

2011 Medical Malpractice Annual Report

Claims Closed from Jan. 1, 2008 through Dec. 31, 2010

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Rates and Forms Division
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About this report

Early in the last decade, a “hard market” emerged nationally for most types of insurance. During this period, medical professional liability insurance became expensive and hard to find for many types of medical providers and facilities. Beginning in 2005, the Office of the Insurance Commissioner (OIC) began publishing closed claim information to help policymakers decide how to respond to affordability and availability problems.

In 2006, the Legislature enacted comprehensive health care liability reform legislation (2SHB 2292) to address a number of concerns, including the cost and availability of medical professional liability insurance. This law also created reporting requirements for medical malpractice claims that are resolved and closed. The intent of this part of the law was to gather meaningful medical malpractice claim data to support policy decisions. Section 205 of this law required the OIC to produce annual reports summarizing these data, beginning in 2010.

This is the second annual report. It includes a snapshot of the medical malpractice marketplace and summary closed claim and settlement data.

This report has three sections:

- The first describes the current condition of the medical professional liability insurance market.
- The second summarizes closed claim data reported by insurers, risk retention groups and self-insurers.¹
- The third summarizes lawsuit resolution data reported by attorneys.

¹ For simplicity, we will use the term “insurers” when referring to admitted insurers, surplus lines insurers and risk retention groups.

Key statistics

About the medical professional liability insurance market

- Losses are lower. Pure loss ratio peaked at 90.4 percent in 2002, then dropped 26.8 points to 63.6 percent in 2003 due to strong premium growth and improved loss experience.¹ Incurred losses and defense costs hit an eleven-year low in 2010 at \$88.3 million.
- Lower claim reserves fueled profitability. Insurers have lowered reserves for older claims, leading to lower incurred loss and defense costs in recent years.² For example, Physicians Insurance has lowered reserves by \$102.4 million over its original estimates. It is unlikely that claim reserves will continue to fall, and losses are likely to trend higher in the future.
- Profitability has rebounded. Profitability has swung from poor to excellent in the last decade. Results from the two admitted insurers with the largest market share in Washington State illustrate the change. Both Physicians Insurance and The Doctors Company had marginal operating results from 2001-2005, with operating ratios of 98.9 percent and 98.1 percent.³ From 2006-2010, Physicians Insurance had an operating ratio of 63.9 percent and The Doctors Company's operating ratio was 59.6 percent, and these companies have been very profitable over this period.
- Medical professional liability rates are lower. Physicians Insurance, the largest provider of medical professional liability insurance for physicians and surgeons, reduced its rates by 7.7 percent in 2005 and 10.0 percent in 2009. In addition to decreasing rates, Physicians Insurance issued policyholder dividends totaling \$15.2 million from 2008 through 2010.

1 Pure loss ratio means incurred losses divided by direct earned premium. Incurred losses include paid claims and the change in reserves for pending and unknown claims. A pure loss ratio does not include defense and cost containment expenses, which are a significant part of the cost to resolve claims.

2 When an incident occurs that may lead to claim payments, insurers reserve money to pay for that incident, which they call a claim reserve. If the claim reserve is too high or an investigation shows there is no legal responsibility to pay the claim, the insurer will remove the claim reserve from its books. If an insurer lowers total claim reserves for past years, incurred losses are lower in the current year since both occur in the same accounting period.

3 Operating ratios measure overall profitability from underwriting and investment activities. Operating ratios are calculated using nationwide data.

About verdicts

- Information submitted by insurers and self-insurers cannot be directly compared. Insurers and self-insurers report data separately for each defendant, while attorneys submit one final settlement report including payments made by all defendants. In spite of these differences, information reported by both groups about lawsuits resolved in favor of the plaintiff was similar. Over the three-year period ending December 31, 2010:
 - Insurers and self-insurers reported that \$12 million was paid for claims resolved by a plaintiff verdict or judgment. These claims were few in number, only 22, and resulted in an average payment of \$545,698.
 - Attorneys reported that \$14.8 million was paid to plaintiffs for lawsuits resolved by a plaintiff verdict or judgment. Total verdicts or judgments were few in number, only 13, and resulted in an average payment of \$1.14 million.
 - These data suggest that lawsuits that get to the trial stage often have more than one defendant, and the compensation to the plaintiff is higher than the average indemnity payment reported by insurers and self-insurers.
- Verdicts and judgments in favor of the plaintiff are very small in number. Insurers and self-insurers reported that only 5 claims were resolved by the courts in 2010, as compared to 9 in 2009 and 8 in 2008. In contrast, insurers and self-insurers reported that 105 claims were resolved in their favor in 2010, 135 in 2009 and 149 in 2008. Over the three-year period, insurers and self-insurers spent \$26.1 million defending lawsuits in which they ultimately prevailed, which is over twice the amount of money paid for plaintiff judgments or verdicts.

About claim data submitted by insurers and self-insurers

Total claims: Insurers and self-insurers reported 2,659 claims closed with an indemnity payment, defense costs, or both types of payments.^{1,2} Commercial insurers reported 1,583 claims; self-insured entities reported 985 claims; and risk retention groups reported 91 claims.^{3,4}

1 This report includes claims data reported and edited through June 15, 2011, and these data differ slightly from the statistics reported in the [medical malpractice statistical summary](#) published in June 2011.

2 For simplicity, this report substitutes “defense costs” for the technical phrase “[defense and cost containment expenses](#).” Defense and cost containment expenses are expenses allocated to a specific claim to defend an insured, including expenses such as court costs, fees paid to defense attorneys, and fees for expert witnesses. These expenses do not include the internal costs to operate a claims department.

3 Commercial insurers include both admitted and surplus lines insurers.

4 [RCW 48.140.050\(1\)\(a\)\(i\)](#) says the commissioner must analyze trends in frequency and severity of closed claims. The OIC will begin analyzing trends when five years of data are available, and will publish this information in 2013.

Payments to claimants: Insurers and self-insurers paid \$305.5 million on 1,315 claims, or \$232,356 per paid claim. One large payment affected these figures. If we remove that payment, the average indemnity payment drops to \$221,612.¹

- Average indemnity payments over the three-year period were inconsistent. In 2008, the average indemnity payment was \$235,406. In 2009, the average indemnity payment rose to \$251,516, and in 2010 it dropped to \$212,185. While average indemnity payments were inconsistent, the median payment was \$50,000 over the entire three-year period.
- The amount paid for economic loss was \$147.9 million, or an average of \$112,467 per paid claim. On average, insurers and self-insurers attributed 48.4 percent of the claim payment to economic loss.
- Insurers and self-insurers closed 49.5 percent of all claims with an indemnity payment to a claimant. Most, but not all, claims with paid indemnity also had defense and cost containment expenses.
- Of those claims closed with an indemnity payment, 6.2 percent closed with paid indemnity of \$1 million or more. These claims account for 49.6 percent of total paid indemnity over the three-year period.

Defense costs: Insurers and self-insurers paid \$100.0 million to defend 2,301 claims, or an average of \$43,454 per claim. Average defense costs are declining. In 2008, the average defense cost was \$49,973, as compared to \$43,007 in 2009 and \$37,347 in 2010. Commercial insurers, in particular, have lowered average defense costs. In 2008, their average defense cost was \$54,397, as compared to \$48,592 in 2009 and \$38,998 in 2010.

Method of settlement: Insurers and self-insurers settled most claims closed with paid indemnity by negotiation between the claimant and the insurer. For claims with an indemnity payment, insurers and self-insurers settled:

- 76.6 percent of claims by negotiation, and these settlements comprise 57.6 percent of the total paid indemnity.
- 20.3 percent of claims by alternative dispute resolution (arbitration, mediation, private trial). These settlements comprise 37.3 percent of the total paid indemnity over the three-year period.

¹ An insurer made a payment of \$14.35 million and, due to the publicity surrounding the settlement, gave us permission to footnote this report with payment information.

Payments by type of medical provider: The insurer or self-insurer identified the type of medical provider in 85.4 percent of the closed claim reports.¹ The remaining claims were made against an organization – not an individual medical provider.

- Nursing resulted in the most closed claims: 315. Of these claims, 202 resulted in paid indemnity averaging \$113,768.
- For physician specialties, General/Family Practice had the most claims at 181, with 83 resulting in paid indemnity averaging \$198,966. Urological surgery had the highest average paid indemnity of \$575,248.

Payments and defense costs by age of claim:

- The amount paid to claimants increased with the age of the claim. Of the 1,315 claims closed with an indemnity payment, 449 closed within one year after report date and had average paid indemnity of \$74,013. That figure rose to \$241,347 for 394 claims closing in their second year. The 22 claims that closed six or more years after report date had average paid indemnity of \$1,000,013.
- The amount paid for defense costs also increased with the age of the claim. Of the 2,301 claims closed with defense costs, 597 closed within one year after report date and had average defense cost of \$6,078. That figure rose to \$27,869 for 818 claims closing in their second year. The 34 claims that closed six or more years after report date had average defense cost of \$178,306.

Regional comparisons: Over one-third of the claims, or 914, came from King County. Of these, 51.5 percent resulted in indemnity payments totaling \$136.6 million, or an average of \$290,100 per claim.

Allegations:

- Improper performance was the most common allegation. This allegation resulted in 542 claims and 260 indemnity payments that averaged \$182,058.
- Failure to diagnose was the second most common allegation and led to the third highest average indemnity payment. This allegation resulted in 239 claims and 90 indemnity payments that averaged \$397,802.

¹ Physician specialties, dental specialties and other types of medical providers.

About lawsuits filed and settled by attorneys

If an attorney files a lawsuit to resolve a medical incident, he or she should report data about that lawsuit to the OIC once the litigation is resolved. Here are a few statistics:

Compensation to claimants: Attorneys reported that claimants received total compensation of \$242.0 million on 333 claims, or \$726,687 per settlement. Attorney fees were \$87.3 million, or an average of \$262,189 per settlement with an indemnity payment.¹ On average, the attorney fee was 36.1 percent of the total compensation paid to the claimant.

How lawsuits were settled: Where an indemnity payment was made, 51.4 percent were settled in mediation. Mediated settlements had an average indemnity payment of \$775,681 and an average attorney fee of \$201,871. Only 13 lawsuits were reported as resolved by jury verdicts. These verdicts resulted in total paid indemnity of \$14.8 million and average paid indemnity of \$1.14 million.

Regional comparisons: One-third of the lawsuits, or 125, came from King County. King County had the highest total paid indemnity at \$115.6 million, the second highest average paid indemnity at \$980,065 and the second highest legal expense per lawsuit at \$379,341.

Settlement by age of claimant: The most expensive settlements involved newborns and infants. In these cases, the average settlement was \$2.48 million and the average legal expense was \$1.06 million.

¹ Attorney fees for legal representation are generally contingent fees that are payable if indemnity payments are made by one or more defendants.

Introduction

Under [chapter 48.140 RCW](#), insurers, risk retention groups (collectively “insurers”) and self-insurers must submit a report to the OIC every time they close a medical malpractice claim.¹ Under [RCW 7.70.140](#), attorneys must report aggregate settlement data from all defendants after they resolve all claims related to a medical malpractice lawsuit. The report includes data submitted by insurers, self-insurers and attorneys in summary form that protects the confidentiality of persons and organizations involved in the claim or settlement process.²

Insurers, self-insurers and attorneys must report claim data for the prior year to the OIC by March 1 of each year.³ Over the past couple of years, attorney compliance with the reporting law has been disappointing. As a result, this report provides very few summary exhibits for settlement data reported by attorneys, since the OIC cannot draw conclusions from incomplete data. Most of the exhibits in this report focus on data reported by insurers and self-insurers.⁴

This report has three sections:

1. Market analysis

This section is an overview of the medical professional liability insurance market in Washington state and around the country that includes:

- An analysis of the profitability of the largest authorized medical malpractice insurers in Washington state.
- Information about medical malpractice rate changes approved last year.
- Information about incurred losses and defense costs for medical professional liability insurance.

1 A Risk Retention Group (RRG) is an owner-controlled insurance company authorized by the Federal Risk Retention Act of 1986. An RRG provides liability insurance to members who are in similar or related business or activities. The Federal Act allows one state to charter an RRG and allows the RRG to engage in the business of insurance in all states. The Federal Act preempts state law in many significant ways. See [RCW 49.92.030](#)(11). For simplicity, and to protect confidentiality of data, we include them with all other insurers in the analysis included in this report.

2 [RCW 48.140.040](#)(2) says the OIC must take steps to protect the confidentiality of claim data, and [RCW 48.140.060](#), required the OIC to adopt rules to achieve this result.

3 See [RCW 48.140.020](#)(2) and [WAC 284-24E-090](#).

4 See [RCW 48.140.050](#) for information about the information provided by this report.

2. Closed claim statistics reported by insurers, risk retention groups and self-insurers

Insurers and self-insurers report claims they close with an indemnity payment and/or defense costs.¹² Each closed claim report is associated with one defendant.³

People make medical malpractice claims for a variety of reasons, or “allegations.” People can make allegations against an organization, such as a hospital, against a medical provider, or both.

Settlement data reported by attorneys are different from closed claim data. Attorneys report settlement data after all claims are resolved, and the settlement amount they report is the total compensation a plaintiff received from all defendants. Average settlement data submitted by attorneys will have much higher average payments, because many settlements involve more than one defendant.

Insurers and self-insurers reported three primary types of closed claim data:

1. **Defense costs:** These are expenses paid to defend claims, and include expenses allocated to a specific claim, such as court costs and fees paid to defense attorneys or expert witnesses.⁴ They do not include internal costs to settle claims, such as salaries for claims staff or operating overhead for a claims department.⁵
2. **Economic damages:** Most of these amounts are estimates of the claimant’s economic damages made by the insurer or self-insurer when it makes a payment to settle the claim.⁶ In a few cases, a court itemized economic damages when it issued a verdict, and these amounts are included in the totals.
3. **Paid indemnity:** The amount the insurer or self-insurer paid to the claimant to resolve the claim.

1 [RCW 48.140.010](#)(1) defines a claim.

2 Under [WAC 284-24D-060](#), if an insurer or self-insurer closes a claim without an indemnity payment or defense costs, it is not required to report the claim to the OIC.

3 [RCW 48,140.010](#)(3) defines a closed claim.

4 Under [WAC 284-24D-060](#), if an insurer or self-insurer closes a claim without an indemnity payment or defense costs, it is not required to report the claim to the OIC.

5 See [WAC 284-24D-020](#)(1), [WAC 284-24D-330](#) and [WAC 284-24D-340](#).

6 See [RCW 4.56.250](#)(1)(a), [WAC 284-24D-350](#), [WAC 284-24D-360](#), [WAC 284-24D-362](#), [WAC 284-24D-364](#), and [WAC 284-24D-370](#).

3. Lawsuit statistics reported by attorneys

If an attorney files a lawsuit alleging medical malpractice, the attorney must report data after the lawsuit is resolved. For the past three years, the OIC has worked with the Washington State Association for Justice and Washington State Bar Association to improve compliance.¹ Despite these efforts, a number of attorneys have not complied with [RCW 7.70.140](#), and data in this report is incomplete. The OIC cannot draw conclusions from incomplete data, so the section of the report containing lawsuit resolution data submitted by attorneys is limited to calendar year statistics.

Attorneys report two primary types of settlement data:

1. **Total paid indemnity:** Total compensation paid by all defendants to the claimant as the result of the lawsuit. Indemnity payments may come from several defendants if a lawsuit named more than one party.²
2. **Legal expenses:** All sums paid by the claimant to the attorney, including attorney fees, expert witness fees, court costs, and all other legal expenses.^{3 4}

Closed claim and lawsuit statistics are different

People cannot compare data reported by insurers and self-insurers to the data reported by attorneys because insurers and self-insurers report:

- All closed claims if the insurer and self-insurer makes payments or incurs expenses to defend the claim. Attorneys report data only if they filed a lawsuit against one or more defendants.
- Data separately for each defendant, while attorneys submit one final settlement report that includes payments made by all defendants they sued.

1 On December 8, 2008, the Washington State Trial Lawyers Association announced that it had changed its name to the Washington State Association for Justice, following in the steps of the American Association for Justice, the national umbrella organization for trial lawyer associations, which changed its name from the Association of Trial Lawyers of America in 2006.

2 [WAC 284-24E-150](#).

3 Attorney fees for legal representation are generally contingent fees that are payable if indemnity payments are made by one or more defendants.

4 [RCW 7.70.140\(2\)\(b\)\(v\)](#).

Example: *If an attorney sues several medical providers for their actions related to an incident with a poor medical outcome, some providers may resolve the litigation early, while others may be involved in the dispute resolution process for years. Insurers and self-insurers reported claims as they resolve the claims against their customers, while an attorney waits until claims against all defendants are resolved to report the settlement.*

One final reason the OIC cannot make comparisons is simple: Insurers, self-insurers and risk retention groups have been much more diligent in reporting closed claim data, and the OIC can draw more information from their reports.

Snapshot of the medical professional liability insurance market

This section of the report provides an overview of the medical malpractice market in Washington State primarily using calendar year premium and loss data obtained from the National Association of Insurance Commissioners (NAIC).

Components of the market

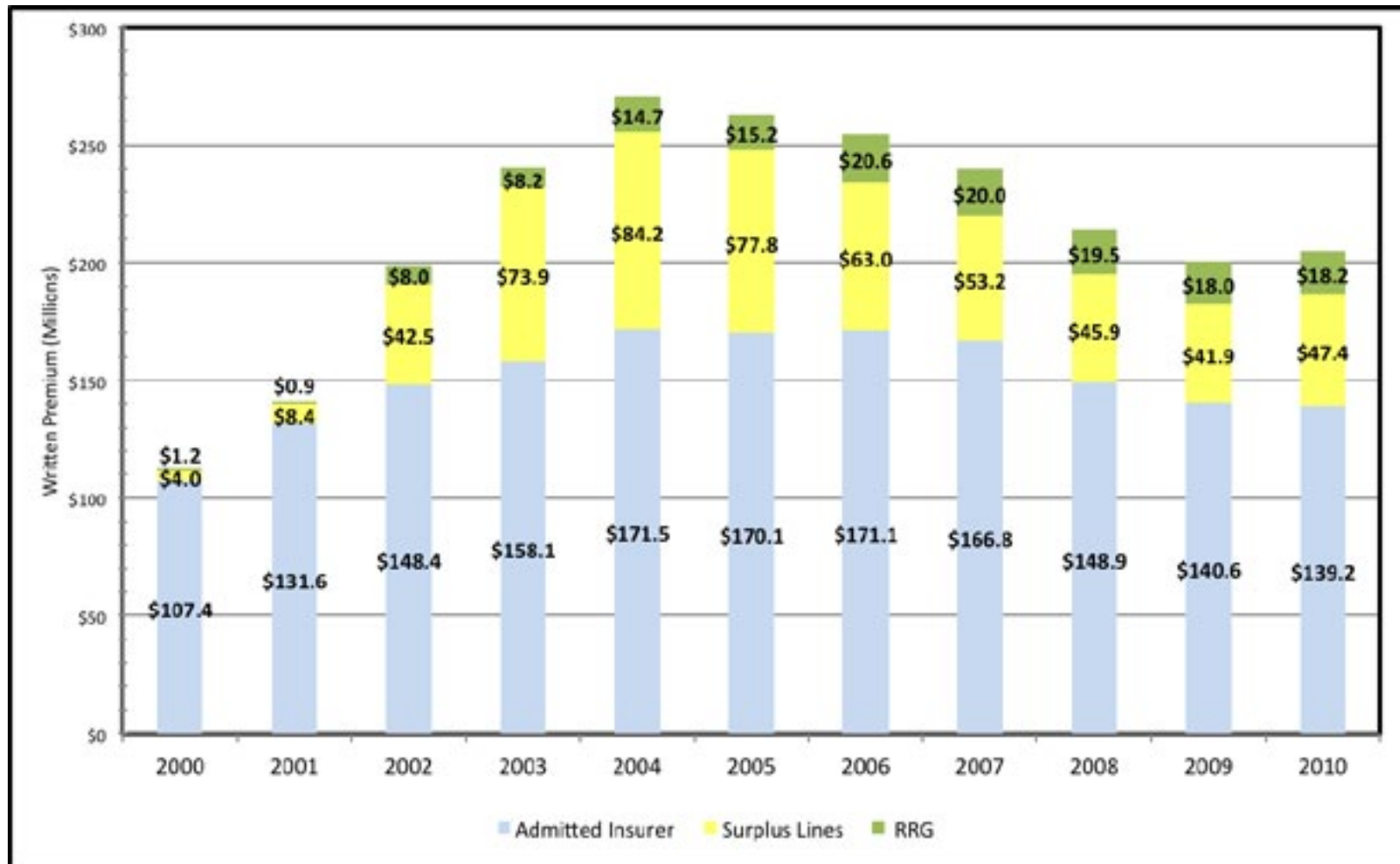
The medical professional liability insurance market has three primary components:

- Admitted insurers regulated by the OIC.
- Unregulated surplus lines insurers.
- Risk retention groups subject to regulation only by their home state.

In 2000, admitted insurers wrote 95.4 percent of medical professional liability insurance premiums in Washington State. Physicians Insurance Group led the market with 52.7 percent of the admitted market share and 50.3 percent of total market share.¹ By 2010, the admitted market wrote only 68.0 percent of premium, and the remainder of the market belonged to surplus lines insurers and risk retention groups. Physicians Insurance still has 50.3 percent of the admitted market share, but its share of the overall market is much lower at 34.2 percent.

¹ In 2000, Physicians Insurance Group sold insurance through three companies: Physicians Insurance, A Mutual Company, Western Professional Insurance Company and Northwest Dentists Insurance Company. Western Professional Insurance Company is no longer actively writing insurance, and a group including the ODS Companies and the Washington State Dental Association purchased Northwest Dentists Insurance Company in 2007.

This chart shows the distribution of written premium for each segment of the medical professional liability insurance market. Surplus lines insurers and risk retention groups have increased written premium since calendar year 2000, although the premium for surplus lines insurers has declined since 2004. Total written premium also peaked in 2004, and then declined for five consecutive years.



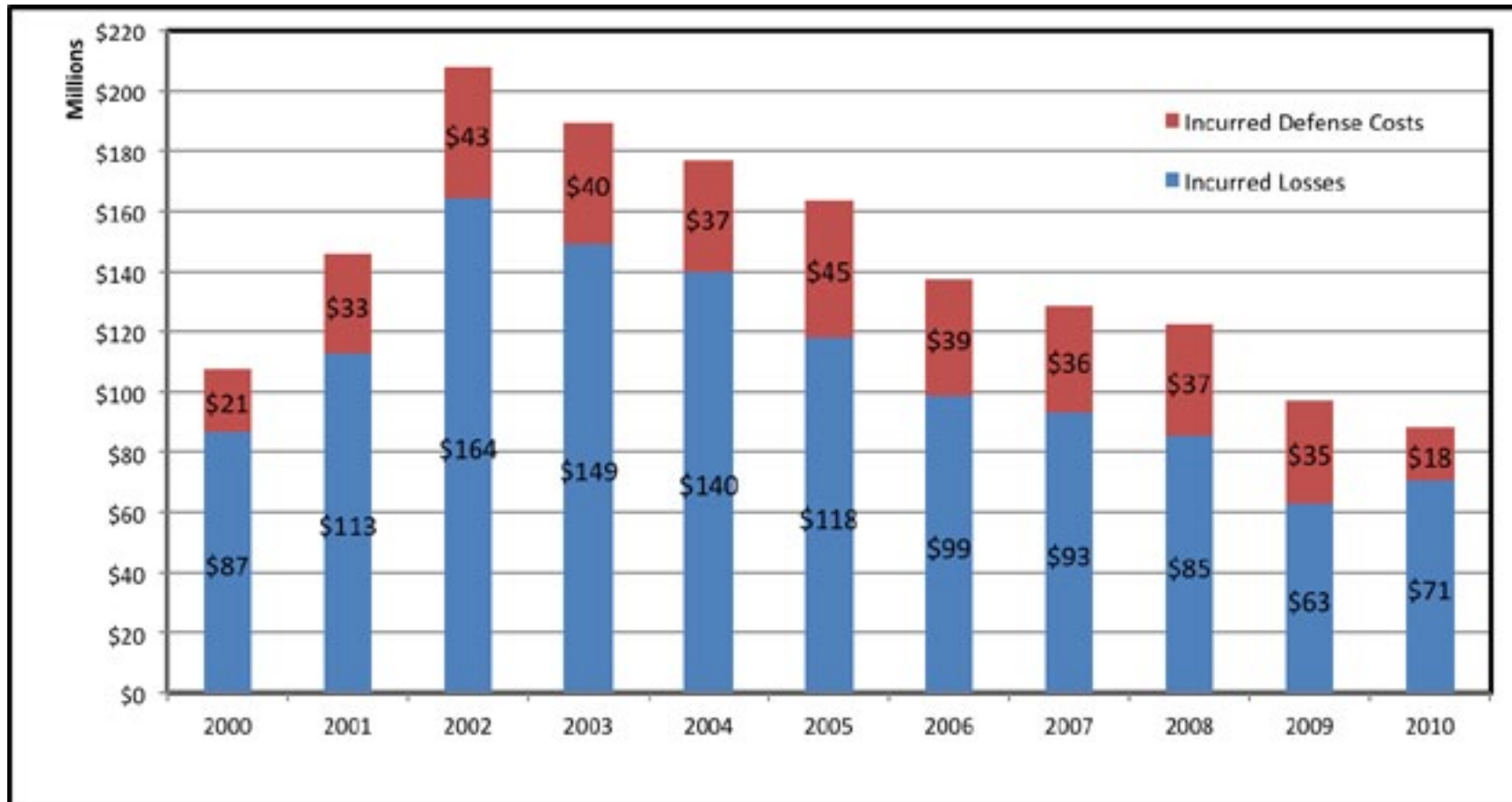
Loss ratio history

Overall, medical professional liability insurance loss ratios in Washington State had dropped significantly since 2002, which had a period-high pure loss ratio of 90.4 percent.¹ Incurred defense costs were also high in 2002, which led to an incurred loss and defense cost ratio of 114.2 percent. Premiums increased significantly the following two years and, combined with lower incurred losses and defense costs, led to large decreases in both the pure loss ratio and the loss and defense cost ratio through 2004. Also notable is the decline in incurred defense costs. In 2005, insurers collectively incurred \$45.4 million in defense costs, as compared to \$17.7 million in 2010. The unusual drop in 2010 is the result of significant decreases in defense cost reserves by a few insurers, and more reserve decreases are unlikely to recur next year. The following table summarizes this period for the total market, which includes admitted insurers, surplus lines insurers and risk retention groups.

<u>Year</u>	<u>Direct Written Premium</u>	<u>Direct Earned Premiums</u>	<u>Direct Incurred Losses</u>	<u>Pure Loss Ratio</u>	<u>Direct Incurred Defense Costs</u>	<u>Incurred Losses & Defense Costs</u>	<u>Loss & Defense Cost Ratio</u>
2000	\$112,633,177	\$109,996,218	\$86,819,505	78.9%	\$21,039,714	\$107,859,219	98.1%
2001	\$140,929,627	\$134,008,616	\$112,729,787	84.1%	\$32,745,710	\$145,475,497	108.6%
2002	\$198,969,671	\$181,843,628	\$164,372,251	90.4%	\$43,275,166	\$207,647,417	114.2%
2003	\$240,251,605	\$234,439,488	\$149,126,311	63.6%	\$40,242,563	\$189,368,874	80.8%
2004	\$270,352,631	\$258,075,781	\$139,822,747	54.2%	\$36,610,655	\$176,433,402	68.4%
2005	\$263,090,674	\$258,403,214	\$118,070,079	45.7%	\$45,446,560	\$163,516,639	63.3%
2006	\$254,759,071	\$253,104,467	\$98,628,303	39.0%	\$39,005,295	\$137,633,598	54.4%
2007	\$239,959,432	\$241,654,054	\$92,960,987	38.5%	\$35,676,308	\$128,637,295	53.2%
2008	\$214,357,164	\$218,726,595	\$85,445,904	39.1%	\$36,841,513	\$122,287,417	55.9%
2009	\$200,445,437	\$202,466,303	\$62,633,183	30.9%	\$34,721,641	\$97,354,824	48.1%
2010	\$204,786,151	\$199,165,328	\$70,634,175	35.5%	\$17,701,695	\$88,335,870	44.4%
Totals	\$2,340,534,640	\$2,291,883,692	\$1,181,243,232	51.5%	\$383,306,820	\$1,564,550,052	68.3%

¹ We calculated loss ratios using direct premiums and incurred losses, which exclude amounts ceded to reinsurers.

This chart shows the distribution of incurred losses and defense costs. Incurred losses have gone down since 2002, due to reductions in claim reserves and fewer overall claims.¹ Defense costs have dropped since 2002. In 2010, defense costs dropped significantly when several insurers released reserves that they did not need to defend claims.



¹ If an insurer finds that it will not use a claim reserve to pay a claim, the insurer will remove the claim reserve from its incurred losses. Incurred losses are paid losses plus the change in outstanding reserves for a given period, so this action will reduce incurred losses in the current year.

Lower claim reserves

Data reported to the NAIC by Physicians Insurance and The Doctors Company show favorable loss development trends. Loss development is the change in the estimated cost of a particular group of claims between the beginning and end of a period in time. Favorable development means that later estimates of losses and defense costs were lower than the first estimates.¹

Appendix B, page 1 shows data from Physicians Insurance's 2010 Annual Statement.² This table shows the change in incurred loss and defense cost reserves over time. For example, Physicians Insurance first reserved \$74.8 million to pay losses and defense costs in 2004. By 2010, the company had dropped its estimate of incurred losses and defense costs for 2004 to \$54.1 million. Overall, Physicians Insurance has had very favorable incurred loss development. Two-year development was (\$46.1) million, and cumulative development over the entire period was (\$102.4) million. Since Physicians Insurance collects 96.6 percent of its written premiums in Washington State, favorable loss and development trends are a sign that rates for medical professional liability insurance will remain stable in the near future.³

Appendix A shows favorable development for The Doctors Company, which is one of the top writers of medical professional liability insurance in the United States with \$528.0 million in net written premium in 2010. Nationally, The Doctors Company has seen two-year development of (\$235.2) million dollars. Only 4.1 percent of The Doctors Company written premiums come from Washington State, so much of the reserve development is the result of lower estimates in other states. However, these data do show that Washington State is one of many states where loss experience has improved for medical professional liability insurance.

1 Insurers compile the first estimate of incurred losses three months after the end of the year. Medical malpractice claims often take a long time to resolve and the first estimate of incurred losses may be very inaccurate and subject to substantial revisions in later years. There will be a pattern of change to total incurred losses from one period to the next, as more claims are paid and the insurer revises estimates of other claims using new information. "Loss development" is the technical term for the change in incurred losses from period to period.

2 Consolidated data from Schedule P, part 2, sections 1 and 2 for medical professional liability occurrence and claims made policies. These data are for policies written in all states. Washington-specific data are not available.

3 Insurers may be reluctant to lower rates in Washington State until they see the impact of two recent Supreme Court decisions that said [RCW 7.70.100\(1\)](#) and [RCW 7.70.150](#) are unconstitutional. See *Waples v. Yi*, 169 Wn.2d 152 (2010) and *Putnam v. Wenatchee Valley Med. Ctr.*, 166 Wn.2d 974, 216 P.3d 374 (2009).

Favorable reserve development generally results in stable insurance rates. Appendix C shows a summary of the medical professional liability rate filings filed recently with the OIC. The largest insurers of physicians and surgeons did not change rates in 2011. The Doctors Company filed new group discounts and deductible factors, which led to an overall impact of (5.1%) premiums in Washington State. This appendix also shows that very few admitted insurers are actively writing medical professional liability insurance for physicians in Washington State.

Washington State market in 2010

Physicians Insurance Company dominates the admitted medical professional liability insurance market in Washington State. The Doctors Company and the Medical Protective Company are second and third in market share, and are important participants in the market due both to premium volume and their strong position in the national medical professional liability marketplace.^{1,2} This table shows the distribution of direct written premiums and market share in Washington State in 2010.

<u>Admitted Insurer</u>	<u>Direct Premiums Written</u>	<u>Market Share</u>
Physicians Insurance	\$70,087,563	50.3%
The Doctors Company	\$22,552,077	16.2%
Washington Casualty Company	\$13,180,372	9.5%
Medical Protective Company	\$10,612,298	7.6%
All Other Admitted Insurers	\$22,804,509	16.4%
Totals	\$139,236,819	100.0%

This report focuses on the profitability of four insurers that had at least \$10 million in written premium in Washington State in 2010. The remaining admitted insurers have too little market share to add meaningful information about the profitability of the market in Washington.

Most financial data reported to the (NAIC) are nationwide statistics, so our analysis has limitations. Physicians Insurance primarily insures medical providers and sells most of its insurance in Washington State. Its results are the best barometer of the profitability of medical professional liability insurance sold to physicians. Data from The Doctors Company and Medical Protective Insurance Company provide a snapshot of the overall profitability of medical professional liability insurance nationwide.

1 The Doctors Company acquired Northwest Physicians Insurance Company in 2006.

2 Washington Casualty Company had financial problems, and the OIC placed it into receivership in March 2003 to rehabilitate the company. During rehabilitation, Washington Casualty significantly reduced its premium writings. Washington Casualty emerged from receivership in 2006 and FinCor Holdings bought it. ProMutual Group bought FinCor Holdings in 2010.

This table compares direct written premium for medical professional liability insurance in Washington State to nationwide data.¹ Physicians Insurance writes 96.6 percent of its total premiums in Washington State. The Doctors Company and the Medical Protective Company are large, multi-state markets for medical professional liability insurance.

----- 2010 Direct Written Premiums-----			
<u>Insurer</u>	Washington State	Nationwide	WA as a percentage of Nationwide Premiums
Physicians Insurance	\$70,087,563	\$72,571,994	96.6%
The Doctors Company	\$22,552,077	\$551,833,236	4.1%
Washington Casualty Company	\$13,180,372	\$14,429,416	91.3%
Medical Protective Company	\$10,612,298	\$663,219,885	1.6%

¹ Nationwide data obtained from Supplement A to Schedule T of the 2010 Annual Statement.

Appendix A shows the profitability for these insurers for the ten-year period ending December 31, 2010 using two ratios:

The combined ratio, which is the sum of the expense ratio, loss ratio and dividend ratio.^{1 2 3 4}

The operating ratio, which is the combined ratio minus the net investment income ratio.^{5 6}

This table summarizes overall profitability showing operating ratios.^{7 8}

<u>Year</u>	<u>Operating Ratio</u>		
	Physicians Insurance	Doctors Company	Medical Protective
2001	99.1%	104.2%	
2002	129.8%	115.2%	
2003	99.3%	116.3%	
2004	90.2%	93.2%	
2005	82.1%	72.4%	
2006	74.9%	66.7%	71.6%
2007	48.5%	62.0%	79.2%
2008	53.3%	49.1%	68.8%
2009	69.3%	67.4%	65.8%
2010	74.1%	52.5%	51.9%

1 The combined ratio measures how well an insurance company is performing in its daily operations. A ratio below 100 percent means the company is making an underwriting profit. A company can make an operating profit if the combined ratio is above 100%, because the ratio does not include investment income.

2 The expense ratio is calculated by dividing incurred underwriting expenses by net written premiums.

3 The loss ratio is calculated by dividing losses and defense costs by net earned premiums.

4 The dividend ratio is calculated by dividing policyholder dividends by net earned premiums.

5 The operating ratio measures a company's overall operational profitability from underwriting and investment activities. An operating ratio below 100 shows the company is making a profit from its underwriting and investment activities.

6 The net investment income ratio is calculated by dividing net investment income by net earned premiums.

7 We do not provide operating ratio data for Washington Casualty Company because information from prior years has less value due to changes in ownership.

8 The Medical Protective Company historical operating ratios are distorted due to financial activities related to its acquisition by Berkshire Hathaway. As a result, we only provide operating ratios for calendar years 2006-2010. Refer to Appendix A.

Operating ratios for Physicians Insurance and The Doctors Company were high from 2001-2005 and then improved. The improvement was due to higher premiums and lower incurred losses and defense costs. Below is a period comparison of operating ratios for Physicians Insurance, which has the largest market share in Washington State. Net premiums written for each five-year period are very comparable. Losses and loss adjustment expenses are much lower for the five-year period ending December 31, 2010. Operating ratios for Physicians Insurance are 4.1 percent higher in the most recent period because the company issued policyholder dividends.

Physicians Insurance, A Mutual Company												
Period	(a) Net Premium Written	(b) Underwriting Expenses Incurred	(c) Expense Ratio [b/a]	(d) Net Premiums Earned	(e) Losses and Loss Adjustment Expenses	(f) Loss Ratio [e/d]	(g) Policyholder Dividends	(h) Dividend Ratio [g/d]	(i) Combined Ratio	(j) Net Investment Income	(k) Net Investment Income Ratio [j/d]	(l) Operating Ratio
2001- 2005	364,356,331	42,048,915	11.5%	366,470,605	378,107,378	103.2%	-13,877	0.0%	114.7%	58,106,968	15.9%	98.9%
2006- 2010	370,618,337	49,505,741	13.4%	367,068,171	237,785,646	64.8%	15,167,334	4.1%	82.3%	67,249,817	18.3%	63.9%

The national market in 2010

This table compares combined ratios from Physicians Insurance, The Doctors Company, and Medical Protective to cumulative data obtained from A.M. Best.^{1 2} This table shows that medical professional liability insurance has been profitable nationally for the last five years.³

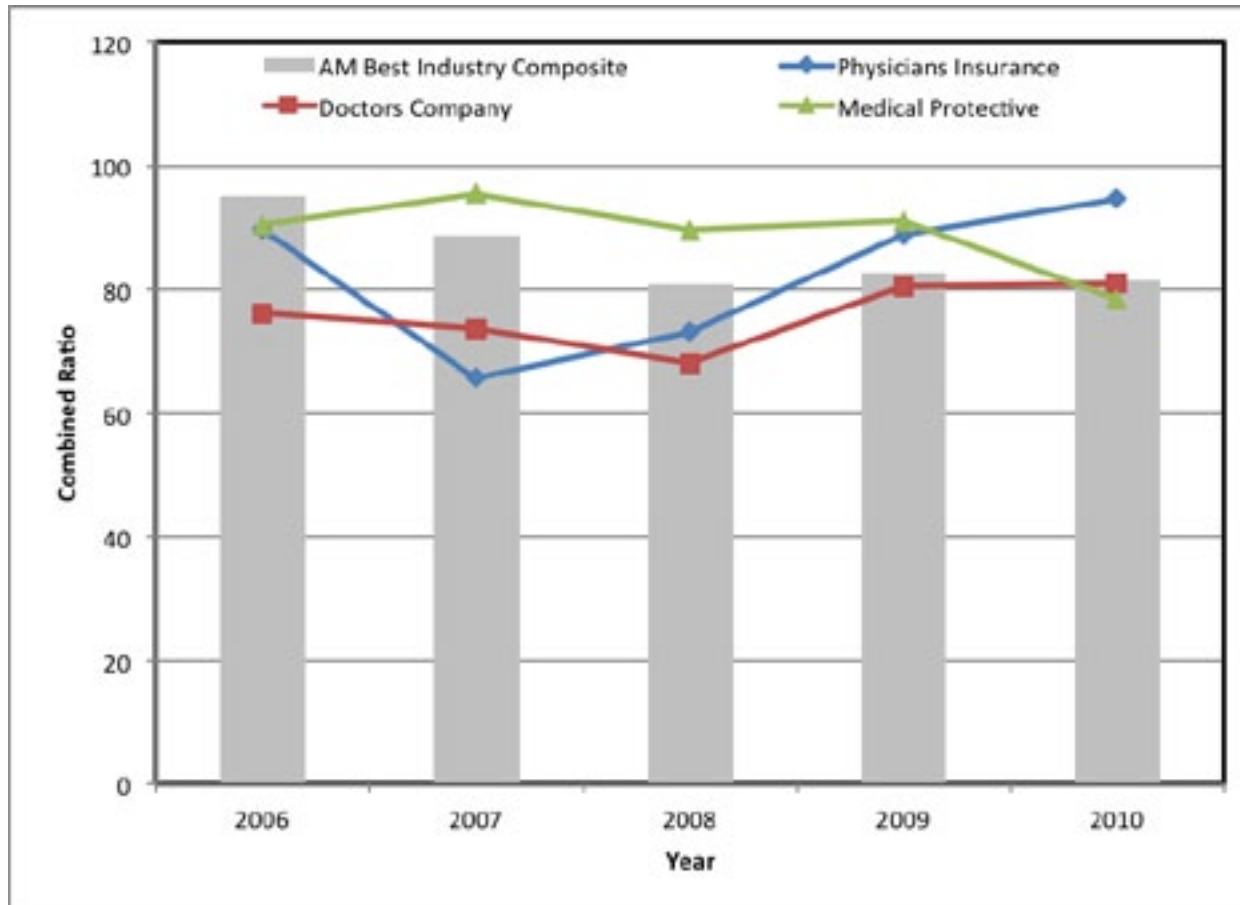
<u>Year</u>	<u>Combined Ratio</u>			<u>AM Best Industry Composite</u>
	<u>Physicians Insurance</u>	<u>Doctors Company</u>	<u>Medical Protective</u>	
2006	89.8	76.1	90.4	95.2
2007	65.8	73.7	95.5	88.7
2008	73.2	68.1	89.6	80.8
2009	88.8	80.4	91.1	82.7
2010	94.8	81.0	78.4	81.4

1 Most of our analysis uses operating ratios as measure of profitability, since it measures overall operational profitability from underwriting and investment activities. A.M. Best has published only combined ratio data for 2010, so we substituted this profitability measure in this table.

2 Best's Special Report – U.S. Medical Professional Liability Insurance 2010 Market Review, May 2, 2011. These are cumulative nationwide data reported to A.M. Best and published in their reports. Current and historical results represent all companies that have filed with A.M. Best as of 4/8/11 or approximately 91% of the total composite.

3 Appendix D has data from the 2009 NAIC Profitability Report by Line by State. Most companies do not restrict their operations to writing a single line of business in a single state. As a result, the NAIC builds the by-line and by-state profitability analysis, in part, on allocations of financial data reflecting multi-line and multi-state operations. A multi-line insurer is an insurance company that provides a one-stop shop for businesses seeking coverage for all of their insurance needs. For example, a multi-line insurer will sell a package of medical professional liability, general liability and property insurance to a physician or clinic. While these data are not perfect, the estimates of profitability based on return on net worth have comparative value. The NAIC estimated return on net worth in Washington State for medical professional liability insurance was 15.9 percent. The median estimated return on net worth nationally was 15.1 percent, and the average nationally was 16.0 percent. Overall, profitability for medical professional liability insurance in Washington State was equivalent to the rest of the country in 2009.

This chart illustrates the changes in combined ratio over the past five years. Physicians Insurance, which writes most of its medical malpractice business in Washington State, was less profitable than the A.M. Best Industry Composite for the last two years. Financial results for Physicians Insurance can be more volatile due to its smaller size and geographical concentration of business.



This table compares loss and defense cost ratios from Physicians Insurance, The Doctors Company, and Medical Protective to cumulative data obtained from A.M. Best.¹ Loss ratios have been stable for five years, allowing for underwriting profits.²

<u>Loss and Defense Cost Ratios</u>				
<u>Year</u>	<u>Physicians Insurance</u>	<u>Doctors Company</u>	<u>Medical Protective</u>	<u>A.M. Best Industry Composite</u>
2006	78.0	51.9	74.5	78.0
2007	56.9	49.0	80.4	67.1
2008	51.0	47.8	74.0	60.2
2009	66.3	58.1	72.4	60.0
2010	70.9	55.9	59.2	56.6

1 Best's Special Report – U.S. Medical Professional Liability Insurance 2010 Market Review, May 2, 2011. These are cumulative nationwide data reported to A.M. Best and published in their reports. Current and historical results represent all companies that have filed with A.M. Best as of 4/8/11 or approximately 91% of the total composite.

2 Underwriting profit is the profit that an insurance company generates after paying out claims and expenses. It comes from insurance operations, and does not include investment income.

Information about medical malpractice claims

	-----Year Closed-----			Three-year Total
	2008	2009	2010	
Total Claims Closed	888	856	915	2,659
Number of Indemnity Payments	458	404	453	1,315
Total Paid Indemnity	\$107,815,931	\$101,612,279	\$96,119,648	\$305,547,858
Average Indemnity Payment	\$235,406	\$251,516	\$212,185	\$232,356
Median Indemnity Payment	\$50,000	\$50,000	\$50,000	\$50,000
Total Economic Loss	\$53,123,399	\$44,640,566	\$50,129,884	\$147,893,849
Average Economic Loss	\$115,990	\$110,496	\$110,662	\$112,467
Number of Claims With Defense Costs	779	745	777	2,301
Total Defense Costs	\$38,929,202	\$32,040,112	\$29,018,611	\$99,987,925
Average Defense Cost	\$49,973	\$43,007	\$37,347	\$43,454
Median Defense Cost	\$10,743	\$8,815	\$6,509	\$8,597

Payments to claimants

Over the three-year period, insurers and self-insurers paid \$305.5 million on 1,315 claims, or \$232,356 per paid claim. One large payment affected these figures.¹ If we remove that payment, total paid indemnity drops to \$291.1 million, and the average indemnity payment drops to \$221,612. Total economic loss was \$147.9 million, or an average of \$112,467 per paid claim. On average, insurers and self-insurers attributed 48.4 percent of the claim payment to economic loss.

In 2010, total paid indemnity, which is the product of average paid indemnity and the number of paid claims, declined by 5.4 percent from the prior year, and average paid indemnity declined 15.6 percent over the same period. Median paid indemnity was stable at \$50,000 for the entire period.²

¹ An entity made a payment of \$14.35 million in 2009 and, due to the public nature of the claim resolution, gave us permission to footnote this report with indemnity payment information.

² The median is the number in the middle of a set of numbers (half the numbers have values greater than the median, and half have values that are less).

Defense costs

Insurers and self-insurers paid \$100 million to defend 2,301 claims, or an average of \$43,454 per claim in which defense costs were paid. Average defense costs in 2010 were 25.3 percent lower than in 2008, and trended lower over the entire three-year period. Insurers and self-insurers closed 86.5 percent of all claims with defense costs.

Related claims

Insurers and self-insurers identify medical incidents where they defend more than one claim. This happens if the insurer or self-insurer covers more than one medical provider or facility the claimant alleges is responsible for their injury. There were 279 incidents identified by insurers and self-insurers, and 133 of these incidents had indemnity payments. The aggregate average indemnity payment for each incident was \$558,917 – which is 2.4 times the average “per claim” indemnity payment of \$232,356.

Lawsuit summary

This table summarizes data related to litigation.¹ Of the 2,659 total claims, the claimant filed a lawsuit in 46.8 percent of the claims. For claims with litigation, insurers and self-insurers incurred defense costs in 98.6 percent of these claims, averaging \$74,589. Lawsuits resulted in indemnity payments 46.4 percent of the time, averaging \$404,398. For claims without litigation, claimants were compensated 52.2 percent of the time, and the average indemnity was \$97,846.

<u>Three-year period ending December 31, 2010</u>							
<u>Lawsuits</u>	Total Reported Claims	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	Average Defense Cost
No Lawsuit	1,415	738	\$72,210,283	\$97,846	1,075	\$8,541,461	\$7,946
Lawsuit Filed	1,244	577	\$233,337,575	\$404,398	1,226	\$91,446,464	\$74,589
Totals & Averages	2,659	1,315	\$305,547,858	\$232,356	2,301	\$99,987,925	\$43,454

¹ These data are not comparable to lawsuit settlement data reported by attorneys. Insurers and self-insurers report data separately for each defendant. Attorneys who file a lawsuit submit one settlement report that includes payments made by all defendants.

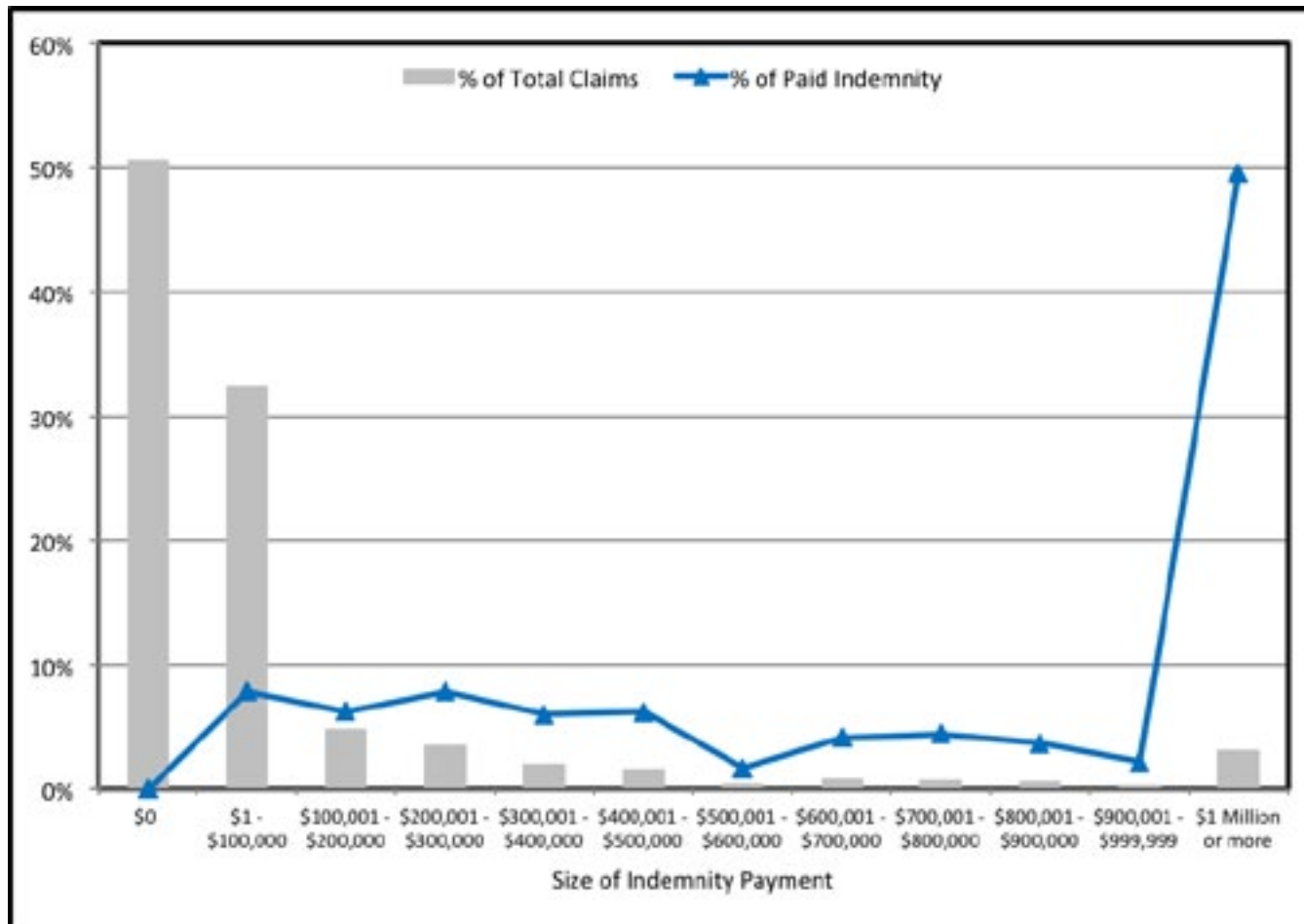
Size of indemnity payments¹

This table shows that insurers and self-insurers settled 65.4 percent of the claims with a payment less than \$100,000, and the average indemnity payment in this range was \$28,057. There were 81 claims settled for \$1 million or more, and those claims produced 49.6 percent of the total paid indemnity, or an average of \$1.87 million per claim.

Three-year period ending December 31, 2010					
Range of Paid Indemnity	Number of Claims with Paid Indemnity	% of Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity
\$100,000 or less	860	65.4%	\$24,129,332	7.9%	\$28,057
\$100,001 - \$200,000	126	9.6%	\$19,213,557	6.3%	\$152,489
\$200,001 - \$300,000	91	6.9%	\$23,988,867	7.9%	\$263,614
\$300,001 - \$400,000	51	3.9%	\$18,329,772	6.0%	\$359,407
\$400,001 - \$500,000	40	3.0%	\$18,983,060	6.2%	\$474,577
\$500,001 - \$600,000	9	0.7%	\$5,193,624	1.7%	\$577,069
\$600,001 - \$700,000	19	1.4%	\$12,598,197	4.1%	\$663,063
\$700,001 - \$800,000	18	1.4%	\$13,656,073	4.5%	\$758,671
\$800,001 - \$900,000	13	1.0%	\$11,273,497	3.7%	\$867,192
\$900,001 - \$999,999	7	0.5%	\$6,676,608	2.2%	\$953,801
\$1 Million or more	81	6.2%	\$151,505,271	49.6%	\$1,870,435
Totals & Averages	1,315	100.0%	305,547,858	100.0%	\$232,356

¹ In this table, the range of paid indemnity range limits the average paid indemnity, because the range of paid indemnity caps the minimum and maximum payments. As a result, the average indemnity payments tend to fall towards the middle of each range, and average paid indemnity statistics mean less.

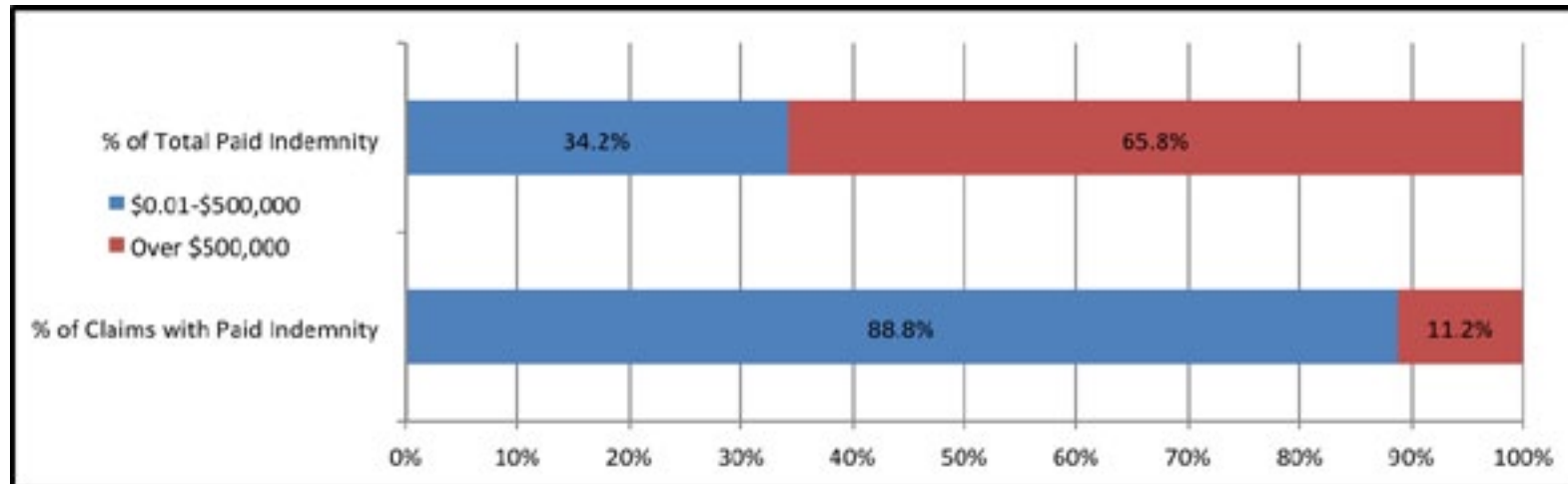
This chart shows the distribution of claims and indemnity payments. Insurers and self-insurers closed the majority of claims, or 50.5 percent, without an indemnity payment to the claimant. Most claims with paid indemnity also had defense costs.



Claims with paid indemnity below and above \$500,000

Most claims were resolved with an indemnity payment of \$500,000 or less, and median paid indemnity for these claims was \$35,000. Insurers and self-insurers paid much more money to settle claims over \$500,000, and median paid indemnity for these claims was \$1 million.

<u>Three-year period ending December 31, 2010</u>						
<u>Range of Paid Indemnity</u>	Number of Claims with Paid Indemnity	% of Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Median Paid Indemnity
\$500,000 or less	1,168	88.8%	\$104,644,588	34.2%	\$89,593	\$35,000
Over \$500,000	147	11.2%	\$200,903,270	65.8%	\$1,366,689	\$1,000,000
Totals & Averages	1,315	100.0%	\$305,547,858	100.0%	\$232,356	\$50,000

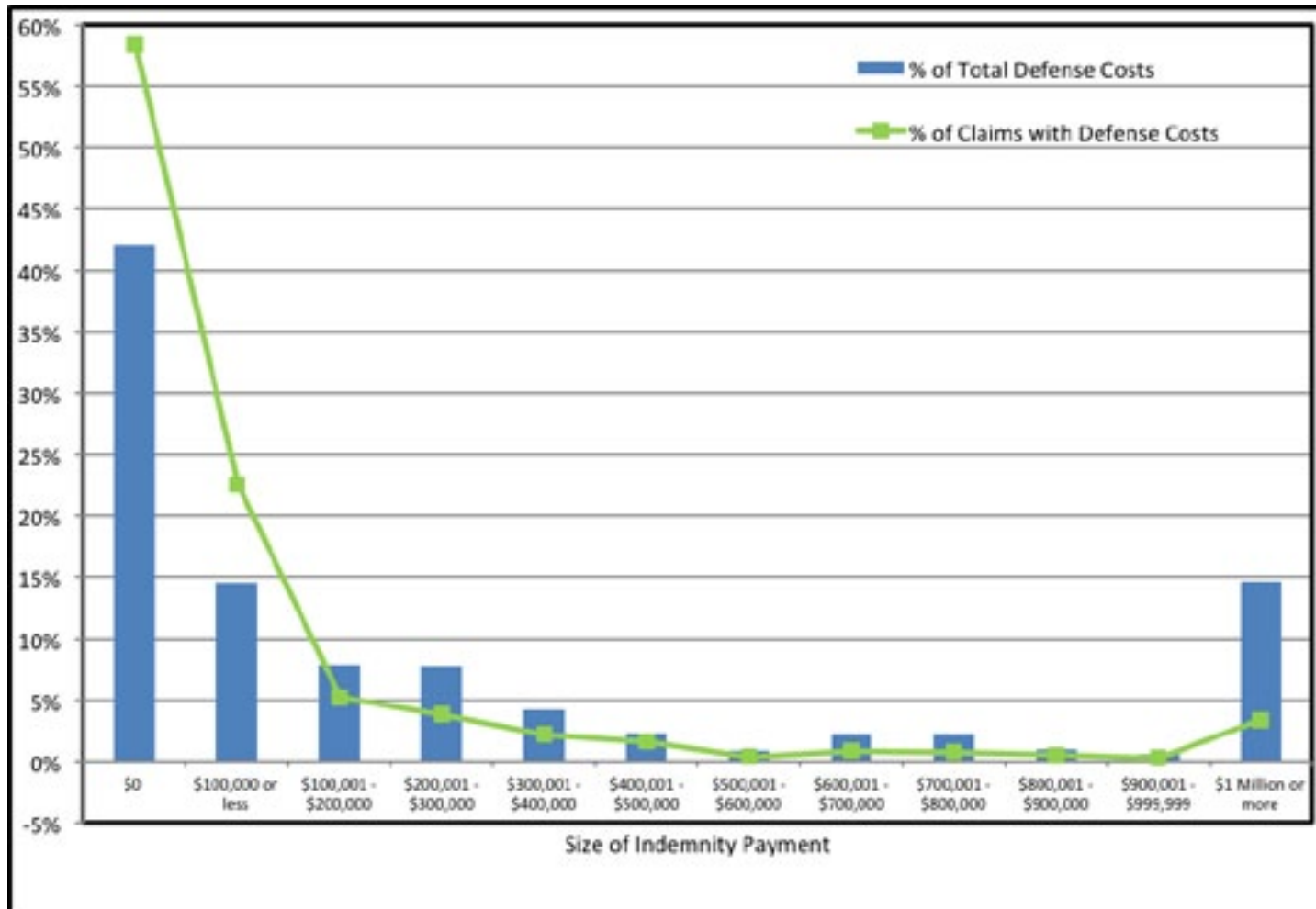


Defense costs by size of indemnity payment

This table shows the percent of claims closed with defense costs by range of paid indemnity. Insurers and self-insurers did not make an indemnity payment for 58.4 percent of claims with defense costs, and these claims accounted for 42.1 percent of all defense costs. There were 78 claims with defense costs that settled for \$1 million or more, and those claims produced 14.6 percent of the total defense costs, or an average of \$187,275 per claim.

Three-year period ending December 31, 2010					
Range of Paid Indemnity	Number of Claims with Defense Costs	% of Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost
\$0	1,344	58.4%	\$42,047,408	42.1%	\$31,285
\$100,000 or less	519	22.6%	\$14,457,143	14.5%	\$27,856
\$100,001 - \$200,000	120	5.2%	\$7,824,472	7.8%	\$65,204
\$200,001 - \$300,000	88	3.8%	\$7,785,534	7.8%	\$88,472
\$300,001 - \$400,000	51	2.2%	\$4,169,454	4.2%	\$81,754
\$400,001 - \$500,000	37	1.6%	\$2,326,997	2.3%	\$62,892
\$500,001 - \$600,000	9	0.4%	\$869,224	0.9%	\$96,580
\$600,001 - \$700,000	19	0.8%	\$2,214,273	2.2%	\$116,541
\$700,001 - \$800,000	17	0.7%	\$2,200,285	2.2%	\$129,429
\$800,001 - \$900,000	12	0.5%	\$964,804	1.0%	\$80,400
\$900,001 - \$999,999	7	0.3%	\$520,881	0.5%	\$74,412
\$1 Million or more	78	3.4%	\$14,607,450	14.6%	\$187,275
Totals & Averages	2,301	100.0%	\$99,987,925	100.0%	\$43,454

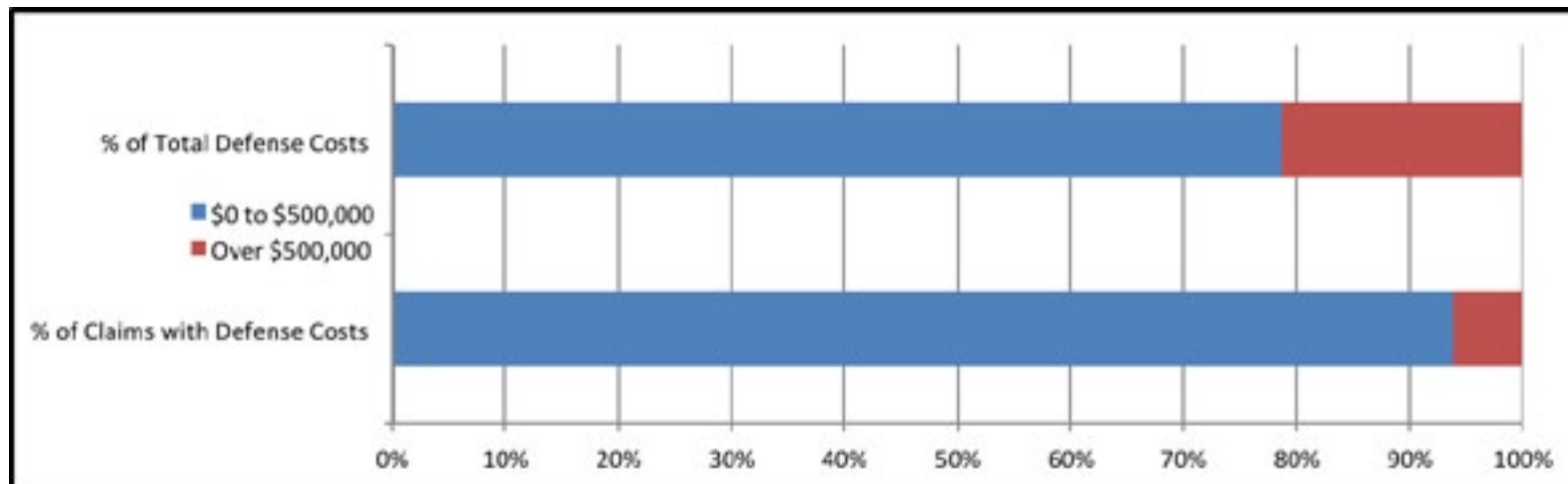
This chart shows the distribution of claims and defense costs by the size of indemnity payment. Insurers and self-insurers pay the largest percentage of defense costs for claims that result in no indemnity payment.



Defense costs for claims with paid indemnity below and above \$500,000

The greatest percent of claims and total defense costs fell in the paid indemnity range of \$0 to \$500,000. The median defense cost for claims up to \$500,000 was \$7,148, and was \$80,625 for claims settled for over \$500,000. Many medical malpractice claims have relatively small amounts paid for defense costs.

Three-year period ending December 31, 2010						
Range of Paid Indemnity	Number of Claims with Defense Costs	% of Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost	Median Defense Cost
\$0 to \$500,000	2,159	93.8%	\$78,611,008	78.6%	\$36,411	\$7,148
Over \$500,000	142	6.2%	\$21,376,917	21.4%	\$150,542	\$80,625
Totals & Averages	2,301	100.0%	\$99,987,925	100.0%	\$43,454	\$8,597



Paid indemnity and defense costs by age of claim

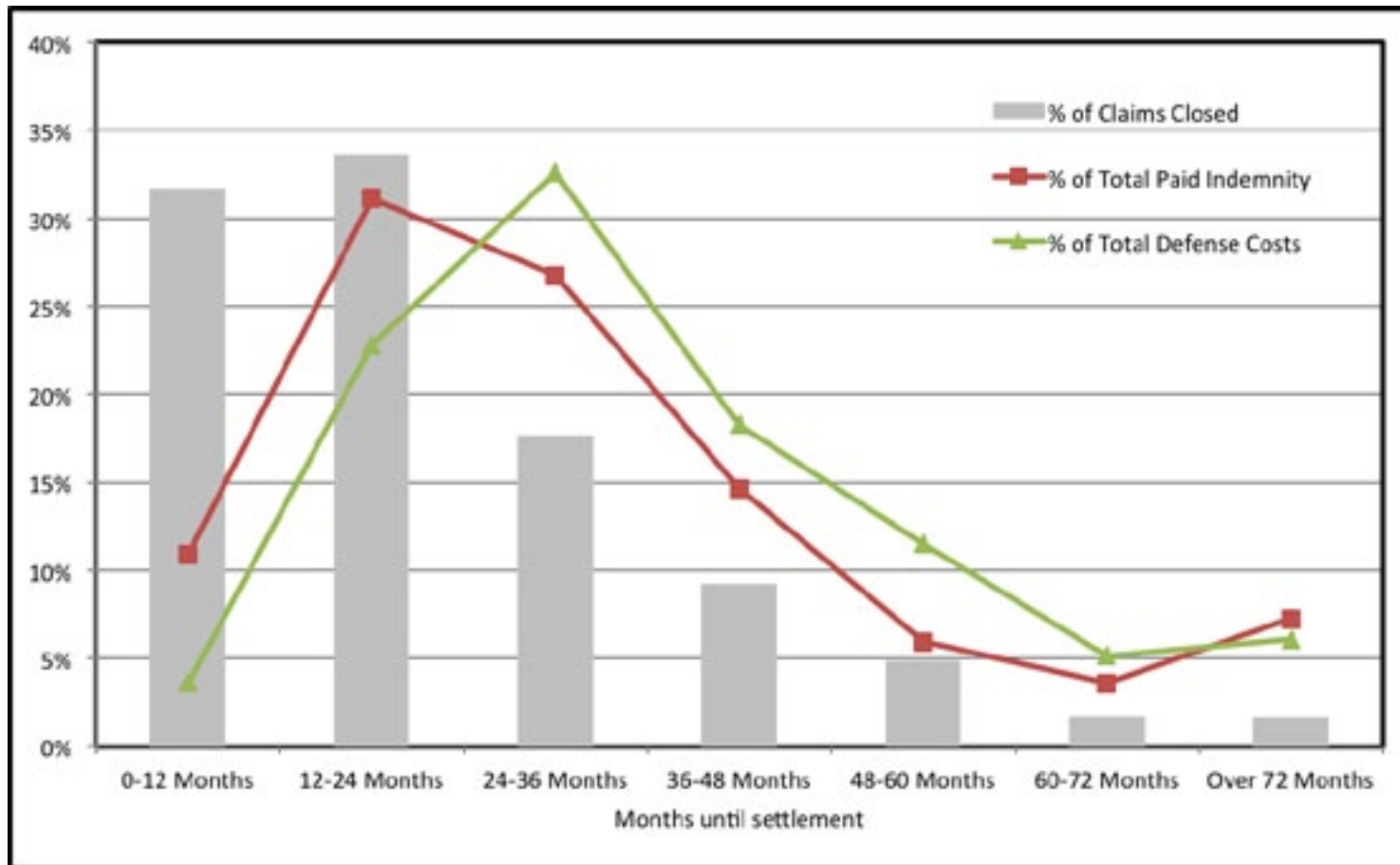
This table shows claims by age at the date they are closed, and shows that in nearly all age groups, average indemnity and average defense costs increased with the age of the claim.¹

Three-year period ending December 31, 2010								
Notice Date to Closed Date	Total Number of Closed Claims	% of Total Claims Closed	Number of Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Number of Claims with Defense Costs	Total Defense Costs	Average Defense Costs
0-12 Months	842	31.7%	449	\$33,231,994	\$74,013	597	\$3,628,463	\$6,078
12-24 Months	892	33.5%	394	\$95,090,672	\$241,347	818	\$22,797,031	\$27,869
24-36 Months	468	17.6%	244	\$81,707,195	\$334,866	455	\$32,604,811	\$71,659
36-48 Months	244	9.2%	121	\$44,613,395	\$368,706	235	\$18,258,243	\$77,695
48-60 Months	128	4.8%	70	\$18,025,558	\$257,508	122	\$11,491,399	\$94,192
60-72 Months	43	1.6%	15	\$10,878,754	\$725,250	40	\$5,145,589	\$128,640
Over 72 Months	42	1.6%	22	\$22,000,290	\$1,000,013	34	\$6,062,389	\$178,306
Totals & Averages	2,659	100.0%	1,315	\$305,547,858	\$232,356	2,301	\$99,987,925	\$43,454

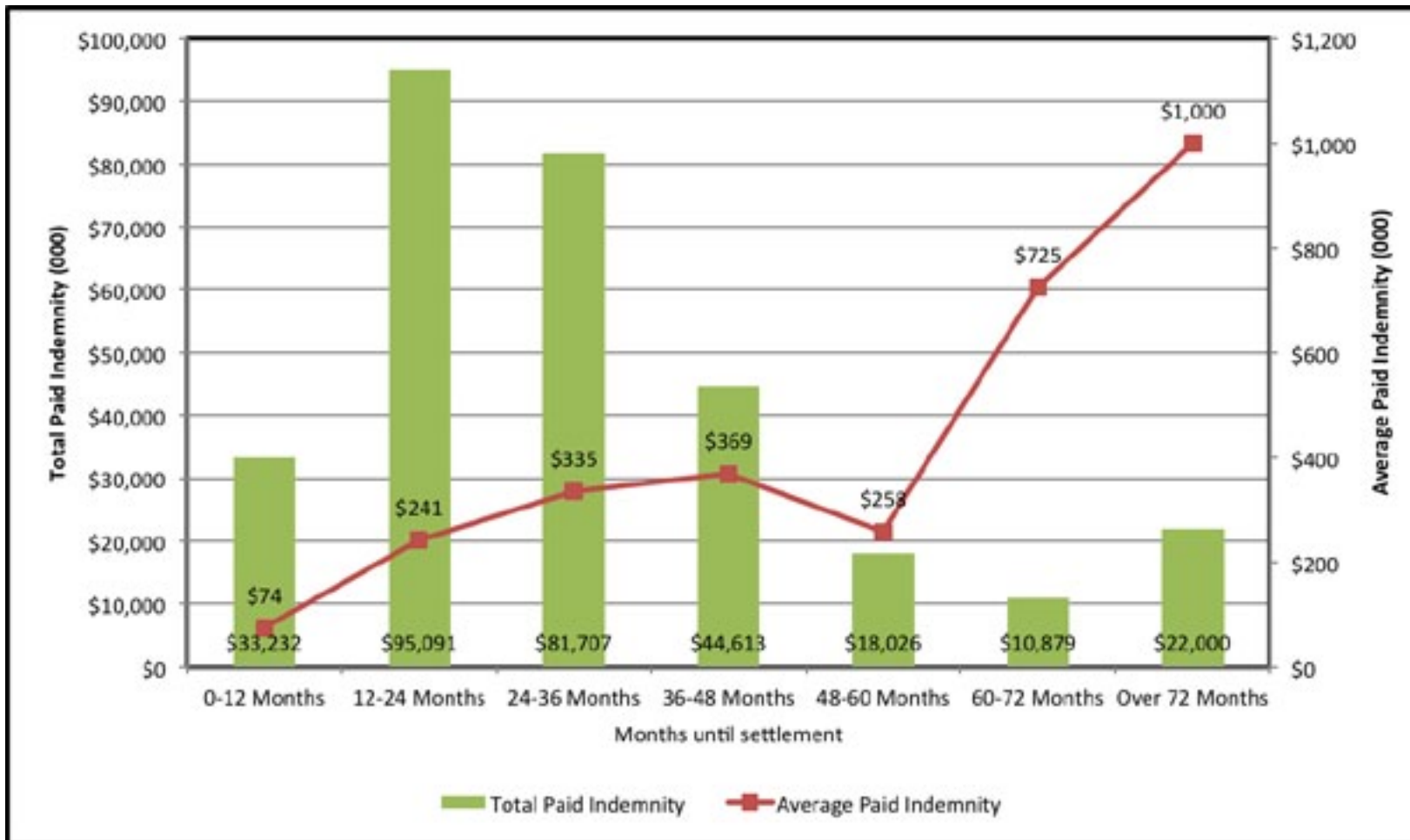
Claims closed within the first twelve months represent 31.7 percent of total claims and had the lowest average defense costs and average paid indemnity. For the entire group of 2,659 claims, the average length of time between loss date and date closed is 22.1 months and the median length of time is 18.0 months. The oldest group of claims had highest average defense costs and average paid indemnity. Insurers and self-insurers closed 82.8 percent of all claims within 36 months after they received notice of the claim. Overall, claims closed within 36 months account for 68.7 percent of total paid indemnity and 59.0 percent of total defense costs.

¹ How long a claim is open, or the “duration” of the claim, is an indicator of how costly the claim will be to resolve. Duration means the length of time between the date the insurer or self-insurer received notice of the claim and the date the insurer or self-insurer closed the claim.

This chart shows the distribution of claims, indemnity payments and defense costs in relation to the date the claim was first made until the date it was settled.



This chart shows the distribution of total and average paid indemnity (in thousands) by age of claim, and shows that the most expensive claims to settle are the oldest claims.



Method of settlement

This table shows that insurers and self-insurers settled most claims by negotiation, comprising 42.3 percent of the reported claims and 57.6 percent of total paid indemnity.

<u>Three-year period ending December 31, 2010</u>							
<u>Method of Settlement</u>	Total Reported Claims	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	Average Defense Cost
Abandoned by Claimant	806	12	29,267	\$2,439	801	9,034,666	\$11,279
Settled by Parties	1,126	1,007	176,094,300	\$174,870	780	37,375,906	\$47,918
Court disposed Claim	411	29	15,328,468	\$528,568	411	29,196,884	\$71,039
Alternative Dispute Resolution	316	267	114,095,823	\$427,325	309	24,380,469	\$78,901
Total % Averages	2,659	1,315	305,547,858	\$232,356	2,301	\$99,987,925	\$43,454

Plaintiff verdicts or judgments are few in number. Insurers and self-insurers resolved 22 claims by plaintiff verdict or judgment.¹ In seven cases, the insurers or self-insurers made an indemnity payment after it had received a favorable court decision. The 22 claims resolved by plaintiff verdict or judgment comprised 1.9 percent of total claims and resulted in 5.4 percent of all claims resolved by the courts.

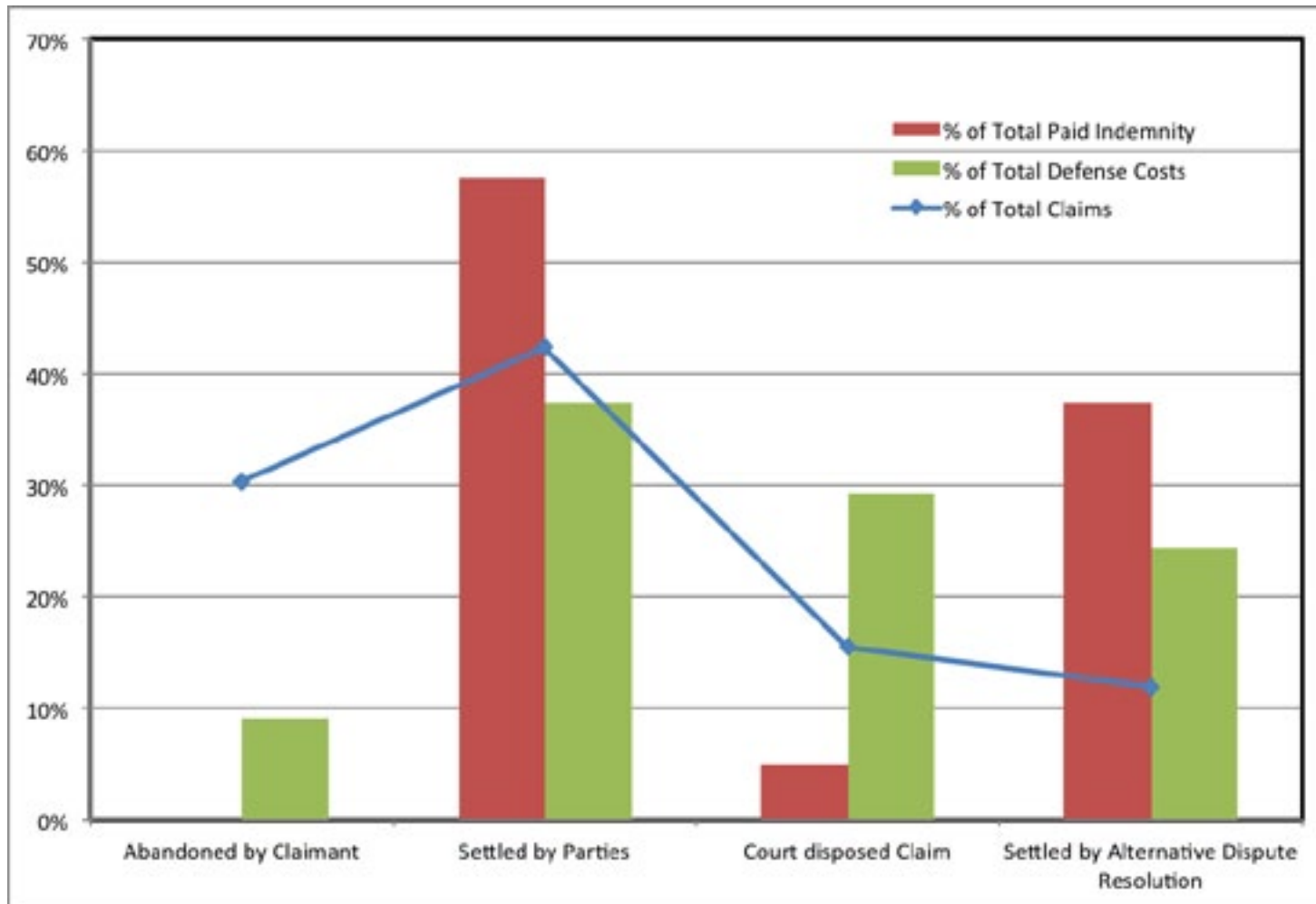
Plaintiff verdicts resulted in the highest average paid indemnity at \$545,698. While this figure is large, it is much lower than the average paid indemnity of \$748,916 reported in the [August 2010 Annual Report](#). This lower figure is consistent with information reported on page 7 of the [2010 Medical Malpractice Statistical Summary](#) published earlier this year, where insurers and self-insurers reported that the courts resolved very few claims in favor of the plaintiff in 2010. The courts rule in favor of the defendant in the vast majority of cases.

Of the 1,126 claims settled by the parties, insurers and self-insurers resolved most through informal negotiation. These settlements occurred before requesting an arbitration, mediation or private trial 45.5 percent of the time, and an additional 52.0 percent of claims settled before the start of a trial or hearing.

Of the 806 claims abandoned by the claimant, 99.6 percent of these claims were abandoned before a formal trial or hearing.

¹ Insurers and self-insurers reported there were 29 claims with an indemnity payment where a court disposed the claim. In seven cases, the insurers or self-insurers made a settlement payment after it had received a favorable court decision.

This chart shows the distribution of claims, indemnity payments and defense costs by method of settlement.



Insurers and self-insurers used alternative dispute resolution to settle 316 claims. They used mediation to resolve 87.7 percent of claims settled by alternative dispute resolution. Mediation led to the highest average paid indemnity at \$436,892, and median paid indemnity of \$200,000. In terms of average defense cost, private trials were the most costly form of alternative dispute resolution.¹

<u>Three-year period ending December 31, 2010</u>							
<u>Method of Alternative Dispute Resolution</u>	Total Reported Claims	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	Average Defense Cost
Arbitration award for Plaintiff	13	12	3,048,558	\$254,047	11	955,741	\$86,886
Arbitration decision for Defense	12	0	0	\$0	12	852,495	\$71,041
Mediation	277	247	107,912,275	\$436,892	272	20,586,812	\$75,687
Private trial	14	8	3,134,990	\$391,874	14	1,985,421	\$141,816
Total & Averages	316	267	114,095,823	\$427,325	309	\$24,380,469	\$78,901

¹ A private trial most closely resembles an actual court trial and the procedures used are almost identical. The main difference is that the parties must agree to an individual, usually a retired judge, to sit as a “judge pro tempore” (temporary judge) and render a decision. As its title suggests, the trial is held in private and may be confidential.

Type of insuring entity

Commercial insurers reported the highest number of claims and had the highest average defense costs.¹ Self-insured organizations reported the second highest number of claims, and had the lowest average defense costs. Risk retention groups had the highest average paid indemnity due to one large indemnity payment of \$14.35 million. If we exclude this payment, average paid indemnity drops from \$548,829 to \$255,187.

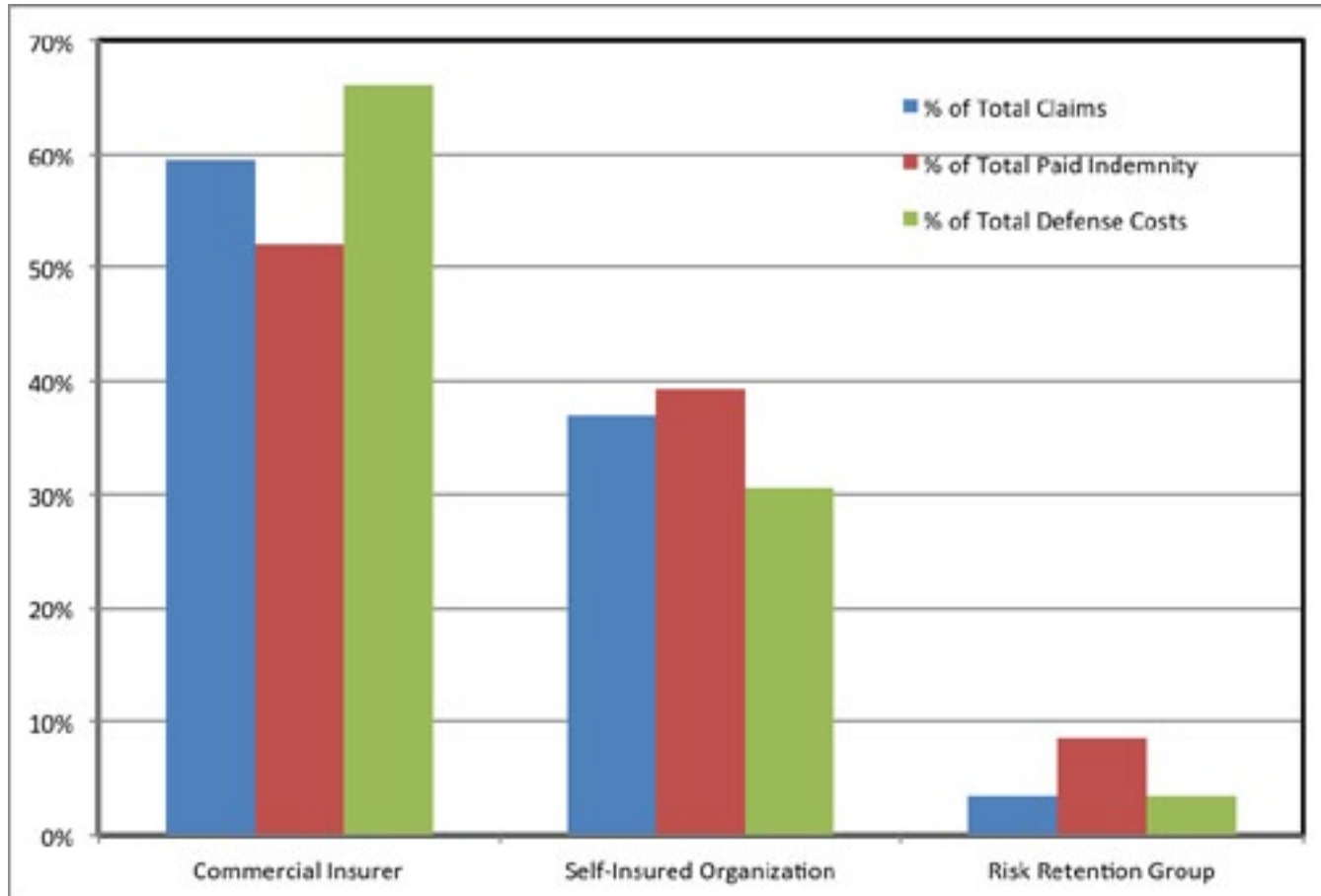
Three-Year Period Ending December 31, 2010									
<u>Entity Reporting</u>	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost
Commercial Insurer	1,583	750	\$159,045,404	52.1%	\$212,061	1,401	\$66,036,948	66.0%	\$47,136
Self-Insured Organization	985	517	\$120,158,673	39.3%	\$232,415	826	\$30,555,055	30.6%	\$36,992
Risk Retention Group	91	48	\$26,343,781	8.6%	\$548,829	74	\$3,395,922	3.4%	\$45,891
Totals &Averages	2,659	1,315	305,547,858	100.0%	\$232,356	2,301	99,987,925	100.0%	\$43,454

Average defense costs have been trending down for the largest two reporting entities since 2008. Commercial insurers have been making smaller average indemnity payments, while the results for self-insured organizations have been inconsistent.

<u>Year</u>	----Commercial Insurer----		--Self-insured Organization--	
	Average Paid Indemnity	Average Defense Cost	Average Paid Indemnity	Average Defense Cost
2008	\$239,417	\$54,397	\$230,758	\$44,316
2008	\$217,021	\$48,592	\$199,466	\$30,255
2010	\$184,304	\$38,998	\$264,794	\$35,566

¹ Commercial insurers include admitted (licensed) and surplus lines insurers.

This chart shows the distribution of claims, indemnity payments and defense costs for each type of reporting entity.



Severity of injury

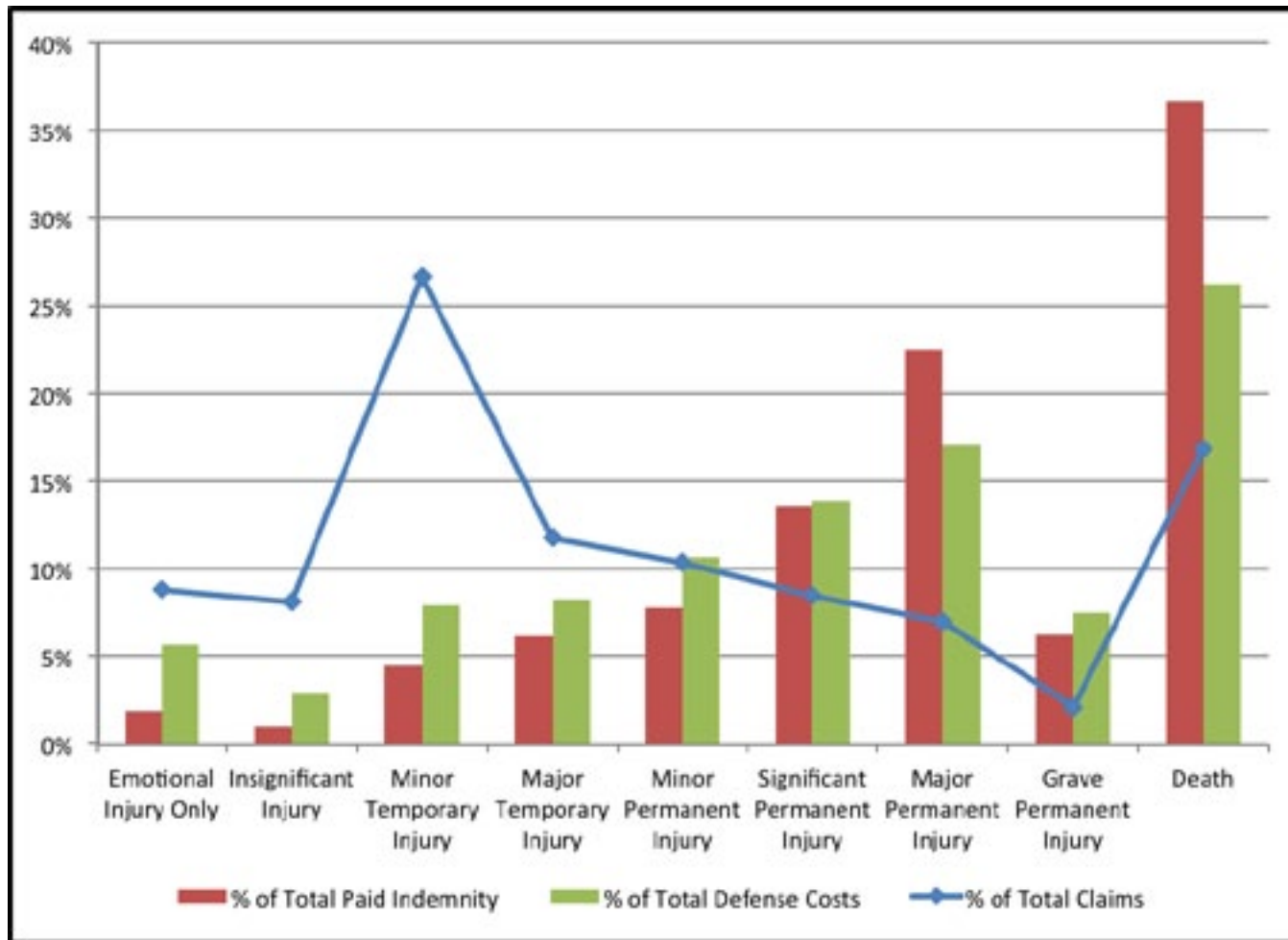
<u>Injury Outcome</u>	Three-year period ending December 31, 2010								
	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost
Emotional Injury Only	234	116	\$5,607,919	1.8%	\$48,344	175	\$5,666,377	5.7%	\$32,379
Insignificant Injury	215	89	\$2,858,264	0.9%	\$32,115	177	\$2,905,206	2.9%	\$16,414
Minor Temporary Injury	709	400	\$13,509,994	4.4%	\$33,775	532	\$7,889,470	7.9%	\$14,830
Major Temporary Injury	312	146	\$18,710,091	6.1%	\$128,151	273	\$8,244,348	8.2%	\$30,199
Minor Permanent Injury	275	142	\$23,745,536	7.8%	\$167,222	251	\$10,651,323	10.7%	\$42,436
Significant Permanent Injury	225	103	\$41,489,191	13.6%	\$402,808	217	\$13,884,644	13.9%	\$63,985
Major Permanent Injury	185	80	\$68,854,170	22.5%	\$860,677	184	\$17,027,582	17.0%	\$92,541
Grave Permanent Injury	56	21	\$18,957,373	6.2%	\$902,732	55	\$7,488,267	7.5%	\$136,150
Death	448	218	\$111,815,320	36.6%	\$512,914	437	\$26,230,708	26.2%	\$60,025
Totals & Averages	2,659	1,315	\$305,547,858	100.0%	\$232,356	2,301	\$99,987,925	100.0%	\$43,454

This table shows the compensation by severity of injury.¹ Insurers and self-insurers most often classified injuries as minor and temporary, and these claims had the second lowest average paid indemnity of \$33,775. Minor temporary injuries comprised 26.7 percent of total claims, 4.4 percent of total paid indemnity and 7.9 percent of defense costs.

Grave permanent injuries had the highest average paid indemnity at \$902,732. Major permanent injuries had the second highest average paid indemnity at \$860,677. Major permanent injuries comprised 7.0 percent of total claims, 22.5 percent of total paid indemnity, and 17.0 percent of defense costs. Death of the patient had the third highest average paid indemnity at \$512,914. These claims comprised 16.8 percent of total claims, 36.6 percent of total paid indemnity, and 26.2 percent of defense costs.

¹ For a description of each type of injury outcome, see [WAC 284-24D-220](#). Temporary insignificant injuries include lacerations, contusions or minor scars in which no delay in recovery occurs. Permanent major injuries include paraplegia, blindness, loss of two limbs or brain damage.

This chart shows the relationship of injury outcome to the distribution of claims, indemnity payments and defense costs.

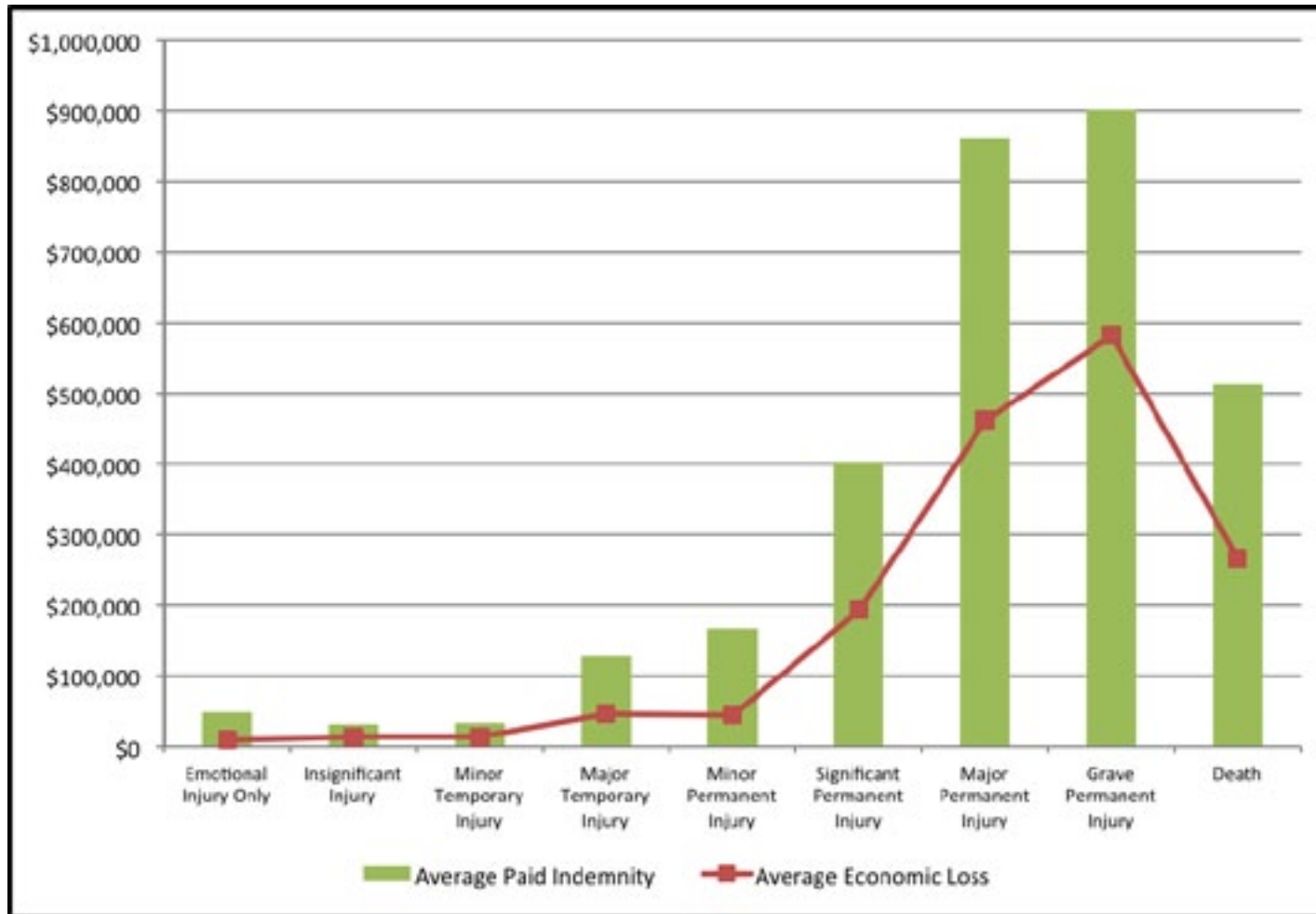


If they make an indemnity payment, insurers and self-insurers reported the economic loss related to the injury.¹ The insurer or self-insurer will either estimate the economic losses or report the amount of economic loss awarded by a court. Insurers and self-insurers reported the highest average economic loss for claims with a grave permanent injury, at \$582,401. This amount was over five times the average economic loss. Injuries in this category include quadriplegia and severe brain damage, requiring lifelong dependent care. Claims involving death of the patient had lower average paid indemnity and average economic loss. If a person dies, compensation for economic loss generally revolves around lost income and services that would have been provided by the deceased.

Three-year period ending December 31, 2010						
<u>Injury Outcome</u>	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Total Economic Loss	Average Economic Loss	Economic Loss as a % of Paid Indemnity
Emotional Injury Only	116	\$5,607,919	\$48,344	\$1,065,208	\$9,183	19.0%
Insignificant Injury	89	\$2,858,264	\$32,115	\$1,233,293	\$13,857	43.1%
Minor Temporary Injury	400	\$13,509,994	\$33,775	\$5,339,130	\$13,348	39.5%
Major Temporary Injury	146	\$18,710,091	\$128,151	\$6,767,362	\$46,352	36.2%
Minor Permanent Injury	142	\$23,745,536	\$167,222	\$6,373,987	\$44,887	26.8%
Significant Permanent Injury	103	\$41,489,191	\$402,808	\$19,937,731	\$193,570	48.1%
Major Permanent Injury	80	\$68,854,170	\$860,677	\$36,982,018	\$462,275	53.7%
Grave Permanent Injury	21	\$18,957,373	\$902,732	\$12,230,412	\$582,401	64.5%
Death	218	\$111,815,320	\$512,914	\$57,964,708	\$265,893	51.8%
Totals & Averages	1,315	\$305,547,858	\$232,356	\$147,893,849	\$112,467	48.4%

¹ Economic damages are defined in [RCW 4.56.250](#), and the components of economic losses are described in [WAC 284-24D-360](#).

This chart shows the relationship of injury outcome to average paid indemnity and average economic loss.



Type of health care organization

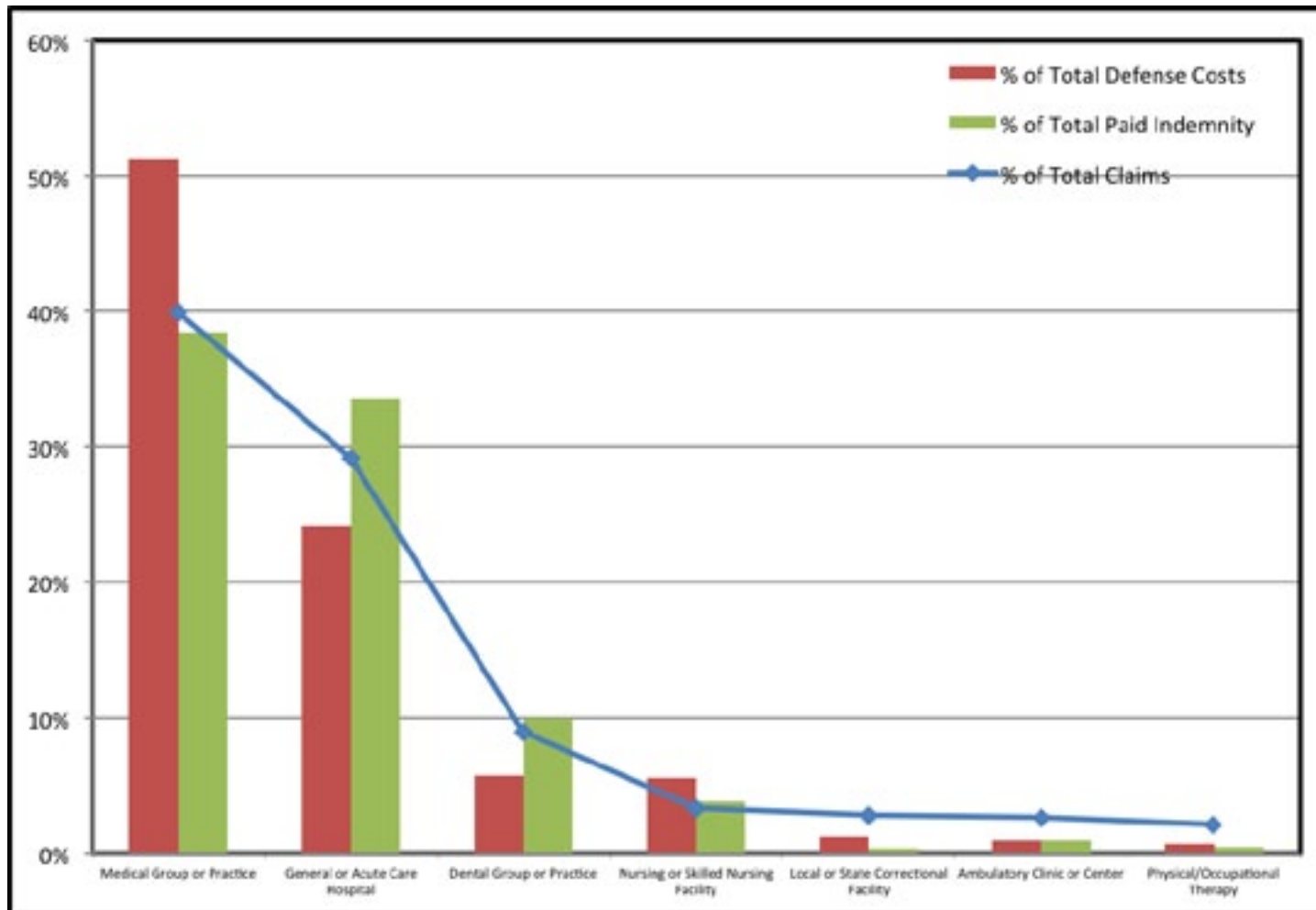
This exhibit shows fourteen types of health care organizations or provider groups.¹

<u>Health Care Organization</u>	<u>Three-year period ending December 31, 2010</u>								
	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost
Medical Group or Practice	1,061	433	\$117,605,601	38.5%	\$271,606	981	\$51,220,322	51.2%	\$52,212
General or Acute Care Hospital	776	417	\$102,639,911	33.6%	\$246,139	648	\$24,101,677	24.1%	\$37,194
Dental Group or Practice	237	159	\$30,405,058	10.0%	\$191,227	189	\$5,703,473	5.7%	\$30,177
Nursing or Skilled Nursing Facility	87	55	\$11,617,034	3.8%	\$211,219	85	\$5,513,016	5.5%	\$64,859
Local or State Correctional Facility	74	21	\$976,000	0.3%	\$46,476	64	\$1,215,257	1.2%	\$18,988
Ambulatory Clinic or Center	68	27	\$2,860,863	0.9%	\$105,958	57	\$897,047	0.9%	\$15,738
Physical/Occupational Therapy Group/Practice	55	47	\$1,359,831	0.4%	\$28,933	16	\$672,725	0.7%	\$42,045
Podiatric Group or Practice	38	11	\$2,557,500	0.8%	\$232,500	38	\$1,326,953	1.3%	\$34,920
Chiropractic Group or Practice	27	10	\$1,620,000	0.5%	\$162,000	26	\$548,322	0.5%	\$21,089
Mental Health/Substance Abuse Group/Practice	25	7	\$482,500	0.2%	\$68,929	25	\$584,910	0.6%	\$23,396
Pharmacy	18	18	\$2,165,705	0.7%	\$120,317	9	\$41,189	0.0%	\$4,577
Health Center/Community Health Center	14	6	\$1,070,656	0.4%	\$178,443	10	\$166,128	0.2%	\$16,613
Ambulatory Surgical Center	14	8	\$598,137	0.2%	\$74,767	11	\$802,123	0.8%	\$72,920
Radiology or Imaging Center	10	7	\$1,538,808	0.5%	\$219,830	9	\$155,957	0.2%	\$17,329
All Other Locations	155	89	\$28,050,254	9.2%	\$315,171	133	\$7,038,826	7.0%	\$52,924
Totals & Averages	2,659	1,315	\$305,547,858	100.0%	\$232,356	2,301	\$99,987,925	100.0%	\$43,454

Medical groups or practices had the largest number of total claims. Excluding the claims for “all other locations,” medical group or practices had the third-highest average defense cost at \$52,212 and the highest average paid indemnity at \$271,606.

¹ Under [RCW 48.140.060](#) and [RCW 42.56.400\(10\)](#), the commissioner must protect the identify of each insuring entity, self-insurer, claimant, health care provider, or health care facility involved in a particular claim or collection of claims.

This chart shows the distribution of claims, indemnity payments and defense costs for the seven types health care organizations.



Location in the facility

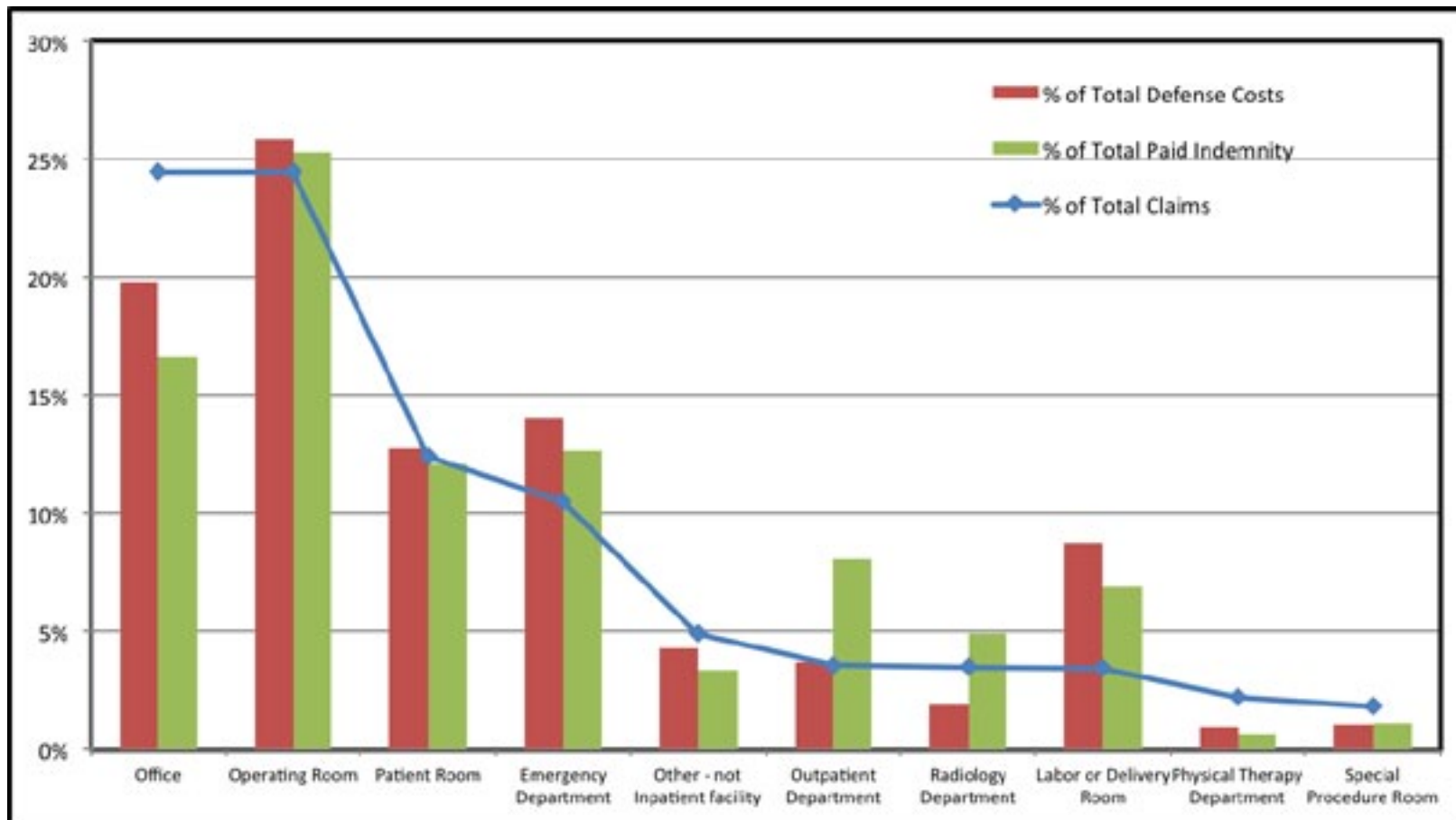
Insurers and self-insurers reported the location in a facility where the primary injury or complaint occurred. This exhibit shows 18 locations within medical facilities, and we group all other locations together.¹

Three-year period ending December 31, 2010										
Location within Facility	Total Number of Claims	% of Total Claims	Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost
Office	651	24.5%	334	\$50,783,177	16.6%	\$152,045	569	\$19,753,711	19.8%	\$34,717
Operating Room	650	24.4%	290	\$77,341,204	25.3%	\$266,694	570	\$25,816,846	25.8%	\$45,293
Patient Room	330	12.4%	175	\$36,823,875	12.1%	\$210,422	295	\$12,733,473	12.7%	\$43,164
Emergency Department	279	10.5%	114	\$38,724,357	12.7%	\$339,687	247	\$14,030,227	14.0%	\$56,803
Other - not Inpatient facility	131	4.9%	55	\$10,210,897	3.3%	\$185,653	119	\$4,287,310	4.3%	\$36,028
Outpatient Department	95	3.6%	45	\$24,601,971	8.1%	\$546,710	83	\$3,684,524	3.7%	\$44,392
Radiology Department	93	3.5%	46	\$15,084,806	4.9%	\$327,931	82	\$1,951,913	2.0%	\$23,804
Labor or Delivery Room	92	3.5%	34	\$20,999,756	6.9%	\$617,640	91	\$8,756,420	8.8%	\$96,224
Physical Therapy Department	59	2.2%	51	\$2,003,402	0.7%	\$39,282	18	\$944,565	0.9%	\$52,476
Special Procedure Room	49	1.8%	26	\$3,301,353	1.1%	\$126,975	36	\$1,041,017	1.0%	\$28,917
Walk-in Clinic	29	1.1%	20	\$1,350,097	0.4%	\$67,505	25	\$789,468	0.8%	\$31,579
Critical Care Unit	23	0.9%	12	\$3,950,281	1.3%	\$329,190	22	\$676,778	0.7%	\$30,763
Pharmacy	20	0.8%	19	\$1,860,393	0.6%	\$97,915	9	\$63,860	0.1%	\$7,096
Rehabilitation Center	19	0.7%	11	\$1,593,057	0.5%	\$144,823	18	\$909,176	0.9%	\$50,510
Recovery Room	17	0.6%	13	\$2,780,476	0.9%	\$213,883	14	\$822,468	0.8%	\$58,748
Laboratory	16	0.6%	8	\$3,050,907	1.0%	\$381,363	14	\$163,571	0.2%	\$11,684
Catheterization Lab	15	0.6%	6	\$1,133,228	0.4%	\$188,871	13	\$204,454	0.2%	\$15,727
Clinical Support Center	15	0.6%	7	\$1,370,626	0.4%	\$195,804	15	\$680,073	0.7%	\$45,338
All Other Locations	76	2.9%	49	\$8,583,995	2.8%	\$175,184	61	\$2,678,071	2.7%	\$43,903
Totals & Averages	2,659	100.0%	1,315	\$305,547,858	100.0%	\$232,356	2,301	\$99,987,925	100.0%	\$43,454

¹ Under [RCW 48.140.060](#) and [RCW 42.56.400\(10\)](#), the commissioner must protect the identify of each insuring entity, self-insurer, claimant, health care provider, or health care facility involved in a particular claim or collection of claims.

The largest number of claims occurred in medical professionals' offices, followed closely by incidents that occurred in operating rooms. These two locations represented 48.9 percent of the claims. The highest average indemnity payments and defense costs were due to injuries that occurred in the labor or delivery room.

This chart shows the distribution of claims, indemnity payments and defense costs by location within the facility for the ten locations with the largest number of claims.

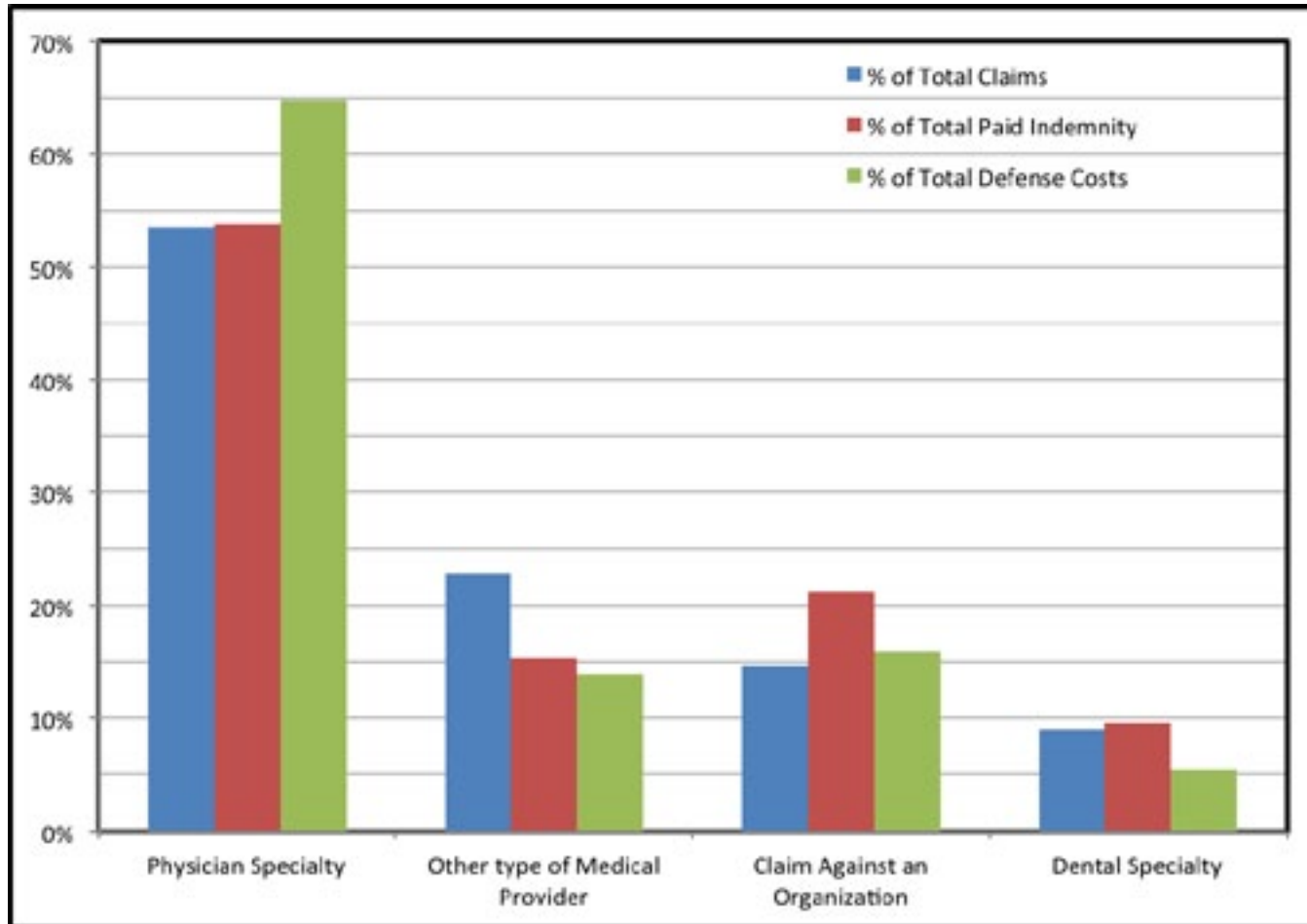


Type of medical provider

<u>Provider Group</u>	<u>Three-year period ending December 31, 2010</u>										
	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Median Paid Indemnity	Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost	Median Defense Cost
Physician Specialty	1,424	584	\$164,393,819	53.8%	\$281,496	\$87,995	1,309	\$64,741,115	64.7%	\$49,458	\$10,266
Other type of Medical Provider	607	368	\$46,822,610	15.3%	\$127,235	\$25,000	471	\$13,914,083	13.9%	\$29,542	\$6,824
Claim Against an Organization	389	200	\$64,935,399	21.3%	\$324,677	\$62,500	334	\$15,851,716	15.9%	\$47,460	\$13,947
Dental Specialty	239	163	\$29,396,030	9.6%	\$180,344	\$17,675	187	\$5,481,011	5.5%	\$29,310	\$2,537
Totals & Averages	2,659	1,315	\$305,547,858	100.0%	\$232,356	\$50,000	2,301	\$99,987,925	100.0%	\$43,454	\$8,597

The largest numbers of total claims, 53.8 percent, were made against physician specialties. These claims had the highest average defense cost at \$49,458 and the second highest average paid indemnity at \$281,496, and the highest median paid indemnity of \$87,995. Paid indemnity results were high for dental specialties due to one large payment of \$14.35 million. If we remove that payment, average paid indemnity for dental specialties drops to \$93,454. Claims against organizations were the most expensive to settle, with average paid indemnity of \$324,667, yet this group had a lower median paid indemnity than physician specialties. This means organizations paid less for smaller claims and more for larger claims.

This chart shows the distribution of claims, indemnity payments and defense costs by class of medical providers.



This table shows claim data for physician surgeon specialties that had the largest number of claims.¹

Provider Specialty	Three-year period ending December 31, 2010								
	Number of Claims	Claims with Paid Indemnity	Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Defense Costs	% of Total Defense Costs	Average Defense Cost
General Practice-Family Practice	181	83	\$16,514,183	10.0%	\$198,966	169	\$7,223,378	11.2%	\$42,742
General Surgery	155	76	\$16,106,378	9.8%	\$211,926	137	\$5,739,079	8.9%	\$41,891
Emergency Medicine	137	52	\$16,013,543	9.7%	\$307,953	127	\$7,786,733	12.0%	\$61,313
Obstetrics and Gynecology	132	42	\$22,884,008	13.9%	\$544,857	128	\$9,340,840	14.4%	\$72,975
Internal Medicine	119	39	\$9,732,633	5.9%	\$249,555	112	\$5,094,717	7.9%	\$45,489
Orthopedic Surgery	111	44	\$11,305,867	6.9%	\$256,952	104	\$3,411,566	5.3%	\$32,804
Anesthesiology	81	52	\$9,897,340	6.0%	\$190,333	57	\$3,173,330	4.9%	\$55,672
Radiology	77	32	\$10,306,785	6.3%	\$322,087	72	\$2,402,081	3.7%	\$33,362
Cardiovascular Diseases	41	11	\$5,115,734	3.1%	\$465,067	39	\$2,164,849	3.3%	\$55,509
Urological Surgery	39	16	\$9,203,970	5.6%	\$575,248	36	\$2,025,079	3.1%	\$56,252
Gastroenterology	37	11	\$4,110,887	2.5%	\$373,717	34	\$1,625,449	2.5%	\$47,807
Neurological Surgery	36	17	\$4,952,449	3.0%	\$291,321	35	\$2,295,456	3.5%	\$65,584
Otolaryngology	36	12	\$5,075,948	3.1%	\$422,996	34	\$2,758,850	4.3%	\$81,143
Pediatrics	30	12	\$3,240,329	2.0%	\$270,027	28	\$2,266,339	3.5%	\$80,941
Ophthalmology	27	10	\$2,228,552	1.4%	\$222,855	26	\$772,520	1.2%	\$29,712
Hospitalist	24	6	\$2,860,000	1.7%	\$476,667	24	\$1,087,743	1.7%	\$45,323
Plastic Surgery	21	6	\$495,000	0.3%	\$82,500	19	\$468,358	0.7%	\$24,650
Psychiatry	19	7	\$1,520,500	0.9%	\$217,214	19	\$973,995	1.5%	\$51,263
General Preventive Medicine	18	11	\$1,045,333	0.6%	\$95,030	14	\$665,926	1.0%	\$47,566
Radiation Oncology	16	8	\$1,871,446	1.1%	\$233,931	14	\$625,865	1.0%	\$44,705
Neurology	15	6	\$3,185,000	1.9%	\$530,833	15	\$937,860	1.4%	\$62,524
All Other Physician Types	72	31	\$6,727,934	4.1%	\$217,030	66	\$1,901,102	2.9%	\$28,805
Totals & Averages	1,424	584	\$164,393,819	100.0%	\$281,496	1,309	\$64,741,115	100.0%	\$49,458

¹ Under [RCW 48.140.060](#) and [RCW 42.56.400\(10\)](#), some specialties are grouped together to maintain confidentiality.

The most claims reported on behalf of physician specialties were for general and family practice physicians, but these claims were among the least costly to defend and settle. The most common allegations against general and family practice physicians were failure to diagnose with 36 claims, followed by delay in diagnosis with 15 claims, and improper performance and improper management with 12 claims each.

Obstetrics and gynecology was a specialty ranked high in total number of claims, average paid indemnity and average defense costs. The most common allegations against this physician specialty were improper performance with 38 claims, followed by improper management and failure to diagnose with 10 claims each.

This table shows claim data for other types of medical providers.¹ Nursing staff accounted for 315 claims. There were 202 indemnity payments made on behalf of nursing staff, with average paid indemnity of \$113,768 and average defense cost of \$29,614. The most common allegations against nursing staff were failure to monitor with 40 claims, followed by improper technique with 32 claims and improper performance with 24 claims. Physical therapy had the second highest total number of claims, and the most common allegation against this type of medical provider was sexual misconduct with 32 claims.

Three-year Period Ending December 31, 2010									
<u>Provider Type</u>	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost
Nursing	315	202	\$22,981,050	49.1%	\$113,768	260	\$7,699,645	55.3%	\$29,614
Physical Therapy	63	51	\$977,127	2.1%	\$19,159	22	\$893,449	6.4%	\$40,611
Podiatry	48	13	\$2,582,000	5.5%	\$198,615	47	\$1,413,206	10.2%	\$30,068
Pharmacy	31	31	\$2,611,985	5.6%	\$84,258	15	\$125,577	0.9%	\$8,372
Physician Assistant	30	11	\$1,673,817	3.6%	\$152,165	28	\$682,667	4.9%	\$24,381
Psychology	29	11	\$869,250	1.9%	\$79,023	26	\$355,617	2.6%	\$13,678
Chiropractic	25	10	\$1,620,000	3.5%	\$162,000	24	\$538,348	3.9%	\$22,431
Radiology Technician	22	18	\$8,141,766	17.4%	\$452,320	16	\$479,489	3.4%	\$29,968
All Other Types	44	21	\$5,365,615	11.5%	\$255,505	33	\$1,726,085	12.4%	\$52,306
Totals & Averages	607	368	\$46,822,610	100.0%	\$127,235	471	\$13,914,083	100.0%	\$29,542

¹ Under [RCW 48.140.060](#) and [RCW 42.56.400\(10\)](#), some types of providers are grouped together to maintain confidentiality.

Claim allegations

Insurers and self-insurers identified the primary complaint that led to the medical malpractice claim. This table extends for two pages.

Three-year period ending December 31, 2010									
<u>Allegation</u>	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost
Improper Performance	542	260	\$47,335,036	15.5%	\$182,058	476	\$16,467,383	16.5%	\$34,595
Failure to Diagnose	239	90	\$35,802,157	11.7%	\$397,802	231	\$12,745,985	12.7%	\$55,177
Vicarious Liability	215	75	\$15,466,147	5.1%	\$206,215	179	\$5,672,888	5.7%	\$31,692
Improper Technique	136	68	\$5,415,587	1.8%	\$79,641	112	\$2,877,833	2.9%	\$25,695
Improper Management	96	34	\$5,445,389	1.8%	\$160,159	90	\$6,147,616	6.1%	\$68,307
Delay in Diagnosis	94	30	\$7,364,037	2.4%	\$245,468	90	\$5,147,799	5.1%	\$57,198
Failure to Monitor	93	54	\$11,165,352	3.7%	\$206,766	83	\$3,508,420	3.5%	\$42,270
Failure to Treat	64	21	\$6,415,000	2.1%	\$305,476	61	\$1,869,097	1.9%	\$30,641
Surgical or other Foreign Body Retained	58	34	\$2,702,871	0.9%	\$79,496	46	\$1,130,495	1.1%	\$24,576
Sexual Misconduct	54	43	\$2,205,500	0.7%	\$51,291	24	\$1,816,967	1.8%	\$75,707
Failure to Instruct or Communicate with Patient or Family	53	31	\$7,748,601	2.5%	\$249,955	43	\$2,198,502	2.2%	\$51,128
Wrong Diagnosis or Misdiagnosis (Original Diagnosis Incorrect)	45	18	\$5,347,763	1.8%	\$297,098	40	\$1,450,566	1.5%	\$36,264
Failure to Supervise	43	30	\$6,340,634	2.1%	\$211,354	37	\$2,149,706	2.1%	\$58,100
Failure to Ensure Patient Safety	41	30	\$9,073,971	3.0%	\$302,466	35	\$2,340,149	2.3%	\$66,861
Delay in Treatment	38	14	\$7,001,640	2.3%	\$500,117	36	\$931,252	0.9%	\$25,868
Equipment Utilization Problem	37	28	\$4,898,344	1.6%	\$174,941	29	\$1,260,649	1.3%	\$43,471
Failure or Delay in Referral or Consultation	34	23	\$11,082,118	3.6%	\$481,831	32	\$2,030,610	2.0%	\$63,457
Wrong Medication Administered	34	22	\$4,398,118	1.4%	\$199,914	28	\$684,612	0.7%	\$24,450
Failure to Recognize a Complication	33	15	\$5,444,365	1.8%	\$362,958	33	\$1,965,110	2.0%	\$59,549
Wrong Dosage Administered	33	26	\$5,799,564	1.9%	\$223,060	22	\$1,161,947	1.2%	\$52,816
Intubation Problem	32	26	\$2,042,642	0.7%	\$78,563	11	\$737,178	0.7%	\$67,016

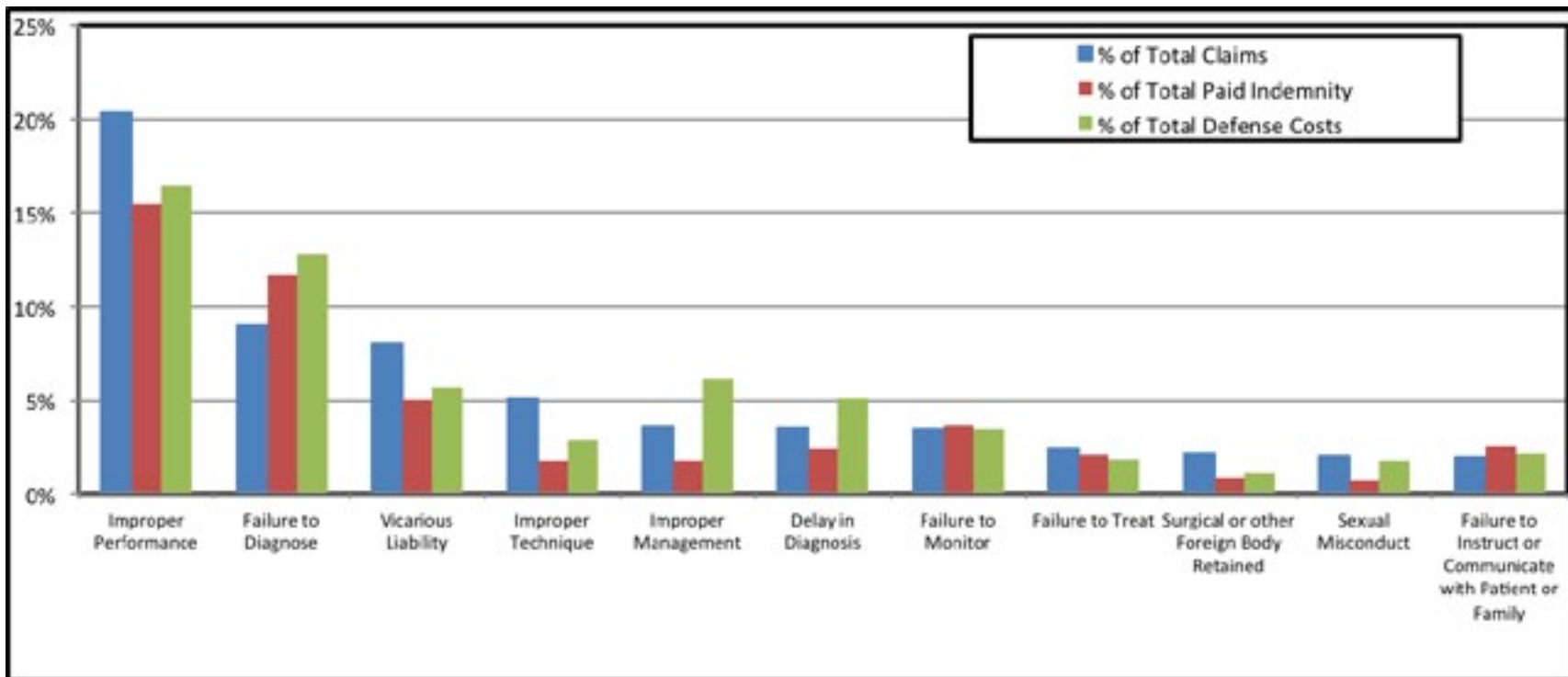
Three-year period ending December 31, 2010

Allegation	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost
Patient Monitoring Problem	32	22	\$4,255,021	1.4%	\$193,410	29	\$1,285,154	1.3%	\$44,316
Patient Positioning Problem	30	16	\$1,354,372	0.4%	\$84,648	23	\$620,887	0.6%	\$26,995
Improper Supervision	26	17	\$2,481,314	0.8%	\$145,960	22	\$782,507	0.8%	\$35,569
Communication Problem between Practitioners	26	19	\$2,999,121	1.0%	\$157,848	23	\$1,133,681	1.1%	\$49,290
Failure to Perform Procedure	26	10	644,500	0.2%	\$64,450	26	\$436,905	0.4%	\$16,804
Wrong Body Part	25	19	1,419,810	0.5%	\$74,727	18	\$462,872	0.5%	\$25,715
Failure to Medicate	24	11	5,738,571	1.9%	\$521,688	21	\$1,547,533	1.5%	\$73,692
Wrong Procedure or Treatment	21	10	3,727,712	1.2%	\$372,771	19	\$430,189	0.4%	\$22,642
Wrong Dosage Dispensed	18	16	\$1,014,491	0.3%	\$63,406	12	\$59,003	0.1%	\$4,917
Failure to Obtain Consent or Lack of Informed Consent	17	6	\$308,350	0.1%	\$51,392	16	\$808,195	0.8%	\$50,512
Failure to Order Appropriate Test	17	8	\$4,130,685	1.4%	\$516,336	17	\$1,209,923	1.2%	\$71,172
Problem with Appliance, Prostheses, Orthotic, Splint or Device	17	7	\$179,514	0.1%	\$25,645	16	\$525,987	0.5%	\$32,874
Unnecessary Procedure	16	7	\$15,702,500	5.1%	\$2,243,214	16	\$1,231,712	1.2%	\$76,982
Breach of Patient Confidentiality	16	9	\$192,100	0.1%	\$21,344	13	\$372,190	0.4%	\$28,630
Improper Conduct	15	5	174,609	0.1%	\$34,922	15	472,707	0.5%	\$31,514
Wrong Dosage Ordered of Correct Medication	15	11	5,217,864	1.7%	\$474,351	14	542,268	0.5%	\$38,733
Premature Discharge from Institution	15	4	683,266	0.2%	\$170,817	15	298,265	0.3%	\$19,884
All Other Allegations	289	146	\$46,829,222	15.3%	\$320,748	248	\$13,473,183	13.5%	\$54,327
Totals & Averages	2,659	1,315	\$305,547,858	100.0%	\$232,356	2,301	\$99,987,925	100.0%	\$43,454

Improper performance and failure to diagnose were the complaints made in 29.4 percent of all closed claims. Death was the outcome in 71 cases where the allegation was failure to diagnose, resulting in 30 indemnity payments averaging \$677,415.¹

If the allegation was vicarious liability, the claim was made against an organization 87.9 percent of the time. Payments made by organizations for vicarious liability averaged \$246,349.

This chart shows the overall distribution of claims, indemnity payments and defense costs for the allegations with the highest claim counts.



¹ Under [RCW 48.140.060](#) and [RCW 42.56.400\(10\)](#), some types of allegation are grouped together to maintain confidentiality.

This table shows the most common allegations made against physician specialties.

<u>Allegation against physician specialty</u>	<u>Three-year Period Ending December 31, 2010</u>						
	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	Average Defense Cost
Improper Performance	293	108	\$29,843,274	\$276,327	272	\$11,763,154	\$43,247
Failure to Diagnose	210	81	\$34,294,482	\$423,389	202	\$11,377,116	\$56,322
Delay in Diagnosis	81	22	\$6,580,792	\$299,127	77	\$4,741,561	\$61,579
Improper Management	75	19	\$4,528,578	\$238,346	74	\$5,759,320	\$77,829
Improper Technique	69	28	\$3,094,629	\$110,522	60	\$1,820,168	\$30,336
Failure to Treat	45	13	\$4,695,000	\$361,154	44	\$1,610,134	\$36,594
Wrong Diagnosis or Misdiagnosis (Original Diagnosis is Incorrect)	37	16	\$4,388,763	\$274,298	32	\$1,362,255	\$42,570
Surgical or other Foreign Body Retained	37	17	\$1,291,200	\$75,953	31	\$837,786	\$27,025
Failure to Monitor	33	17	\$5,173,260	\$304,309	30	\$1,092,632	\$36,421

Improper performance and failure to diagnose were the most common allegations made against physicians. Overall, diagnosis-related allegations resulted in 313 claims and 125 indemnity payments averaging \$327,002.

Patients alleged improper performance in 65.7 percent of all claims made against dental specialties. Of these claims, 110 resulted in indemnity payments averaging \$68,499 and defense costs averaging \$22,914. Overall, claims against dental specialties are less costly to settle than claims against physician specialties.

This table shows the most common allegations made against other types of medical providers.¹

<u>Three-year Year Period Ending December 31, 2010</u>							
<u>Allegations made against other types of medical providers</u>	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	Average Defense Cost
Improper Performance	86	40	\$9,910,670	\$247,767	76	\$1,801,250	\$23,701
Improper Technique	49	27	\$1,210,850	\$44,846	42	\$843,794	\$20,090
Failure to Monitor	48	32	\$5,881,128	\$183,785	44	\$2,135,449	\$48,533
Sexual Misconduct	45	38	\$650,500	\$17,118	16	\$879,088	\$54,943
Failure to Diagnose	22	5	\$1,350,000	\$270,000	22	\$1,329,982	\$60,454
Wrong Dosage Administered	19	17	\$4,413,951	\$259,644	10	\$196,060	\$19,606
Wrong Medication Administered	17	12	\$1,568,648	\$130,721	14	\$100,599	\$7,186
Patient Positioning Problem	17	9	\$569,867	\$63,319	13	\$323,222	\$24,863
Patient Monitoring Problem	17	12	\$996,255	\$83,021	15	\$272,351	\$18,157

Of the total claims involving failure to monitor and patient monitoring problem, 84.6 percent were made against nursing practitioners, resulting in 39 indemnity payments averaging \$166,542.

¹ See page 54 for claim data for other types of medical providers.

This table shows the most common allegations made against an organization.

Allegations made against an organization	Three-year Year Period Ending December 31, 2010						
	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	Average Defense Cost
Vicarious Liability	189	61	\$15,027,300	\$246,349	164	\$5,313,182	\$32,397
Failure to Supervise	33	23	\$5,657,255	\$245,968	29	\$1,944,639	\$67,057
Failure to Ensure Patient Safety	28	22	\$7,687,796	\$349,445	24	\$1,916,584	\$79,858
Failure to Instruct or Communicate with Patient or Family	11	8	\$1,238,046	\$154,756	9	\$201,018	\$22,335
Communication Problem between Practitioners	11	10	\$1,398,621	\$139,862	9	\$483,918	\$53,769
Improper Supervision	10	8	\$1,939,134	\$242,392	8	\$307,400	\$38,425

The most common claim against an organization is vicarious liability. Vicarious liability is secondary liability where the organization becomes responsible for the acts of an employee or other third party when it had had the right, ability or duty to control those activities.

County statistics

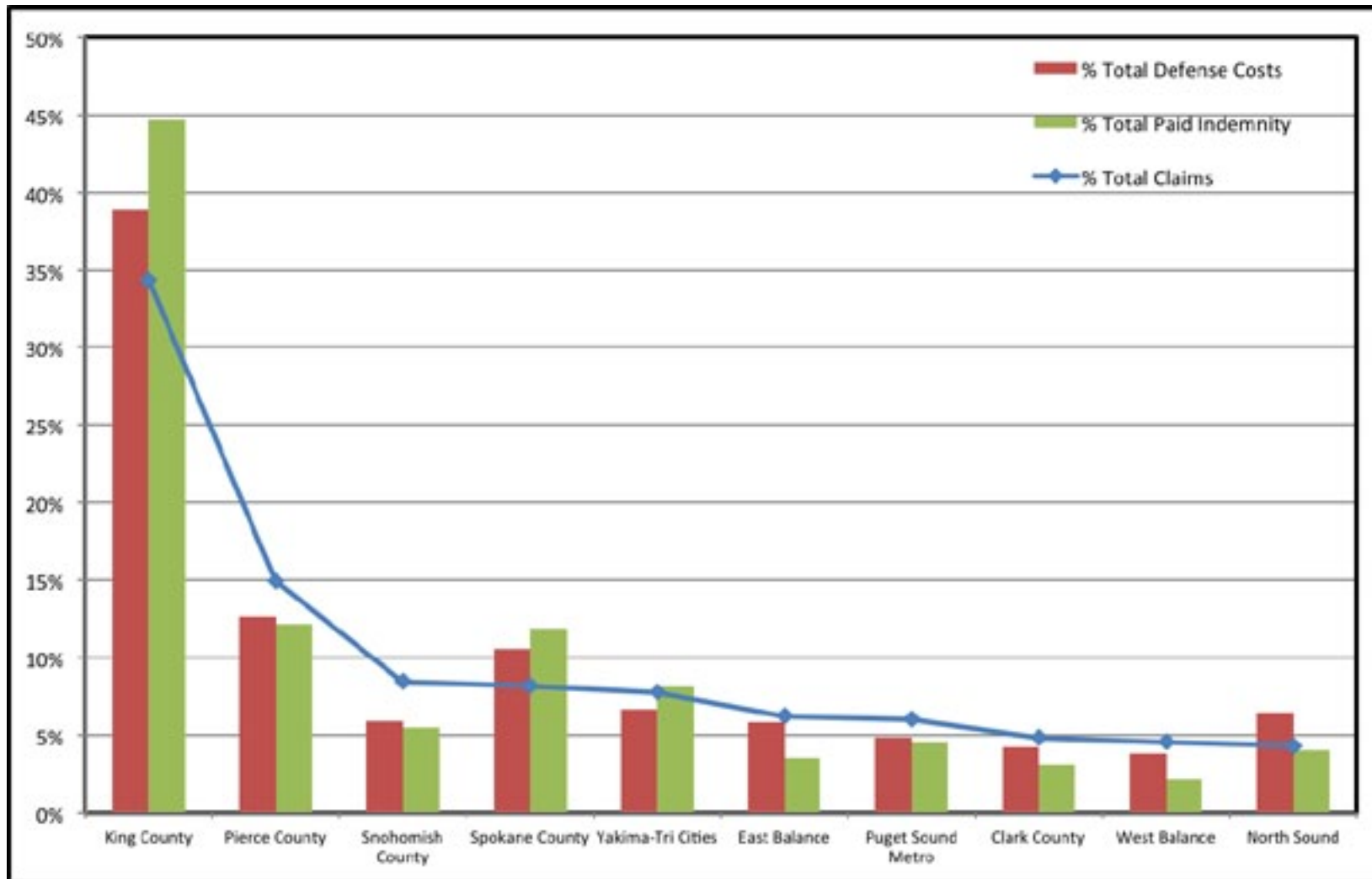
Insurers and self-insurers reported the county where the medical incident occurred.¹ To provide information about differences by location, we divided the state into the same nine regions that the OIC uses in Appendix A of the report [Cost of the Uninsured - Costs, Trends and Projections](#) - November 2009.² King County had the highest total paid indemnity and average economic loss, and the second highest average paid indemnity. The North Sound region had the highest average defense cost.

Three-year period ending December 31, 2010									
Region	Total Number of Claims	Claims with Defense Costs	Total Defense Costs	Average Defense Cost	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Average Economic Loss	Ave. Economic Loss ÷ Ave. Paid Indem.
King County	914	775	\$38,868,732	\$50,153	471	\$136,636,868	\$290,100	\$159,844	55.1%
Pierce County	398	359	\$12,654,456	\$35,249	175	\$37,217,269	\$212,670	\$73,415	34.5%
Snohomish County	225	198	\$5,872,283	\$29,658	111	\$16,820,992	\$151,540	\$64,368	42.5%
Spokane County	218	198	\$10,586,907	\$53,469	97	\$36,388,603	\$375,140	\$157,956	42.1%
Yakima-Tri Cities	206	151	\$6,621,982	\$43,854	130	\$24,833,936	\$191,030	\$121,343	63.5%
East Balance	166	149	\$5,817,878	\$39,046	80	\$10,785,293	\$134,816	\$67,138	49.8%
Puget Sound Metro	160	141	\$4,879,942	\$34,610	76	\$14,062,397	\$185,032	\$46,694	25.2%
Clark County	129	114	\$4,233,739	\$37,138	61	\$9,434,690	\$154,667	\$63,235	40.9%
West Balance	122	111	\$3,780,066	\$34,055	55	\$6,577,012	\$119,582	\$57,833	48.4%
North Sound	115	99	\$6,443,153	\$65,082	56	\$12,280,798	\$219,300	\$99,083	45.2%
Out of State	6	6	\$228,787	\$38,131	3	\$510,000	\$170,000	\$4,000	2.4%
Totals & Averages	2,659	2,301	\$99,987,925	\$43,454	1315	\$305,547,858	\$232,356	\$112,467	48.4%

¹ Under [RCW 48.140.060](#) and [RCW 42.56.400\(10\)](#), some counties are grouped together to maintain confidentiality.

² **East balance** includes Adams, Asotin, Chelan, Columbia, Douglas, Ferry, Garfield, Grant, Kittitas, Lincoln, Okanogan, Pend Oreille, Stevens, Walla Walla and Whitman counties. **Yakima-Tri Cities** includes Benton, Franklin and Yakima counties. **Puget Sound Metro** includes Kitsap and Thurston counties. **West Balance** includes Clallam, Cowlitz, Grays Harbor, Jefferson, Klickitat, Lewis, Mason, Pacific, Skamania and Wahkiakum counties.

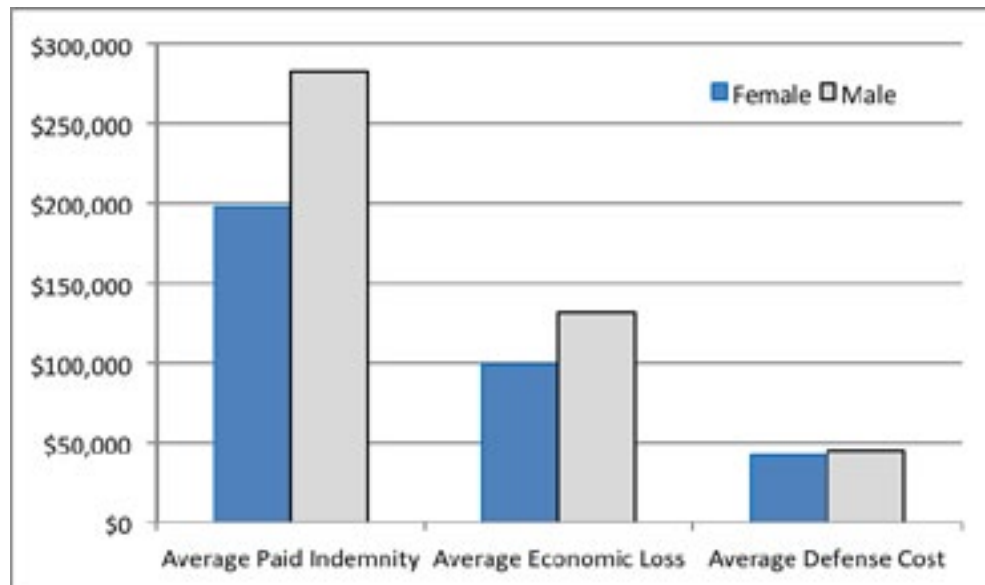
This chart shows the distribution of claims, indemnity payments and defense costs by region for incidents that occurred in Washington State.



Gender statistics

Three-year period ending December 31, 2010								
Gender	Total Number of Claims	Claims with Defense Costs	Total Defense Costs	Average Defense Cost	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Average Economic Loss
Female	1,507	1,280	\$53,521,368	\$41,814	778	\$154,014,730	\$197,962	\$98,908
Male	1,146	1,016	\$46,303,624	\$45,574	533	\$150,802,207	\$282,931	\$131,834
Unknown	6	5	\$162,933	\$32,587	4	\$730,921	\$182,730	\$168,980
Totals & Averages	2,659	2,301	\$99,987,925	\$43,454	1,315	\$305,547,858	\$232,356	\$112,467

Of the 2,659 claims closed, 56.7 percent of the claims reported the injured party as female and 43.1 percent of the claims reported the injured party as male. When the injured party was a female, the average indemnity payment was \$197,962. When the injured party was a male, the average indemnity payment was \$282,931. For females, insurers and self-insurers considered 50.0 percent of the payment as economic loss. For males, 47.5 percent of the payment was considered economic loss. The chart below illustrates this comparison.



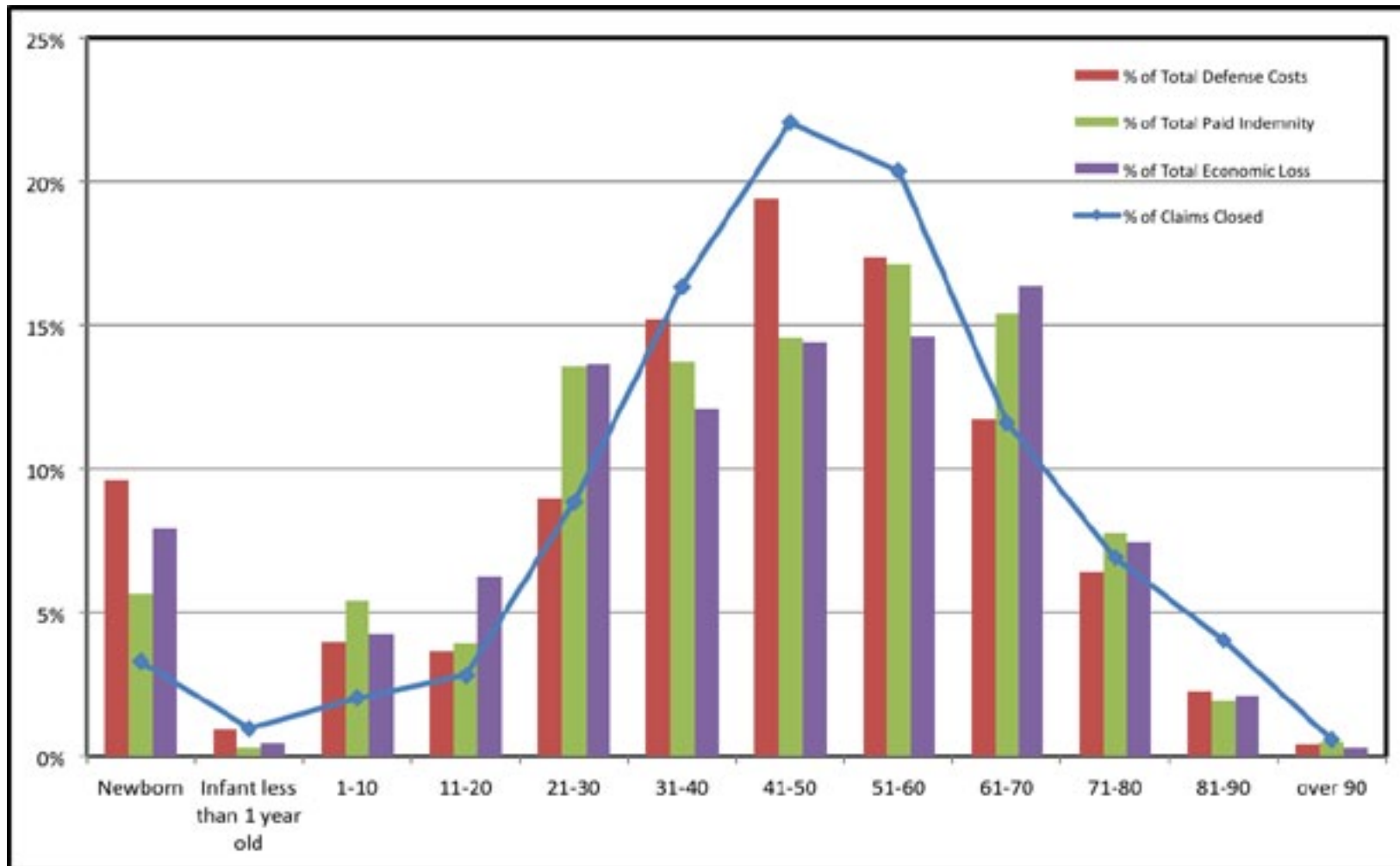
Age statistics

Insurers and self-insurers reported the age group of the claimant.

<u>Age Group</u>	<u>Three-year period ending December 31, 2010</u>								
	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	Total Economic Loss	Average Paid Indemnity	Average Economic Loss	Claims with Defense Costs	Total Defense Costs	Average Defense Cost
Newborn	88	30	\$17,262,819	\$11,703,804	\$575,427	\$390,127	85	\$9,611,378	\$113,075
Infant less than 1 year old	26	8	\$900,327	\$684,078	\$112,541	\$85,510	22	\$924,341	\$42,016
1-10	54	30	\$16,608,716	\$6,307,326	\$553,624	\$210,244	47	\$3,981,265	\$84,708
11-20	75	42	\$12,031,303	\$9,282,858	\$286,460	\$221,020	65	\$3,655,751	\$56,242
21-30	235	113	\$41,439,687	\$20,190,950	\$366,723	\$178,681	211	\$8,968,721	\$42,506
31-40	435	211	\$41,919,764	\$17,912,132	\$198,672	\$84,892	364	\$15,231,729	\$41,845
41-50	587	277	\$44,584,782	\$21,328,855	\$160,956	\$76,999	515	\$19,407,841	\$37,685
51-60	542	254	\$52,407,961	\$21,640,677	\$206,331	\$85,200	475	\$17,380,853	\$36,591
61-70	309	166	\$47,106,191	\$24,211,369	\$283,772	\$145,852	258	\$11,722,553	\$45,436
71-80	184	102	\$23,800,221	\$11,033,630	\$233,336	\$108,173	155	\$6,439,341	\$41,544
81-90	108	72	\$5,914,545	\$3,127,646	\$82,146	\$43,440	88	\$2,254,843	\$25,623
over 90	16	10	\$1,571,542	\$470,524	\$157,154	\$47,052	16	\$409,309	\$25,582
Totals & Averages	2,659	1,315	\$305,547,858	\$147,893,849	\$232,356	\$112,467	2,301	\$99,987,925	\$43,454

Insurers and self-insurers reported 88 claims involving a newborn. Thirty of these claims resulted in an average indemnity payment of \$575,427 – or two and one-half times the average indemnity payment of \$232,356. Average economic loss was \$290,127 – or three and one-half times the average economic loss of \$112,467. The age group with the second highest average paid indemnity was ages 1 to 10, with an average payment of \$553,624, and this group had the third highest average economic loss at \$210,244.

This chart shows the distribution of claims, indemnity payments and defense costs for each age group.



Statistics from medical malpractice lawsuits

	-----Calendar Year-----			Three-year Total
	2008	2009	2010	
Settlements reported by Attorneys	158	130	85	373
Number of Lawsuits with Paid Indemnity	134	119	80	333
Total Paid Indemnity	\$81,985,707	\$77,502,416	\$82,498,584	\$241,986,707
Average Payment to Claimant	\$611,834	\$651,281	\$1,031,232	\$726,687
Median Payment to Claimant	\$250,000	\$275,000	\$260,000	\$250,000
Total Legal Expenses	\$33,013,414	\$33,421,760	\$33,313,565	\$99,748,739
Total Attorney Fees	\$28,190,420	\$28,935,025	\$30,183,652	\$87,309,097
Average Legal Expense	\$208,946	\$257,090	\$391,924	\$267,423
Average Fee paid to Attorney	\$210,376	\$243,151	\$377,296	\$262,189

Indemnity payments to claimants: Over the three-year period ending December 31, 2010, claimants received total compensation of \$242 million on 333 claims, or \$726,687 per settlement. Median paid indemnity was \$250,000 over the same period.

Claimants paid \$99.7 million for legal expenses on 373 claims, or \$267,423 per lawsuit. Claimants paid \$87.3 million in attorney fees, or an average of \$262,189 per settlement.¹ On average, the attorney fee was 36.1 percent of the total compensation paid to the claimant.

¹ Attorneys in this area of litigation typically work on a contingency basis, and receive fees if one or more defendants compensate the claimant.

Compliance by attorneys

This table, created with data from the Administrative Office of the Courts, provides an estimate of the level of compliance with the law. It shows that compliance has steadily deteriorated over the last three years.

	-----Calendar Year-----			Change from Prior Year
	2008	2009	2010	
Lawsuits Resolved	207	256	244	-4.7%
Settlements reported by Attorneys	158	130	85	-34.6%
Estimated Compliance	76.3%	50.8%	34.8%	

In 2010, the OIC proposed legislation that would have added enforcement mechanisms to the existing law. This legislation was not enacted.¹ Since the OIC does not have an enforcement mechanism to improve compliance, the OIC expects that the number of settlements reported will continue to decline in future years. The OIC cannot draw conclusions from incomplete data, so this section of the report is limited to general statistics.

¹ These bills were introduced as [SB 6412](#) and [HB 2963](#).

How lawsuits were settled

Most settlements were the result of an alternative dispute resolution process, and these settlements resulted in the second highest average indemnity payment. The most expensive settlements were the result of a judgment or verdict, averaging \$1.14 million each. The average attorney fee for settlements resolved in court was \$447,306, or 39.3% of the total judgment or verdict. On average, claimants paid an additional \$80,295 for other legal expenses such as expert witnesses. Overall, claimants paid 46.3 percent of the total judgment or verdict for attorney fees and legal expenses.

-----Three-year period ending December 31, 2010-----								
<u>Lawsuit Settlement Method</u>	Number of Lawsuits with Legal Expenses	Total Legal Expenses	Average Legal Expense paid by Claimant	Number of Lawsuits with Paid Indemnity	Total Paid Indemnity	Average Indemnity paid to Claimant	Total Attorney Fees	Average Attorney Fee paid by Claimant
Judgment/Verdict	32	\$7,109,347	\$222,167	13	\$14,807,024	\$1,139,002	\$5,814,976	\$447,306
Alternative Dispute Resolution	190	\$58,178,411	\$306,202	182	\$139,343,143	\$765,622	\$50,663,606	\$278,371
Settled by Parties	138	\$34,398,443	\$249,264	138	\$87,836,540	\$636,497	\$30,830,515	\$223,410
All Other	13	\$62,538	\$4,811	0	\$0	\$0	\$0	\$0
Total & Averages	373	\$99,748,739	\$267,423	333	\$241,986,707	\$726,687	\$87,309,097	\$262,189

Of the 190 settlements resolved by alternative dispute resolution, 171 were resolved in mediation, resulting in \$132.6 million in indemnity payments. The average mediated settlement was resolved for \$775,681. The average attorney fee for settlements resolved in mediation was \$280,561, or 36.2% of the total settlement.

Settlements by county

Attorneys report settlement data by county where the medical incident occurred.¹ To provide meaningful information regarding differences by location, we divided the state into nine regions, and used the same regional groupings that were used by the OIC in Appendix A of the report [Cost of the Uninsured - Costs, Trends and Projections](#) - November 2009.²

Three-year period ending December 31, 2010							
Region	Total Number of Claims	Claims with Legal Expenses	Total Legal Expenses	Average Legal Expense paid by Claimant	Claims with Paid Indemnity	Total Paid Indemnity	Average Indemnity paid to Claimant
King County	125	125	\$47,417,646	\$379,341	118	\$115,647,725	\$980,065
Pierce County	46	46	\$4,806,958	\$104,499	36	\$12,268,999	\$340,806
Snohomish County	39	39	\$10,891,253	\$279,263	35	\$25,667,758	\$733,365
Clark County	33	33	\$3,199,047	\$96,941	29	\$7,738,500	\$266,845
Spokane County	31	31	\$12,934,561	\$417,244	28	\$26,927,350	\$961,691
Yakima-Tri Cities	24	24	\$7,242,490	\$301,770	20	\$22,786,550	\$1,139,328
East Balance	22	22	\$1,730,535	\$78,661	18	\$3,262,117	\$181,229
West Balance	18	18	\$2,205,562	\$122,531	18	\$5,244,122	\$291,340
Puget Sound Metro	17	17	\$4,120,900	\$242,406	16	\$9,585,000	\$599,063
North Sound	16	16	\$3,722,245	\$232,640	13	\$8,908,586	\$685,276

King County had the highest total paid indemnity, and the second highest average paid indemnity by region. Yakima-Tri Cities had the highest average paid indemnity at \$1.14 million. If we compare these statistics to those submitted by insurers and self-insurers, it is clear that some settlements reported by attorneys involved multiple defendants.

¹ Claims reported as occurring out of state are not included in this table.

² Under [RCW 48.140.060](#) and [RCW 42.56.400\(10\)](#), some counties are grouped together to maintain confidentiality.

Gender of plaintiff

<u>Three-year period ending December 31, 2010</u>							
<u>Gender</u>	Total Number of Claims	Claims with Legal Fees	Total Legal Fees	Average Legal Expense paid by Claimant	Number of Lawsuits with Paid Indemnity	Total Paid Indemnity	Average Indemnity paid to Claimant
Female	207	207	\$61,760,696	\$298,361	185	\$145,861,108	\$788,438
Male	166	166	\$37,988,043	\$228,844	148	\$96,125,599	\$649,497
Totals & Averages	373	373	\$99,748,739	\$267,423	333	\$241,986,707	\$726,687

These data show females received a higher average settlement than males, and the average legal fees were higher. If we compare these statistics to data submitted by insurers and self-insurers, it is clear some settlements reported by attorneys involved multiple defendants.

Age of plaintiff

Attorneys report the age group of the claimant. This table shows that the most expensive settlements involved newborns and infants. The average paid indemnity for the 13 settlements in this age group was \$1,061,843.

Three-year period ending December 31, 2010							
Age Group	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Claims with Legal Expenses	Total Legal Expenses	Average Legal Expenses
Newborn/Infant	13	13	\$32,290,000	\$2,483,846	13	\$13,803,965	\$1,061,843
Age 1 to 20	20	18	\$35,753,775	\$1,986,321	20	\$15,556,096	\$777,805
Ages 21 to 40	89	74	\$43,495,393	\$587,776	89	\$17,846,478	\$200,522
Ages 41 to 60	170	153	\$92,069,313	\$601,760	170	\$36,259,309	\$213,290
Ages 61 to 80	64	58	\$30,618,226	\$527,900	64	\$12,777,655	\$199,651
81 and over	17	17	\$7,760,000	\$456,471	17	\$3,505,236	\$206,190
Totals & Averages	373	333	\$241,986,707	\$726,687	373	\$99,748,739	\$267,423

Report limitations

Analysis based on historical closed claim data has limitations:

1. There is a natural mismatch between premiums and losses used to calculate loss ratios and profitability ratios for commercial insurers. Premiums used for loss ratios are earned during the calendar year, but the amounts booked as incurred loss during the same calendar year are from claims from various accident years. The losses do not all correspond to the same policies that the premium comes from.
2. Claims are reported based on the year in which they reach final resolution. Some arose from recent medical incidents, but most arose from incidents that occurred several years ago.
3. This report contains claims that closed during a limited period.
4. This report cannot be used to evaluate past or current medical professional liability insurance rates. Insurers develop medical malpractice rates using an analysis of open and closed claims, and develop rates based on an estimate of expected future claim costs and expenses.
5. Data may contain anomalies. The OIC audits data to improve the accuracy, consistency, and completeness of these data. OIC adopted administrative rules that contain data definitions and reporting instructions. The accuracy of the report still depends largely on the accuracy of the data reported by insurers and self-insurers and attorneys. People who report data may interpret data fields differently or make errors, so errors and inconsistencies may still occur.
6. These data have not been adjusted for economic differences occurring during the report period, such as inflation and cost of medical care.
7. Data do not distinguish between policies and coverage amounts. Policy limits are not reported, so the report does not analyze the data by type of policy, whether coverage is primary or excess, limits of coverage, or size of deductibles or retentions to determine if coverage limits affect the frequency or severity of claims.
8. Insurers and self-insurers reported data separately for each defendant. This reporting method may overstate the frequency of “incidents” and understate the severity of an “incident,” but it keeps inconsistencies and inaccuracies to a minimum by limiting the amount of incomplete reporting by insurers and self-insurers.
9. This report does not include information about open claims. This report analyzes only closed claims data. Any claims that are still open, such as claims that are in settlement negotiations or on trial, are not included in this study. The analysis of closed claim information is valuable; however, open claims information may be more indicative of the current claims environment.

Appendix A: Profitability

Physicians Insurance, A Mutual Company												
<u>Year</u>	(a) Net Premium Written	(b) Underwriting Expenses Incurred	(c) Expense Ratio [b/a]	(d) Net Premiums Earned	(e) Losses and Loss Adjustment Expenses	(f) Loss Ratio [e/d]	(g) Policyholder Dividends	(h) Dividend Ratio [g/d]	(i) Combined Ratio [c+f+h]	(j) Net Investment Income	(k) Net Investment Income Ratio [j/d]	(l) Operating Ratio [i-k]
2001	54,616,691	7,251,792	13.3%	57,136,567	62,787,536	109.9%	-7,645	0.0%	123.2%	13,730,436	24.0%	99.1%
2002	66,932,743	8,021,221	12.0%	64,760,533	88,757,781	137.1%	-2,510	0.0%	149.0%	12,436,919	19.2%	129.8%
2003	80,541,152	8,449,450	10.5%	82,411,991	83,646,815	101.5%	-2,650	0.0%	112.0%	10,446,767	12.7%	99.3%
2004	82,585,652	8,599,377	10.4%	81,804,586	75,648,999	92.5%	-1,072	0.0%	102.9%	10,399,667	12.7%	90.2%
2005	79,680,093	9,727,075	12.2%	80,356,928	67,266,247	83.7%	0	0.0%	95.9%	11,093,179	13.8%	82.1%
2006	81,465,385	9,634,830	11.8%	82,215,219	64,090,997	78.0%	0	0.0%	89.8%	12,242,635	14.9%	74.9%
2007	76,987,526	6,909,185	9.0%	78,287,526	44,521,719	56.9%	0	0.0%	65.8%	13,606,817	17.4%	48.5%
2008	71,282,640	10,716,243	15.0%	70,282,640	35,816,649	51.0%	5,048,015	7.2%	73.2%	13,982,185	19.9%	53.3%
2009	71,177,910	10,940,954	15.4%	70,577,910	46,775,240	66.3%	5,055,023	7.2%	88.8%	13,781,265	19.5%	69.3%
2010	69,704,876	11,304,529	16.2%	65,704,876	46,581,041	70.9%	5,064,296	7.7%	94.8%	13,636,915	20.8%	74.1%
Totals	734,974,668	91,554,656	12.5%	733,538,776	615,893,024	84.0%	15,153,457	2.1%	98.5%	125,356,785	17.1%	81.4%
Five-Year Period-to-Period Results												
2001-2005	364,356,331	42,048,915	11.5%	366,470,605	378,107,378	103.2%	-13,877	0.0%	114.7%	58,106,968	15.9%	98.9%
2006-2010	370,618,337	49,505,741	13.4%	367,068,171	237,785,646	64.8%	15,167,334	4.1%	82.3%	67,249,817	18.3%	63.9%

Doctors Company, An Interinsurance Exchange

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Year	Net Premium Written	Underwriting Expenses Incurred	Expense Ratio [b/a]	Net Premiums Earned	Losses and Loss Adjustment Expenses	Loss Ratio [e/d]	Policyholder Dividends	Dividend Ratio [g/d]	Combined Ratio [c+f+h]	Net Investment Income	Net Investment Income Ratio [j/d]	Operating Ratio [i-k]
2001	284,526,662	62,678,320	22.0%	254,571,205	250,623,211	98.4%	0	0.0%	120.5%	41,384,798	16.3%	104.2%
2002	396,352,630	83,930,896	21.2%	352,421,216	369,998,486	105.0%	0	0.0%	126.2%	38,479,520	10.9%	115.2%
2003	336,426,292	56,087,868	16.7%	331,287,350	363,035,624	109.6%	0	0.0%	126.3%	32,913,169	9.9%	116.3%
2004	459,727,858	84,889,359	18.5%	444,353,663	366,701,151	82.5%	0	0.0%	101.0%	34,487,835	7.8%	93.2%
2005	455,173,136	80,764,821	17.7%	449,816,620	283,405,291	63.0%	0	0.0%	80.7%	37,364,855	8.3%	72.4%
2006	493,082,275	97,776,987	19.8%	478,224,850	247,969,818	51.9%	21,000,000	4.4%	76.1%	44,970,862	9.4%	66.7%
2007	516,655,334	104,988,328	20.3%	521,729,949	255,575,118	49.0%	23,128,514	4.4%	73.7%	61,504,372	11.8%	62.0%
2008	500,493,524	101,299,086	20.2%	499,926,491	238,949,228	47.8%	121,450	0.0%	68.1%	94,665,140	18.9%	49.1%
2009	555,108,478	110,584,657	19.9%	547,603,861	318,310,083	58.1%	12,976,400	2.4%	80.4%	71,312,564	13.0%	67.4%
2010	527,973,477	118,217,900	22.4%	525,540,006	293,984,096	55.9%	13,838,518	2.6%	81.0%	149,742,807	28.5%	52.5%
Totals	4,525,519,666	901,218,222	19.9%	4,405,475,211	2,988,552,106	67.8%	71,064,882	1.6%	89.4%	606,825,922	13.8%	75.6%
Five-Year Period-to-Period Results												
2001-2005	1,932,206,578	368,351,264	19.1%	1,832,450,054	1,633,763,763	89.2%	0	0.0%	108.2%	184,630,177	10.1%	98.1%
2006-2010	2,593,313,088	532,866,958	20.5%	2,573,025,157	1,354,788,343	52.7%	71,064,882	2.8%	76.0%	422,195,745	16.4%	59.6%

Medical Protective Company

Year	(a) Net Premium Written	(b) Underwriting Expenses Incurred	(c) Expense Ratio [b/a]	(d) Net Premiums Earned	(e) Losses and Loss Adjustment Expenses	(f) Loss Ratio [e/d]	(g) Policyholder Dividends	(h) Dividend Ratio [g/d]	(i) Combined Ratio [c+f+h]	(j) Net Investment Income	(k) Net Investment Income Ratio [j/d]	(l) Operating Ratio [i-k]
2006	337,385,540	53,679,435	15.9%	299,621,579	223,126,825	74.5%	0	0.0%	90.4%	56,193,970	18.8%	71.6%
2007	343,121,058	53,155,078	15.5%	345,302,263	277,757,402	80.4%	0	0.0%	95.9%	57,887,667	16.8%	79.2%
2008	343,234,053	53,664,734	15.6%	343,846,447	254,434,736	74.0%	0	0.0%	89.6%	71,516,856	20.8%	68.8%
2009	333,975,622	62,412,706	18.7%	332,499,778	240,630,531	72.4%	0	0.0%	91.1%	83,892,685	25.2%	65.8%
2010	334,684,035	64,039,347	19.1%	322,277,708	190,873,450	59.2%	0	0.0%	78.4%	85,414,752	26.5%	51.9%
Total	1,692,400,308	286,951,300	17.0%	1,643,547,775	1,186,822,944	72.2%	0	0.0%	89.2%	354,905,930	21.6%	67.6%

Appendix B: Reserve development

Physicians Insurance, A Mutual Company													
Incurred net losses and defense and cost containment expenses reported at year-end (\$000 omitted)													
Year in which Loss Occurred	Incurred Net Losses 2001	Incurred Net Losses 2002	Incurred Net Losses 2003	Incurred Net Losses 2004	Incurred Net Losses 2005	Incurred Net Losses 2006	Incurred Net Losses 2007	Incurred Net Losses 2008	Incurred Net Losses 2009	Incurred Net Losses 2010	One-Year Development	Two-Year Development	Cumulative Development
Prior	89,926	94,222	89,365	86,105	86,495	87,163	87,598	90,751	88,479	88,341	-138	-2,410	-1,585
2001	67,031	71,027	72,956	71,297	70,034	72,263	71,521	69,888	68,838	65,746	-3,092	-4,142	-1,285
2002		69,086	74,258	69,583	69,903	66,920	65,538	65,160	66,416	62,374	-4,042	-2,786	-6,712
2003			70,740	71,726	69,451	62,374	59,805	56,395	56,944	54,667	-2,277	-1,728	-16,073
2004				74,801	76,075	77,427	72,529	61,848	57,262	54,124	-3,138	-7,724	-20,677
2005					58,927	57,553	56,813	50,539	50,419	48,778	-1,641	-1,761	-10,149
2006						58,655	51,073	47,126	50,657	47,881	-2,776	755	-10,774
2007							51,458	43,568	37,383	35,768	-1,615	-7,800	-15,690
2008								57,137	44,684	38,672	-6,012	-18,465	-18,465
2009									55,629	54,621	-1,008		-1,008
2010										61,648			
										Totals	-25,739	-46,061	-102,418

Doctors Company, An Interinsurance Exchange

Incurred net losses and defense and cost containment expenses reported at year-end (\$000 omitted)

Year in which Loss Occurred	Incurred Net Losses 2000	Incurred Net Losses 2001	Incurred Net Losses 2002	Incurred Net Losses 2003	Incurred Net Losses 2004	Incurred Net Losses 2005	Incurred Net Losses 2006	Incurred Net Losses 2007	Incurred Net Losses 2008	Incurred Net Losses 2009	One-Year Development	Two-Year Development	Cumulative Development
Prior	289,921	351,473	354,861	375,278	376,756	363,450	376,029	371,138	394,455	392,702	-1,753	21,564	102,781
2001	194,145	218,716	262,300	289,846	279,649	279,187	274,368	271,540	256,803	258,381	1,578	-13,159	64,236
2002		236,482	265,120	268,739	271,900	264,569	249,089	245,650	249,422	248,996	-426	3,346	12,514
2003			260,945	252,545	247,941	241,635	232,666	227,744	218,152	219,755	1,603	-7,989	-41,190
2004				287,024	269,578	256,514	236,389	199,653	194,331	182,386	-11,945	-17,267	-104,638
2005					273,690	250,985	235,740	230,535	153,981	151,133	-2,848	-79,402	-122,557
2006						285,546	266,290	262,538	226,313	188,137	-38,176	-74,401	-97,409
2007							309,812	293,210	286,848	221,388	-65,460	-71,822	-88,424
2008								282,251	286,591	286,186	-405	3,935	3,935
2009									382,196	359,494	-22,702		-22,702
2010										384,936			
										Totals	-140,534	-235,195	-293,454

The Medical Protective Company

Incurred net losses and defense and cost containment expenses reported at year-end (\$000 omitted)

Year in which Loss Occurred	Incurred Net Losses 2000	Incurred Net Losses 2001	Incurred Net Losses 2002	Incurred Net Losses 2003	Incurred Net Losses 2004	Incurred Net Losses 2005	Incurred Net Losses 2006	Incurred Net Losses 2007	Incurred Net Losses 2008	Incurred Net Losses 2009	One-year Development	Two-year Development	Cumulative Development
Prior	434,933	513,614	576,253	585,268	556,789	557,757	578,990	582,732	581,899	581,434	-465	-1,298	146,501
2001	288,059	304,670	298,733	315,724	323,183	326,484	332,173	338,303	336,179	333,623	-2,556	-4,680	45,564
2002		387,907	373,316	370,981	346,107	356,398	361,628	361,354	362,662	365,017	2,355	3,663	-22,890
2003			564,745	565,245	393,980	379,249	369,713	369,401	374,091	373,095	-996	3,694	-191,650
2004				424,338	239,018	220,036	208,945	198,371	187,553	176,324	-11,229	-22,047	-248,014
2005					186,317	182,699	172,663	163,122	153,353	135,757	-17,596	-27,365	-50,560
2006						230,307	219,045	207,190	195,312	157,294	-38,018	-49,896	-73,013
2007							278,967	265,104	251,428	237,911	-13,517	-27,193	-41,056
2008								285,000	271,527	257,782	-13,745	-27,218	-27,218
2009									291,750	278,022	-13,728		-13,728
2010										293,913			
										Totals	-109,495	-152,340	-476,064

Washington Casualty Company

Incurred net losses and defense and cost containment expenses reported at year-end (\$000 omitted)

Year in which Loss Occurred	Incurred Net Losses 2001	Incurred Net Losses 2002	Incurred Net Losses 2003	Incurred Net Losses 2004	Incurred Net Losses 2005	Incurred Net Losses 2006	Incurred Net Losses 2007	Incurred Net Losses 2008	Incurred Net Losses 2009	Incurred Net Losses 2010	One-year Development	Two-year Development	Cumulative Development
Prior	16,248	23,348	23,451	25,656	24,388	23,624	24,378	26,521	26,271	26,257	-14	-264	10,009
2001	14,752	20,610	19,412	23,660	23,527	25,946	25,965	26,726	27,993	27,714	-279	988	12,962
2002		10,765	13,205	10,819	8,985	8,730	9,020	9,047	7,905	8,186	281	-861	-2,579
2003			5,630	4,123	3,397	3,523	3,368	2,897	2,666	2,537	-129	-360	-3,093
2004				4,729	3,950	3,246	2,638	2,168	2,164	2,091	-73	-77	-2,638
2005					2,728	2,344	2,086	2,063	1,944	1,709	-235	-354	-1,019
2006						4,505	3,616	3,427	3,162	2,833	-329	-594	-1,672
2007							4,185	5,563	4,829	4,274	-555	-1,289	89
2008								6,267	6,687	4,757	-1,930	-1,510	-1,510
2009									8,342	6,602	-1,740		-1,740
2010										7,220			
Totals											-5,003	-4,321	8,809

Appendix C: Rate filing information

Company	Description	Approved Change	Effective Date
Cincinnati Casualty Co.	Home Health Care Program	New Program	3/1/2011
Cincinnati Indemnity Co.	Home Health Care Program	New Program	3/1/2011
Cincinnati Insurance Co.	Home Health Care Program	New Program	3/1/2011
Continental Casualty Co.	Dentists	-0.1%	2/1/2011
Great Divide Insurance Co.	Chiropractors	New Program	1/20/2011
Medical Protective Company	Dentists	3.0%	1/1/2011
Northwest Dentists Ins. Co.	Dentists	6.5%	1/1/2011
Professional Solutions Insurance Co.	Dentists	-1.9%	1/1/2011
Doctors Company An Interinsurance Exchange	Physicians and Surgeons	-5.1%	1/1/2011
Everest National Insurance Co.	Allied Health Care	0.0%	12/15/2010
Greenwich Insurance Co.	Dentists	New Program	11/24/2010
Scottsdale Indemnity Co.	Physicians and Surgeons	New Program	11/9/2010
American Casualty Co. of Reading, PA	Healthcare Providers Services Organization	4.4%	9/13/2010
PACO Assurance Company Inc.	Chiropractors	5.5%	9/1/2010
Medical Protective Company	Certified Registered Nurse Anesthetists	New Program	8/24/2010
Granite State Insurance Co.	Counselors	New Program	8/5/2010
Illinois National Insurance Co.	Counselors	New Program	8/5/2010
New Hampshire Insurance Co.	Counselors	New Program	8/5/2010
Darwin National Assurance Co.	Psychiatrists	-12.1%	8/1/2010
Podiatry Ins. Co. of America	Podiatrists	9.0%	6/1/2010
Liberty Insurance Underwriters, Inc.	Allied Health	New Program	5/12/2010
National Union Fire Ins. Co. of Pittsburgh, PA	Neurologists	New Program	5/5/2010
PACO Assurance Company Inc.	Optometrists	New Program	4/14/2010
American Guarantee & Liab. Ins. Co.	Ambulance Program	New Program	4/1/2010
American Zurich Insurance Co.	Ambulance Program	New Program	4/1/2010
Zurich American Insurance Co.	Ambulance Program	New Program	4/1/2010
Zurich American Ins. Co. of Illinois	Ambulance Program	New Program	4/1/2010
Fortress Insurance Co.	Dentists	8.6%	3/1/2010
Ace American Insurance Co.	Allied Health	-15.0%	2/25/2010

National Union Fire Ins. Co. of Pittsburgh, PA	Dentists	0.0%	1/14/2010
Medical Protective Company	Physicians and Surgeons	-3.0%	12/31/2009
Chicago Insurance Co.	Occupational Therapists	-4.2%	12/7/2009
Chicago Insurance Co.	Optometrists	-6.1%	12/1/2009
Continental Casualty Co.	Dentists	-0.1%	12/1/2009

There were no new rate proposals filed in 2010. Physicians Insurance has issued policyholder dividends of over \$5 million in 2008, 2009 and 2010. The Doctors Company began issuing policyholder dividends on a nationwide basis in 2006. This information is displayed in Appendix A. Below are the selected trends from the most recent rate filings.

Physicians Insurance			
Rate Filing Selections	2008 Filing	2009 Filing	Difference
Selected Frequency:	5.6%	5.2%	-0.4%
Selected Severity:	\$82,500	\$80,000	-2,500
Selected Pure Premium:	\$4,300	\$3,980	-320
Selected Annual Trend:	4.0%	4.0%	0.0%
Doctors Company			
Rate Filing Selections	2008 Filing	2009 Filing	Difference
Selected Frequency:	7.0%	6.5%	-0.5%
Selected Severity:	\$75,000	\$70,000	-5,000
Selected Pure Premium:	\$5,720	\$5,017	-703
Selected Annual Trend:	4.5%	3.5%	-1.0%
Medical Protective Company			
Rate Filing Selections	2009 Filing	2010 Filing	Difference
Selected Frequency:	n/a	n/a	
Selected Severity:	n/a	n/a	
Selected Pure Premium:	\$4,746	\$4,597	-149
Selected Annual Trend:	5.0%	5.0%	0.0%

Physicians Insurance (000)			
Year	2008 Filing	2009 Filing	Difference
1982	\$1,684	\$1,684	\$0
1983	3,781	3,781	0
1984	5,223	5,223	0
1985	6,721	6,721	0
1986	11,539	11,539	0
1987	6,413	6,413	0
1988	7,653	7,653	0
1989	15,564	15,564	0
1990	11,243	11,243	0
1991	21,466	21,466	0
1992	23,299	24,594	1,295
1993	22,281	22,281	0
1994	25,950	25,950	0
1995	34,470	34,436	-34
1996	27,234	27,207	-27
1997	33,050	32,984	-66
1998	33,971	33,760	-211
1999	29,259	29,322	63
2000	33,791	33,331	-460
2001	35,098	34,715	-383
2002	29,413	29,891	478
2003	27,765	26,938	-827
2004	28,954	28,782	-172
2005	29,498	28,706	-792
2006	28,842	26,899	-1,943
2007		23,987	
Total	\$534,162	\$555,070	-\$3,079

This table shows the adjustments to incurred losses from the most recent rate filings. Insurers use historical data to adjust incurred losses and defense costs to ultimate (final) amounts they expect to pay to settle the claims. For most years, each insurer lowered its estimate of ultimate incurred losses and defense costs when compared to the prior year in 2009. There were no base rate changes in 2010, so these are the most recent data available.

The Doctors Company (000)			
Year	2008 Filing	2009 Filing	Difference
1994	\$4,061	\$4,061	\$0
1995	3,870	3,870	0
1996	4,401	4,401	0
1997	1,436	1,436	0
1998	2,372	2,372	0
1999	2,374	2,374	0
2000	6,872	6,748	-124
2001	6,100	6,100	0
2002	8,576	8,610	34
2003	8,300	8,253	-47
2004	4,374	4,160	-214
2005	6,011	6,539	528
2006	8,329	7,280	-1,049
2007		5,810	
Total	\$67,076	\$72,014	-\$872

Medical Protective (000)			
Year	2009 Filing	2010 Filing	Difference
2000			
2001	\$162	\$162	\$0
2002	2,006	2,000	-6
2003	6,633	6,555	-78
2004	2,550	2,530	-20
2005	4,295	4,320	25
2006	3,530	3,330	-200
2007		2,136	
Total	\$19,176	\$21,033	-\$279

Appendix D: 2009 NAIC Profitability Report - Medical Professional Liability Insurance

State	Direct Premiums Earned (000s)	Percent of Direct Premiums Earned										Percent of Net Worth			Return on Net Worth
		Losses Incurred	Loss Adjust Expense	General Expense	Selling Expense	Taxes License Fees	Div to Plcyhldr	Und Profit	Gain on Ins Trans	Tax on Trans	Profit on Ins Trans	Earned Prem to Net Worth	Inv Gain on Net Worth	Tax on Inv Gain on Net Worth	
Alabama	146,024	11.0	6.5	7.4	7.9	1.8	0.3	65.1	10.9	25.0	51.0	47.6	3.4	0.7	27.0
Alaska	22,908	11.5	12.1	7.4	7.9	2.0	15.1	44.0	6.6	16.7	33.8	63.2	3.4	0.7	24.1
Arizona	261,201	45.3	21.6	7.4	10.3	1.4	11.6	2.4	9.0	2.6	8.7	51.4	3.4	0.7	7.2
Arkansas	81,622	35.1	28.3	7.4	10.7	2.3	0.8	15.4	10.7	7.5	18.5	48.0	3.4	0.7	11.6
California	824,207	22.2	24.3	7.4	12.2	2.0	3.7	28.1	6.4	11.1	23.4	63.9	3.4	0.7	17.7
Colorado	170,488	37.7	29.4	7.4	7.9	1.3	6.3	10.0	7.4	5.0	12.4	59.0	3.4	0.7	10.0
Connecticut	210,726	40.4	16.1	7.4	9.3	2.4	0.1	24.2	12.7	11.0	25.9	43.1	3.4	0.7	13.9
Delaware	40,009	36.2	20.5	7.4	18.6	2.1	0.2	15.0	9.6	7.2	17.4	49.5	3.5	0.7	11.4
Dist. of Columbia	35,852	26.8	14.3	7.4	10.6	1.9	0.3	38.7	12.3	16.0	34.9	43.3	3.4	0.7	17.9
Florida	580,824	33.1	23.3	7.4	13.5	1.9	1.0	19.9	10.7	9.1	21.4	47.8	3.4	0.7	13.0
Georgia	310,405	20.3	24.2	7.4	9.4	2.9	2.1	33.8	10.8	14.0	30.6	47.1	3.4	0.7	17.1
Hawaii	33,882	58.8	25.4	7.4	9.2	2.6	12.1	-15.5	7.6	-3.9	-4.0	58.5	3.4	0.7	0.4
Idaho	42,891	24.4	19.0	7.4	10.3	1.8	6.2	30.9	6.0	12.0	24.8	66.8	3.4	0.7	19.3
Illinois	622,251	39.6	28.0	7.4	11.4	1.3	3.2	9.0	13.3	5.8	16.5	41.7	3.4	0.7	9.6
Indiana	128,974	27.3	30.2	7.4	9.0	1.8	0.3	23.9	13.6	11.1	26.4	41.3	3.4	0.7	13.6
Iowa	84,497	23.9	24.4	7.4	11.6	1.1	2.3	29.2	7.4	11.7	24.9	60.1	3.4	0.7	17.7
Kansas	82,310	36.4	20.8	7.4	10.8	1.0	0.2	23.3	7.9	9.7	21.4	58.7	3.4	0.7	15.3
Kentucky	159,512	26.8	21.7	7.4	10.5	1.7	0.3	31.5	11.4	13.3	29.6	46.3	3.4	0.7	16.4
Louisiana	104,796	9.7	33.9	7.4	9.3	2.5	4.8	32.4	12.4	13.8	30.9	44.1	3.4	0.7	16.3
Maine	53,095	45.0	21.8	7.4	9.1	2.0	1.8	12.8	8.3	6.2	15.0	55.0	3.4	0.7	10.9

State	Direct Premiums Earned (000s)	Percent of Direct Premiums Earned										Percent of Net Worth			Return on Net Worth
		Losses Incurred	Loss Adjust Expense	General Expense	Selling Expense	Taxes License Fees	Div to Plcyhldr	Und Profit	Gain on Ins Trans	Tax on Trans	Profit on Ins Trans	Earned Prem to Net Worth	Inv Gain on Net Worth	Tax on Inv Gain on Net Worth	
Maryland	296,186	54.3	25.4	7.4	9.2	1.5	12.7	-10.6	7.0	-2.3	-1.3	61.5	3.4	0.7	1.9
Massachusetts	318,419	54.3	23.1	7.4	8.7	2.3	2.2	2.0	16.2	4.0	14.2	36.8	3.4	0.7	7.9
Michigan	221,127	-30.6	-1.9	7.4	12.6	1.3	0.2	111.0	10.8	41.0	80.8	47.3	3.4	0.7	41.0
Minnesota	92,837	14.6	20.2	7.4	10.0	1.9	2.4	43.5	6.0	16.4	33.1	67.7	3.4	0.7	25.1
Mississippi	60,637	1.2	4.1	7.4	15.9	1.5	0.6	69.3	10.9	26.5	53.7	47.6	3.4	0.7	28.3
Missouri	203,068	46.8	43.0	7.4	10.7	1.1	6.5	-15.5	8.6	-3.7	-3.2	54.8	3.4	0.7	1.0
Montana	45,512	44.8	22.8	7.4	8.4	2.1	0.1	14.3	6.8	6.4	14.8	63.9	3.4	0.7	12.2
Nebraska	37,067	29.9	24.1	7.4	10.0	1.6	1.2	25.7	8.2	10.6	23.2	56.2	3.4	0.7	15.8
Nevada	96,609	39.3	32.8	7.4	11.9	2.6	0.5	5.4	7.9	3.5	9.9	57.0	3.4	0.7	8.4
New Hampshire	42,795	40.4	20.4	7.4	11.4	1.9	0.9	17.6	9.7	8.1	19.1	50.5	3.4	0.7	12.4
New Jersey	524,697	40.8	21.1	7.4	12.5	1.3	0.1	16.8	11.2	8.1	19.9	46.5	3.4	0.7	12.0
New Mexico	49,675	49.1	27.3	7.4	10.7	0.2	0.1	5.1	10.3	3.9	11.5	49.5	3.4	0.7	8.4
New York	1,645,643	60.7	27.3	7.4	5.8	2.8	0.1	-4.2	16.7	1.9	10.6	35.9	3.4	0.7	6.5
North Carolina	260,189	20.8	21.0	7.4	10.5	1.6	1.1	37.5	7.3	14.6	30.2	59.5	3.4	0.7	20.7
North Dakota	12,167	-60.8	4.4	7.4	13.8	1.9	1.0	132.2	10.5	48.4	94.3	48.9	3.4	0.7	48.8
Ohio	407,247	16.9	9.4	7.4	12.2	1.6	1.4	51.0	10.5	20.0	41.6	48.3	3.4	0.7	22.8
Oklahoma	127,378	63.3	28.3	7.4	10.6	2.1	0.1	-11.8	7.8	-2.6	-1.4	59.0	3.4	0.7	1.9
Oregon	114,133	38.3	18.8	7.4	8.5	2.1	3.1	21.8	6.8	9.0	19.6	61.8	3.4	0.7	14.8
Pennsylvania	721,280	45.2	26.4	7.4	8.5	1.5	1.1	9.9	10.5	5.6	14.8	49.1	3.4	0.7	10.0
Rhode Island	44,964	51.6	17.4	7.4	11.7	1.7	1.1	9.1	18.4	6.9	20.6	33.2	3.4	0.7	9.6
South Carolina	55,651	63.3	27.1	7.4	11.6	3.7	0.9	-14.0	8.8	-3.1	-2.0	53.1	3.4	0.7	1.7
South Dakota	22,326	15.5	11.8	7.4	15.1	2.3	2.9	45.0	7.0	17.2	34.9	61.5	3.5	0.7	24.2
Tennessee	284,099	11.7	29.6	7.4	6.9	0.8	1.1	42.5	12.2	17.3	37.4	44.2	3.4	0.7	19.2

State	Direct Premiums Earned (000s)	Percent of Direct Premiums Earned										Percent of Net Worth			Return on Net Worth
		Losses Incurred	Loss Adjust Expense	General Expense	Selling Expense	Taxes License Fees	Div to Plcyhldr	Und Profit	Gain on Ins Trans	Tax on Trans	Profit on Ins Trans	Earned Prem to Net Worth	Inv Gain on Net Worth	Tax on Inv Gain on Net Worth	
Texas	353,159	14.6	17.4	7.4	12.6	1.4	0.7	45.8	9.9	18.0	37.7	50.1	3.4	0.7	21.6
Utah	70,802	31.9	31.7	7.4	8.3	2.1	0.5	18.0	10.0	8.3	19.7	51.1	3.4	0.7	12.8
Vermont	21,615	-3.2	7.8	7.4	12.1	2.7	0.6	72.6	10.6	27.5	55.6	47.6	3.4	0.7	29.2
Virginia	237,532	27.9	16.5	7.4	12.9	2.1	1.3	31.9	7.9	12.7	27.0	57.2	3.4	0.7	18.2
Washington	203,039	31.0	21.2	7.4	9.4	1.9	3.4	25.6	8.5	10.7	23.4	56.0	3.4	0.7	15.9
West Virginia	79,131	29.1	15.9	7.4	12.1	3.6	0.2	31.6	8.6	12.8	27.5	53.8	3.5	0.7	17.5
Wisconsin	102,326	32.3	22.4	7.4	10.2	0.9	14.3	12.5	11.4	6.7	17.2	46.3	3.4	0.7	10.7
Wyoming	26,451	36.8	23.1	7.4	12.9	2.1	1.5	16.1	4.9	6.6	14.4	73.2	3.4	0.7	13.3
Guam	763	13.4	-16.4	7.4	20.0	2.9	0.0	72.6	3.8	26.2	50.2	71.8	3.7	0.7	39.0
Puerto Rico	64,113	16.8	15.6	7.4	9.8	0.5	0.0	49.9	8.2	19.1	38.9	56.1	3.4	0.7	24.5
US Virgin Islands	159	33.5	13.0	7.4	18.0	2.6	2.0	23.4	2.9	8.8	17.5	88.0	3.5	0.7	18.2
Countrywide	10,839,272	35.6	23.1	7.4	10.0	1.9	2.2	19.7	11.0	9.1	21.6	47.2	3.4	0.7	12.9
Average	200,727	29.4	20.3	7.4	11.0	1.9	2.6	27.4	9.5	11.5	25.4	53.4	3.4	0.7	16.0
Median	99,468	32.1	21.7	7.4	10.6	1.9	1.1	23.7	9.3	10.2	22.3	51.3	3.4	0.7	15.1