those carriers in the 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 2018 Post-Tax Florida Medical Malpractice Direct Return on Surplus to All Lines Companywide Net Return on Surplus for the Top Total Malpractice Carriers

Premium Rank	Company	Florida Direct Post-Capped-Tax Return on Surplus	Florida Direct Post-Uncapped-Tax Return on Surplus	Countrywide Net Post-Tax Return on Surplus
1	Doctors Company, An Interinsurance Exchange	3.3%	3.7%	2.9%
2	MAG Mutual Insurance Company	-1.1%	-1.3%	5.8%
3	Medical Protective Company	2.9%	2.9%	8.4%
4	NORCAL Mutual Insurance Company	13.4%	13.4%	6.3%
5	National Fire & Marine Insurance Company	3.9%	3.8%	4.0%
6	ProAssurance Casualty Company	35.0%	42.3%	7.4%
7	**MedMal Direct Insurance Company**	**11.4%**	**11.3%**	**-15.8%**
8	American Casualty Company of Reading, PA	82.2%	82.4%	1.7%
9	Columbia Casualty Company	-47.3%	-47.3%	3.4%
10	Samaritan RRG, Inc.	2.8%	0.8%	0.9%
11	MCIC Vermont (A Reciprocal RRG)	-61.1%	-73.8%	2.5%
12	Landmark American Insurance Company	21.4%	21.3%	7.7%
13	Healthcare Underwriters Group, Inc.	7.3%	16.2%	4.7%
14	Evanston Insurance Company	-27.3%	-27.3%	24.4%
15	Admiral Insurance Company	0.5%	0.5%	1.9%
16	ProAssurance Specialty Insurance Company, Inc.	-49.0%	-48.9%	5.7%
17	**Physicians Insurance Company**	**-14.8%**	**-14.7%**	**-13.1%**
18	Continental Casualty Company	0.6%	0.6%	13.3%
19	OMS National Insurance Company, RRG	2.6%	2.5%	1.7%
20	Ophthalmic Mutual Insurance Company (A RRG)	-1.0%	-1.0%	1.5%
21	Podiatry Insurance Company of America	0.2%	0.1%	7.1%

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
22	Ironshore Specialty Insurance Company	156.7%	86.7%	1.8%
23	Coverys Specialty Insurance Company	-45.1%	-45.2%	2.0%
24	Aspen American Insurance Company	1.5%	1.8%	-3.8%
25	Arch Specialty Insurance Company	33.4%	33.4%	2.9%
Top 80% Averages:		**4.7%**	**4.0%**	**4.0%**
Averages for Total Florida Market:		**-13.2%**	**-12.9%**	**1.1%**

The data above suggest that in 2018, Florida medical malpractice policies of the top 25 carriers generated lesser returns comparable to that of the carriers' other policies. However, this may be distorted by volatility in claims costs (as discussed on pages 14 and 25). Note also that the majority of the difference between the 4.7% return for the leading carriers in Florida and the -13.2% return for the market as a whole is due almost entirely to the losses of two insurance companies and one risk retention group.

While the Florida returns have been low overall, 17 carriers posted positive operating returns under the capped tax approach, and eight carriers posted negative returns on surplus from Florida policy earnings using the capped tax rates. Should this situation worsen, it is possible that the direct return on surplus in Florida may be significantly stressed at some future time.

Overall Financial Strength Measures for Leading Medical Malpractice Carriers in Florida

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

One key metric from the last chart of the previous section, the overall countrywide return on surplus, relates to the overall financial strength of the Florida malpractice carriers. Specifically, the average countrywide post-tax net of reinsurance return was 4.0% for the leading carriers and 1.1% for the market as a whole. Considering that in 2018 the Dow Jones industrial stocks[7] lost 6.7% and the Standard and Poor's index lost 7.0%, the return of the carriers appears to be different from the overall stock market, although both have shown volatility. However, this still generally supports the viability of the leading Florida malpractice carriers in the medium term.

[7] All items were computed using the Finance section in Google.com.

Three of the carriers, two of which are Florida domestics, had negative overall countrywide returns, though.

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 below shows the percentage change during 2018 in the cost of claims underlying the 2017 reserves and the percentage change during the 2017-2018 period in the cost of claims held in the 2016 reserves. It only reflects the changes that emerged over the period in question and the cost of claims might continue to change until the last claim is paid. Ratios of the change in accrued costs to the prior booked reserve (a measure of loss reserving accuracy) and ratios of the change in accrued costs to policyholder's surplus (a measure of the threat to solvency) are included below. A positive measure represents an increase in costs and a negative value a reduction in costs.

One-Year Development on Countrywide All Lines 2017 Loss and Loss Adjustment Expense Reserves and Two-Year Development on 2016 Reserves

Florida Written Premium Rank	Company	All Lines One-Year Reserve Development		All Lines Two-Year Reserve Development	
		As Percentage of 2017 Reserves	As Percentage of 2017 Surplus	As Percentage of 2016 Reserves	As Percentage of 2016 Surplus
1	Doctors Company, An Interinsurance Exchange	-0.5%	-0.3%	-4.7%	-3.6%
2	MAG Mutual Insurance Company	-5.3%	-3.4%	-8.9%	-5.1%
3	Medical Protective Company	-7.6%	-3.1%	-17.0%	-8.2%
4	NORCAL Mutual Insurance Company	-2.7%	-2.3%	7.9%	7.0%
5	National Fire & Marine Insurance Company	-2.0%	-0.5%	-8.0%	-1.9%
6	ProAssurance Casualty Company	-3.3%	-6.0%	-12.4%	-16.8%
7	MedMal Direct Insurance Company	5.4%	5.9%	37.7%	25.1%
8	American Casualty Company of Reading, PA	0.0%	0.0%	0.0%	0.0%
9	Columbia Casualty Company	0.0%	0.0%	0.0%	0.0%
10	Samaritan RRG, Inc.	-5.1%	-2.3%	-15.1%	-7.6%
11	MCIC Vermont (A Reciprocal RRG)	-2.1%	-3.7%	-2.0%	-3.7%
12	Landmark American Insurance Company	-4.7%	-1.8%	-6.9%	-1.9%
13	Healthcare Underwriters Group, Inc.	0.0%	0.0%	-3.3%	-1.9%
14	Evanston Insurance Company	-6.5%	-10.5%	-10.8%	-18.9%
15	Admiral Insurance Company	0.0%	0.0%	0.0%	0.0%
16	ProAssurance Specialty Insurance Company, Inc.	0.0%	0.0%	0.0%	0.0%
17	Physicians Insurance Company	39.8%	36.4%	33.9%	22.6%
18	Continental Casualty Company	-0.8%	-1.4%	-3.1%	-5.1%

Florida Written Premium Rank	Company	All Lines One-Year Reserve Development As Percentage of 2017 Reserves	All Lines One-Year Reserve Development As Percentage of 2017 Surplus	All Lines Two-Year Reserve Development As Percentage of 2016 Reserves	All Lines Two-Year Reserve Development As Percentage of 2016 Surplus
19	OMS National Insurance Company, RRG	-3.9%	-1.7%	-15.6%	-8.3%
20	Ophthalmic Mutual Insurance Company (A RRG)	2.0%	0.4%	9.4%	1.8%
21	Podiatry Insurance Company of America	-1.8%	-2.3%	-2.7%	-3.0%
22	Ironshore Specialty Insurance Company	0.0%	0.0%	0.0%	0.0%
23	Coverys Specialty Insurance Company	0.0%	0.0%	0.0%	0.0%
24	Aspen American Insurance Company	9.9%	3.8%	48.8%	16.7%
25	Arch Specialty Insurance Company	0.0%	0.0%	1.2%	0.2%

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 2016 and 2017 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 2016 and 2017 reserves were set conservatively. The latter scenario would suggest significant financial strength among medical malpractice carriers.

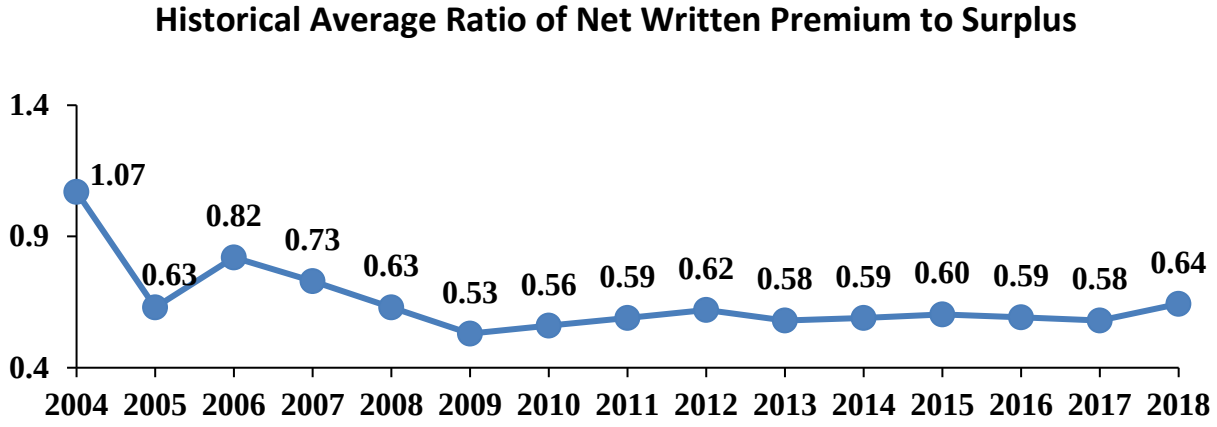
Another approach to solvency is to relate the premium sold or "written" by a company to its surplus. This relates the degree of risk in the form of the risk of a premium shortfall associated with the premium to the company's resources for funding a shortfall should it emerge. Ratios of both direct and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

2018 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	31.5%	30.8%
2	MAG Mutual Insurance Company	33.7%	37.5%
3	Medical Protective Company	30.0%	13.4%
4	NORCAL Mutual Insurance Company	37.4%	44.2%
5	National Fire & Marine Insurance Company	28.3%	24.5%
6	ProAssurance Casualty Company	53.9%	73.2%
7	MedMal Direct Insurance Company	**126.7%**	**92.6%**
8	American Casualty Company of Reading, PA	423.2%	0.0%

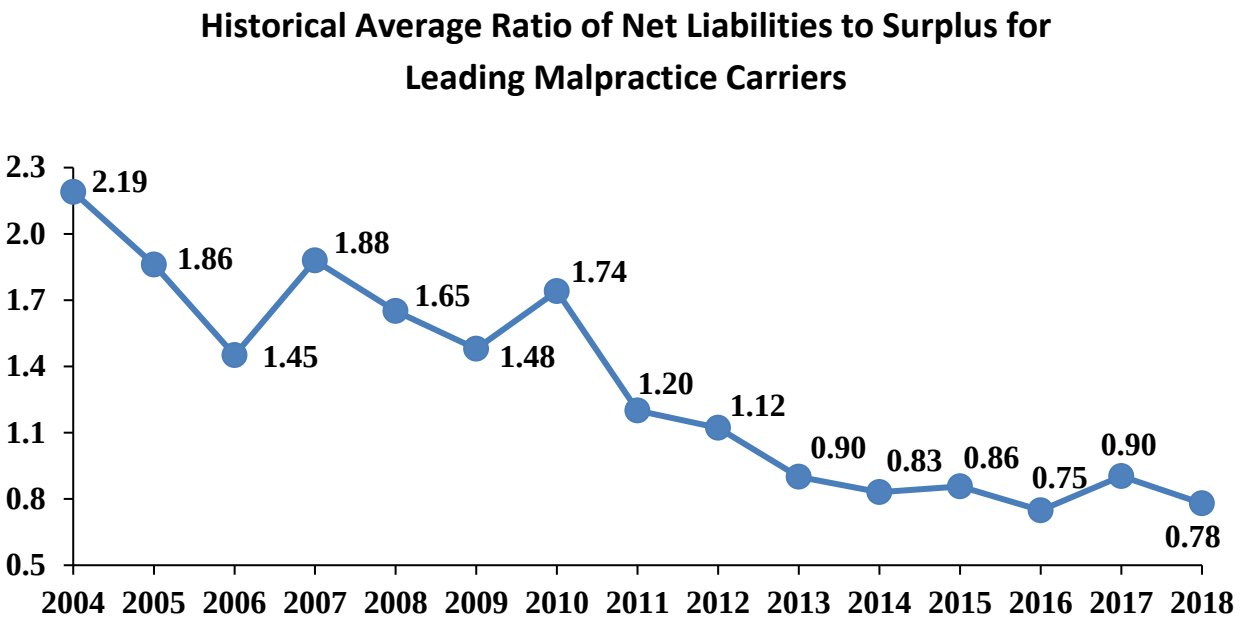
Florida Written Premium Rank	Company	All Lines Direct Premiums to Surplus Ratio	All Lines Net Premiums to Surplus Ratio
9	Columbia Casualty Company	239.6%	0.0%
10	Samaritan RRG, Inc.	38.0%	38.0%
11	MCIC Vermont (A Reciprocal RRG)	63.2%	61.3%
12	Landmark American Insurance Company	351.2%	31.5%
13	Healthcare Underwriters Group, Inc.	61.5%	-18.9%
14	Evanston Insurance Company	115.3%	92.4%
15	Admiral Insurance Company	85.0%	0.0%
16	ProAssurance Specialty Insurance Company, Inc.	251.7%	0.0%
17	**Physicians Insurance Company**	**127.2%**	**100.4%**
18	Continental Casualty Company	65.0%	59.3%
19	OMS National Insurance Company, RRG	27.0%	22.7%
20	Ophthalmic Mutual Insurance Company (A RRG)	19.8%	17.9%
21	Podiatry Insurance Company of America	62.7%	62.9%
22	Ironshore Specialty Insurance Company	433.7%	0.0%
23	Coverys Specialty Insurance Company	106.7%	0.0%
24	Aspen American Insurance Company	83.8%	62.4%
25	Arch Specialty Insurance Company	151.4%	0.0%

It is generally thought to be highly desirable for the net written premium to surplus ratio to be under 300%. All of the carriers fall into that category. That suggests that the medical malpractice industry, as a whole, is financially strong. The overall average net written premium to surplus ratio (weighting the ratio of each company writing in Florida by its 2018 Florida medical malpractice written premium) was 0.64. As the graph below shows, it is slightly higher than the ratio developed in 2017, but still the highest since 2007 and still well below 300%, or even 100%.



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.

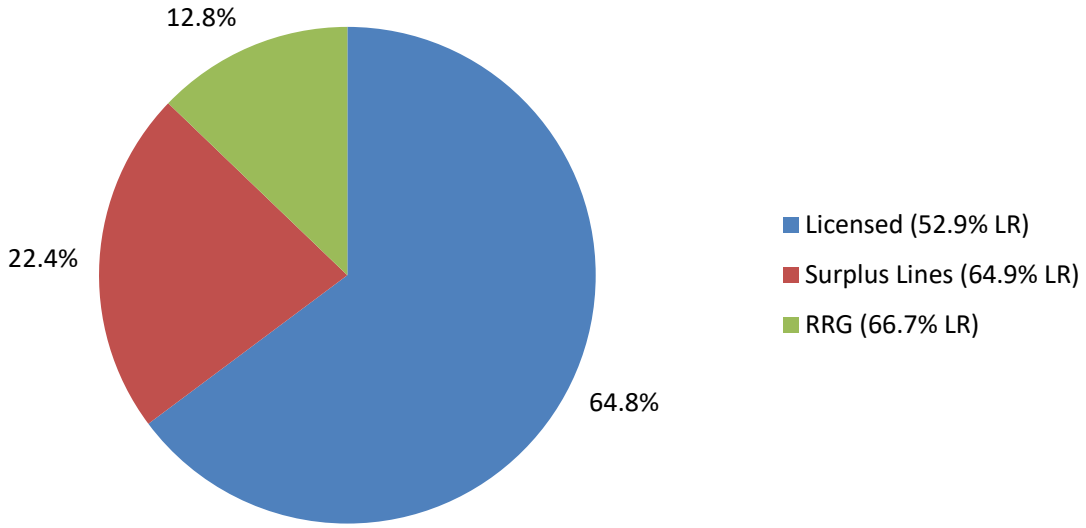


There is no precise statutory requirement for the net liabilities to surplus ratio, although the more recent ratios certainly suggest enhanced financial strength.

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 2018 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 write medical malpractice in Florida, its license generally allows it to write all types of medical malpractice coverage. 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 2018, the following insurance companies and risk retention groups entered the medical malpractice insurance market in Florida.

Carriers Entering the Florida Medical Malpractice Market in 2018

Company	Type of Entity	Domiciliary State
Ashmere Insurance Company	**Property/Casualty Insurer**	**FL**
Crestbrook Insurance Company	Property/Casualty Insurer	OH
Freedom Specialty Insurance Company	Property/Casualty Insurer	OH
ISMIE Mutual Insurance Company	Property/Casualty Insurer	IL
State Volunteer Mutual Insurance Company	Property/Casualty Insurer	TN
Coverys RRG, Inc.	RRG	DC
Healthcare Professional Risk Retention Group,	RRG	NC
National Guardian Risk Retention Group, Inc.	RRG	HI
Practice Protection Insurance Company (A Risk Retention Group)	RRG	VT

In 2018, nine insurance carriers entered the Florida market. Only four of the new entrants are risk retention groups.

Of the nine new carriers, five are admitted insurers. This is roughly comparable to the four new insurers that were admitted into the Florida medical malpractice market both in 2016 and in 2015. In 2017, a larger amount (11) were admitted in Florida. As noted in previous reports, it may be premature to draw broad conclusions about the Florida market from this data.

No new risk purchasing groups were registered in Florida during 2018. Risk purchasing groups do not provide insurance. They pool insureds into groups to make them more attractive to insurers already licensed in Florida.

One insurance company (Access Insurance Company) had its Florida license revoked during 2018. One reinsurer (Swiss Reinsurance Company, Ltd.) was certified for medical malpractice reinsurance in Florida during 2018.

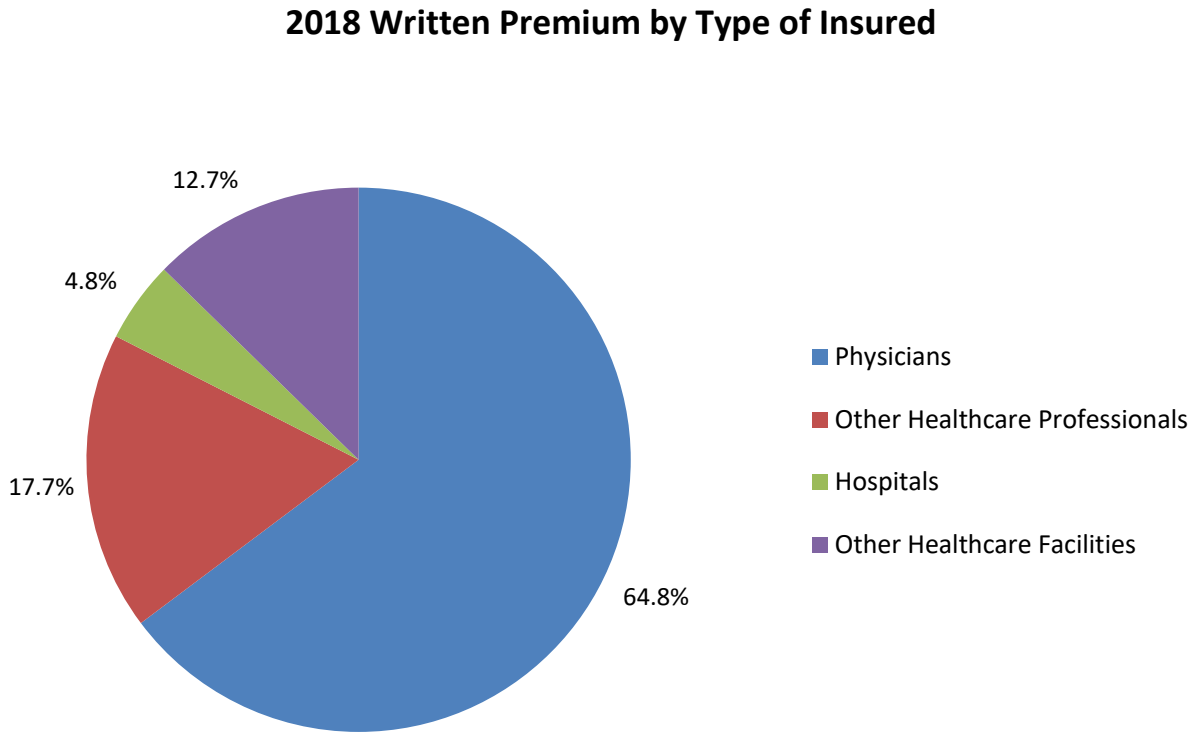
Recent Medical Malpractice Legislation

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

Analysis of the Physicians and Surgeons Subline

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

As the following chart shows, the physicians and surgeons category represents 65% of the 2018 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 2018.

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.

2018 Top 10 States by Physicians Malpractice Direct Written Premium

State	Physicians Written Premium	Physicians Written Premium Rank	All Medical Malpractice Written Premium Rank
New York	$969,251,501	**1**	1
California	$424,234,887	**2**	2
Florida	**$363,763,686**	**3**	**4**
Illinois	$284,853,690	**4**	5
New Jersey	$262,985,118	**5**	6
Pennsylvania	$234,102,348	**6**	3
Georgia	$174,161,826	**7**	9
Arizona	$140,074,202	**8**	12
Texas	$136,302,597	**9**	7
Maryland	$133,544,397	**10**	10

These closely mirror the all malpractice rankings. Only one of the top 10 states for all medical malpractice (#8 Massachusetts) is not on this list. Pennsylvania, Georgia, Texas, and Arizona have noticeably different rankings for physicians malpractice than for all medical malpractice. The precise reason is not known, but it is possible that in Massachusetts, Pennsylvania, and Texas, physicians may be much more prone to obtain coverage as part of their association with a hospital.

While DCC information and expense information by subline is not included in the NAIC database, incurred loss and earned premium information is included. The 2018 loss ratios of strictly physicians malpractice for the top 10 states is on the next page.

2018 Direct Loss Ratios of Top 10 Physicians Malpractice States

Premium Rank	State	Physicians Direct Loss Ratio
7	Georgia	90.7%
6	Pennsylvania	64.1%
3	**Florida**	**57.9%**
1	New York	54.5%
4	Illinois	51.3%
2	California	48.2%
9	Texas	47.6%
8	Arizona	34.4%
5	New Jersey	26.2%
10	Maryland	25.1%

Florida ranks third in this list, the same as in 2017, and its rank is similar to its rank (fourth) in the total malpractice review. Further, five of the top 10 physicians malpractice states (Georgia, Pennsylvania, Florida, New York, and Illinois) had loss ratios of over 50%.

Since physicians malpractice 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 2018 Direct Combined Ratios of Top 10 Physicians Malpractice States

Premium Rank	State	Physicians Combined Ratio
7	Georgia	142.5%
4	Illinois	113.0%
3	**Florida**	**112.0%**
1	New York	106.9%
2	California	105.5%
6	Pennsylvania	104.4%
9	Texas	100.9%
8	Arizona	77.7%
5	New Jersey	72.1%
10	Maryland	54.3%

[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.

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

Leading Physicians Carriers in Florida

As with the total malpractice 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 requires 10 carriers, compared to nine last year, to constitute 80% of the physicians malpractice market in Florida.

Key 2018 Financial Information for Top Physicians Malpractice Carriers in Florida

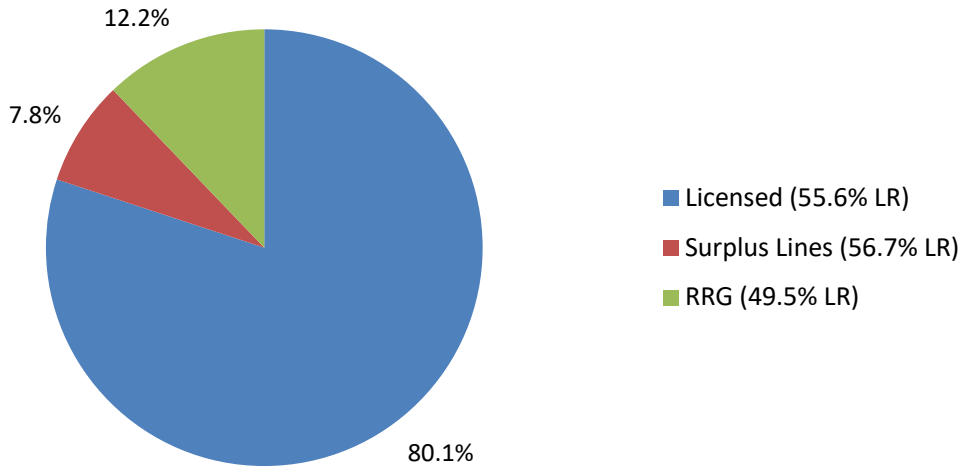
Company	Direct Florida Physicians Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Physicians Earned Premium	Direct Loss Ratio
Doctors Company, An Interinsurance Exchange	$99,515,512	1	27.4%	27.4%	$100,134,272	44.6%
MAG Mutual Insurance Company	$65,545,132	2	18.0%	45.4%	$63,437,292	58.1%
Medical Protective Company	$35,283,621	3	9.7%	55.1%	$37,406,305	96.9%
NORCAL Mutual Insurance Company	$35,050,273	4	9.6%	64.7%	$34,686,512	41.5%
MedMal Direct Insurance Company	**$14,358,272**	**5**	**3.9%**	**68.7%**	**$14,711,177**	**50.8%**
ProAssurance Casualty Company	$14,050,736	6	3.9%	72.5%	$15,062,303	38.5%
Samaritan RRG, Inc.	$9,355,152	7	2.6%	75.1%	$9,688,128	30.9%
Healthcare Underwriters Group, Inc.	$7,611,210	8	2.1%	77.2%	$6,564,757	63.2%
Physicians Insurance Company	**$6,288,391**	**9**	**1.7%**	**78.9%**	**$6,435,128**	**70.5%**
Ophthalmic Mutual Insurance Company (A RRG)	$5,755,024	10	1.6%	80.5%	$5,596,793	62.7%

The loss ratios for the top 10 insurers vary widely. The loss ratios of the #4 carrier, NORCAL, and the #3 carrier, Medical Protective, range from 42% to 97%. 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 25 companies are required to include 80% of the overall medical malpractice market.

Composition of Florida Physicians Malpractice Market by Type of Insurer

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

Composition of 2018 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.

2018 Percentage of Leading Carriers' All Lines Countrywide Direct Written Premium that is from Physicians Malpractice (All States)

Florida Physicians Premium Rank	Company	Physicians Written Premium to Total Written Premium Ratio
1	Doctors Company, An Interinsurance Exchange	92.0%
2	MAG Mutual Insurance Company	92.3%
3	Medical Protective Company	62.2%
4	NORCAL Mutual Insurance Company	98.6%
5	MedMal Direct Insurance Company	100.0%
6	ProAssurance Casualty Company	86.1%
7	Samaritan RRG, Inc.	100.0%
8	Healthcare Underwriters Group, Inc.	100.0%
9	Physicians Insurance Company	100.0%
10	Ophthalmic Mutual Insurance Company (A RRG)	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.

2018 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	15.7%
2	MAG Mutual Insurance Company	24.9%
3	Medical Protective Company	6.1%
4	NORCAL Mutual Insurance Company	12.6%
5	MedMal Direct Insurance Company	78.7%
6	ProAssurance Casualty Company	10.6%
7	Samaritan RRG, Inc.	100.0%
8	Healthcare Underwriters Group, Inc.	54.9%
9	Physicians Insurance Company	99.4%
10	Ophthalmic Mutual Insurance Company (A RRG)	13.6%

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	28	775
MAG Mutual Insurance Company	18	336
Medical Protective Company	10	97
NORCAL Mutual Insurance Company	10	96
MedMal Direct Insurance Company	**4**	**16**
ProAssurance Casualty Company	4	15
Samaritan RRG, Inc.	3	7
Healthcare Underwriters Group, Inc.	2	5
Physicians Insurance Company	**2**	**3**
Ophthalmic Mutual Insurance Company (A RRG)	2	3
All Other Groups & Companies	17	15
Herfindahl-Hirschman Index		**1,368**

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 write malpractice policies in Florida.

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

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

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

Company	Florida Physicians Market Share	Is 25% of Cos. Business Replaceable by 10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Doctors Company, An Interinsurance Exchange	28%	Yes	Yes	Yes
MAG Mutual Insurance Company	18%	Yes	Yes	Yes
Medical Protective Company	10%	Yes	Yes	Yes
NORCAL Mutual Insurance Company	10%	Yes	Yes	Yes
MedMal Direct Insurance Company	4%	Yes	Yes	Yes
ProAssurance Casualty Company	4%	Yes	Yes	Yes
Samaritan RRG, Inc.	3%	Yes	Yes	Yes
Healthcare Underwriters Group, Inc.	2%	Yes	Yes	Yes
Physicians Insurance Company	2%	Yes	Yes	Yes
Ophthalmic Mutual Insurance Company (A RRG)	2%	Yes	Yes	Yes

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

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

Company	Florida Physicians Market Share	Is Withdrawal of Co. Replaceable by 10% Growth by Competitors	15% Growth by Competitors	25% Growth by Competitors
Doctors Company, An Interinsurance Exchange	28%	No	No	No
MAG Mutual Insurance Company	18%	No	No	Yes
Medical Protective Company	10%	No	Yes	Yes
NORCAL Mutual Insurance Company	10%	No	Yes	Yes
MedMal Direct Insurance Company	4%	Yes	Yes	Yes
ProAssurance Casualty Company	4%	Yes	Yes	Yes
Samaritan RRG, Inc.	3%	Yes	Yes	Yes
Healthcare Underwriters Group, Inc.	2%	Yes	Yes	Yes
Physicians Insurance Company	2%	Yes	Yes	Yes
Ophthalmic Mutual Insurance Company (A RRG)	2%	Yes	Yes	Yes

In the event of an outright withdrawal from Florida, the physicians malpractice market is at risk of availability problems in four situations (the same as in 2017). Should the #1 group leave

Florida, the remaining carriers would have to increase their writings by more than 25% (actually, by approximately 39%) for all Florida physician policyholders to be served. Should the #2 carrier exit the market, a substantial, but more modest, writing increase of 22% would be required of the remaining groups. Should the #3 or #4 carrier exit the market, a writing increase of approximately 11% 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 2018 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 three carrier in Arizona, Preferred Physicians Medical RRG, and the number three carrier in California, Mutual RRG, Inc., because as risk retention groups they are not required to file rates in Arizona or California. The Office was also unable to rate the examples for the number two carrier in Texas, The Medical Protective Company, as the state rating manual was filed as confidential with the Texas Insurance Department. All other examples could be prepared. 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 on the next page.

Summary of Results of Premium Comparisons between Leading States

Physician Class	State Rank	State	Company	Territory	Premium
Results for Territories with Highest Rates					
Family Practitioner	**Highest (1)**	**Florida**	**MAG Mutual**	**Broward, Dade**	**$ 44,484**
	1	**Florida**	**MAG Mutual**	**Broward, Dade**	**$ 44,484**
	Lowest (10)	California	Doctors Company	Riverside, San Bernardino	$ 11,009
Emergency Room Dr.	**Highest (1)**	**Florida**	**Doctors Company**	**Dade**	**$ 92,741**
	1	**Florida**	**Doctors Company**	**Dade**	**$ 92,741**
	Lowest (10)	Georgia	MAG Mutual	Remainder of State	$ 24,592
Orthopedist	Highest (1)	New York	Medical Liability Mutual	Nassau, Suffolk	$ 140,199
	4	**Florida**	**Doctors Company**	**Dade**	**$ 118,034**
	Lowest (10)	Texas	ProAssurance	Brooks, Cameron, Hidalgo, etc. *	$ 15,942
Obstetrician	Highest (1)	New York	Physicians' Reciprocal Insurers	Nassau, Suffolk	$ 201,691
	2	**Florida**	**MAG Mutual**	**Broward, Dade**	**$ 196,137**
	Lowest (10)	Arizona	Mutual Ins. Co. of AZ	Entire State	$ 48,771
Results for Territories with Lowest Rates					
Family Practitioner	**Highest (1)**	**Florida**	**Doctors Company**	**Remainder of State**	**$ 22,482**
	1	**Florida**	**Doctors Company**	**Remainder of State**	**$ 22,482**
	Lowest (10)	New York	Hospitals Insurance Co.	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	$ 4,194
Emergency Room Dr.	Highest (1)	Maryland	Doctors Company	Remainder of State	$ 51,293
	2	**Florida**	**Doctors Company**	**Remainder of State**	**$ 47,559**
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, etc.*	$ 11,257
Orthopedist	Highest (1)	Pennsylvania	Medical Mutual Ins. Co. of NC	Adams, Allegheny, etc.*	$ 72,566
	3	**Florida**	**Doctors Company**	**Remainder of State**	**$ 60,530**
	Lowest (10)	Texas	ProAssurance	Lubbock, Potter, Randall	$ 9,202
Obstetrician	Highest (1)	Maryland	ProAssurance	Remainder of State	$ 127,126
	4	**Florida**	**Doctors Company**	**Remainder of State**	**$ 100,308**
	Lowest (10)	California	Doctors Company	Alameda, Contra Costa, etc.*	$ 25,190

**Full territory definitions are in Appendix A.*

Florida is the highest of the 10 states in three of the eight examples and ranked in the top four states 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 2018

An overall premium level increase was affected by the overall market in their 2018 filings. So, on the average, overall rates for the admitted market companies (the only companies required to file their rates) increased by 3.5%. That represents an average of 3.8% contained in the typical rate filing, with about 8% of the admitted market not having a rate change resolved during 2018.

Calendar year 2018 featured 73 filings[11] that were either approved or processed as informational (35 rate filings, 25 actuarial certifications, 13 not involving rate changes) of all types of medical malpractice, and 23 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, 21 malpractice filings were resolved by the Office. During 2018, eight filings were approved by the Office regarding physicians malpractice rate changes, new company initial rates, or mathematically affirming rate levels. Six filings were simply actuarial certifications, as allowed by a recent law change, that company rates were adequate. Those certification filings were just informational. Five physicians filings were withdrawn by the carriers before a decision was made. No physicians filing was disapproved, and two physicians malpractice filings not involving rate changes were approved or processed as informational by the Office during 2018.

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. Five filings effected rate changes ranging from a 0.5% decrease to a 12.4% increase.

There are other aspects of the impact of insurance on physicians that are not shown in the chart. First, although the figure involves some estimation, it appears that 7.6% (up from 1.2% in 2017) of the admitted market by premium either did not have rate changes resolved during calendar year 2018 or withdrew their filings before they were resolved with the Office. The impact of the rate changes experienced by the average physician is only slightly diluted for the calendar year as shown in the ‘Average Rate Change for Doctors in Florida’ row.

The specific set of physicians malpractice filings resolved in 2018 is shown on the following page.

[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.

2018 Rate Filings for Physicians Market Segment

Company	Policy Count	Reported Earned Premium (000's)	Rate Change Indicated	Rate Change Proposed	Rate Change Approved	Resolution Date
Doctors Company, An Interinsurance Exchange	3,597	$104,495	6.9%	2.5%	2.5%	4/30/2018
MAG Mutual Insurance Company	1,355	$55,315	11.2%	3.0%	3.0%	2/8/2018
Medical Protective Company	3,407	$38,399	15.8%	3.8%	3.8%	8/30/2018
Physicians Insurance Company	**867**	**$6,497**	**15.5%**	**12.4%**	**12.4%**	**12/21/2018**
Fair American Insurance And Reinsurance Company	306	$2,434	-1.7%	-0.5%	-0.5%	11/7/2018
Florida Medical Malpractice JUA	**105**	**$1,028**	**-19.6%**	**0.0%**	**0.0%**	**3/20/2018**
Medical Mutual Insurance Company of North Carolina	1	$10	0.0%	0.0%	0.0%	12/19/2018
Liberty Insurance Underwriters Inc.	1	$5	3.8%	0.0%	0.0%	11/21/2018
Average Rate Change for Doctors Insured by Above Companies:			**10.9%**	**3.8%**	**3.8%**	
Market Share (%) of Admitted Insurance Companies Not Making Rate Changes:	**7.6%**					
Average Rate Change for Doctors in Florida (Insured by Admitted Companies):			**10.0%**	**3.5%**	**3.5%**	

2018 Rate Certifications for Physicians Market Segment

Company	Policy Count	Reported Earned Premium (000's)	Resolution Date
MedMal Direct Insurance Company	**865**	**$12,987**	**1/4/2018**
Healthcare Underwriters Group, Inc.	512	$6,120	4/10/2018
Preferred Professional Insurance Company	74	$936	12/7/2018
Aspen American Insurance Company	37	$466	4/3/2018
National Union Fire Insurance Co. of Pittsburgh PA	28	$138	11/19/2018
Capitol Indemnity Corporation	0	$0	11/21/2018

It is also instructive to look beyond just a single calendar year. There have been a certain number of rate filings so far in 2019. The table on the next page shows the latest effective rate change for each licensed carrier writing physicians medical malpractice. As with the table of rate filings resolved in 2018, only filings involving either an actuarial certification that rates are adequate or

a definitive action by the Office (either an approval or disapproval) are included. Filings withdrawn by carriers are not.

Physicians Carriers and Last Base Rate or Certification 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	8/1/2018	$104,495	36%	3,597	2.5%	2.5%
MAG Mutual Insurance Company	3/12/2018	$55,315	55%	1,355	3.0%	3.0%
Medical Protective Company	3/1/2019	$38,399	69%	3,407	3.8%	3.8%
NORCAL Mutual Insurance Company	1/1/2019	$24,504	77%	1,332	0.0%	0.0%
ProAssurance Casualty Company	5/1/2017	$17,482	83%	1,135	0.0%	0.0%
MedMal Direct Insurance Company	**4/1/2018**	**$13,084**	**88%**	**865**	**0.0%**	**0.0%**
Physicians Insurance Company	**3/1/2019**	**$6,497**	**95%**	**867**	**12.4%**	**12.4%**
Healthcare Underwriters Group Inc.	4/1/2018	$6,120	97%	512	0.0%	0.0%
Fair American Insurance and Reinsurance Company	1/1/2019	$2,434	98%	306	-5.0%	-5.0%
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	**7/1/2018**	**$1,028**	**99%**	**105**	**0.0%**	**0.0%**
Preferred Professional Insurance Company	12/19/2018	$936	99%	74	0.0%	0.0%
American Casualty Company of Reading Pennslyvania	5/15/2016	$608	100%	1	19.1%	20.0%
Aspen American Insurance Company	7/1/2018	$466	100%	37	0.0%	0.0%
Health Care Indemnity Inc.	1/1/2018	$462	100%	1	0.0%	0.0%
National Union Fire Insurance Co. of Pittsburg PA	11/30/2018	$138	100%	28	0.0%	0.0%
ProAssurance Indemnity Company Inc.	5/1/2017	$39	100%	3	0.0%	0.0%
Medical Mutual Insurance Company of North Carolina	12/19/2018	$10	100%	1	0.0%	0.0%
Liberty Insurance Underwriters Inc.	3/1/2019	$5	100%	1	0.0%	0.0%
Accredited Surety and Casualty Company Inc.	10/1/2017	$0	100%	0	0.0%	0.0%
Capitol Indemnity Corporation	12/20/2018	$0	100%	0	0.0%	0.0%
Total:		**$275,463**		**14,067**		
Premium Weighted Average Rate Change:						**2.29%**
Policy Count Weighted Average Rate Change:						**2.25%**

When the latest approved rates are taken together, as in the table above, the overall physicians medical malpractice rates have increased by roughly 2.25%.

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.

As the following table shows, there were two physicians rate filings approved during 2018 that did not involve a rate change.

Non-Rate Change Physicians Rate Filings Resolved in 2018

Company	Impact of Filing	Resolution Date
MedMal Direct Insurance Company	**Adoption of one and two year limited tail coverage options.**	**4/3/2018**
NORCAL Mutual Insurance Company	Manual revision by company, also including new per patient rating factors, new health care extender (affiliated professions-usually assistants), slight changes to class structure, and new/revised premium modification rules for no change overall.	8/17/2018

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**.**

2018 Top 10 States by Other Healthcare Professionals Malpractice Direct Written Premium

State	Other Healthcare Professionals Written Premium	Other Healthcare Professionals Written Premium Rank	All Malpractice Written Premium Rank
California	$149,139,475	**1**	2
New York	$136,726,869	**2**	1
Florida	**$99,637,750**	**3**	**4**
Texas	$86,821,041	**4**	7
Pennsylvania	$60,097,413	**5**	3
New Jersey	$57,805,372	**6**	6
Illinois	$51,544,333	**7**	5
Maryland	$36,634,434	**8**	10
Ohio	$33,929,638	**9**	11
Massachusetts	$33,546,434	**10**	8

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

The direct loss ratios of those top 10 states are included in the chart on the next page. The loss ratios range from a -37.6% loss ratio in California to 138.5% in Maryland. 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 to 50% (possibly higher) and still likely earn an underwriting profit.

2018 Direct Loss Ratios of Top 10 Other Healthcare Professionals Malpractice States

Premium Rank	State	Other Healthcare Professionals Direct Loss Ratio
1	California	-37.6%
2	New York	22.3%
3	**Florida**	**30.4%**
4	Texas	26.9%
5	Pennsylvania	24.9%
6	New Jersey	58.1%
7	Illinois	22.9%
8	Maryland	138.5%
9	Ohio	17.0%
10	Massachusetts	2.4%

Leading Other Healthcare Professionals Carriers in Florida

Key information on the carriers comprising 80% (by direct written premium) of the Florida other healthcare professionals malpractice market is shown below. A quick comparison to the carriers comprising the physicians malpractice market will show that many of the companies are different from those serving physicians. Some companies such as #6 Podiatry Insurance Company and #7 NCMIC RRG specialize in certain professions such as podiatrists, chiropractors, or dentists. Other companies may specialize as well.

Key 2018 Financial Information for Top Other Healthcare Professionals Malpractice Carriers in Florida

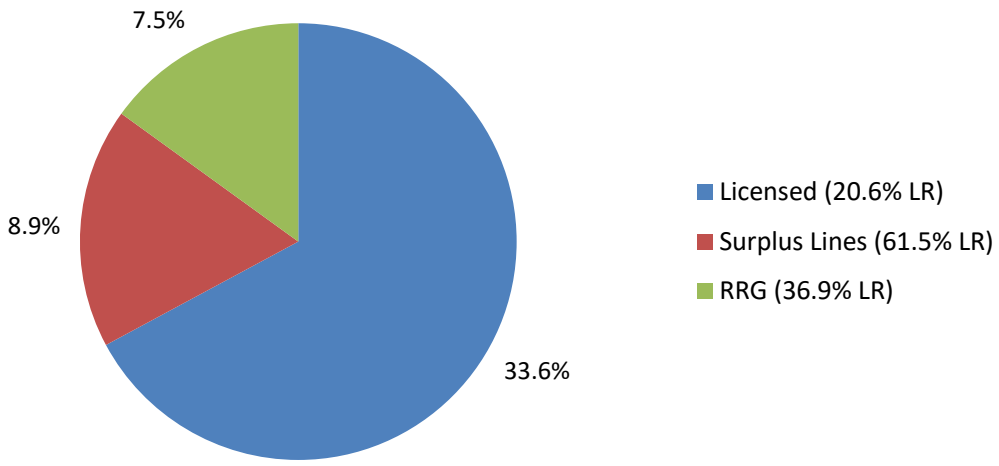
Company	Direct Florida Other Healthcare Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Healthcare Earned Premium	Direct Loss Ratio
American Casualty Company of Reading, PA	$14,354,063	**1**	14.4%	14.4%	$13,502,123	26.1%
Doctors Company, An Interinsurance Exchange	$13,011,566	**2**	13.1%	27.5%	$12,639,913	29.5%
Medical Protective Company	$11,536,576	**3**	11.6%	39.0%	$15,182,358	13.1%
Landmark American Insurance Company	$8,419,130	**4**	8.4%	47.5%	$7,537,774	64.8%
OMS National Insurance Company, RRG	$5,906,378	**5**	5.9%	53.4%	$5,937,362	49.7%

Company	Direct Florida Other Healthcare Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Healthcare Earned Premium	Direct Loss Ratio
Podiatry Insurance Company of America	$5,444,828	6	5.5%	58.9%	$5,341,914	48.4%
NCMIC RRG Inc	$4,639,310	7	4.7%	63.5%	$4,610,005	20.6%
Liberty Insurance Underwriters Inc.	$4,177,672	8	4.2%	67.7%	$4,062,514	99.3%
Aspen American Insurance Company	$3,997,500	9	4.0%	71.7%	$2,286,387	52.7%
Admiral Insurance Company	$3,393,342	10	3.4%	75.2%	$3,125,367	61.0%
Gables RRG Inc	$2,989,467	11	3.0%	78.2%	$2,985,539	17.2%
Evanston Insurance Company	$2,739,582	12	2.7%	80.9%	$3,091,639	37.7%

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

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

Composition of 2018 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 $99.6 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 IRFS Forms and Rates Filing Search (IRFS) system may be broken down between dentists, nurses, and what the IRFS 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, five dentists malpractice rate change filings were approved by the Office during 2018 (one filing was withdrawn). As with the physicians segment, companies may certify that rates are adequate. Four such certifications were made (the Pharmacists Mutual certification filing was withdrawn as it was filed in the wrong subline). Two dentists malpractice filings not involving a rate change were approved during 2018, for a total of 13 dentists filings resolved during 2018. In accordance with prior reports, the affected portion of the market is reflected in policy counts (as reported in the filings) rather than premium.

2018 Rate Filings for Dentists Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date
Fortress Insurance Company	822	3.6%	1.6%	1/23/2018
Aspen American Insurance Company	125	-5.3%	-6.0%	2/7/2018
Florida Medical Malpractice JUA	**42**	**23.4%**	**0.0%**	**3/20/2018**
Pharmacists Mutual Insurance Company	0	0.0%	0.0%	1/17/2018
ProSelect Insurance Company	0	0.0%	0.0%	6/4/2018
Average Approved Rate Change:			**0.6%**	

The companies carrying filings to completion during 2018 showed roughly no change, compared to an average 2.9% increase in 2017. Details on the total size of the dentists malpractice market are not included in the NAIC database. So, it is possible that there are additional carriers in this segment.

2018 Rate Certifications for Dentists Market Segment

Company	Policy Count	Resolution Date
Doctors Company, An Interinsurance Exchange	4095	1/4/2018
Medical Protective Company	730	9/14/2018
National Union Fire Insurance Co. of Pittsburgh PA	595	7/31/2018
Pharmacists Mutual Insurance Company	0	11/9/2018

As the following table shows, there were two dentists rate filings approved during 2018 that did not involve a rate change.

Non-Rate Change Dentists Rate Filings Resolved in 2018

Company	Impact of Filing	Resolution Date
ProSelect Insurance Company	Addition of sexual misconduct legal expense coverage at no charge.	7/24/2018
The Cincinnati Indemnity Company	Various minor revisions	9/18/2018

Nurses Malpractice Rate Filing Data

A small number (five) of rate filings for nurses malpractice were processed as informational or approved by the Office during 2018 while one was withdrawn. The disposition is shown in the table on the following page. Two things about this segment are worth mentioning. First, this only includes the rates for nurses that are not covered as part of a physician's policy. Second, this segment may include situations where a company has a special program covering only a certain type of nurses, so the program name is included in the table.

The nurses segment is different from the physicians and dentists segments in that the filing statute for nurses 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, five nurses malpractice rate change filings were processed as informational by the Office during 2018. No nurses malpractice filings not involving a rate change were processed during 2018, and one nurses filing was withdrawn. The law governing actuarial certifications does not apply to nurses malpractice. So, a total number of six nurses filings were processed during 2018.

2018 Rate Filings for Nurses Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
American Casualty Company of Reading Pennsylvania	15,607	46.2%	1.9%	11/29/2018	Healthcare Provider Service Organization
Medical Protective Company	3,515	0.0%	0.0%	8/22/2018	Multi-Specialty Healthcare Professional Program (Nurses)
Florida Medical Malpractice JUA	**145**	**9.6%**	**8.8%**	**3/19/2018**	**Medical Professional Liability (Nurses)**
Berkshire Hathaway Specialty Insurance Company	0	0.0%	0.0%	9/10/2018	Personal Protection Healthcare
ProSelect Insurance Company	0	0.0%	0.0%	4/9/2018	Medical Professional Liability
Average Rate Change:			**1.6%**		

There were no nurses malpractice filings without a rate impact in 2018.

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 2018 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 2018, 45 miscellaneous healthcare professionals malpractice filings were resolved by the Office. Eleven (11) filings were approved or processed as informational by the Office regarding miscellaneous healthcare professionals malpractice rate changes. Fifteen (15) certification filings were processed. Eleven (11) filings were withdrawn by the carriers before resolution. No filings were disapproved, and eight miscellaneous healthcare professionals malpractice filings that did not involve rate changes were approved by the Office during 2018.

2018 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 Pennsylvania	49,903	46.2%	2.5%	11/27/2018	Medical Malpractice/Other Healthcare Professionals (Reduced)
Medical Protective Company	31,354	0.0%	0.0%	7/16/2018	Medical Malpractice/Other Healthcare Professionals (Reduced)
American Casualty Company of Reading Pennsylvania	5,549	31.2%	0.0%	3/20/2018	Healthcare Providers Services Organization Program
Doctors Company, An Interinsurance Exchange	812	6.9%	2.5%	5/2/2018	Medical Malpractice/Other Healthcare Professionals (Reduced)
Doctors Company, An Interinsurance Exchange	42	6.9%	2.5%	4/30/2018	Chiropractors and Podiatrists
Florida Medical Malpractice JUA	**5**	**-2.0%**	**-0.6%**	**3/20/2018**	**Medical Professional Liability (Other Healthcare Professionals)**
Florida Medical Malpractice JUA	**4**	**-2.0%**	**-0.6%**	**3/20/2018**	**Medical Professional Liability (Other Healthcare Professionals Reduced)**
ACE American Insurance Company	0	0.0%	0.0%	8/8/2018	Health Care and Allied Professionals and Supplement Liability
Campmed Casualty & Indemnity Company Inc.	0	0.0%	0.0%	2/12/2018	Healthcare Providers Professional Liability and Workplace Liability
Podiatry Insurance Company of America	0	0.0%	0.0%	4/24/2018	Podiatric Medical Assurance of America (PMAA)
ProSelect Insurance Company	0	0.0%	0.0%	4/9/2018	Medical Malpractice/Other Healthcare Professionals (Reduced)
Average Rate Change:			**1.4%**		

Some carriers in this segment did not report rate changes, and some comparatively modest changes were approved or processed as informational during 2018. The rate change information provided shows changes ranging from -0.6% to +2.5%.

2018 Rate Certifications for Miscellaneous Healthcare Professionals Market Segment

Company	Policy Count	Resolution Date	Program
Pharmacists Mutual Insurance Company	460	2/1/2018	Individual Pharmacist Professional Liability
Great Divide Insurance Company	226	12/4/2018	Doctor of Chiropractic Professional Liability
Medical Protective Company	152	3/7/2018	Professional Liability - Podiatrists
National Union Fire Insurance Co. of Pittsburgh PA	62	8/1/2018	Chiropractors Professional Liability
Medical Protective Company	22	3/1/2018	MPS RPG Professional Liability - Pharmacists & Pharmacy Techs
Medical Protective Company	19	3/8/2018	Professional Liability - Chiropractors
Medical Protective Company	5	3/1/2018	Allied Healthcare Providers
Campmed Casualty & Indemnity Company Inc.	1	4/3/2018	Podiatry Professional Liability
Philadelphia Indemnity Insurance Company	1	5/23/2018	Chiropractors - Cover Pro Healthcare Program
Campmed Casualty & Indemnity Company Inc.	0	11/21/2018	Healthcare Providers Professional Liability - Pharmacists and Pharmacy Technicians
Medical Protective Company	0	3/1/2018	Master RPG Program - Chiropractors
Medical Protective Company	0	3/1/2018	MPS RPG Podiatrists
Medical Protective Company	0	3/8/2018	MSHP Professional Liability - Chiropractors
Medical Protective Company	0	3/7/2018	MSHP Professional Liability - Podiatrists
Medical Protective Company	0	3/8/2018	MSHP Professional Liability - Pharmacists

The table on the next page 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 2018, which did not involve rate changes. These eight filings covered different classes and involved different aspects of the rating procedure.

Non-Rate Change Miscellaneous Healthcare Professionals Rate Filings Resolved in 2018

Company	Impact of Filing	Resolution Date	Program
ACE American Insurance Company	Removal for exclusion of non-owned auto.	8/15/2018	Pharmacists and Pharmacy Technicians
Medical Protective Company	Rules revision for pharmacists and pharmacy technicians portion of company's MedPro Provider Solutions, Inc. Multi-Specialty Healthcare Professionals (MPS MSHP) program with negligible rate effect. Removed minimum premium, extended coverage to students of insured institutions, and eliminated three miscellaneous charges not presently applying to any insureds.	4/24/2018	MPS MSHP - Pharmacists & Pharmacy Technicians
Medical Protective Company	Rules revision in chiropractors' malpractice portion of company's MedPro Provider Solutions program, extending coverage to students of insured institutions.	4/26/2018	MPS MSHP - Chiropractors
Paco Assurance Company Inc.	Various minor revisions	12/12/2018	Healthcare Professional Liability Program (Chiropractor)
Pharmacists Mutual Insurance Company	New version numbers for sterile compounding forms and removal of College Student Group Billing Program.	4/10/2018	Individual Pharmacist Professional Liability
Podiatry Insurance Company of America	Various minor revisions	12/12/2018	Healthcare Professional Liability Program (Podiatry)
Podiatry Insurance Company of America	Various minor revisions	12/12/2018	Podiatric Medical Assurance of America, Inc. Program
The Cincinnati Indemnity Company	Various minor revisions	9/18/2018	Other Healthcare Professionals Professional Liability

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 following chart shows the top 10 states for this subline with respect to direct written premium.

2018 Top 10 States by Hospital Malpractice Direct Written Premium

State	Hospital Direct Written Premium	Hospital Written Premium Rank	All Malpractice Written Premium Rank
New York	$397,471,491	**1**	1
Pennsylvania	$307,018,338	**2**	3
Massachusetts	$166,045,170	**3**	8
Maryland	$87,090,752	**4**	10
Connecticut	$85,605,710	**5**	15
California	$80,140,061	**6**	2
Georgia	$62,256,542	**7**	9
Illinois	$46,084,398	**8**	5
Texas	$43,617,341	**9**	7
Missouri	$37,295,164	**10**	20

Florida is not represented in the top 10 states (listed as #13 rather than #4 for all malpractice 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 17.4% in New York to 151.3% in Illinois. 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.

2018 Direct Loss Ratios of Top 10 Hospital Malpractice States

Premium Rank	State	Hospital Direct Loss Ratio
1	New York	17.4%
2	Pennsylvania	72.0%
3	Massachusetts	52.4%
4	Maryland	86.9%
5	Connecticut	109.5%
6	California	110.5%
7	Georgia	105.0%
8	Illinois	151.3%
9	Texas	116.7%
10	Missouri	58.6%

For comparison, although loss ratios in this subline are often volatile, Florida's 2018 hospital malpractice loss ratio was 94.1%.

Leading Hospital Malpractice Carriers in Florida

Key information on the carriers comprising 80% (by direct written premium) of the Florida hospital malpractice market is shown on the next 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 seven 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.

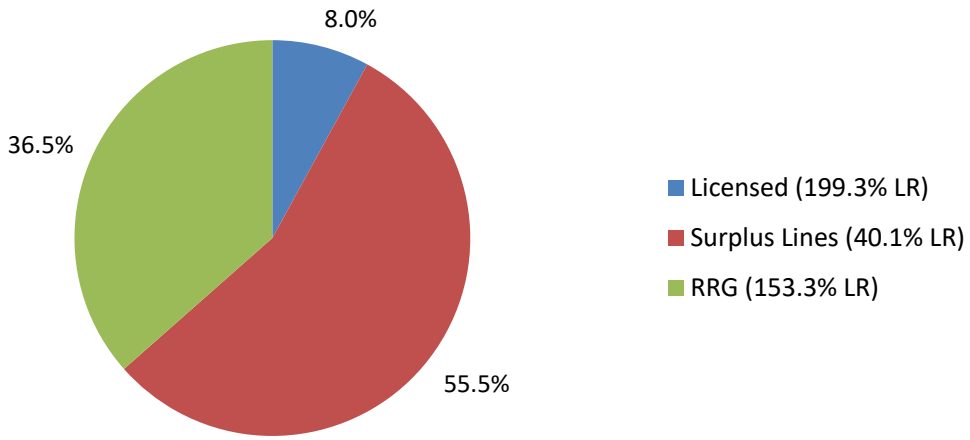
Key 2018 Financial Information for Top Hospital Malpractice Carriers in Florida

Company	Direct Florida Hospital Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Hospital Earned Premium	Direct Loss Ratio
MCIC Vermont (A Reciprocal RRG)	$9,030,678	**1**	33.3%	33.3%	$9,030,678	175.6%
National Fire & Marine Insurance Company	$4,469,490	**2**	16.5%	49.8%	$4,469,490	20.5%
Continental Casualty Company	$2,261,581	**3**	8.3%	58.1%	$2,261,581	182.4%
Steadfast Insurance Company	$2,217,064	**4**	8.2%	66.3%	$2,217,064	99.2%
Admiral Insurance Company	$1,560,222	**5**	5.8%	72.1%	$1,560,222	63.1%
Illinois Union Insurance Company	$1,488,587	**6**	5.5%	77.6%	$1,488,587	171.6%
Cruden Bay RRG, Inc.	$1,373,727	**7**	5.1%	82.6%	$1,373,727	9.6%

Composition of the Florida Hospital Malpractice Market by Type of Insurer

A breakdown of the 2018 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 2018 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 following table shows, two hospital malpractice rate change filings were processed during 2018 (one filing was withdrawn). All companies using medical malpractice rates are required to make an annual base rate filing or actuarial certification. However, it is possible that the licensed carriers covering hospital risks are only covering hospitals that are eligible for individual risk rating under Rule 69O-170.019, Florida Administrative Code, and that they believe no filing is required because they have no base rates.

2018 Rate Filings for Hospital Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date
Florida Medical Malpractice JUA	**0**	**3.4%**	**0.0%**	**3/19/2018**
ProSelect Insurance Company	0	0.0%	0.0%	6/4/2018
Average Approved Rate Change:			**0.0%**	

As the following table shows, there was one hospitals rate filing approved during 2018 that did not involve a rate change.

Non-Rate Change Miscellaneous Healthcare Professionals Rate Filings Resolved in 2018

Company	Impact of Filing	Resolution Date	Program
ProSelect Insurance Company	Addition of sexual misconduct legal expense coverage at no charge.	7/26/2018	Healthcare Facility Professional Liability for Hospitals

In total, the Office processed four hospital filings during 2018 and no filings were disapproved. No certifications for hospitals were processed during 2018.

Analysis of the Other Facilities Subline

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

Diversity of the Insureds in this Subline

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

Comparisons to Other Leading States

The following chart shows the top 10 states for the other facilities subline with respect to direct written premium.

2018 Top 10 States by Other Facilities Malpractice Direct Written Premium

State	Other Healthcare Facilities Direct Written Premium	Other Healthcare Facilities Written Premium Rank	All Malpractice Written Premium Rank
New York	$107,942,792	**1**	1
California	$102,076,890	**2**	2
Florida	**$71,226,206**	**3**	**4**
Texas	$67,037,630	**4**	7
Pennsylvania	$63,207,155	**5**	3
Illinois	$61,523,386	**6**	5
New Jersey	$40,708,791	**7**	6
Georgia	$39,412,084	**8**	9
Ohio	$36,774,011	**9**	11
Maryland	$28,894,272	**10**	10

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. In 2018, the other facilities loss ratios among states varied just as much as those in the hospitals subline.

2018 Direct Loss Ratios of Top 10 Other Facilities Malpractice States

Premium Rank	State	Other Healthcare Facilities Direct Loss Ratio
1	New York	39.6%
2	California	81.6%
3	**Florida**	**71.7%**
4	Texas	56.7%
5	Pennsylvania	55.7%
6	Illinois	68.7%
7	New Jersey	61.3%
8	Georgia	30.3%
9	Ohio	46.2%
10	Maryland	-92.4%

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 2018 Financial Information for Top Other Facilities Malpractice Carriers in Florida

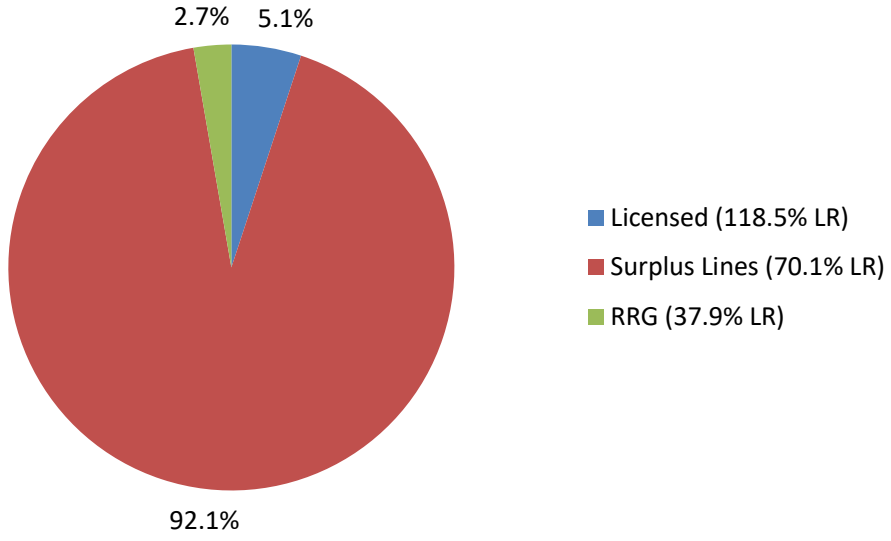
Company	Direct Florida Other Facilities Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Facilities Earned Premium	Direct Loss Ratio
National Fire & Marine Insurance Company	$18,654,616	**1**	26.2%	26.2%	$15,160,613	59.6%
Columbia Casualty Company	$10,086,423	**2**	14.2%	40.4%	$9,818,912	76.2%
Arch Specialty Insurance Company	$4,749,686	**3**	6.7%	47.0%	$4,668,351	36.5%
Evanston Insurance Company	$3,612,819	**4**	5.1%	52.1%	$4,045,198	37.7%
Coverys Specialty Insurance Company	$3,471,708	**5**	4.9%	57.0%	$2,546,892	75.3%
Hallmark Specialty Insurance Company	$3,254,130	**6**	4.6%	61.5%	$2,593,202	39.4%
Ironshore Specialty Insurance Company	$3,063,475	**7**	4.3%	65.8%	$3,095,262	3.6%
Darwin Select Insurance Company	$2,727,324	**8**	3.8%	69.7%	$3,621,576	103.1%

Company	Direct Florida Other Facilities Written Premium	Written Premium Rank	Market Share	Cumulative Market Share	Direct Florida Other Facilities Earned Premium	Direct Loss Ratio
Endurance American Specialty Insurance Company	$2,114,761	**9**	3.0%	72.6%	$1,929,353	57.8%
Homeland Insurance Company of NY	$2,068,121	**10**	2.9%	75.5%	$2,941,096	80.7%
AXIS Surplus Insurance Company	$1,884,933	**11**	2.6%	78.2%	$1,833,052	41.2%
TDC Specialty Insurance Company	$1,448,338	**12**	2.0%	80.2%	$1,308,873	45.6%

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

A breakdown of the 2018 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 2018 Florida Other Facilities Medical Malpractice Insurance Market (Written Premium) by Insurer Type - Including Loss Ratios for Each Type of Insurer



This segment is also dominated by surplus lines carriers, and only a small segment is covered by licensed property/casualty insurance companies. The loss ratios appear to be generally acceptable and reasonable considering the premium volume in the smaller company types and the potential riskiness of the possible eldercare exposures.

Other Facilities Malpractice Rate Filing Data

The four other facilities rate filings processed as informational or approved by the Office during 2018 are listed in the table below (three filings were withdrawn). Also, two of the carriers making filings in this segment are Florida domestics (as shown by the shaded cells in the table). The program name is listed to provide information on the types of insureds affected by each filing. As with nurses and certain other healthcare professionals, rate filings for entities other than nursing homes, assisted living centers, and hospitals are filed on a strictly informational basis.

2018 Rate Filings for Other Facilities Market Segment

Company	Policy Count	Rate Change Indicated	Rate Change Approved	Resolution Date	Program
American Alternative Insurance Corporation	43	-12.4%	-5.0%	3/6/2018	Hospice, Home Health Care, and Related Organizations
MedMal Direct Insurance Company	**20**	**0.0%**	**0.0%**	**1/2/2018**	**Healthcare Facilities Medical Professional Liability**
Florida Medical Malpractice JUA	**1**	**-16.1%**	**0.0%**	**3/19/2018**	**Medical Professional Liability (Other Facilities)**
Continental Insurance Company	0	0.0%	0.0%	2/15/2018	HealthCare Facilities Primary Policy
Average Rate Change:			**-3.4%**		

As with the other sublines, some filings simply reaffirmed the rates presently in use. However, one filing involving a decrease was approved during 2018. No certifications or non-rate change filings for other facilities were processed during 2018.

Data from the Professional Liability Claims 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, 2018, to December 31, 2018, 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 2018, 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 25 carrier claims closed in 2018, the average difference between occurrence and when the claim was filed was 523 days, and the average difference between when a claim was filed and when the claim was closed was 719 days.

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

To satisfy the statutory requirements of Section 627.912(6)(b)&(c), Florida Statutes, this portion of the report is divided into two sections: 1) the statewide data for all medical malpractice claims in Florida (the 'Medical Malpractice Insurance Claims in Florida' section); and 2) the data for the 25 companies that represent 80% of the Florida market (the 'Closed Claims of Leading Carriers in Florida' section). In the closed claim reports in the system, insurers are asked to fill out 72 different fields of data. Some of these fields are required fields (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 2018, the Florida medical malpractice insurance companies reported 2,927 closed claims in Florida. Of those 2,927 claims closed in 2018, 1,552 claims were filed by females and 1,375 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 2018 is distributed as shown in the next table.

Location of Injury for Claims Closed in 2018

Location	Number of Claims
Hospital Inpatient Facility	1,398
Physician's Office	470
Emergency Room	312
Other Outpatient Facility	197
Other Location	163
Other Hospital/Institution	151
Hospital Outpatient Facility	133
Patient's Home	44
Nursing Home	34
Prison	25
Total	**2,927**

The data show that the largest number of claims came from hospital inpatient facilities, which together with physicians' offices and emergency rooms generated roughly 74% of all claims closed in 2018 (comparable to 2017, but up from roughly 70% in 2016).

Severity

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

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

The table below tabulates the frequencies of the various claims severities for claims resolved in Florida in 2018.

Severity Codes for Claims Closed in 2018

Severity Class	Number of Claims
1 - Emotional only	124
2 - Slight lacerations	81
3 - Minor infections, missed fracture, etc.	497
4 - Major burns, drug reaction	364
5 - Loss of finger, damage to organs	383
6 - Deafness, loss of limb, loss of eye	278
7 - Paraplegia, blindness, loss of limbs	219
8 - Quadriplegia, brain damage	98
9 - Death	883
Total	**2,927**

Class "9" (i.e., death) is the leading category for medical malpractice claims settled and accounted for 30% of all the claims closed in 2018 (the same as in 2017).

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 2018 are shown below.

2018 Closed Claims in Top 10 Counties

Rank	County	Number of Claims	2017 County this Rank
1	Dade	320	Dade
2	Hillsborough	294	Hillsborough
3	Palm Beach	281	Palm Beach
4	Broward	276	Broward
5	Pinellas	219	Pinellas
6	Orange	141	Duval
7	Duval	139	Orange
8	Pasco	89	St. Lucie
9	Lee	85	Volusia
10	Polk	81	Lee

The top 10 counties are slightly different than the 2017 top 10 counties with Pasco and Polk replacing St. Lucie and Volusia, and some are in a different order. Twelve (12) Florida counties had no closed claims reported through the closed claim reporting system during 2018.

Entities with the Most Closed Claims

In 2018, 172 entities reported closed medical malpractice claims. Of those reporting, 67 only closed either one or two claims. Conversely, 49 reported 10 or more claims. They are:

Entities Reporting 10 or More Closed Claims in 2018

(25 Leading Carriers Listed in Bold)

Entity	Number Of Claims
Health Care Indemnity Inc.	417
Doctors Company, An Interinsurance Exchange	**361**
MAG Mutual Insurance Company	**209**
Lexington Insurance Company, Hospital	200
Medical Protective Company	**156**
Continental Casualty Company	**80**
EmCare Holdings, Inc., Medical Practitioner	68

Entity	Number Of Claims
FD Insurance Company	66
Baptist Health South Florida, Hospital	56
NORCAL Mutual Insurance Company	**55**
MedMal Direct Insurance Company	**52**
Podiatry Insurance Company of America	**51**
National Fire & Marine Insurance Company	**40**
Samaritan RRG, Inc.	**39**
Team Health, Inc., Medical Practitioner	38
ProAssurance Casualty Company	**38**
Lexington Insurance Company	35
First Professionals Insurance Company	35
North Broward Hospital District, Hospital	34
Evanston Insurance Company	**29**
Healthcare Underwriters Group, Inc.	**28**
Florida Hospital East Orlando, Hospital	27
Lee Memorial Health System, Hospital	26
BayCare Health System, Hospital	26
Tampa General Hospital, Hospital	24
Physicians Insurance Company	**23**
Martin Memorial Medical Center, Inc., Hospital	22
Lancet Indemnity RRG Inc	22
Admiral Insurance Company	**21**
National Union Fire Insurance Company of Pittsburgh, PA	21
Applied Medico-Legal Solutions RRG, Inc.	20
Mount Sinai Medical Center, Hospital	19
Florida Physicians Medical Group, Medical Practitioner	19
Darwin Select Insurance Company	17
Not Provided, Medical Practitioner	16
OMS National Insurance Company, RRG	**15**
ProAssurance Specialty Insurance Company, Inc.	**15**
Bay Medical Sacred Heart, Hospital	15
BayCare Health Systems, Hospital	15
Pediatrix Medical Group, Inc., Medical Practitioner	14
ProAssurance Indemnity Company, Inc.	14
Columbia Casualty Company	**13**
Physicians Casualty RRG, Inc.	12
Holy Cross Hospital, Hospital	11
Medicus Insurance Company	11
Homeland Insurance Company of NY	11

Entity	Number Of Claims
Halifax Medical Center, Hospital	11
University of South Florida Health Sciences Center, Medical Practitioner	10
Mt. Hawley Insurance Company	10

The companies in bold type are among the 25 companies comprising 80% of the 2018 direct written premium in Florida. As the data shows, although these companies are in the top 25 of direct written premium calculations, they are not all necessarily the ones with the most closed claims in 2018. 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 17 of the 49 entities with the most closed claims in 2018 are in the sample of 25 companies with the most premium volume. Also, 16 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 2018 combined were as shown in the table below.

Financial Data from Closed Claim System - Aggregation of All Claims Closed in 2018

Category of Payment	Amount
Indemnity Paid	$829,607,642
LAE Paid to Defense Counsel	$169,584,418
All Other LAE Paid	$48,177,781
Non-Economic Loss	$156,495,360
Economic Loss - Incurred to Date by Claimant	$112,859,482
Economic Loss - Anticipated by Claimant	$227,939,314

The total of the indemnity and loss adjustment expense (LAE) categories is $1,047,369,841 (up 21% from 2017), which represents the total amount paid by insurance companies, self-insurance companies, and surplus lines companies for claims settled in 2018. In many instances, (approximately 30% of the time) the claims closed showed indemnity payments of $0 to the plaintiff. However, even in these instances, it is likely the carrier still incurred loss adjustment expense, and sometimes other expenses.

The other area of the financial data segregates the amount that the company paid for economic versus non-economic damages to plaintiffs. The data reported in the 2018 closed claims shows $156,495,360 in non-economic loss (up approximately 9% from 2017, which in turn was down

10% from 2016) and combined incurred and anticipated economic loss of $340,798,796 (down 32% from 2017).

The non-economic and economic fields are not submitted on all claims (witness that the total of economic and non-economic loss of $497,294,156 represents 60%, not 100%, of the total loss paid, down from 98% in 2017), 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 ($341 million) is more than the amount of non-economic losses paid ($156 million).

Closed Claims of Leading Carriers in Florida

Much of this report has focused on the top 25 leading writers of medical malpractice in the state of Florida in 2018. 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] 21 of the 25 leading writers of medical malpractice insurance in Florida reported the average times shown in the next table.

[12] American Casualty Company of Reading, PA, MCIC Vermont, Aspen American, and Arch Specialty reported zero closed claims in 2018.

Timing of Claims Closed by Leading Carriers in Florida During 2018

Company	Total Days	Report to Disposition	Occurrence to Report
Doctors Company, An Interinsurance Exchange	1,414	768	646
MAG Mutual Insurance Company	1,222	690	532
Medical Protective Company	1,227	660	568
NORCAL Mutual Insurance Company	924	441	482
National Fire & Marine Insurance Company	1,105	637	468
ProAssurance Casualty Company	1,761	810	952
MedMal Direct Insurance Company	**1,272**	**814**	**458**
Columbia Casualty Company	1,717	985	731
Samaritan RRG, Inc.	896	357	540
Landmark American Insurance Company	2,357	1,666	692
Healthcare Underwriters Group, Inc.	1,532	1,001	531
Evanston Insurance Company	1,415	1,176	239
Admiral Insurance Company	987	571	417
ProAssurance Specialty Insurance Company, Inc.	1,103	715	388
Physicians Insurance Company	**1,199**	**682**	**518**
Continental Casualty Company	1,265	750	514
OMS National Insurance Company, RRG	829	534	295
Ophthalmic Mutual Insurance Company (A RRG)	821	446	375
Podiatry Insurance Company of America	1,247	700	547
Ironshore Specialty Insurance Company	881	396	484
Coverys Specialty Insurance Company	901	292	609
Average	**1,242**	**719**	**523**

This table reinforces the "long-tail" aspect of medical malpractice insurance as it may take up to five years or longer between the occurrence of an accident and actual payment. For all claims closed in 2018, including those of other entities, the total number of days between occurrence and final disposition averaged 1,159 days (3.2 years) with a range from 202 days to disposition to a maximum of 3,209 days (8.8 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 resulted in a payment to the plaintiff.

Breakdown of Claims Reported by Leading Carriers between Claims Closed with and without Payments

Company	Claims With Indemnity Payments	Total Claims	Percentage With Indemnity Payments
Doctors Company, An Interinsurance Exchange	242	361	67.0%
MAG Mutual Insurance Company	124	209	59.3%
Medical Protective Company	84	154	54.5%
NORCAL Mutual Insurance Company	41	55	74.5%
National Fire & Marine Insurance Company	26	40	65.0%
ProAssurance Casualty Company	19	38	50.0%
MedMal Direct Insurance Company	**42**	**52**	**80.8%**
Columbia Casualty Company	7	13	53.8%
Samaritan RRG, Inc.	16	39	41.0%
Landmark American Insurance Company	2	4	50.0%
Healthcare Underwriters Group, Inc.	20	28	71.4%
Evanston Insurance Company	27	29	93.1%
Admiral Insurance Company	21	21	100.0%
ProAssurance Specialty Insurance Company, Inc.	12	15	80.0%
Physicians Insurance Company	**22**	**23**	**95.7%**
Continental Casualty Company	57	77	74.0%
OMS National Insurance Company, RRG	9	15	60.0%
Ophthalmic Mutual Insurance Company (A RRG)	4	4	100.0%
Podiatry Insurance Company of America	20	51	39.2%
Ironshore Specialty Insurance Company	3	4	75.0%
Coverys Specialty Insurance Company	2	7	28.6%
Total	**800**	**1,239**	**64.6%**

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 25 leading companies in 2018 contained the claim payments summarized in the table on the following page.

Breakdown of Loss and LAE Paid on 2018 Closed Claims by Leading Carriers in Florida

Company	Indemnity Payments	LAE Paid to Defense Counsel	All Other LAE Paid
Doctors Company, An Interinsurance Exchange	$77,443,250	$13,146,380	$6,903,422
MAG Mutual Insurance Company	$120,600,632	$6,502,608	$2,633,387
Medical Protective Company	$18,551,781	$3,274,620	$1,467,341
NORCAL Mutual Insurance Company	$10,513,018	$1,190,684	$414,335
National Fire & Marine Insurance Company	$4,759,750	$947,919	$42,255
ProAssurance Casualty Company	$5,542,500	$1,552,327	$876,203
MedMal Direct Insurance Company	**$12,068,900**	**$3,262,076**	**$9,502**
Columbia Casualty Company	$1,821,485	$543,119	$68,145
Samaritan RRG, Inc.	$3,099,500	$756,712	$512,714
Landmark American Insurance Company	$1,500,000	$547,409	$73,333
Healthcare Underwriters Group, Inc.	$5,631,031	$2,441,043	$0
Evanston Insurance Company	$9,604,410	$1,465,516	$77,014
Admiral Insurance Company	$2,633,564	$551,703	$182,846
ProAssurance Specialty Insurance Company, Inc.	$648,500	$294,614	$131,953
Physicians Insurance Company	**$5,405,559**	**$1,232,885**	**$419,575**
Continental Casualty Company	$14,753,027	$3,286,649	$828,720
OMS National Insurance Company, RRG	$559,882	$331,752	$2,718
Ophthalmic Mutual Insurance Company (A RRG)	$1,935,000	$0	$0
Podiatry Insurance Company of America	$2,741,041	$2,065,107	$200,550
Ironshore Specialty Insurance Company	$700,000	$254,762	$8,937
Coverys Specialty Insurance Company	$2,000,000	$214,373	$14,707

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 Dr. 1M/3M Rate	Orthopedist 1M/3M Rate	Obstetrician 1M/3M Rate
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	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**	**$43,841**	**$92,741**	**$118,034**	**$195,600**
Florida	**Doctors Company**	**Remainder of State**	**$22,482**	**$47,559**	**$60,530**	**$100,308**
Florida	**MAG Mutual**	**Broward, Dade**	**$44,484**	**$67,359**	**$114,600**	**$196,137**
Florida	**MAG Mutual**	**Remainder of State**	**$21,046**	**$31,358**	**$52,884**	**$89,163**
Florida	**Medical Protective**	**Broward, Dade**	**$31,869**	**$81,012**	**$97,772**	**$153,642**
Florida	**Medical Protective**	**Remainder of State**	**$18,636**	**$47,376**	**$57,178**	**$89,851**
Georgia	Doctors Company	Entire State	$12,163	$30,691	$37,968	$61,736
Georgia	MAG Mutual	Remainder of State	$13,698	$24,592	$37,628	$68,835
Georgia	MAG Mutual	Catoosa, Chatooga, Dade, Fannin, Floyd, Gilmer, Murray, Rabun, Towns, Union, Walker, Whitfield	$8,219	$14,755	$22,577	$41,301
Georgia	Medical Protective	Remainder of State	$15,662	$43,225	$35,081	$69,160
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, Will	$35,836	$61,884	$95,948	$134,016
Illinois	ISMIE Mutual	Adams, Knox, Peoria, Rock Island	$17,996	$30,400	$46,620	$64,748
Illinois	Norcal Mutual	Cook, Jackson, Madison, St. Clair, Will	$30,343	$52,190	$91,939	$130,171
Illinois	Norcal Mutual	Adams, Knox, Peoria, Rock Island	$14,534	$24,999	$44,039	$62,352
Maryland	Doctors Company	Baltimore City, Baltimore	$25,397	$68,018	$82,068	$152,989
Maryland	Doctors Company	Remainder of State	$18,475	$51,293	$60,731	$113,991

State	Company	Territory	Family Practitioner 1M/3M Rate	Emergency Room Dr. 1M/3M Rate	Orthopedist 1M/3M Rate	Obstetrician 1M/3M Rate
Maryland	Medical Mutual Liab. Ins. Society of MD	Baltimore City, Baltimore	$15,517	$38,793	$38,793	$116,378
Maryland	Medical Mutual Liab. Ins. Society of MD	Remainder of State	$12,414	$31,034	$31,034	$93,102
Maryland	ProAssurance	Baltimore City, Baltimore	$20,710	$52,579	$66,579	$158,317
Maryland	ProAssurance	Remainder of State	$17,040	$42,536	$53,735	$127,126
New Jersey	MDAdvantage Ins. Co. of NJ	Entire State (used Preferred Plus rates)	$11,515	$26,297	$37,420	$80,992
New Jersey	Princeton Insurance Co.	Entire State	$19,906	$45,108	$48,771	$48,771
New Jersey	ProSelect Insurance Co.	Entire State	$12,852	$30,395	$59,569	$113,829
New York	Hospitals Insurance Co.	Nassau, Suffolk	$22,562	$63,646	$113,254	$152,039
New York	Hospitals Insurance Co.	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
New York	Physicians' Reciprocal Insurers	Nassau, Suffolk	$35,545	$77,102	$134,586	$201,691
New York	Physicians' Reciprocal Insurers	Livingston, Monroe, Ontario, Seneca, Wayne, Yates	$10,380	$22,515	$39,306	$58,904
Pennsylvania	Medical Mutual Ins. Co. of NC	Bucks, Chester, Delaware, Montgomery, Philadelphia	$26,522	$64,980	$120,943	$155,156
Pennsylvania	Medical Mutual Ins. Co. of NC	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	$21,871	$67,439	$79,286	$127,586
Pennsylvania	Medical Protective	Remainder of State	$14,110	$43,507	$51,152	$82,312

State	Company	Territory	Family Practitioner 1M/3M Rate	Emergency Room Dr. 1M/3M Rate	Orthopedist 1M/3M Rate	Obstetrician 1M/3M Rate
Pennsylvania	NORCAL Mutual	Lackawanna, Monroe, Schuylkill	$15,687	$32,588	$49,489	$80,273
Pennsylvania	NORCAL Mutual	Adams, Allegheny, Armstrong, Beaver, Bedford, Berks, Blair, Bradford, Butler, Cambria, Cameron, Centre, Clarion, Clearfield, Clinton, Elk, Fayette, Forest, Fulton, Greene, Huntingdon, Indiana, Jefferson, Juniata, Lancaster, Lebanon, Lycoming, McKean, Mifflin, Perry, Potter, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Westmoreland, York	$10,663	$20,529	$30,396	$48,367
Texas	Doctors Company	Brooks, Cameron, Hidalgo, Jim Hogg, Starr, Webb, Willacy, Zapata	$17,151	$40,555	$40,754	$59,723
Texas	Doctors Company	Andrew, Archer, Armstrong, Bailey, Baylor, Borden, Briscoe, Carson, Castro, Childress, Clay, Cochran, Collingsworth, Cottle, Crosby, Dallam, Dawson, Deaf Smith, Dickens, Donley, Fisher, Floyd, Foard, Gaines, Garza, Gray, Hale, Hall, Hansford, Hardeman, Hartley, Haskell, Hemphill, Hockley, Howard, Hutchinson, Jones, Kent, King, Knox, Lamb, Lipscomb, Lubbock, Lynn, Martin, Mitchell, Moore, Motley, Nolan, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Scurry, Shackelford, Sherman, Stonewall, Swisher, Taylor, Terry, Throckmorton, Wheeler, Wichita, Wilbarger, Yoakum	$9,743	$20,824	$20,927	$30,668
Texas	ProAssurance	Cameron, Hidalgo, Kinney, Maverick, Starr, Val Verde, Webb, Willacy, Zapata	$15,942	$35,080	$15,942	$54,218
Texas	ProAssurance	Lubbock, Potter, Randall	$9,202	$19,917	$9,202	$30,631

Appendix B

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

2018

2018 Rank	2017 Rank	State	Direct Written Premium	Direct Earned Premium	Incurred Losses	Incurred DCC
1	1	New York	$1,611,049,885	$1,620,147,027	$672,897,160	$330,365,420
2	2	California	$757,976,464	$757,068,110	$322,460,548	$167,601,061
3	3	Pennsylvania	$660,503,520	$643,847,881	$420,593,458	$142,486,699
4	**4**	**Florida**	**$562,319,186**	**$561,737,871**	**$322,390,636**	**$122,147,893**
5	5	Illinois	$457,194,675	$462,732,115	$273,967,899	$113,013,501
6	6	New Jersey	$397,196,123	$406,137,131	$138,075,752	$78,374,756
7	8	Texas	$334,197,209	$328,559,630	$170,209,675	$73,354,628
8	7	Massachusetts	$319,635,389	$321,495,316	$44,121,159	$75,143,985
9	10	Georgia	$305,979,977	$298,987,344	$249,977,976	$60,577,947
10	9	Maryland	$286,320,811	$287,830,812	$134,289,055	$37,428,787
11	11	Ohio	$220,630,641	$225,156,832	$95,340,483	$16,767,033
12	13	Arizona	$202,201,768	$205,335,340	$83,177,526	$35,567,306
13	12	Tennessee	$195,039,993	$205,963,683	$115,706,216	$64,287,492
14	14	Michigan	$188,018,631	$186,494,426	$64,867,859	$31,395,137
15	16	Connecticut	$183,967,485	$190,310,786	$147,785,446	$37,361,430
16	15	Virginia	$182,783,989	$184,193,864	$65,269,890	$35,691,171
17	17	North Carolina	$167,625,460	$165,433,136	$39,009,980	$30,402,276
18	18	Washington	$161,729,173	$164,622,766	$86,829,983	$25,837,258
19	19	Colorado	$148,095,298	$148,843,009	$61,991,578	$27,510,563
20	20	Missouri	$143,214,834	$141,282,238	$83,879,340	$17,786,143
21	22	Indiana	$123,312,659	$123,027,583	$46,999,177	$30,106,704
22	21	Alabama	$117,722,089	$121,659,009	$8,541,582	$53,602,637
23	23	Kentucky	$115,613,275	$110,290,546	$82,981,869	$34,205,707
24	24	Oklahoma	$96,379,565	$94,859,286	$54,188,709	$10,512,835
25	25	Louisiana	$92,444,376	$92,552,912	$18,837,438	$15,922,008
26	26	Oregon	$86,893,201	$88,206,232	$31,740,569	$19,335,666
27	28	Minnesota	$78,963,268	$78,066,116	$51,121,228	$10,718,669
28	27	Wisconsin	$75,643,737	$77,253,484	$18,482,813	$4,253,495
29	34	West Virginia	$69,779,370	$70,458,134	$46,450,609	$11,652,504
30	30	Puerto Rico	$68,449,928	$68,471,339	$2,349,620	$13,191,034
31	29	South Carolina	$68,375,490	$69,734,023	$53,654,987	$15,645,515
32	31	Nevada	$64,693,883	$66,399,050	$14,710,003	$16,399,898
33	32	Arkansas	$64,145,361	$63,762,745	$25,705,820	$12,791,259
34	33	Iowa	$62,973,836	$62,866,617	$69,247,038	$11,976,715
35	36	Kansas	$59,806,601	$59,642,353	$19,230,939	$18,571,718
36	35	New Mexico	$57,810,951	$56,324,402	$69,549,615	$22,936,469
37	37	Utah	$56,393,954	$56,834,856	$31,000,754	$17,967,624
38	40	Mississippi	$47,586,975	$45,465,122	$4,059,591	$7,884,351
39	41	New Hampshire	$44,891,933	$46,142,968	$36,277,408	$12,586,385

2018 Rank	2017 Rank	State	Direct Written Premium	Direct Earned Premium	Incurred Losses	Incurred DCC
40	38	Montana	$44,605,362	$43,679,477	$25,930,635	$11,442,986
41	39	Maine	$40,169,588	$45,831,622	$34,205,003	$3,176,440
42	42	Nebraska	$33,632,717	$32,250,517	$19,455,922	$8,129,837
43	44	Idaho	$30,825,919	$30,955,327	$15,189,893	$6,099,347
44	43	Hawaii	$29,942,040	$29,381,512	$8,348,295	$5,862,684
45	45	Delaware	$29,881,446	$30,365,621	$17,559,565	$8,727,055
46	46	Rhode Island	$27,831,209	$28,291,621	$35,751,092	$5,330,298
47	47	District of Columbia	$27,714,925	$27,847,824	$821,206	$586,583
48	48	Alaska	$23,360,526	$23,402,103	$4,465,805	$4,770,280
49	49	Wyoming	$21,838,246	$21,892,296	$7,693,168	$3,712,397
50	51	South Dakota	$15,806,080	$15,619,633	($172,160)	$3,511,650
51	52	Other Territories	$15,263,794	$12,115,593	$2,736,317	$2,611,225
52	50	Vermont	$15,068,312	$16,118,735	$5,345,649	$2,042,508
53	53	North Dakota	$9,920,367	$9,429,419	$6,297,473	$2,370,004
Grand Total:			**$9,303,421,494**	**$9,325,377,394**	**$4,461,599,251**	**$1,931,734,973**

Appendix C

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

2018

2018 Rank	2017 Rank	State	Loss and DCC Ratio
1	10	District of Columbia	5.1%
2	3	South Dakota	21.4%
3	19	Puerto Rico	22.7%
4	11	Mississippi	26.3%
5	4	Wisconsin	29.4%
6	35	Massachusetts	37.1%
7	23	Louisiana	37.6%
8	39	Alaska	39.5%
9	8	North Carolina	42.0%
10	2	Other Territories	44.1%
11	29	Vermont	45.8%
12	26	Nevada	46.9%
13	24	Hawaii	48.4%
14	12	Ohio	49.8%
15	22	Alabama	51.1%
16	51	Michigan	51.6%
17	44	Wyoming	52.1%
18	14	New Jersey	53.3%
19	16	Virginia	54.8%
20	20	Arizona	57.8%
21	13	Oregon	57.9%
22	15	Maryland	59.7%
23	27	Colorado	60.1%
24	41	Arkansas	60.4%
25	37	New York	61.9%
26	9	Indiana	62.7%
27	21	Kansas	63.4%
28	32	California	64.7%
29	18	Oklahoma	68.2%
30	45	Washington	68.4%
31	34	Idaho	68.8%
32	38	Missouri	72.0%
33	6	Texas	74.1%
34	**40**	**Florida**	**79.1%**
35	5	Minnesota	79.2%
36	43	Maine	81.6%
37	7	West Virginia	82.5%
38	30	Illinois	83.6%

2018 Rank	2017 Rank	State	Loss and DCC Ratio
39	46	Nebraska	85.5%
40	50	Montana	85.6%
41	28	Utah	86.2%
42	31	Delaware	86.6%
43	25	Tennessee	87.4%
44	42	Pennsylvania	87.5%
45	1	North Dakota	91.9%
46	47	Connecticut	97.3%
47	49	South Carolina	99.4%
48	48	Georgia	103.9%
49	53	New Hampshire	105.9%
50	36	Kentucky	106.3%
51	17	Iowa	129.2%
52	33	Rhode Island	145.2%
53	52	New Mexico	164.2%
National Average:			**68.6%**

Appendix D

Physicians Malpractice Data for States and U.S. Territories

2018

Written Premium Rank	State	Direct Physicians Written Premium	Direct Physicians Earned Premium	Direct Physicians Incurred Loss	Loss Ratio
1	New York	$969,251,501	$983,717,969	$536,212,766	54.5%
2	California	$424,234,887	$426,104,342	$205,292,350	48.2%
3	**Florida**	**$363,763,686**	**$362,557,523**	**$210,072,116**	**57.9%**
4	Illinois	$284,853,690	$309,596,938	$158,765,316	51.3%
5	New Jersey	$262,985,118	$268,713,325	$70,345,938	26.2%
6	Pennsylvania	$234,102,348	$240,175,811	$153,922,970	64.1%
7	Georgia	$174,161,826	$168,979,070	$153,285,357	90.7%
8	Arizona	$140,074,202	$143,440,825	$49,329,466	34.4%
9	Texas	$136,302,597	$134,626,972	$64,090,107	47.6%
10	Maryland	$133,544,397	$139,544,957	$35,005,622	25.1%
11	Ohio	$130,725,565	$135,816,627	$58,940,754	43.4%
12	Tennessee	$126,619,176	$132,967,809	$71,681,821	53.9%
13	Virginia	$124,842,953	$127,885,292	$38,419,277	30.0%
14	Michigan	$116,883,338	$113,798,834	($35,792,496)	-31.5%
15	North Carolina	$101,577,216	$100,803,877	$1,222,785	1.2%
16	Massachusetts	$98,734,061	$100,249,060	($46,868,368)	-46.8%
17	Colorado	$92,754,655	$94,565,438	$31,446,410	33.3%
18	Washington	$84,265,282	$88,221,437	$18,673,487	21.2%
19	Missouri	$76,531,322	$70,929,618	$48,276,848	68.1%
20	Alabama	$68,403,539	$73,808,020	($14,581,209)	-19.8%
21	Connecticut	$66,937,277	$74,027,501	$39,568,710	53.5%
22	Indiana	$66,162,070	$66,114,096	$22,531,284	34.1%
23	Kentucky	$64,672,964	$63,131,226	$21,723,888	34.4%
24	Oklahoma	$59,645,632	$57,963,114	$36,643,457	63.2%
25	Louisiana	$51,776,734	$52,025,189	$5,005,901	9.6%
26	Oregon	$51,370,731	$53,959,684	$25,582,713	47.4%
27	Nevada	$48,166,568	$48,521,394	$12,712,202	26.2%
28	South Carolina	$44,577,741	$43,849,176	$36,390,597	83.0%
29	Utah	$37,512,649	$38,578,202	$20,351,614	52.8%
30	Arkansas	$36,447,567	$35,437,707	$17,204,964	48.5%
31	Minnesota	$35,273,353	$34,843,898	$27,376,739	78.6%
32	West Virginia	$34,344,541	$36,640,809	$16,992,605	46.4%
33	Wisconsin	$32,261,795	$31,591,831	$3,739,712	11.8%
34	Puerto Rico	$31,463,044	$32,058,644	$5,849,306	18.2%
35	Kansas	$31,270,915	$30,382,304	$10,500,242	34.6%
36	Iowa	$29,303,365	$29,769,955	$29,206,826	98.1%
37	Montana	$24,778,608	$24,655,335	$16,159,517	65.5%
38	New Mexico	$23,876,250	$23,507,553	$27,826,438	118.4%

Written Premium Rank	State	Direct Physicians Written Premium	Direct Physicians Earned Premium	Direct Physicians Incurred Loss	Loss Ratio
39	New Hampshire	$23,312,579	$22,067,304	$17,567,230	79.6%
40	Delaware	$21,651,030	$22,034,906	$11,691,404	53.1%
41	Maine	$16,903,697	$21,604,155	$22,739,995	105.3%
42	Idaho	$16,877,078	$17,789,160	$8,180,793	46.0%
43	District of Columbia	$16,388,753	$16,923,716	($1,164,852)	-6.9%
44	Mississippi	$15,954,275	$19,963,602	$4,108,091	20.6%
45	Hawaii	$15,852,102	$16,154,067	$6,140,181	38.0%
46	Rhode Island	$14,596,546	$16,069,291	$4,698,052	29.2%
47	Alaska	$14,282,912	$14,544,241	$2,509,215	17.3%
48	Wyoming	$13,337,913	$13,612,981	$4,880,521	35.9%
49	Nebraska	$12,394,695	$11,929,807	$6,080,699	51.0%
50	South Dakota	$8,175,179	$8,137,196	($5,059,250)	-62.2%
51	Vermont	$7,475,274	$7,903,681	$531,918	6.7%
52	North Dakota	$5,560,169	$5,263,820	($2,152,438)	-40.9%
53	Other Territories	$2,149,082	$2,170,831	$1,202,386	55.4%
Grand Total:		**$5,119,364,447**	**$5,209,730,120**	**$2,265,061,977**	**43.5%**

Appendix E

Written Premium in Top Five States of Leading Florida Malpractice Carriers

2018

Company	State 1	State 2	State 3	State 4	State 5
Doctors Company, An Interinsurance Exchange	CA	FL	OH	TX	VA
	$174,489,324	$113,539,202	$36,035,818	$35,353,931	$31,611,478
MAG Mutual Insurance Company	GA	FL	NC	SC	VA
	$90,966,859	$66,206,801	$27,409,627	$20,315,487	$16,747,189
Medical Protective Company	TX	PA	FL	GA	OH
	$57,303,804	$53,716,416	$46,820,197	$43,904,765	$39,504,101
NORCAL Mutual Insurance Company	CA	PA	FL	IL	TX
	$98,627,193	$39,140,902	$35,307,259	$21,388,358	$12,950,651
National Fire & Marine Insurance Company	TX	FL	GA	CA	IL
	$28,622,607	$27,765,462	$26,447,897	$24,807,517	$20,395,634
ProAssurance Casualty Company	MI	WI	NV	FL	IL
	$28,304,771	$18,937,633	$15,134,979	$14,540,258	$11,735,680
MedMal Direct Insurance Company	FL	GA	IL	TX	NC
	$14,358,272	$2,224,158	$683,499	$311,834	$298,265
American Casualty Company of Reading, PA	CA	NY	FL	TX	NJ
	$33,368,460	$21,677,967	$14,354,063	$13,496,253	$12,788,167
Columbia Casualty Company	PA	TX	OH	CA	IL
	$17,227,886	$17,036,130	$16,607,098	$15,733,850	$14,300,746
Samaritan RRG, Inc.	FL	-	-	-	-
	$9,355,152	-	-	-	-
MCIC Vermont (A Reciprocal RRG)	NY	MD	CT	FL	DC
	$164,205,241	$82,797,963	$81,160,200	$9,030,678	$2,722,994
Landmark American Insurance Company	FL	CA	NY	IL	PA
	$8,419,130	$8,209,833	$4,405,565	$3,246,972	$2,700,654
Healthcare Underwriters Group, Inc.	FL	OH	KY	TX	IN
	$7,611,210	$3,591,279	$2,299,078	$214,158	$156,202
Evanston Insurance Company	FL	NY	CA	TX	IL
	$7,433,446	$6,987,542	$6,649,662	$6,118,783	$4,286,772
Admiral Insurance Company	CA	NY	FL	TX	IL
	$19,220,253	$8,966,093	$7,383,563	$6,283,080	$5,587,362
ProAssurance Specialty Insurance Company, Inc.	IL	TN	MT	FL	TX
	$20,496,723	$10,228,657	$8,454,949	$6,617,163	$6,114,271
Physicians Insurance Company	FL	TX	-	-	-
	$6,288,391	$37,848	-	-	-
Continental Casualty Company	OR	WI	OK	FL	IN
	$10,922,018	$9,580,455	$6,558,933	$5,995,543	$5,956,230
OMS National Insurance Company, RRG	NY	CA	FL	PA	TX
	$11,246,056	$6,054,983	$5,906,378	$3,818,586	$3,688,048

Ophthalmic Mutual Insurance Company (A RRG)	FL	IL	CA	PA	VA
	$5,755,024	$4,324,964	$4,088,604	$2,189,605	$2,177,401
Podiatry Insurance Company of America	NY	CA	FL	IL	PA
	$9,096,016	$6,077,029	$5,444,828	$5,128,851	$3,870,742
Ironshore Specialty Insurance Company	IL	NY	TX	PA	FL
	$9,960,881	$9,194,926	$7,342,432	$6,105,300	$5,433,050
Coverys Specialty Insurance Company	WA	FL	VA	NY	NM
	$9,950,515	$5,191,092	$4,818,382	$4,506,406	$3,736,664
Aspen American Insurance Company	FL	AZ	MD	MI	NY
	$4,917,062	$4,180,562	$3,830,003	$3,484,678	$2,436,135
Arch Specialty Insurance Company	IL	NY	FL	CA	GA
	$7,268,129	$5,950,145	$4,749,687	$4,016,472	$3,901,166

Appendix F

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

2018

Company	State 1	State 2	State 3	State 4	State 5
Doctors Company, An Interinsurance Exchange	CA	FL	OH	TX	VA
	76%	77%	86%	93%	43%
MAG Mutual Insurance Company	GA	FL	NC	SC	VA
	85%	85%	13%	86%	37%
Medical Protective Company	TX	PA	FL	GA	OH
	44%	67%	86%	45%	8%
NORCAL Mutual Insurance Company	CA	PA	FL	IL	TX
	46%	62%	44%	156%	63%
National Fire & Marine Insurance Company	TX	FL	GA	CA	IL
	117%	72%	116%	99%	97%
ProAssurance Casualty Company	MI	WI	NV	FL	IL
	48%	45%	33%	38%	25%
MedMal Direct Insurance Company	FL	GA	IL	TX	NC
	65%	246%	79%	115%	19%
American Casualty Company of Reading, PA	CA	NY	FL	TX	NJ
	39%	48%	36%	25%	70%
Columbia Casualty Company	PA	TX	OH	CA	IL
	69%	142%	92%	114%	77%
Samaritan RRG, Inc.	FL	-	-	-	-
	54%	-	-	-	-
MCIC Vermont (A Reciprocal RRG)	NY	MD	CT	FL	DC
	88%	94%	119%	205%	-9%
Landmark American Insurance Company	FL	CA	NY	IL	PA
	77%	67%	133%	86%	47%
Healthcare Underwriters Group, Inc.	FL	OH	KY	TX	IN
	82%	114%	171%	63%	36%
Evanston Insurance Company	FL	NY	CA	TX	IL
	111%	128%	28%	-15%	-24%
Admiral Insurance Company	CA	NY	FL	TX	IL
	20%	86%	78%	-1%	75%
ProAssurance Specialty Insurance Company, Inc.	IL	TN	MT	FL	TX
	81%	255%	109%	93%	99%
Physicians Insurance Company	FL	TX	-	-	-
	92%	25%	-	-	-
Continental Casualty Company	OR	WI	OK	FL	IN
	67%	37%	66%	80%	81%
OMS National Insurance Company, RRG	NY	CA	FL	PA	TX
	113%	67%	65%	56%	16%

Ophthalmic Mutual Insurance Company (A RRG)	FL	IL	CA	PA	VA
	76%	51%	39%	224%	60%
Podiatry Insurance Company of America	NY	CA	FL	IL	PA
	68%	41%	90%	109%	76%
Ironshore Specialty Insurance Company	IL	NY	TX	PA	FL
	99%	75%	5%	175%	21%
Coverys Specialty Insurance Company	WA	FL	VA	NY	NM
	107%	125%	117%	138%	71%
Aspen American Insurance Company	FL	AZ	MD	MI	NY
	59%	58%	58%	65%	20%
Arch Specialty Insurance Company	IL	NY	FL	CA	GA
	112%	20%	44%	70%	87%

Florida Office of Insurance Regulation

David Altmaier, Insurance Commissioner

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