

2020 Medical Malpractice Annual Report

Claims closed from
Jan. 1, 2015 through
Dec. 31, 2019

September 2020

Mike Kreidler, *Insurance Commissioner*

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About this report

Early in the 2000s, 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.

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, with the intent to collect data to support policy decisions. The OIC began publishing [annual reports](#) in 2010 that summarize the data.

This is the 11th annual report. It includes a snapshot of the medical malpractice marketplace and summary closed claim and settlement data.

This report has three sections:

1. The current condition of the medical professional liability insurance market.
2. Summarized closed claim data reported by insurers, risk retention groups and self-insurers. ¹
3. Summarized lawsuit-resolution data reported by attorneys.

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

Key Statistics

About the medical professional liability insurance market:

- The pure loss ratio² for 2019 was 78.9%. This is the highest such ratio since 2002.
- Defense costs were 27.8% of premium for 2019. This is the highest such ratio since at least 1999.
- After being fairly stable between 2015 and 2018, direct written premiums increased 18.2% to \$191.1 million in 2019. This is the highest direct written premium total since 2012.
- Favorable loss development has fueled profitability. Insurers have lowered reserves for older claims, leading to lower incurred loss and defense costs in recent years.³ For example, Physicians Insurance has lowered reserves by \$168 million over its original estimates. Reserves released from prior years translate into profit for the current year.
- Profitability remains strong but has been declining. The operating ratio for Physicians Insurance, the admitted insurer with the largest market share in Washington, was 96% in 2019, compared to 89.1% for the prior five years.⁴

² 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.

³ Claim reserves are money set aside to meet future payments associated with claims incurred but not settled on a given date. If a claim reserve is too high or an investigation shows there is no legal responsibility to pay the claim, the insurer either lowers the reserve or removes the claim reserve from its books. If an insurer lowers total claim reserves for past years, incurred losses are lower in the current year.

⁴ Operating ratios measure overall profitability from underwriting and investment activities. Operating ratios are calculated using countrywide data.

About claim data submitted by insurers and self-insurers

Total Claims

Insurers and self-insurers reported closing 4,238 claims between 2015 and 2019 with an indemnity payment, defense costs, or both types of payments.⁵ ⁶ Commercial insurers reported 2,481 claims, self-insured entities reported 1,662 claims, and risk retention groups reported 95 claims.⁷

Payments to claimants

Insurers and self-insurers paid \$759 million on 1,873 claims over the five-year period, or \$405,025 per paid claim.

- Average indemnity payments over the five-year period varied from a low of \$281,556 in 2016 to a high of \$624,724 in 2019. The median indemnity payment for the five-year period was \$75,000.
- Economic loss payments totaled \$509 million, an average of \$271,543 per paid claim. On average, insurers and self-insurers attributed 67% of each claim payment to economic loss.
- Insurers and self-insurers closed 44.2% 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 the claims closed with an indemnity payment, 10.2% closed with a payment of \$1 million or more. These claims account for 66.3% of total paid indemnity over the five-year period.

Defense costs

Insurers and self-insurers paid \$251 million to defend 3,714 claims, an average of \$67,618 per claim. Average defense costs trended upward during the five-year period, reaching a high of \$74,532 in 2019.

Method of settlement

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

- 70.5% of claims by negotiation, and these settlements comprised 58.5% of the total paid indemnity.
- 21.1% of claims by alternative dispute resolution (arbitration, mediation, or private trial). These settlements comprised 36.1% of the total paid indemnity over the five-year period.

⁵ This report includes claims data reported and edited through April 1, 2020.

⁶ 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 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.

⁷ Commercial insurers include both admitted and surplus line insurers.

Payments by type of medical provider

The insurer or self-insurer identified the type of medical provider in 75.6% of the closed claim reports.⁸ Claimants made the remaining claims against an organization, not an individual medical provider.

- Nursing resulted in the most closed claims at 445. Of these claims, 292 resulted in paid indemnity averaging \$222,123.
- For physician specialties, emergency medicine had the most claims at 245, with 78 paid claims resulting in paid indemnity averaging \$402,660. Pediatrics had the highest average paid indemnity at \$2 million, and the highest average defense cost at \$186,284.

Payments and defense costs by age of claim

- The more time that passed between when the insurer or self-insurer was notified of a claim and when the claim was settled, the higher the payments for the claim tended to be. Claims closed within the first year had average paid indemnity of \$95,161. Claims that took at least four years to settle had average indemnity payments of \$1,022,629.
- The amount paid for defense costs also increased with the age of the claim. Claims closed within the first year had average defense costs of \$9,697. That figure rose to \$47,040 for claims closed in the second year. Claims that took at least four years to settle had average defense costs of \$195,223.

Regional comparisons

- King County had the most closed claims at 1,298.
- Clark County had the highest paid indemnity, averaging \$568,763.

Allegations

- Vicarious liability was the most common allegation, with 775 claims and 296 indemnity payments that averaged \$597,325.
- Improper performance was the second-most common allegation, with 714 claims and 268 indemnity payments that averaged \$231,022.

⁸ 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 malpractice incident, he or she should report data about the lawsuit to the Office of the Insurance Commissioner (OIC) once the litigation is resolved. For settlements resolved between 2015 and 2019⁹:

Compensation to claimants

Attorneys reported that claimants received total compensation of \$210.8 million on 153 claims, an average of \$1.4 million per settlement. Attorney fees were \$76.7 million, an average of \$501,264 per reported settlement. On average, the attorney fees were 36.4% of the total compensation paid to the claimant.

How lawsuits settled

Lawsuits settled by negotiation between the parties had the highest average paid indemnity at \$1,550,624. Lawsuits reported as resolved by jury verdicts in favor of the plaintiff had the lowest average paid indemnity at \$647,500.

Regional comparisons

The largest number of lawsuits were filed in King County, with 72 lawsuits, or 44.2% of the statewide total. Average paid indemnity in King County was \$1.6 million. A few extremely large settlements in the North Sound region in 2015 resulted in the highest average paid indemnity for any region of \$4.8 million.

Settlement by age of claimant

Settlements involving patients 51-60 years old had the highest average paid indemnity at \$2 million. Settlements involving patients 0-10 years old had the highest average defense costs at \$728,183.

⁹ This report includes data reported by attorneys through April 27, 2020.

Introduction

Under chapter 48.140 RCW, insurers, risk retention groups (collectively “insurers”) and self-insurers must submit a report to the insurance commissioner every time they close a medical malpractice claim.¹⁰ 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. This report includes data submitted by insurers, self-insurers and attorneys in summary form that protects the confidentiality of people and organizations involved in the claim or settlement process.¹¹

Insurers, self-insurers and attorneys must report claim data for the prior year to the Office of the Insurance Commissioner (OIC) by March 1 each year.¹² Attorneys’ compliance with the reporting law has been low, and the insurance commissioner does not have enforcement mechanisms to improve compliance.¹³ As a result, this report provides very few summary exhibits for settlement data reported by attorneys, since the data is incomplete. Most of the exhibits in this report focus on data reported by insurers and self-insurers.¹⁴

This report has three sections:

1) Market analysis

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

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

¹⁰ 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 pre-empts state law in many significant ways. See [RCW 49.92.030](#)(1). For simplicity, and to protect confidentiality of data, we include them with all other insurers in this report.

¹¹ [RCW 48.140.040](#)(3) 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.

¹² See [RCW 48.140.020](#)(2) and [WAC 284-24E-090](#).

¹³ In 2010, the OIC proposed legislation, which the Legislature did not enact, that would have added enforcement mechanisms to the existing law. These bills were introduced as [SB 6412](#) and [HB 2963](#).

¹⁴ [RCW 48.140.050](#) lists information that must be provided by this report.

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

Insurers and self-insurers report claims with an indemnity payment and/or defense costs.^{15 16} Each closed claim report is associated with one defendant.¹⁷ Claims can be made for a variety of allegations. People can make allegations against an organization, a medical provider or both.

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. They do not include internal costs to settle claims, such as salaries for claims staff or operating overhead for a claims department.¹⁸
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.¹⁹ In a few cases, a court itemized economic damages when it issued a verdict.
3. **Paid indemnity:** The amount the insurer or self-insurer paid to the claimant to resolve the claim.

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. Many attorneys, however, do not comply with RCW 7.70.140, so data in this report are incomplete. Therefore, the section of the report containing data submitted by attorneys is less detailed than the closed claim section.

Attorneys reported 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.²⁰
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.^{21 22}

¹⁵ [RCW 48.140.010](#)(1) defines a claim.

¹⁶ 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.

¹⁷ [RCW 48.140.010](#)(3) defines a closed claim.

¹⁸ See [WAC 284-24D-020](#)(1), [WAC 284-24D-330](#) and [WAC 284-24D-340](#).

¹⁹ 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](#).

²⁰ [WAC 284-24E-150](#).

²¹ Attorney fees for legal representation are generally contingent fees that are payable if indemnity payments are made by one or more defendants.

²² [RCW 7.70.140](#)(2)(b)(v).

Closed claim and lawsuit statistics are different

One 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 or 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.
- Report data separately for each defendant. Attorneys submit one final settlement report that includes payments made by all defendants they sued.

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 report 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 insurance commissioner cannot make comparisons: Insurers, self-insurers and risk retention groups have been much more diligent in reporting closed claim data.

Snapshot of the medical professional liability insurance market

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

Market participants

The medical professional liability insurance market has three primary participants:

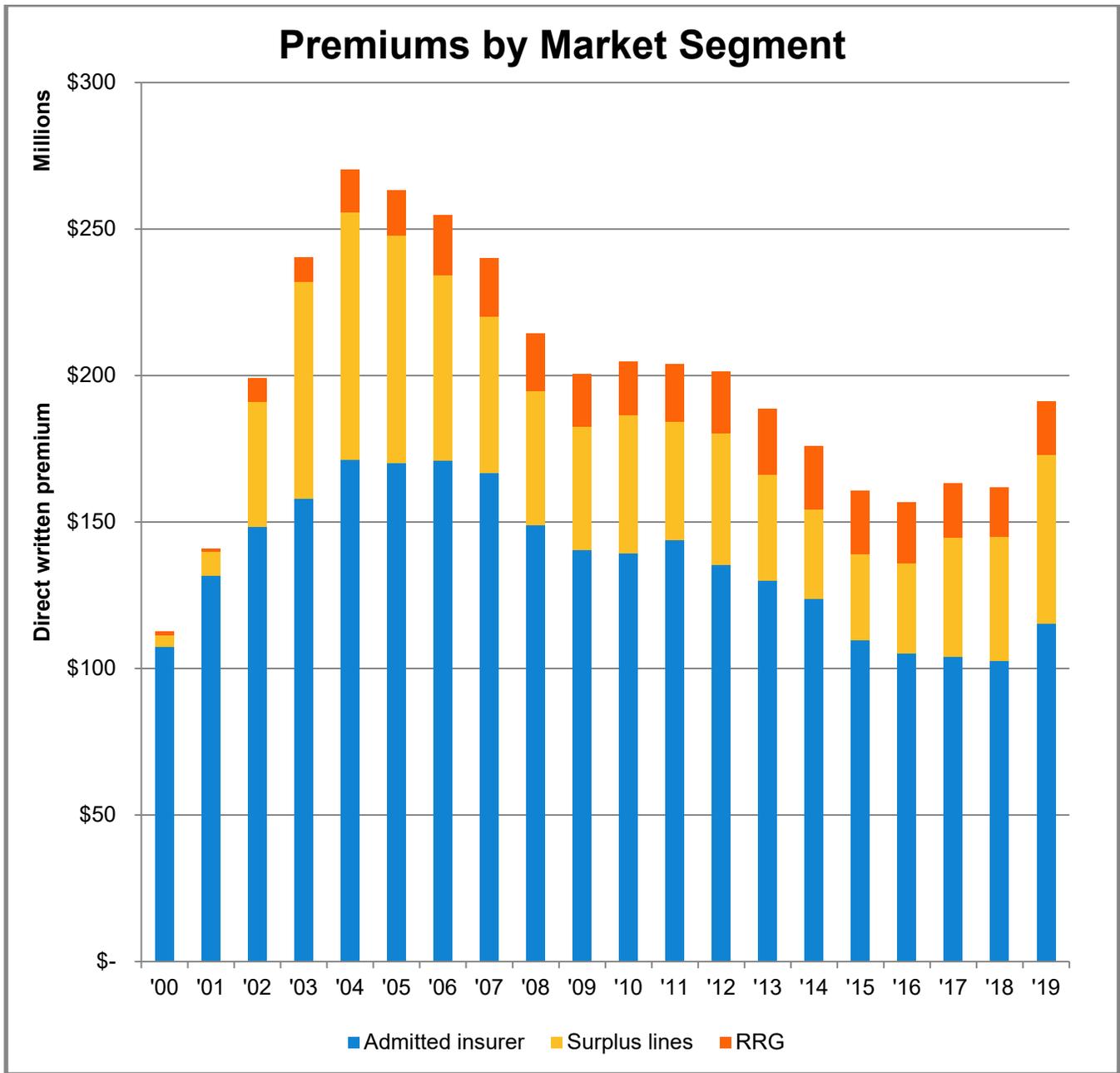
- Admitted insurers regulated by the insurance commissioner.
- Unregulated surplus line insurers.
- Risk retention groups regulated by their home state.

In 2000, admitted insurers wrote 95.4% of medical professional liability insurance premiums in Washington. Physicians Insurance Group led the market with 52.7% of the admitted market share and 50.3% of total market share.²³ In 2019, the admitted market wrote only 60.3% of premium, and the remainder of the market belonged to surplus line insurers and risk retention groups. Physicians Insurance still had more than half of the admitted market share at 61.9%, but its share of the overall market was much lower, at 37.3%.

Medical professional liability insurance has been a profitable line of business for insurers in Washington for some time. While recent profit margins have been good, they have declined in the past several years. For Physicians Insurance, the operating ratio for 2010-2014 was 84.5%, compared to its 2015-2019 ratio of 91.4%.

²³ 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 premiums for each segment of the medical professional liability insurance market.

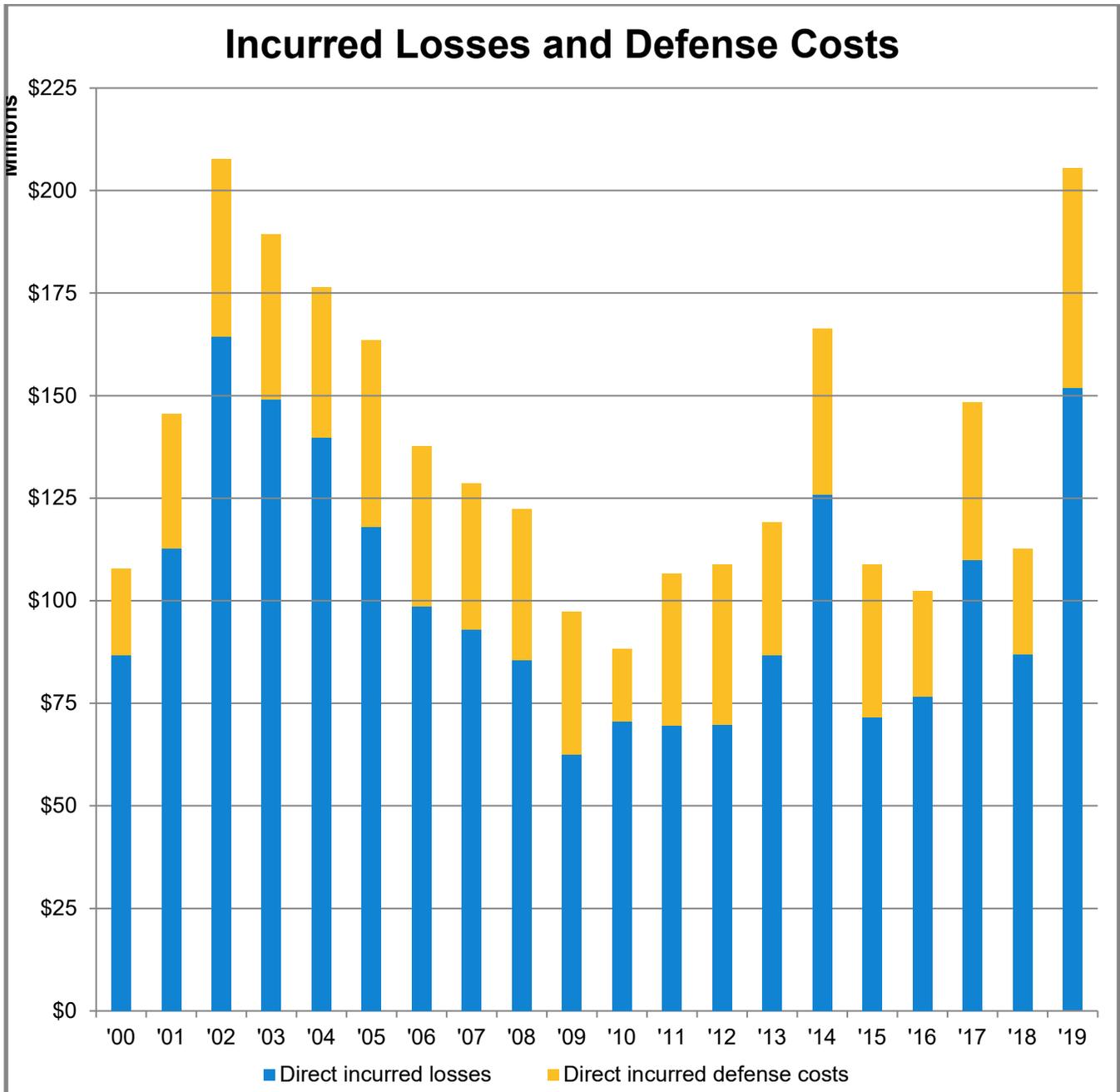


Loss History

After decreasing significantly in 2018 to 68.4%, the overall loss and defense cost ratio for medical professional liability insurance in Washington increased to 106.7% in 2019. This was the highest such ratio since 2002. Defense costs were 27.8% of earned premium in 2019, the highest ratio in the sample. The following table shows data for the total market, which includes admitted insurers, surplus line insurers and risk retention groups.

Year	Direct written premium	Direct earned premiums	Direct incurred losses	Pure loss ratio	Direct incurred defense costs	Incurred losses & defense costs	Incurred loss & defense cost ratio
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%
2011	\$203,869,400	\$201,195,699	\$69,646,648	34.6%	\$36,923,847	\$106,570,495	53.0%
2012	\$201,288,240	\$193,926,182	\$69,871,999	36.0%	\$39,070,682	\$108,942,681	56.2%
2013	\$188,761,301	\$187,007,042	\$86,745,683	46.4%	\$32,432,507	\$119,178,190	63.7%
2014	\$176,091,879	\$182,705,913	\$125,854,675	68.9%	\$40,501,079	\$166,355,754	91.1%
2015	\$160,752,756	\$164,616,659	\$71,518,739	43.4%	\$37,195,911	\$108,714,650	66.0%
2016	\$156,825,836	\$158,126,354	\$76,761,700	48.5%	\$25,678,427	\$102,440,127	64.8%
2017	\$163,187,482	\$157,522,013	\$109,863,807	69.7%	\$38,378,783	\$148,242,590	94.1%
2018	\$161,729,313	\$164,641,866	\$86,829,886	52.7%	\$25,828,741	\$112,658,627	68.4%
2019	\$191,108,177	\$192,612,461	\$151,898,275	78.9%	\$53,535,200	\$205,433,475	106.7%
Total	\$3,944,149,024	\$3,894,237,881	\$2,030,234,644	52.1%	\$712,851,997	\$2,743,086,641	70.4%

This chart shows statewide industry incurred losses and defense costs by calendar year.



Lower claim reserves

Data reported to the NAIC by Physicians Insurance, The Doctors Co. and The Medical Protective Co. show generally 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 estimates of losses and defense costs decreased.²⁴

Reserves released from prior years translate into profit for the current year, and favorable reserve development generally results in lower insurance rates over time. Appendix C shows a summary of the medical professional liability rate filings filed recently with the OIC.

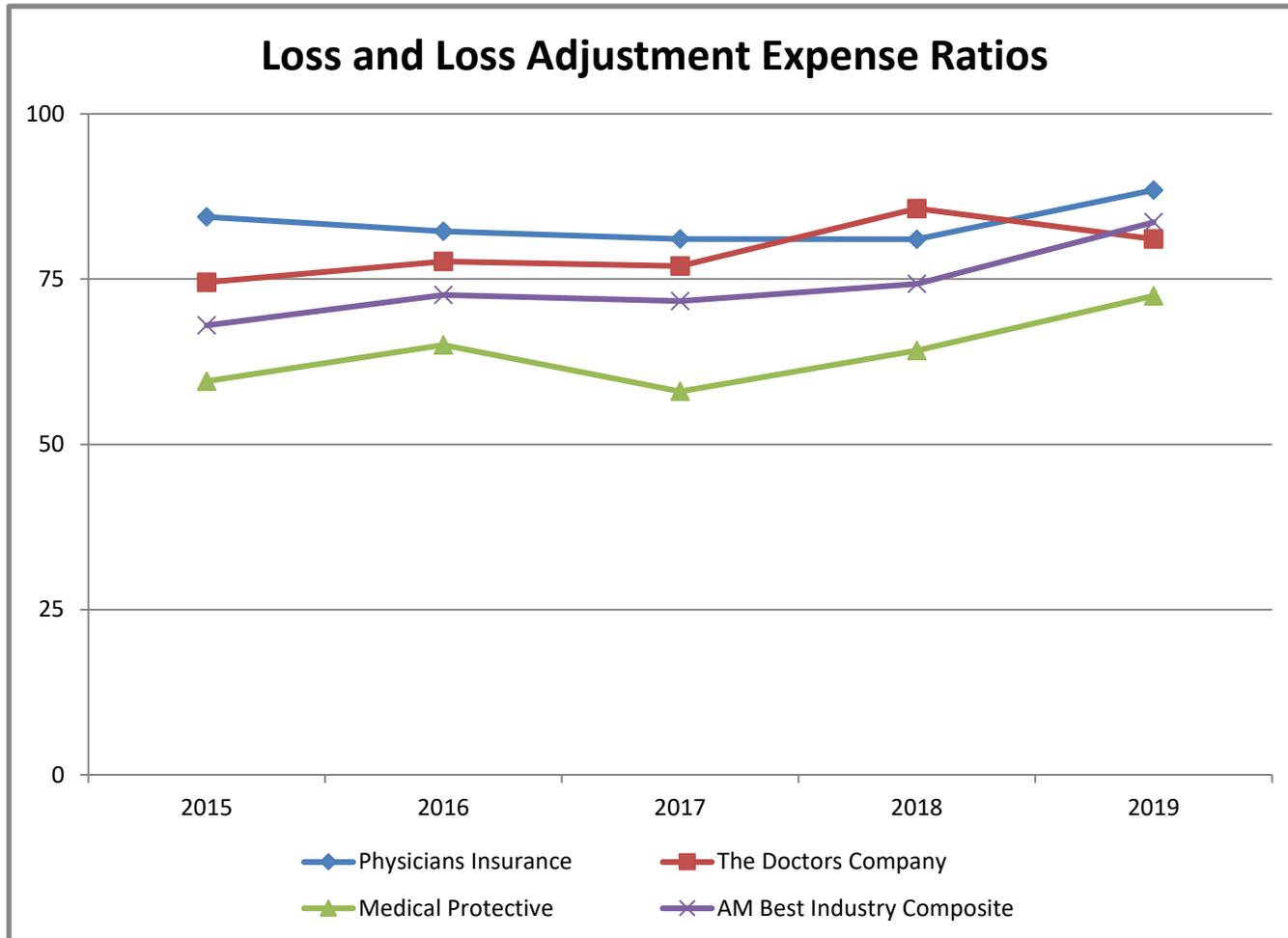
Appendix B shows data from the 2019 annual statement for Physicians Insurance.²⁵ This table shows the change in incurred loss and defense cost reserves over time. Overall, Physicians Insurance has had favorable incurred loss development and has returned some of these profits to policyholders in the form of dividends totaling \$50.4 million from 2010 to 2019.

Appendix B also shows development for The Doctors Co. and The Medical Protective Co., two of the largest writers of medical professional liability insurance in the United States. Loss development has also been generally favorable for both of these companies.

²⁴ 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 revisions in later years. There will be changes to total incurred losses from one period to the next, as more claims are paid and the insurer revises reserves for other claims using new information. "Loss development" is the technical term for the change in incurred losses from period to period.

²⁵ 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.

This chart compares loss and defense cost ratios for Physicians Insurance, The Doctors Co. and Medical Protective to industry-wide data obtained from A.M. Best.²⁶ The loss and defense cost ratio for Physicians Insurance continues to be higher than for the market overall.



²⁶ Best's Special Report – US Medical Professional Liability Insurance Market Remains in Flux (April 28, 2020).

Washington state market in 2019

Physicians Insurance dominates the admitted medical professional liability insurance market in Washington. The Doctors Co. and Medical Protective are important participants in the market due both to premium volume and their strong position in the national medical professional liability marketplace. Results for Physicians Insurance are the best indicator of the profitability of medical professional liability insurance sold to physicians in this state. Data from The Doctors Co. and Medical Protective provide a snapshot of the overall profitability of medical professional liability insurance nationwide.

2019 direct written premiums (millions)			
<u>Insurer</u>	Washington	Nationwide	WA % of nationwide
Physicians Insurance	\$71.3	\$91.7	77.8%
The Doctors Company	\$8.9	\$628.0	1.4%
Medical Protective Company	\$6.4	\$589.1	1.1%

This table shows the 10 largest admitted writers in Washington in 2019.

<u>Admitted insurer</u>	Washington direct written premiums (millions)	Admitted market share
Physicians Insurance	\$71.3	61.9%
The Doctors Co.	\$8.9	7.7%
Medical Protective Co.	\$6.4	5.6%
ProSelect Insurance Co.	\$5.2	4.5%
Dentists Insurance Co.	\$4.8	4.2%
American Casualty Co. of Reading, PA	\$4.5	3.9%
NCMIC Insurance Co.	\$2.7	2.3%
Aspen American Insurance Co.	\$2.3	2.0%
ProAssurance Insurance Co. of America	\$1.8	1.5%
Liberty Insurance Underwriters, Inc.	\$1.2	1.1%
All other admitted insurers	\$6.1	5.3%
Total	\$115.2	100.0%

National market in 2019

Appendix A shows the profitability for these insurers for the 10-year period ending Dec. 31, 2019 using two ratios:

- The operating ratio, which is the combined ratio minus the net investment income ratio.^{27 28}
- The combined ratio, which is the sum of the expense ratio, loss ratio, and dividend ratio.^{29 30 31}

This table summarizes overall profitability by operating ratios.³² Operating ratios for Physicians Insurance were very low through 2010, but increased to higher but still-profitable levels in the last nine years. For The Doctors Co., the operating ratio increased from 77% in 2010-2014 to 97.7% in 2015-2019.

Operating ratio			
<u>Year</u>	Physicians Insurance	Doctors Co.	Medical Protective
2010	74.1%	52.5%	51.9%
2011	86.2%	61.6%	41.9%
2012	86.2%	76.8%	65.8%
2013	89.7%	83.8%	42.6%
2014	85.7%	102.7%	128.5%
2015	89.5%	98.1%	37.2%
2016	90.6%	101.6%	49.3%
2017	88.7%	93.6%	46.7%
2018	90.8%	95.7%	47.9%
2019	96.0%	99.3%	48.8%

²⁷ The operating ratio measures a company's overall operational profitability from underwriting and investment activities. If an operating ratio is below 100, the company is making a profit from its underwriting and investment activities.

²⁸ The net investment income ratio is calculated by dividing net investment income by net earned premiums.

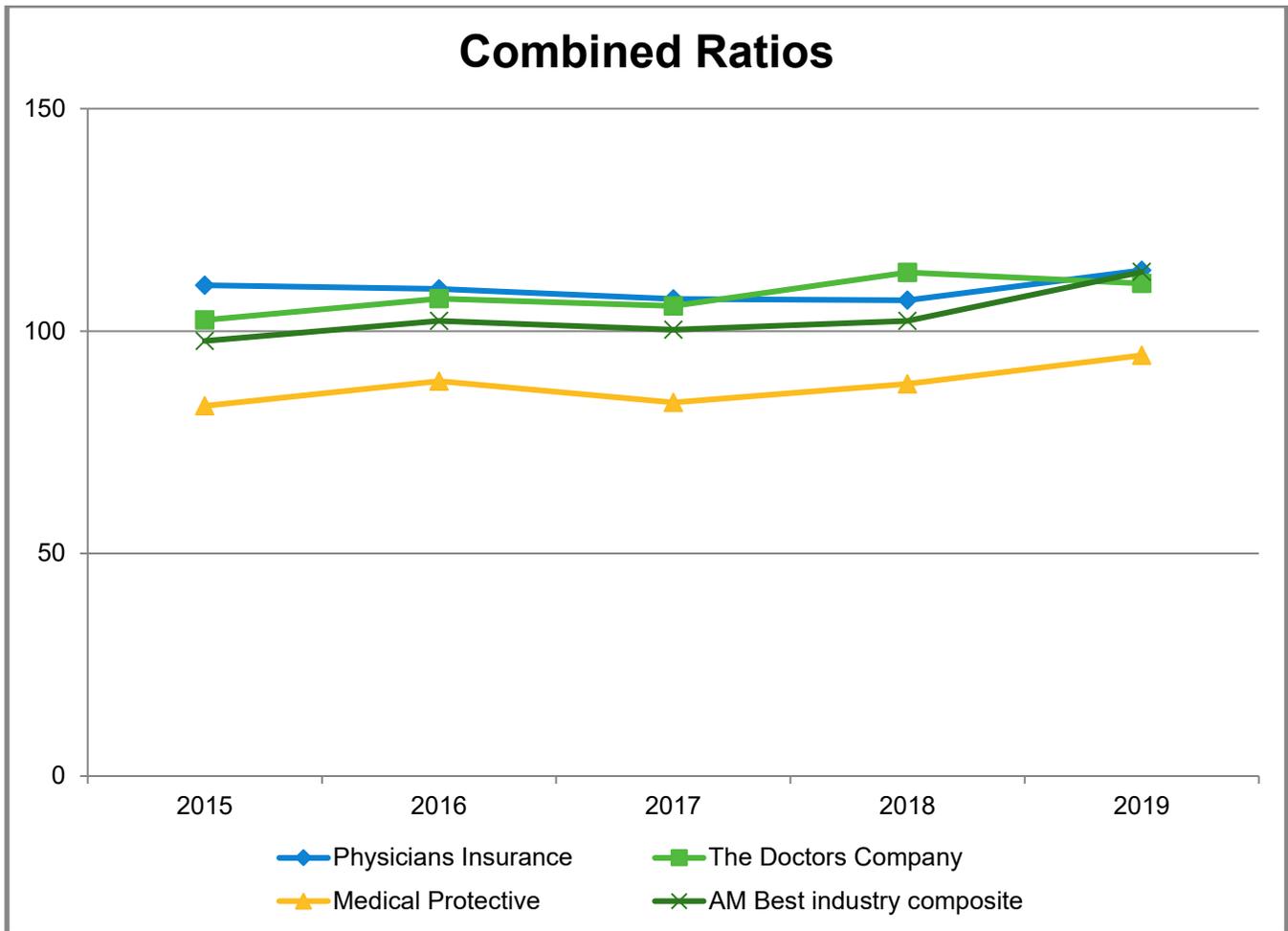
²⁹ The expense ratio is calculated by dividing incurred underwriting expenses by net written premiums.

³⁰ The loss ratio is calculated by dividing losses and defense costs by net earned premiums.

³¹ The dividend ratio is calculated by dividing policyholder dividends by net earned premiums.

³² Loss portfolio transfers between Medical Protective and its affiliates distorted its operating ratios in 2012, 2014, and 2015.

This chart compares combined ratios from Physicians Insurance, The Doctors Co. and Medical Protective to cumulative data obtained from A.M. Best.^{33 34}



³³ Best's Special Report – US Medical Professional Liability Insurance Market Remains in Flux (April 28, 2020).

³⁴ The combined ratio measures how well an insurance company is performing in its daily operations. A ratio below 100% 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.

Information about medical malpractice claims

	<u>Year closed</u>				
	2015	2016	2017	2018	2019
Claims closed	1,021	898	814	836	669
Number of indemnity payments	412	391	360	412	298
Paid indemnity	\$155,952,164	\$110,088,350	\$119,424,942	\$186,978,969	\$186,167,617
Average indemnity payment	\$378,525	\$281,556	\$331,736	\$453,832	\$624,724
Median indemnity payment	\$75,000	\$75,000	\$35,000	\$100,000	\$125,000
Economic loss	\$84,156,304	\$76,913,851	\$84,179,632	\$110,899,936	\$152,449,547
Average economic loss	\$204,263	\$196,711	\$233,832	\$269,175	\$511,576
Median economic loss	\$32,000	\$45,000	\$20,000	\$44,600	\$87,500
Number of claims with defense costs	906	804	681	722	601
Defense costs	\$59,147,858	\$52,597,149	\$42,184,850	\$52,410,806	\$44,793,510
Average defense cost	\$65,285	\$65,419	\$61,945	\$72,591	\$74,532
Median defense cost	\$15,814	\$16,645	\$14,022	\$15,357	\$21,400

Payments to claimants

Over the five-year period, insurers and self-insurers paid \$758.6 million on 1,873 claims, or \$405,025 per paid claim.³⁵

Over the five-year period, total economic loss was \$508.6 million, or an average of \$271,543 per paid claim. On average, insurers and self-insurers attributed 67.0% of indemnity payments to economic loss.

Defense costs

Insurers and self-insurers paid \$251.1 million to defend 3,714 claims, or an average of \$67,618 per claim with defense costs. Claims reported by insurers and self-insurers included defense costs 87.6% of the time.

³⁵ These data differ from what we reported in prior reports, because reporting entities can edit their data. For example, a reporting entity can re-open a claim, make additional payments, and edit the report to show it closed a year later than earlier reported.

Related claims

Insurers and self-insurers identified medical incidents for which they defended more than one claim. This happens if a claimant alleges more than one medical provider or facility is responsible for his or her injury and the insurer or self-insurer covers both parties. About half of the 1,270 reported multiclaim incidents resulted in indemnity payments. From 2008³⁶ to 2019, the aggregate average indemnity payment per incident was \$620,424, which is 2.1 times the average per-claim indemnity payment of \$292,123 for the same period.

Often, not all of the individual claims related to a given incident are resolved at the same time, so there can be a lag between the insurer's or self-insurer's first claim report related to an incident and its final report that closes the series of related claims. This means that average indemnity payments at the incident level will increase over time as additional claims related to previously reported incidents are resolved.

³⁶ This discussion of incident-level information uses all available closed claim data, which insurers started reporting to the OIC in 2008. The remainder of our analysis of closed claim data uses information related to claims closed between 2015 and 2019.

Lawsuit summary

This table summarizes litigation data.³⁷

Five year period ending Dec. 31, 2019							
<u>Lawsuit status</u>	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense cost
No lawsuit filed	1,924	939	\$119,771,210	\$127,552	1,423	\$18,516,262	\$13,012
Lawsuit filed	2,314	934	\$638,840,832	\$683,984	2,291	\$232,617,911	\$101,536
Total	4,238	1,873	\$758,612,042	\$405,025	3,714	\$251,134,173	\$67,618

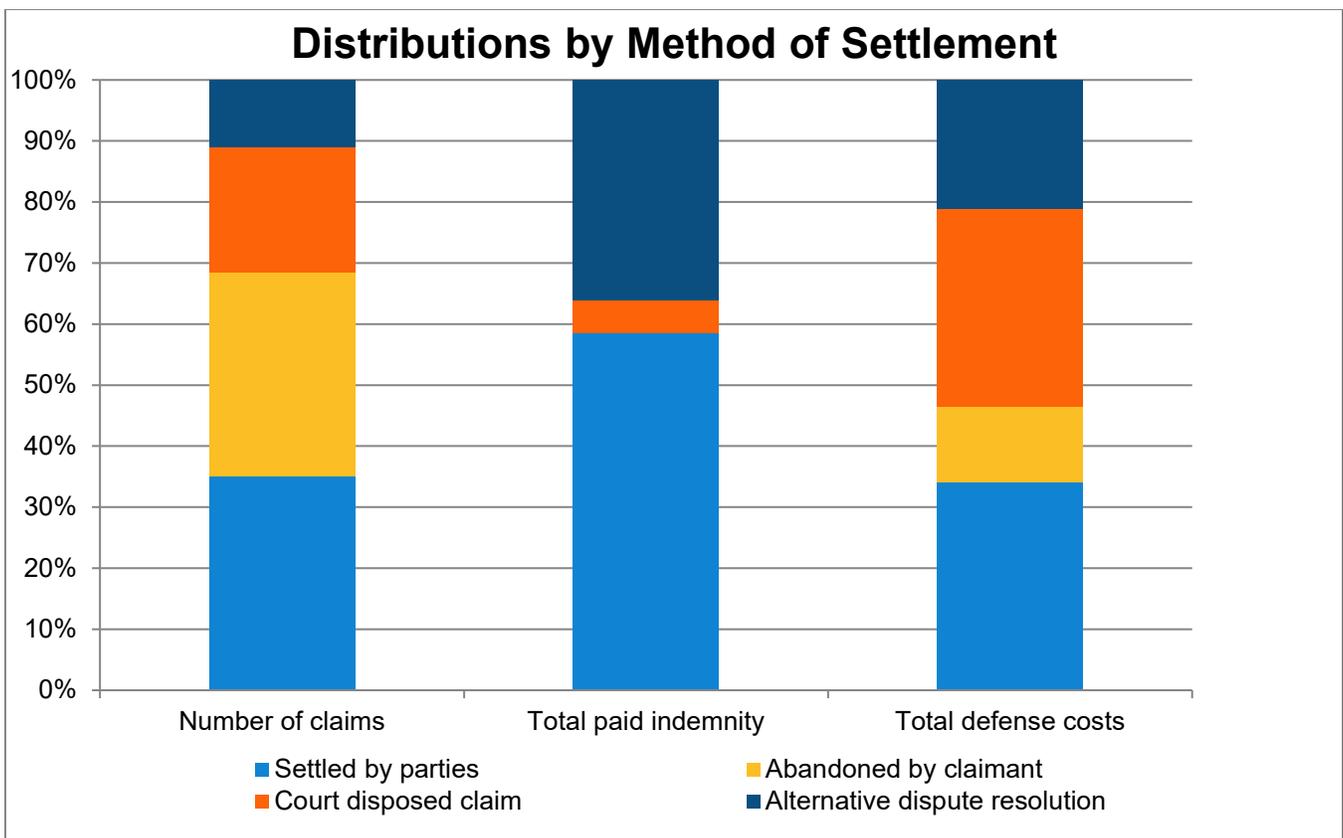
Of the 4,238 claims reported, claimants filed lawsuits 54.6% of the time. Insurers and self-insurers incurred defense costs in 99% of the claims in which the plaintiff filed a lawsuit, averaging \$101,536. Lawsuits resulted in indemnity payments 40.4% of the time, averaging \$683,984. For claims without litigation, claimants were compensated 48.8% of the time, with an average indemnity payment of \$127,552.

³⁷ These data are not comparable to lawsuit settlement data reported by attorneys. Insurers and self-insurers report data separately for each defendant. Attorneys submit one settlement report that includes payments made by all defendants named in the lawsuit.

Method of settlement

Five year period ending Dec. 31, 2019							
Method of claim resolution	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense costs
Settled by parties	1,483	1,320	\$443,778,698	\$336,196	1,073	\$85,391,372	\$79,582
Abandoned by claimant	1,422	129	\$438,544	\$3,400	1,313	\$31,388,280	\$23,906
Court disposed claim	871	28	\$40,906,369	\$1,460,942	871	\$81,594,080	\$93,679
Alternative dispute resolution	462	396	\$273,488,431	\$690,627	457	\$52,760,441	\$115,450
Total	4,238	1,873	\$758,612,042	\$405,025	3,714	\$251,134,173	\$67,618

Plaintiff verdicts or judgments were few in number. Insurers and self-insurers reported 25 claims resolved by plaintiff verdict or judgment, of which 23 claims resulted in an indemnity payment averaging \$1.7 million.³⁸ The courts ruled in favor of defendants in the vast majority of cases.



³⁸ In cases where a lawsuit has more than one defendant, some defendants may not be responsible to compensate the claimant.

Size of indemnity payments

This table shows that insurers and self-insurers settled 55.8% of all claims without making an indemnity payment, and 57.4% of the remaining claims had indemnity payments of \$100,000 or less. The average indemnity payment in this range was \$28,380.

There were 191 claims settled for \$1 million or more, and those claims produced 66.3% of the total paid indemnity, an average of \$2.6 million per claim.

Five year period ending Dec. 31, 2019						
<u>Range of paid indemnity</u>	Number of claims	% of claims	Paid Indemnity	% of paid	Average paid indemnity	
\$0	2,365	55.8%				
\$1 \$100,000	1,075	25.4%	\$30,508,968	4.0%	\$28,380	
\$100,001 \$200,000	176	4.2%	\$27,521,693	3.6%	\$156,373	
\$200,001 \$300,000	133	3.1%	\$33,987,701	4.5%	\$255,547	
\$300,001 \$400,000	83	2.0%	\$30,456,773	4.0%	\$366,949	
\$400,001 \$500,000	82	1.9%	\$39,214,074	5.2%	\$478,220	
\$500,001 \$600,000	39	0.9%	\$22,507,628	3.0%	\$577,119	
\$600,001 \$700,000	34	0.8%	\$22,556,536	3.0%	\$663,428	
\$700,001 \$800,000	31	0.7%	\$23,631,462	3.1%	\$762,305	
\$800,001 \$900,000	24	0.6%	\$20,685,344	2.7%	\$861,889	
\$900,001 \$999,999	5	0.1%	\$4,790,000	0.6%	\$958,000	
\$1 Million or more	191	4.5%	\$502,751,863	66.3%	\$2,632,209	
Total	4,238	100.0%	\$758,612,042	100.0%	\$405,025	

Claims with paid indemnity less than and more than \$500,000

Most claims were resolved with an indemnity payment of \$500,000 or less; the median paid indemnity for these claims was \$40,162. Insurers and self-insurers paid much more money to settle claims higher than \$500,000, and median paid indemnity for these claims was \$1 million. Because many physicians carry malpractice insurance with a policy limit of \$1 million per incident, many claims were settled for exactly \$1 million.

<u>Five year period ending Dec. 31, 2019</u>						
<u>Range of paid indemnity</u>	Number of claims with paid indemnity	% of total claims with paid indemnity	Paid indemnity	% of total paid indemnity	Average paid indemnity	Median paid indemnity
\$500,000 or less	1,549	82.7%	\$161,689,209	21.3%	\$104,383	\$40,162
Over \$500,000	324	17.3%	\$596,922,833	78.7%	\$1,842,354	\$1,000,000
Total	1,873	100.0%	\$758,612,042	100.0%	\$405,025	\$75,000

Defense costs by size of indemnity payment

This table shows how defense costs are related to the size of the indemnity payment. Insurers and self-insurers did not make an indemnity payment for 63.7% of claims with defense costs, yet these claims accounted for 45.5% of all defense costs. Average defense costs for these claims were \$48,290.

There were 186 claims with defense costs that settled for \$1 million or more, and those claims produced 18.1% of the total defense costs, or an average of \$244,733 per claim.

Five year period ending Dec. 31, 2019					
<u>Range of paid indemnity</u>	Number of claims with defense costs	% of total claims with defense costs	Defense costs	% of total defense costs	Average defense cost
\$0	2,365	63.7%	\$114,205,451	45.5%	\$48,290
\$1 \$100,000	588	15.8%	\$24,648,544	9.8%	\$41,919
\$100,001 \$200,000	161	4.3%	\$14,311,676	5.7%	\$88,892
\$200,001 \$300,000	127	3.4%	\$11,480,369	4.6%	\$90,397
\$300,001 \$400,000	82	2.2%	\$9,313,083	3.7%	\$113,574
\$400,001 \$500,000	75	2.0%	\$9,880,945	3.9%	\$131,746
\$500,001 \$600,000	39	1.1%	\$5,381,560	2.1%	\$137,989
\$600,001 \$700,000	32	0.9%	\$4,295,002	1.7%	\$134,219
\$700,001 \$800,000	30	0.8%	\$5,538,588	2.2%	\$184,620
\$800,001 \$900,000	24	0.6%	\$4,990,688	2.0%	\$207,945
\$900,001 \$999,999	5	0.1%	\$1,567,930	0.6%	\$313,586
\$1 million or more	186	5.0%	\$45,520,337	18.1%	\$244,733
Total	3,714	100.0%	\$251,134,173	100.0%	\$67,618

Defense costs for claims with paid indemnity less than and more than \$500,000

Most claims with defense costs and the majority of total defense costs were for claims with paid indemnity up to \$500,000. Median defense costs for claims up to \$500,000 were \$12,981, versus \$108,900 for claims settled for more than \$500,000. Many medical malpractice claims have relatively small amounts paid for defense costs.

Five year period ending Dec. 31, 2019						
<u>Range of paid indemnity</u>	Number of claims with defense costs	% of total claims with defense costs	Defense costs	% of total defense costs	Average defense cost	Median defense cost
\$0 to \$500,000	3,398	91.5%	\$183,840,068	73.2%	\$54,102	\$12,981
Over \$500,000	316	8.5%	\$67,294,105	26.8%	\$212,956	\$108,900
Total	3,714	100.0%	\$251,134,173	100.0%	\$67,618	\$16,348

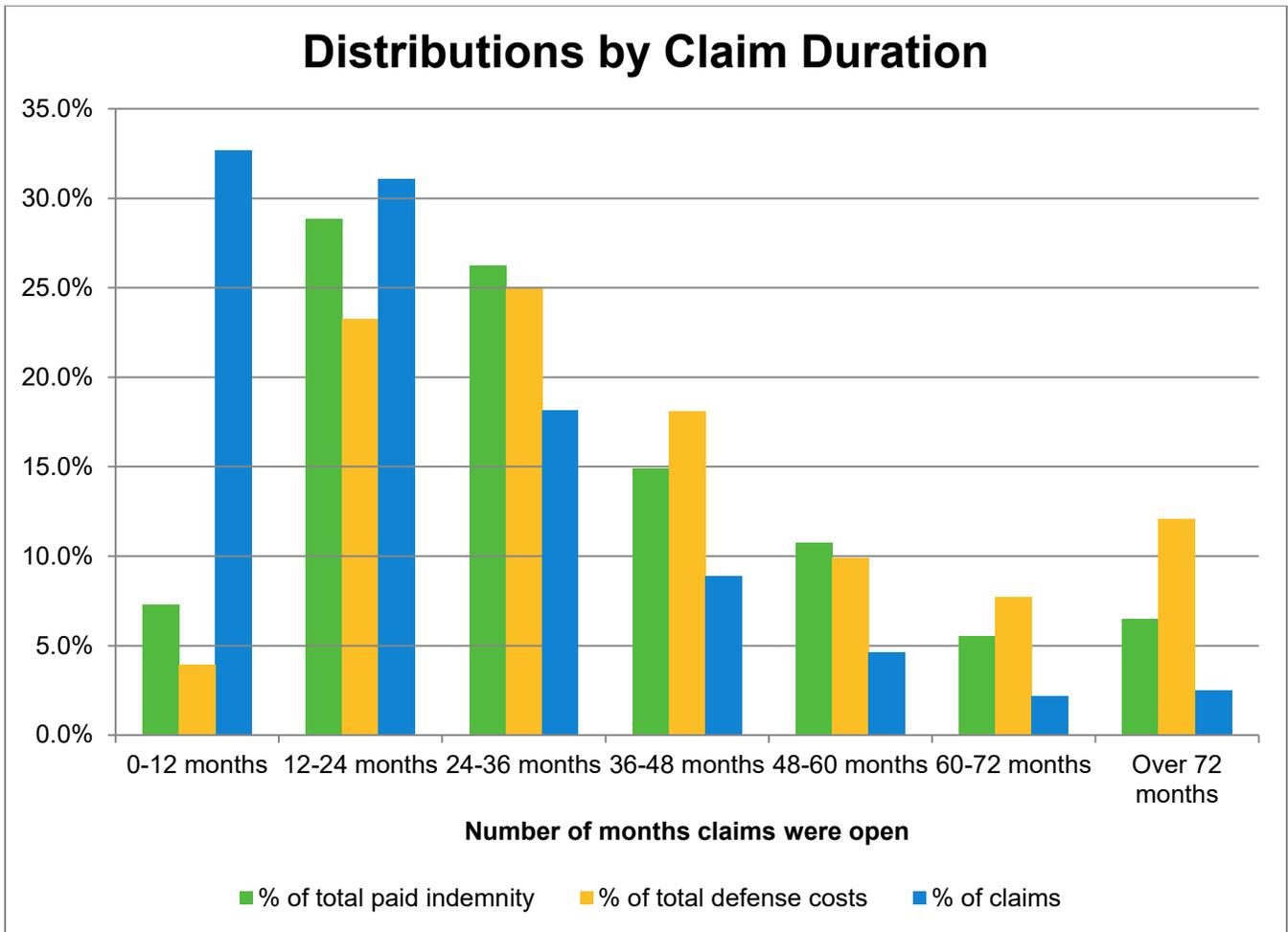
Paid indemnity and defense costs by age of claim

This table shows claims by age on the date they were closed. Average indemnity and average defense costs tend to increase with the age of the claim.

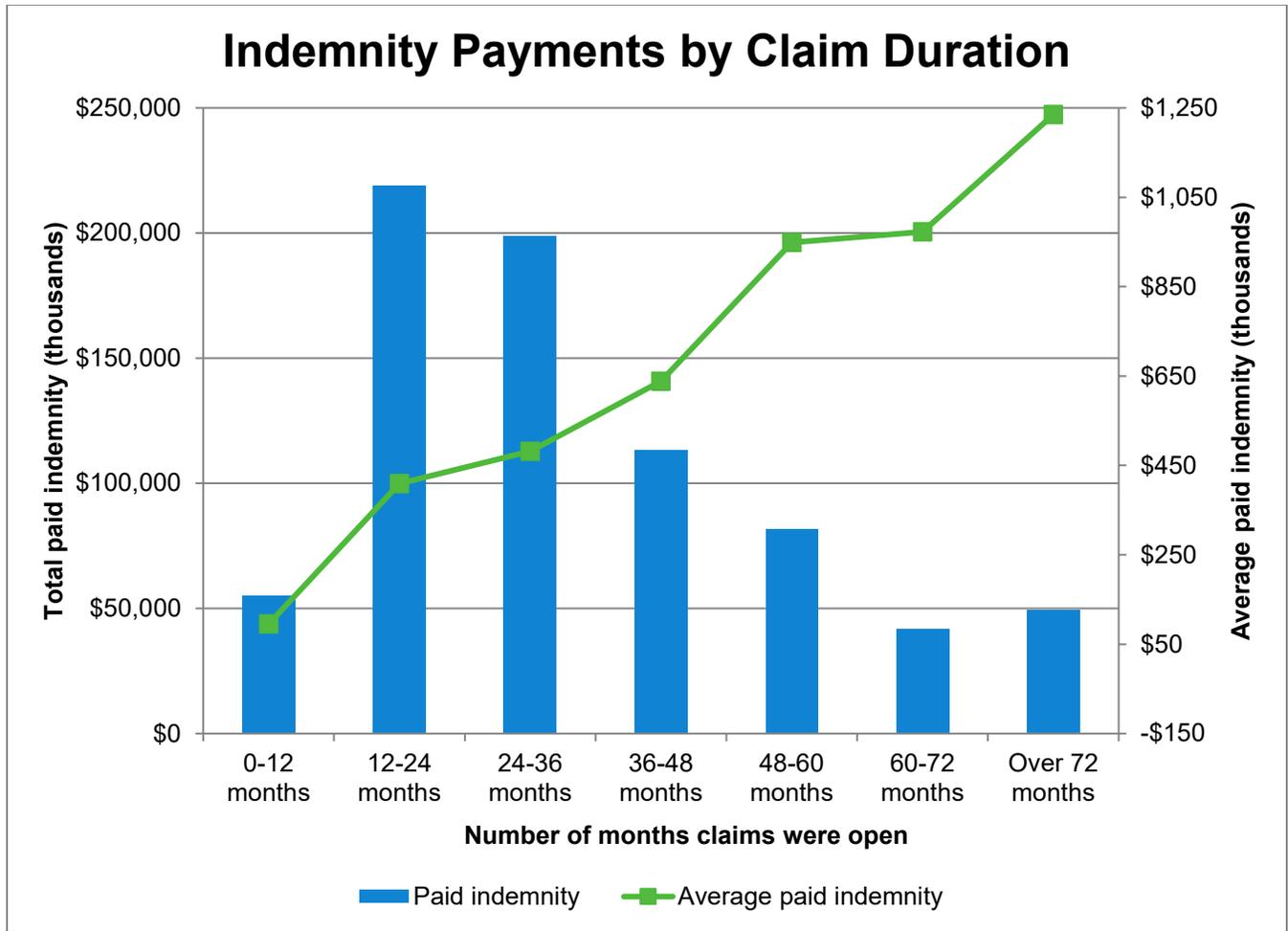
Five year period ending Dec. 31, 2019								
<u>Notice date to closed date</u>	Number of claims	% of total claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense costs
0 12 months	1,385	32.7%	579	\$55,098,177	\$95,161	1,018	\$9,871,393	\$9,697
12 24 months	1,317	31.1%	535	\$218,865,682	\$409,095	1,242	\$58,423,213	\$47,040
24 36 months	768	18.1%	413	\$198,792,918	\$481,339	702	\$62,776,913	\$89,426
36 48 months	377	8.9%	177	\$113,030,981	\$638,593	370	\$45,487,610	\$122,939
48 60 months	195	4.6%	86	\$81,602,414	\$948,865	193	\$24,889,981	\$128,964
60 72 months	91	2.1%	43	\$41,833,547	\$972,873	88	\$19,418,180	\$220,661
Over 72 months	105	2.5%	40	\$49,388,323	\$1,234,708	101	\$30,266,883	\$299,672
Total	4,238	100.0%	1,873	\$758,612,042	\$405,025	3,714	\$251,134,173	\$67,618

Claims closed within the first 12 months after the insurer was first notified represented 32.7% of total claims and had the lowest average defense costs and average paid indemnity. For the entire group of 4,238 claims, the average length of time between notice date and date closed was 22.9 months and the median length of time was 18 months. Insurers and self-insurers closed 81.9% of all claims within 36 months after they received notice of the claim. Overall, claims closed within 36 months account for 62.3% of total paid indemnity and 52.2% of total defense costs.

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



This chart shows total and average paid indemnity by age of claim.

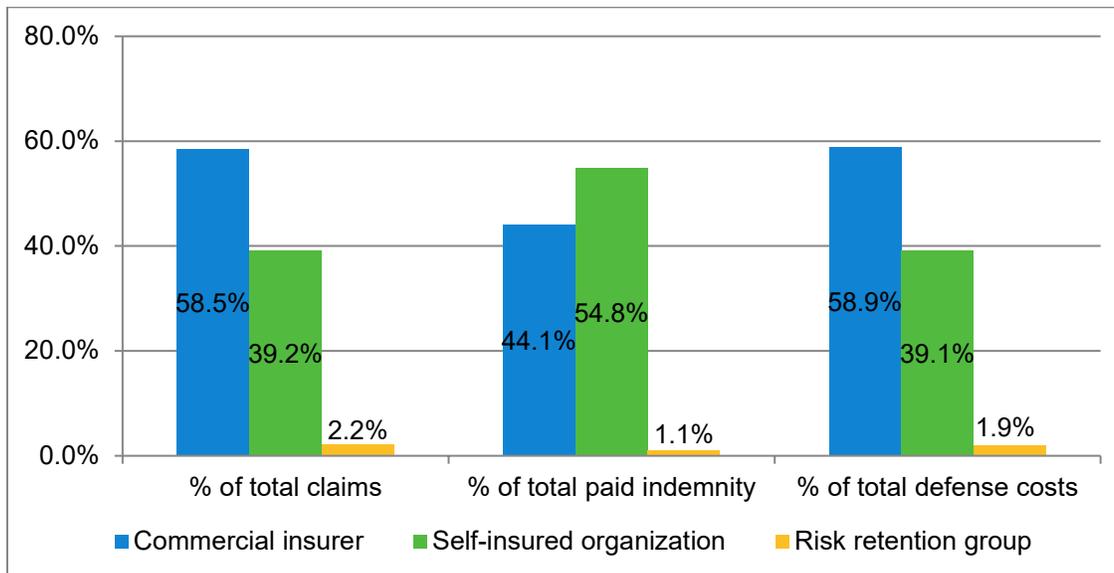


Type of insuring entity

Commercial insurers reported the highest number of claims and had the highest average paid indemnity.³⁹ Self-insured organizations reported the highest average paid indemnity and the highest average defense costs.

Five year period ending Dec. 31, 2019							
Reporting entity	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense costs
Commercial insurer	2,481	875	\$334,571,737	\$382,368	2,353	\$148,005,832	\$62,901
Self insured organization	1,662	948	\$415,886,311	\$438,699	1,290	\$98,259,849	\$76,170
Risk retention group	95	50	\$8,153,994	\$163,080	71	\$4,868,492	\$68,570
Total	4,238	1,873	\$758,612,042	\$405,025	3,714	\$251,134,173	\$67,618

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



³⁹ Commercial insurers include admitted (licensed) and surplus line insurers.

Severity of injury

This table shows compensation by severity of injury.⁴⁰ Insurers and self-insurers most often classified injuries as minor and temporary. Minor temporary injuries comprised 28.3% of total claims, 3.6% of total paid indemnity and 9.7% of defense costs.

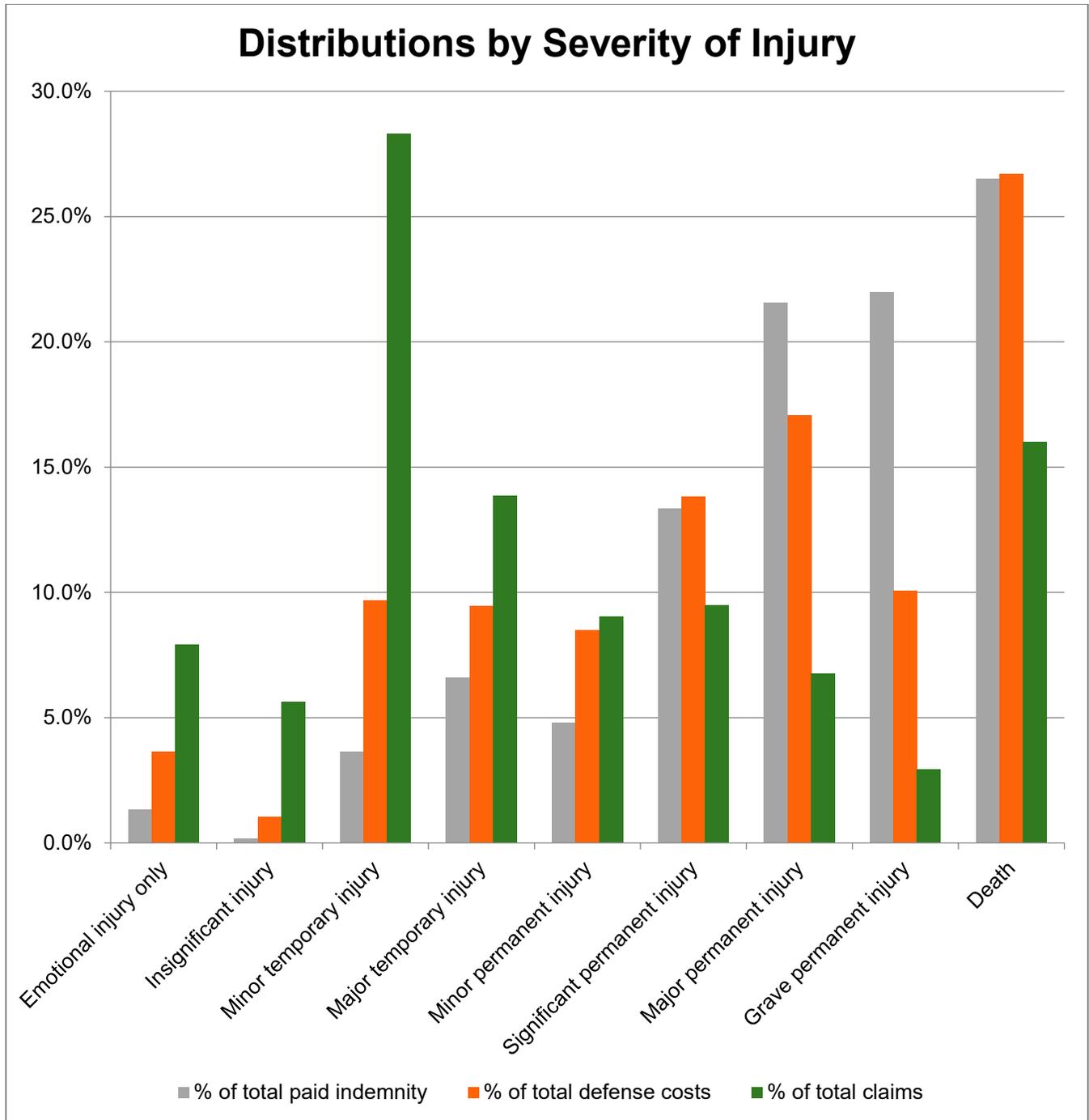
Five year period ending Dec. 31, 2019							
<u>Injury outcome</u>	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense costs
Emotional injury only	335	110	\$10,184,045	\$92,582	288	\$9,128,029	\$31,695
Insignificant injury	239	88	\$1,432,334	\$16,277	180	\$2,640,242	\$14,668
Minor temporary injury	1,200	563	\$27,575,528	\$48,980	913	\$24,344,996	\$26,665
Major temporary injury	587	280	\$50,022,333	\$178,651	517	\$23,766,154	\$45,969
Minor permanent injury	384	141	\$36,445,538	\$258,479	354	\$21,357,260	\$60,331
Significant permanent injury	402	164	\$101,291,722	\$617,632	396	\$34,702,986	\$87,634
Major permanent injury	287	150	\$163,601,797	\$1,090,679	283	\$42,852,982	\$151,424
Grave permanent injury	125	68	\$166,799,562	\$2,452,935	121	\$25,266,849	\$208,817
Death	679	309	\$201,259,183	\$651,324	662	\$67,074,675	\$101,321
Total	4,238	1,873	\$758,612,042	\$405,025	3,714	\$251,134,173	\$67,618

Grave permanent injuries had the highest average paid indemnity at \$2.5 million. Major permanent injuries had the second-highest average paid indemnity at \$1.1 million.⁴¹

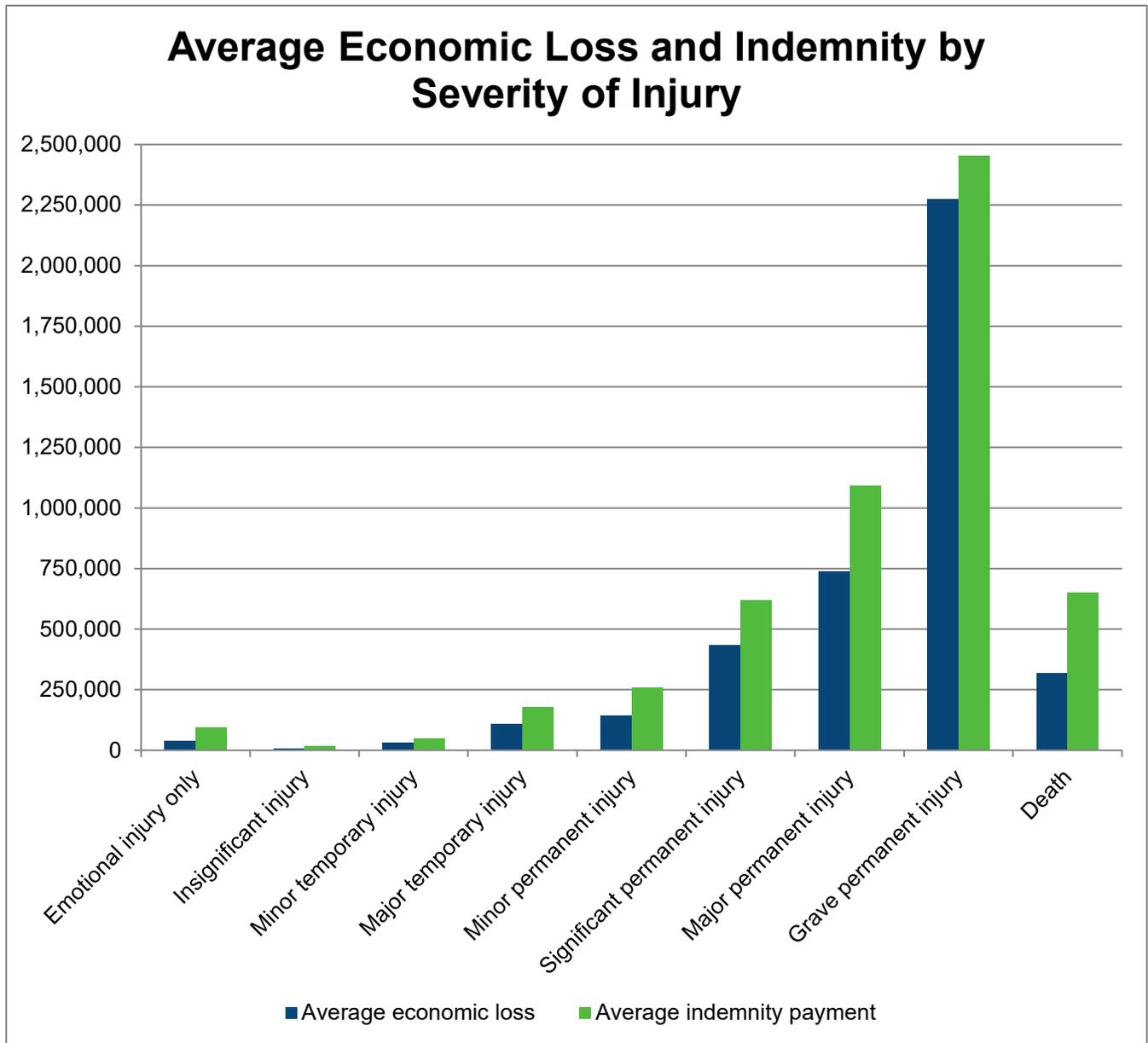
⁴⁰ For a description of each type of injury outcome, see [WAC 284-24D-220](#).

⁴¹ Grave permanent injuries include quadriplegia and severe brain damage, requiring lifelong dependent care.

This chart shows distributions of claims, indemnity payments and defense costs by severity of injury.



If they made an indemnity payment, insurers and self-insurers reported the economic loss related to the injury.⁴² The insurer or self-insurer either estimated the economic losses or reported the amount of economic loss awarded by a court. Claims involving death of the patient had lower average economic loss than claims for significant permanent injury, major permanent injury, or grave permanent injury. If a person dies, compensation for economic loss is largely calculated based on lost income and services the deceased would have provided. This chart shows the relationship between injury outcome, average paid indemnity and average economic loss.

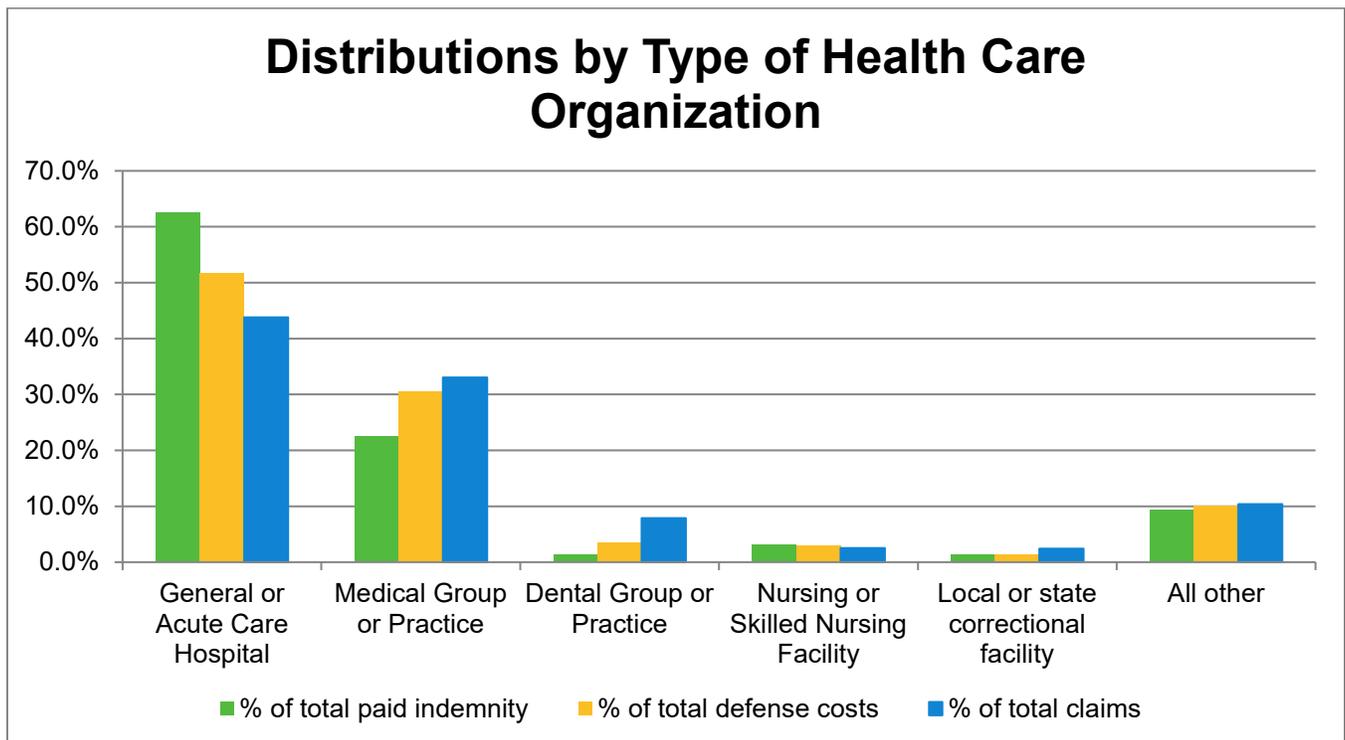


⁴² Economic damages are defined in [RCW 4.56.250](#), and the components of economic losses are described in [WAC 284-24D-360](#).

Type of health care organization

This exhibit shows data segmented by the type of health care organization or provider group.⁴³

Five year period ending Dec. 31, 2019							
Health care organization	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense costs
General or acute care hospital	1,855	892	\$473,737,675	\$531,096	1,559	\$129,689,808	\$83,188
Medical group or practice	1,400	502	\$170,827,971	\$340,295	1,292	\$76,746,487	\$59,401
Dental group or practice	333	170	\$10,736,174	\$63,154	273	\$8,773,391	\$32,137
Nursing or skilled nursing facility	107	79	\$22,861,082	\$289,381	96	\$7,298,687	\$76,028
Local or state correctional facility	102	31	\$9,804,048	\$316,260	93	\$3,340,595	\$35,920
Chiropractic group or practice	49	23	\$6,407,000	\$278,565	49	\$3,673,762	\$74,975
Podiatric group or practice	43	12	\$2,509,990	\$209,166	43	\$3,116,455	\$72,476
Ambulatory surgical center	35	13	\$4,427,500	\$340,577	33	\$1,819,403	\$55,133
All other organizations	314	151	\$57,300,602	\$379,474	276	\$16,675,585	\$60,419
Total	4,238	1,873	\$758,612,042	\$405,025	3,714	\$251,134,173	\$67,618



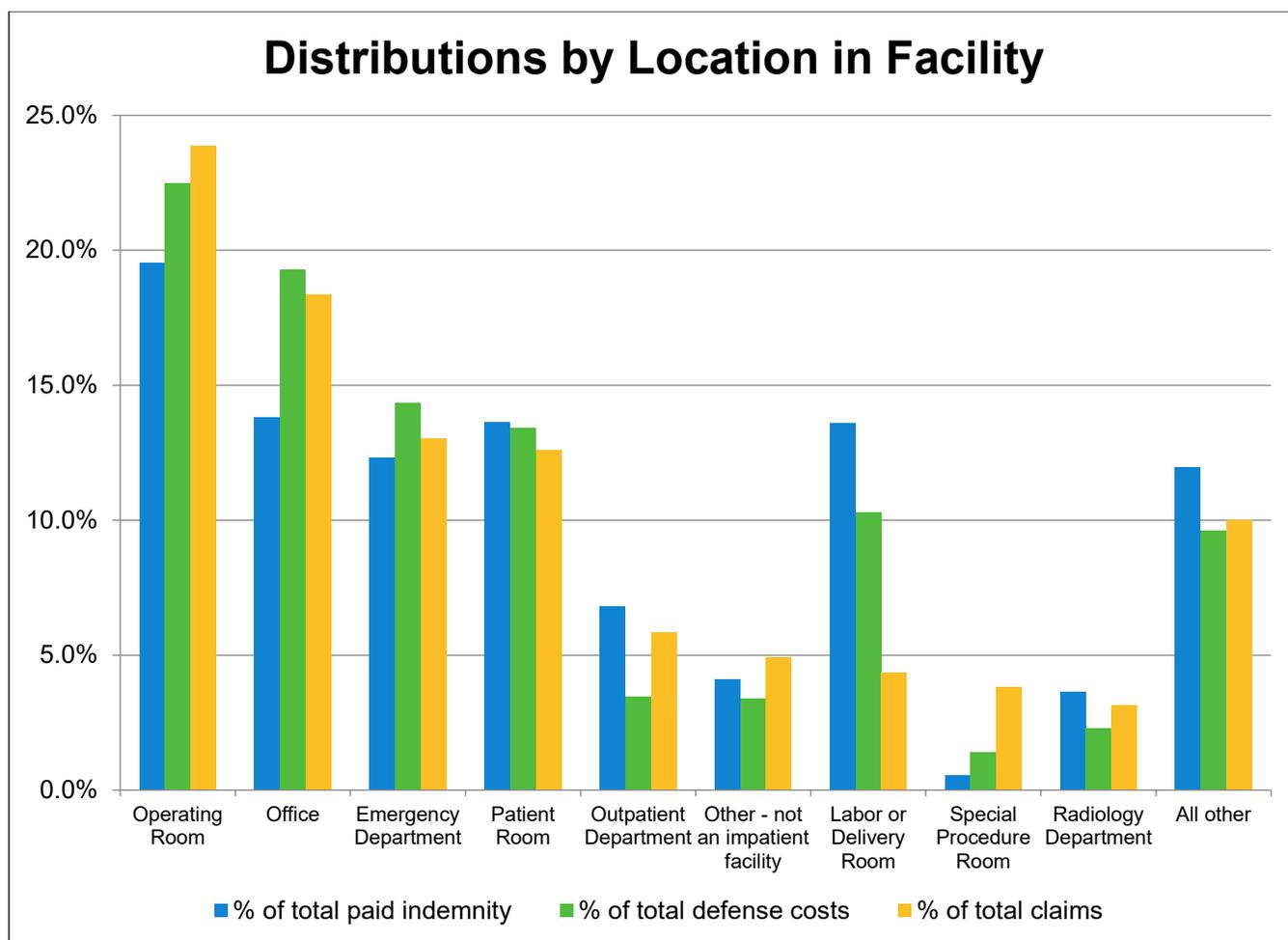
⁴³ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), the commissioner must protect the identify of each insuring entity, self-insurer, claimant, health care provider, or health care facility involved in a particular claim or collection of claims. For this reason, types of organizations with few claims are grouped together.

Location in the facility

This table shows data by location within the medical facility where the incident leading to the claim occurred.

Five year period ending Dec. 31, 2019							
<u>Location within facility</u>	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense costs
Operating Room	1,012	404	\$148,300,016	\$367,079	894	\$56,504,687	\$63,204
Office	779	284	\$104,799,848	\$369,014	736	\$48,401,145	\$65,762
Emergency Department	552	220	\$93,580,906	\$425,368	498	\$36,014,146	\$72,318
Patient Room	535	285	\$103,484,406	\$363,103	471	\$33,697,301	\$71,544
Outpatient Department	248	139	\$51,716,391	\$372,060	185	\$8,663,570	\$46,830
Other not an inpatient facility	209	72	\$31,120,560	\$432,230	195	\$8,507,862	\$43,630
Labor or Delivery Room	184	88	\$103,181,603	\$1,172,518	169	\$25,879,960	\$153,136
Special Procedure Room	162	85	\$4,060,465	\$47,770	112	\$3,520,663	\$31,434
Radiology Department	133	60	\$27,756,982	\$462,616	110	\$5,770,684	\$52,461
Walk in Clinic	80	46	\$16,775,231	\$364,679	63	\$3,217,695	\$51,075
Laboratory	53	37	\$3,854,587	\$104,178	35	\$2,012,166	\$57,490
Critical Care Unit	42	26	\$26,850,960	\$1,032,729	38	\$3,698,926	\$97,340
Rehabilitation Center	34	23	\$2,725,892	\$118,517	29	\$1,228,700	\$42,369
Physical Therapy Department	30	15	\$1,662,512	\$110,834	28	\$1,258,790	\$44,957
Facility Support Areas	21	14	\$1,721,908	\$122,993	13	\$586,963	\$45,151
All other locations	164	75	\$37,019,775	\$493,597	138	\$12,170,915	\$88,195
Total	4,238	1,873	\$758,612,042	\$405,025	3,714	\$251,134,173	\$67,618

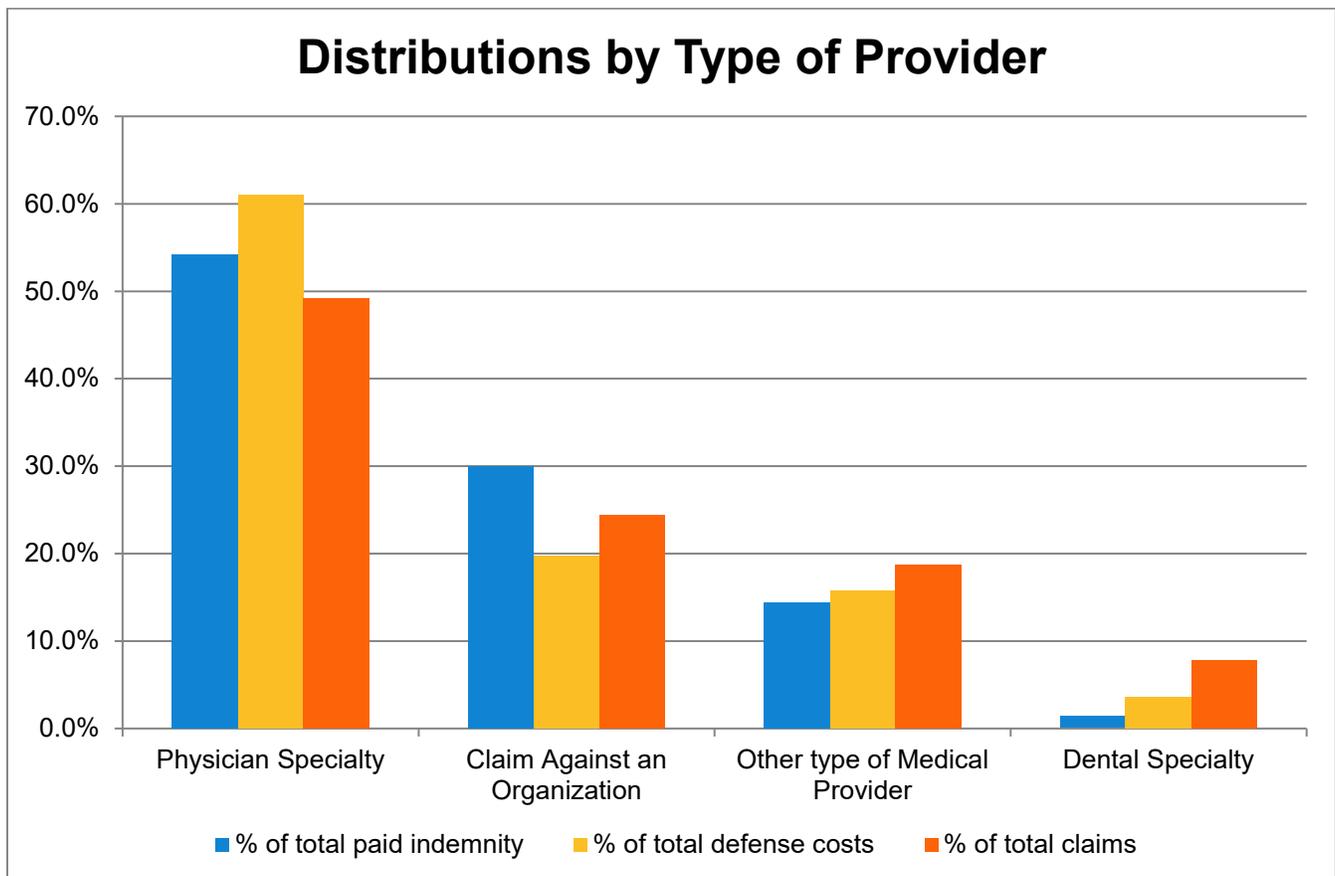
This chart shows the distribution of claims, indemnity payments and defense costs by location within the facility for the nine locations with the largest number of claims.



Type of medical provider

Five year period ending Dec. 31, 2019							
Provider group	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense cost
Physician specialty	2,083	787	\$410,946,796	\$522,169	1,928	\$153,158,059	\$79,439
Claim against an organization	1,034	459	\$227,681,436	\$496,038	892	\$49,422,626	\$55,407
Other type of medical provider	790	454	\$108,915,116	\$239,901	623	\$39,590,315	\$63,548
Dental specialty	331	173	\$11,068,694	\$63,981	271	\$8,963,173	\$33,074
Total	4,238	1,873	\$758,612,042	\$405,025	3,714	\$251,134,173	\$67,618

The providers with the highest percentage of claims, 49.2%, were physician specialties, which includes surgeons, general practice physicians, radiologists, neurologists, psychiatrists, and many more. These claims also had the highest average defense cost at \$79,439, and the highest average indemnity payment at \$522,169. The “other type of medical provider” category includes nursing, physician assistants, technicians, pharmacy, podiatry and psychology, among others.



This table shows claim data for physician specialties that had the largest number of claims.⁴⁴

Five year period ending Dec. 31, 2019							
<u>Provider specialty</u>	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense cost
Emergency medicine	245	78	\$31,407,491	\$402,660	228	\$16,038,564	\$70,345
Obstetrics and gynecology	239	106	\$68,712,512	\$648,231	220	\$23,846,574	\$108,394
General practice family practice	228	100	\$41,256,837	\$412,568	202	\$13,845,443	\$68,542
General surgery	223	86	\$51,549,492	\$599,413	208	\$16,371,779	\$78,710
Orthopedic surgery	208	70	\$19,182,259	\$274,032	193	\$16,168,738	\$83,776
Radiology	143	46	\$23,874,369	\$519,008	138	\$9,470,697	\$68,628
Anesthesiology	105	56	\$8,941,498	\$159,670	77	\$5,713,102	\$74,196
Internal medicine	104	30	\$14,228,647	\$474,288	100	\$7,719,605	\$77,196
Neurological surgery	86	35	\$54,083,161	\$1,545,233	84	\$8,562,107	\$101,930
Urological surgery	56	26	\$7,101,377	\$273,130	53	\$2,608,870	\$49,224
Cardiovascular diseases	51	23	\$5,174,290	\$224,969	47	\$4,425,146	\$94,152
Gastroenterology	46	11	\$1,667,970	\$151,634	40	\$1,899,205	\$47,480
Hospitalist	46	18	\$13,820,000	\$767,778	46	\$3,551,916	\$77,216
Plastic surgery	44	10	\$2,071,500	\$207,150	44	\$2,442,842	\$55,519
Pediatrics	42	17	\$33,938,538	\$1,996,385	36	\$6,706,228	\$186,284
Otolaryngology	41	16	\$5,901,195	\$368,825	41	\$3,018,682	\$73,626
Neurology	19	10	\$4,430,275	\$443,028	19	\$2,342,366	\$123,282
All other physician types	157	49	\$23,605,385	\$481,743	152	\$8,426,195	\$55,435
Total	2,083	787	\$410,946,796	\$522,169	1,928	\$153,158,059	\$79,439

The largest number of claims reported against physician specialties were for emergency medicine. The most common allegations against emergency medicine physicians were failure to diagnose with 125 claims, delay in diagnosis with 17 claims, and incorrect diagnosis with 9 claims.

Pediatrics was the specialty ranked highest in average paid indemnity and average defense costs. The most common allegation against this physician specialty was failure to diagnose with 12 claims.

⁴⁴ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), some specialties are grouped together to maintain confidentiality.

This table shows claim data for other types of medical providers.⁴⁵ Nursing staff accounted for 445 claims, resulting in 292 indemnity payments averaging \$222,123. The most common allegations against nursing staff were failure to ensure patient safety with 52 claims, followed by failure to monitor with 44 claims and improper technique with 37 claims. Physician assistants had the second-highest number of claims at 85 and the most common allegation against this type of medical provider was failure to diagnose with 18 claims.

Five year period ending Dec. 31, 2019							
<u>Provider type</u>	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense cost
Nursing	445	292	\$64,859,970	\$222,123	329	\$20,272,092	\$61,617
Physician assistant	85	36	\$12,218,134	\$339,393	71	\$4,439,883	\$62,534
Podiatry	59	17	\$3,684,990	\$216,764	59	\$3,615,970	\$61,288
Chiropractic	47	21	\$6,347,000	\$302,238	47	\$3,502,012	\$74,511
Laboratory technician	29	23	\$1,359,536	\$59,110	12	\$663,980	\$55,332
Physical therapy	23	10	\$560,487	\$56,049	20	\$881,163	\$44,058
Emergency medicine	21	10	\$3,481,294	\$348,129	16	\$528,241	\$33,015
Pharmacy	15	11	\$319,650	\$29,059	10	\$568,158	\$56,816
All other types	66	34	\$16,084,055	\$473,060	59	\$5,118,816	\$86,760
Total	790	454	\$108,915,116	\$239,901	623	\$39,590,315	\$63,548

⁴⁵ 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 shows the most common classes of allegations.

<u>Five year period ending Dec. 31, 2019</u>							
<u>Allegation group</u>	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense cost
Error/Improper Performance	1,744	792	\$247,605,681	\$312,633	1,502	\$97,401,083	\$64,848
Behavior/Legal	1,100	463	\$206,212,721	\$445,384	957	\$51,413,391	\$53,724
Failure to Take Appropriate Action	801	337	\$163,607,068	\$485,481	756	\$61,013,020	\$80,705
Delay in Performance	243	105	\$70,369,403	\$670,185	212	\$18,614,198	\$87,803
Communication/Supervision	228	131	\$61,613,501	\$470,332	182	\$12,395,691	\$68,108
Continuity of Care/Care Management	62	22	\$4,976,762	\$226,216	52	\$5,253,200	\$101,023
Unnecessary/Contraindicated Procedure	51	22	\$3,643,508	\$165,614	44	\$3,550,010	\$80,682

The following tables show the most common specific allegations for each major class of allegation.

Five year period ending Dec. 31, 2019							
<u>Error / improper performance</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	714	268	\$61,914,019	\$231,022	661	\$35,155,893	\$53,186
Improper technique	243	136	\$40,836,966	\$300,272	180	\$10,548,023	\$58,600
Improper management	211	87	\$53,736,028	\$617,655	190	\$17,375,365	\$91,449
Patient history, exam, or workup problem	65	23	\$7,621,758	\$331,381	60	\$3,557,870	\$59,298
Surgical or other foreign body retained	61	33	\$1,849,918	\$56,058	53	\$1,059,995	\$20,000
Patient monitoring problem	47	30	\$12,798,636	\$426,621	40	\$3,909,436	\$97,736
Wrong dosage administered	37	16	\$22,496,203	\$1,406,013	35	\$3,385,210	\$96,720
Wrong medication ordered	36	10	\$3,120,160	\$312,016	34	\$3,088,511	\$90,839
Wrong medication administered	35	19	\$5,067,004	\$266,684	28	\$1,272,804	\$45,457
Wrong body part	29	20	\$3,142,949	\$157,147	23	\$930,490	\$40,456
Equipment utilization problem	29	21	\$1,572,481	\$74,880	18	\$945,564	\$52,531
Wrong diagnosis or misdiagnosis	24	10	\$3,787,773	\$378,777	22	\$1,134,879	\$51,585
Intubation problem	23	11	\$6,278,711	\$570,792	19	\$2,023,510	\$106,501
Wrong procedure or treatment	22	10	\$2,919,858	\$291,986	18	\$4,476,580	\$248,699
Wrong medication dispensed	20	15	\$1,217,592	\$81,173	14	\$566,912	\$40,494
Patient positioning problem	16	11	\$2,694,041	\$244,913	12	\$765,024	\$63,752

Five year period ending Dec. 31, 2019

	Total number of claims	Claims with paid indemnity	Total paid indemnity	Average paid indemnity	Claims with defense costs	Total defense costs	Average defense cost
<u>Communication / supervision</u>							
Failure to instruct or communicate	88	42	\$5,529,133	\$131,646	71	\$3,646,422	\$51,358
Communication problem between practitioners	62	38	\$20,375,784	\$536,205	43	\$4,022,140	\$93,538
Improper supervision	30	22	\$12,072,427	\$548,747	27	\$1,965,545	\$72,798
Failure to report on patient condition	17	10	\$21,454,990	\$2,145,499	16	\$1,640,594	\$102,537
Failure to supervise	17	10	\$1,543,347	\$154,335	15	\$1,000,352	\$66,690
<u>Failure to take appropriate action</u>							
Failure to diagnose	441	168	\$82,372,723	\$490,314	422	\$34,299,058	\$81,277
Failure to treat	103	36	\$10,677,139	\$296,587	101	\$5,136,032	\$50,852
Failure to monitor	100	61	\$22,773,341	\$373,333	93	\$6,817,593	\$73,307
Failure to recognize a complication	43	19	\$12,997,520	\$684,080	40	\$4,331,168	\$108,279
Failure to order appropriate test	37	18	\$7,531,907	\$418,439	29	\$2,143,767	\$73,923
<u>Delay in performance</u>							
Delay in diagnosis	124	49	\$34,323,789	\$700,485	119	\$11,187,229	\$94,010
Delay in treatment	81	40	\$10,078,570	\$251,964	57	\$3,287,814	\$57,681
Delay in performance	24	10	\$23,329,544	\$2,332,954	23	\$2,585,275	\$112,403
<u>Behavior / legal</u>							
Vicarious liability	812	302	\$176,910,010	\$585,795	718	\$39,541,260	\$55,071
Failure to ensure patient safety	142	101	\$18,080,124	\$179,011	110	\$3,964,854	\$36,044
Lack of informed consent	29	10	\$491,844	\$49,184	24	\$1,402,626	\$58,443
Sexual misconduct	26	12	\$1,445,720	\$120,477	25	\$1,023,225	\$40,929
<u>Continuity of care / care management</u>							
Premature discharge from institution	20	11	\$2,092,925	\$190,266	14	\$2,385,329	\$170,381
<u>Unnecessary / contraindicated procedure</u>							
Unnecessary procedure	26	12	\$2,955,000	\$246,250	25	\$2,562,576	\$102,503

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

Five year period ending Dec. 31, 2019							
<u>Allegation made against physician specialty</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
Failure to diagnose	392	150	\$73,171,166	\$487,808	377	\$31,984,669	\$84,840
Improper performance	389	126	\$48,880,678	\$387,942	370	\$23,415,973	\$63,286
Improper technique	160	75	\$34,112,582	\$454,834	123	\$7,104,504	\$57,760
Improper management	142	47	\$47,051,976	\$1,001,106	139	\$14,137,824	\$101,711
Delay in diagnosis	102	37	\$31,111,289	\$840,846	98	\$9,201,706	\$93,895
Failure to instruct/communicate w/patient or family	65	26	\$4,491,766	\$172,760	56	\$2,691,098	\$48,055
Failure to treat	53	16	\$5,675,105	\$354,694	51	\$2,494,393	\$48,910
Surgical or other foreign body retained	50	24	\$1,394,246	\$58,094	47	\$917,727	\$19,526
Patient history, exam, or workup problem	49	14	\$5,844,725	\$417,480	48	\$3,085,836	\$64,288
Delay in treatment	40	11	\$5,158,171	\$468,925	38	\$2,632,936	\$69,288
Failure to recognize a complication	31	12	\$10,055,124	\$837,927	29	\$3,332,587	\$114,917
Failure to order appropriate test	31	14	\$6,491,515	\$463,680	26	\$1,992,056	\$76,618
Communication problem between practitioners	31	16	\$6,472,491	\$404,531	23	\$1,596,603	\$69,418
Failure to monitor	29	13	\$5,836,940	\$448,995	28	\$2,659,467	\$94,981
Wrong dosage administered	24	10	\$17,678,020	\$1,767,802	24	\$2,789,974	\$116,249
Unnecessary procedure	23	11	\$2,755,000	\$250,455	22	\$1,837,016	\$83,501
Wrong body part	18	13	\$3,024,449	\$232,650	15	\$821,737	\$54,782

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

Five year period ending Dec. 31, 2019							
<u>Allegation made against dental provider</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	216	103	\$7,290,461	\$70,781	192	\$6,382,664	\$33,243
Improper technique	19	13	\$1,325,000	\$101,923	18	\$940,139	\$52,230

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

Five year period ending Dec. 31, 2019							
<u>Allegation made against other type of provider</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	107	37	\$5,669,518	\$153,230	98	\$5,340,174	\$54,492
Failure to ensure patient safety	64	43	\$6,337,803	\$147,391	49	\$1,580,615	\$32,257
Improper technique	64	48	\$5,399,384	\$112,487	39	\$2,503,380	\$64,189
Failure to monitor	47	32	\$13,085,650	\$408,927	44	\$3,149,864	\$71,588
Failure to diagnose	44	18	\$9,201,557	\$511,198	40	\$2,044,969	\$51,124
Failure to treat	32	13	\$3,544,534	\$272,656	32	\$2,204,732	\$68,898
Improper management	32	16	\$1,327,725	\$82,983	27	\$1,863,744	\$69,028
Patient monitoring problem	27	19	\$5,902,945	\$310,681	23	\$2,179,779	\$94,773
Communication problem between practitioners	24	18	\$13,291,240	\$738,402	14	\$1,979,774	\$141,412
Delay in treatment	19	11	\$4,783,475	\$434,861	15	\$649,064	\$43,271
Delay in diagnosis	17	10	\$3,125,000	\$312,500	16	\$1,876,976	\$117,311
Wrong medication administered	16	10	\$168,399	\$16,840	11	\$295,930	\$26,903
Failure to instruct/communicate w/patient or family	16	10	\$166,474	\$16,647	10	\$364,588	\$36,459

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

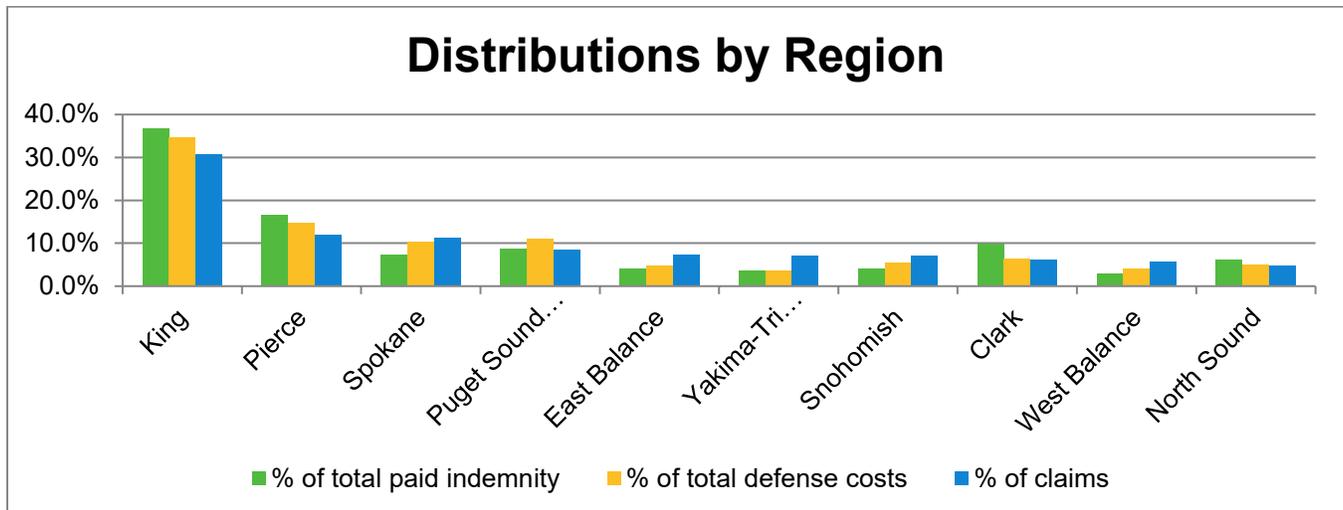
Five year period ending Dec. 31, 2019							
<u>Allegation made against an organization</u>	Total number of claims	Claims with paid indemnity	Total paid indemnity	Average paid indemnity	Claims with defense costs	Total defense costs	Average defense cost
Vicarious liability	775	296	\$176,808,123	\$597,325	682	\$38,496,152	\$56,446
Failure to ensure patient safety	63	49	\$11,212,561	\$228,828	50	\$2,189,961	\$43,799
Failure to monitor	22	15	\$3,760,751	\$250,717	19	\$992,404	\$52,232
Improper supervision	21	17	\$11,159,874	\$656,463	19	\$1,564,878	\$82,362
Improper management	20	12	\$4,952,831	\$412,736	15	\$1,204,538	\$80,303

The most common claim against an organization is vicarious liability. Vicarious liability is secondary liability in which 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 actions.

County statistics

Insurers and self-insurers reported the county where the medical incident occurred.⁴⁶ To provide information about differences by location, we divided the state into 10 regions.⁴⁷ A few claims were reported as occurring outside of Washington state (not shown).

Five year period ending Dec. 31, 2019								
Region	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Average economic loss	Claims with defense costs	Defense costs	Average defense costs
King	1,298	627	\$278,543,920	\$444,249	\$304,673	1,073	\$86,681,768	\$80,784
Pierce	504	227	\$126,153,226	\$555,741	\$350,818	441	\$36,850,877	\$83,562
Spokane	472	181	\$54,752,104	\$302,498	\$213,183	412	\$25,592,548	\$62,118
Puget Sound Metro	357	155	\$65,574,904	\$423,064	\$337,045	327	\$27,786,749	\$84,975
East Balance	306	132	\$30,269,659	\$229,316	\$168,351	278	\$11,889,371	\$42,768
Yakima Tri Cities	300	124	\$27,962,843	\$225,507	\$174,186	279	\$8,750,674	\$31,364
Snohomish	299	120	\$30,404,866	\$253,374	\$200,138	264	\$13,572,488	\$51,411
Clark	259	133	\$75,645,448	\$568,763	\$395,499	225	\$16,117,531	\$71,633
West Balance	238	86	\$21,294,594	\$247,612	\$126,763	223	\$10,185,565	\$45,675
North Sound	198	85	\$46,860,478	\$551,300	\$171,938	185	\$12,638,774	\$68,318



⁴⁶ Under [RCW 48.140.060](#) and [RCW 42.56.400\(10\)](#), some counties are grouped together to maintain confidentiality.

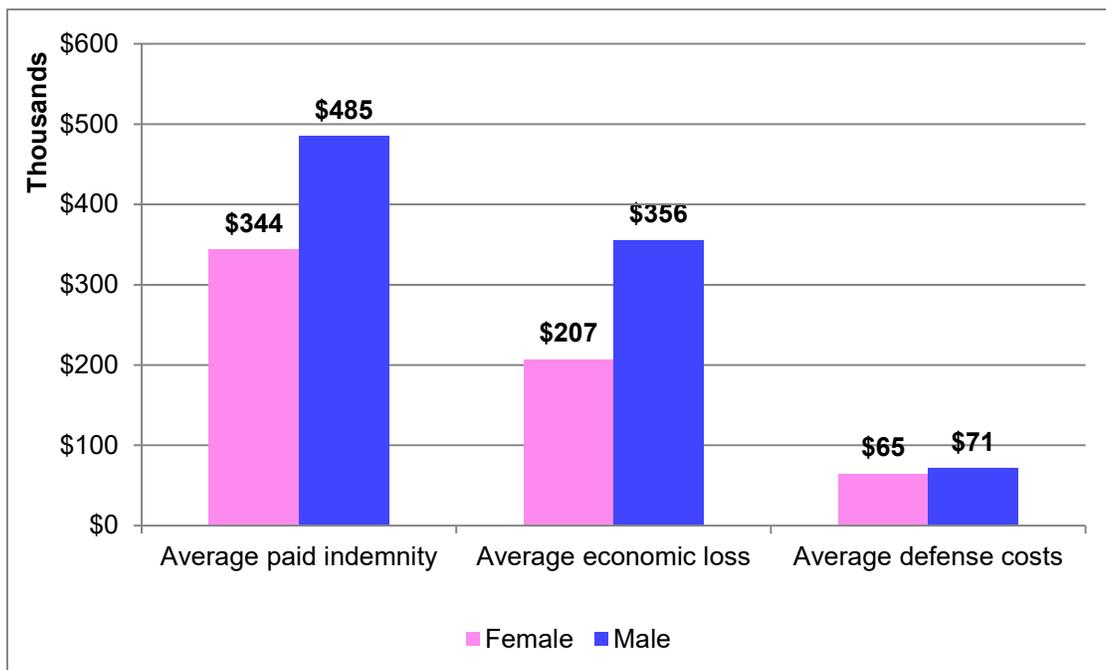
⁴⁷ **Yakima-Tri Cities** includes Benton, Franklin and Yakima counties. **East balance** includes Adams, Asotin, Chelan, Columbia, Douglas, Ferry, Garfield, Grant, Kittitas, Lincoln, Okanogan, Pend Oreille, Stevens, Walla Walla and Whitman counties. **Puget Sound Metro** includes Kitsap and Thurston counties. **West balance** includes Clallam, Cowlitz, Grays Harbor, Jefferson, Klickitat, Lewis, Mason, Pacific, Skamania and Wahkiakum counties. **North Sound** includes Island, San Juan, Skagit and Whatcom counties.

Gender statistics

56.7% of the claims reported the injured party was female and 43.3% of the claims reported the injured party was male. For a few claims, the gender was reported as unknown (not shown).

Five year period ending Dec. 31, 2019								
Gender	Total number of claims	Claims with paid indemnity	Total paid indemnity	Average paid indemnity	Average economic loss	Claims with defense costs	Total defense costs	Average defense costs
Female	2,400	1,057	\$363,570,593	\$343,965	\$207,071	2,092	\$135,136,564	\$64,597
Male	1,832	814	\$394,826,581	\$485,045	\$355,664	1,617	\$115,432,255	\$71,387

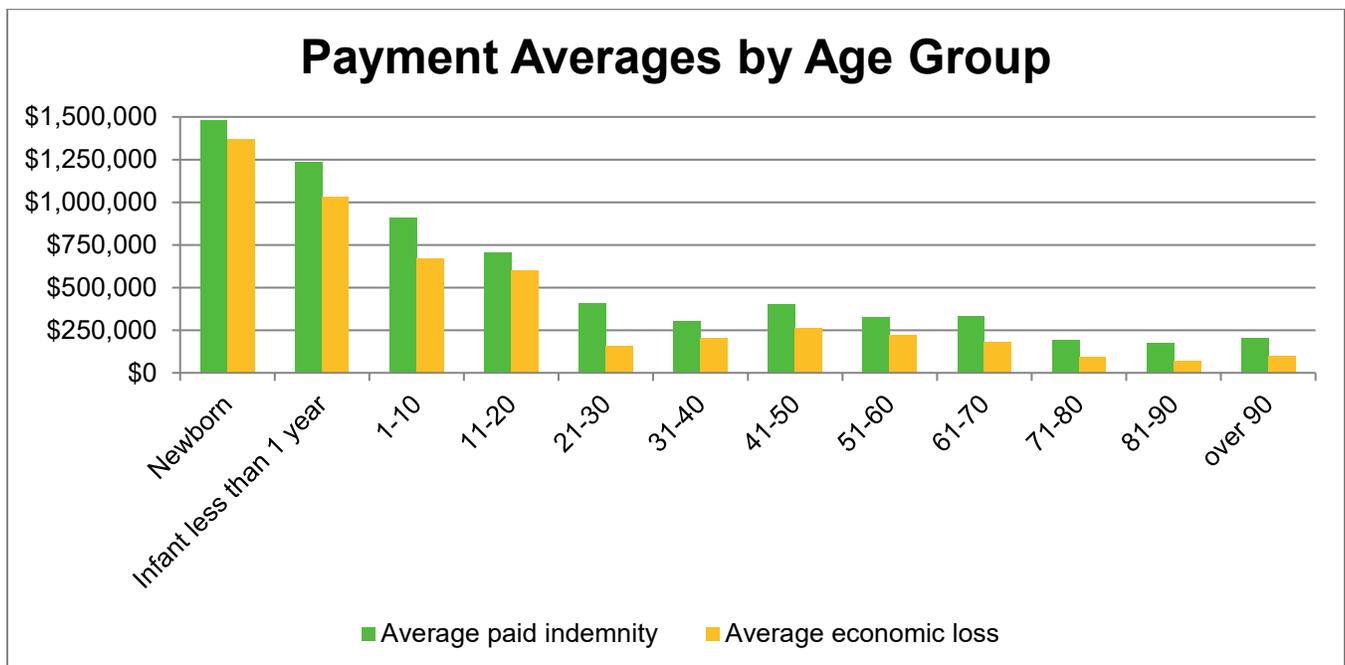
Average payments and defense costs were higher when the injured person was male. The chart below illustrates this comparison.



Age statistics

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

Five year period ending Dec. 31, 2019						
<u>Age group</u>	Total number of claims	Claims with paid indemnity	Average paid indemnity	Average economic loss	Claims with defense costs	Average defense cost
Newborn	153	68	\$1,481,954	\$1,367,687	141	\$201,545
Infant less than 1 yr.	49	28	\$1,232,249	\$1,032,820	43	\$153,961
1 10	72	41	\$907,674	\$668,626	58	\$64,261
11 20	129	69	\$704,801	\$598,150	99	\$60,843
21 30	367	160	\$407,017	\$155,965	317	\$77,576
31 40	585	241	\$300,697	\$200,999	521	\$61,565
41 50	760	308	\$400,145	\$262,252	680	\$61,639
51 60	908	362	\$326,394	\$223,343	800	\$63,329
61 70	694	330	\$331,789	\$183,262	608	\$53,214
71 80	314	147	\$189,420	\$92,832	277	\$44,682
81 90	184	103	\$174,208	\$70,543	152	\$75,926
over 90	23	16	\$201,346	\$98,981	18	\$46,062
Total	4,238	1,873	\$405,025	\$271,543	3,714	\$67,618



Trends

This chart shows estimates of trends in frequency and severity.⁴⁸ Average claim costs have been increasing.

Year closed	Average paid indemnity	Average limited indemnity	Average defense costs	Average of limited indemnity + defense costs	Number of claims closed
2010	\$212,851	\$167,484	\$37,641	\$115,023	928
2011	\$215,145	\$174,386	\$40,930	\$113,385	1,207
2012	\$169,887	\$144,012	\$50,081	\$113,480	1,182
2013	\$231,292	\$179,372	\$47,563	\$127,078	1,127
2014	\$269,353	\$236,575	\$58,177	\$156,593	1,044
2015	\$378,525	\$221,620	\$65,285	\$147,361	1,021
2016	\$281,556	\$219,297	\$65,419	\$154,056	898
2017	\$331,736	\$195,475	\$61,945	\$138,275	814
2018	\$453,832	\$275,128	\$72,591	\$198,282	836
2019	\$624,724	\$288,872	\$74,532	\$195,632	669
Annual trend	12.3%	6.4%	7.7%	6.4%	-4.8%

Average limited indemnity amounts were calculated by restricting individual claims to a maximum of \$1 million, which is a way to reduce volatility in the trend estimate. The estimated trend in the number of claims closed is biased low due to late reported claims; there will likely be more than 669 claims reported for 2019 as additional reports come in.

These trends should not be considered reliable estimates of changes in medical malpractice insurance costs over time for several reasons. For example, since medical malpractice claims can take several years to close, the averages shown for each year closed include data from incidents that occurred over many years. Thus trends estimated using closed-year data can be distorted by changes in claims settlement rates. The trend in the number of claims closed is a poor estimate of frequency trend. A frequency is calculated as the number of claims per exposure (e.g., per policy or per physician). Since insurers do not report policy counts, physician counts, or other exposure data, we cannot calculate a true frequency trend. These trend estimates could also be distorted by changes in data reporting compliance over time.

⁴⁸ An analysis of trends in frequency and severity is required by [RCW 48.140.050\(1\)\(a\)\(i\)](#). Trends shown are based on exponential least squares regression.

Statistics from medical malpractice lawsuits

This section of the report presents data submitted by plaintiffs' attorneys following the resolution of lawsuits filed against health care providers and facilities.

	<u>Year settled</u>				
	2015	2016	2017	2018	2019
Settlements reported by attorneys	48	42	34	31	8
Number of settlements with paid indemnity	45	40	31	31	6
Total paid indemnity	\$74,777,000	\$61,564,825	\$27,239,000	\$42,872,870	\$4,340,000
Average payment to claimant	\$1,661,711	\$1,539,121	\$878,677	\$1,382,996	\$723,333
Median payment to claimant	\$750,000	\$450,000	\$475,000	\$750,000	\$435,000
Total legal expenses	\$29,587,503	\$25,273,923	\$11,347,914	\$18,714,718	\$2,099,771
Total attorney fees	\$26,103,809	\$22,847,061	\$9,520,746	\$16,574,797	\$1,647,025
Average legal expense	\$616,406	\$601,760	\$333,762	\$603,701	\$262,471
Average fee paid to attorney	\$580,085	\$571,177	\$307,121	\$534,671	\$274,504

Over the five-year period ending Dec. 31, 2019, claimants received total compensation of \$210.8 million on 153 settlements, averaging \$1.4 million per settlement.

Claimants paid \$87 million for legal expenses, averaging \$533,889 per lawsuit. Claimants paid \$76.7 million in attorney fees, or an average of \$501,264 per settlement.⁴⁹ On average, the attorney fee was 36.4% of the total compensation paid to the claimant.

The average indemnity payment per settlement reported by attorneys was much higher than the average indemnity payment reported by insurers on a per-defendant basis. Per-lawsuit averages are expected to be higher than per-defendant averages, since settlements reported by attorneys can involve multiple defendants. Averages reported by attorneys may be biased high; attorneys might be less likely to report data to the OIC for lawsuits resulting in small indemnity payments.

⁴⁹ Attorneys in this area of litigation typically work on a contingency basis, and receive fees if one or more defendants compensate the claimant.

How lawsuits were settled

Very few settlements were the result of a judgment or verdict, and these settlements resulted in the lowest average indemnity payment at \$647,500. The average attorney fee for lawsuits resolved in court was \$258,188, or 39.9% of the total judgment or verdict.

<u>Five year period ending Dec. 31, 2019</u>				
<u>Lawsuit settlement method</u>	Average legal expense paid by claimant	Average paid indemnity to claimant	Attorney fees per settlement with indemnity	Attorney fee as % of indemnity
Settled by parties	\$630,820	\$1,550,624	\$562,517	36.3%
Alternative dispute resolution	\$448,934	\$1,102,794	\$402,628	36.5%
Verdicts	\$176,494	\$647,500	\$258,188	39.9%

Gender of claimant

More settlements involved female claimants: 55.2% compared to 44.8% with male claimants.

<u>Five year period ending Dec. 31, 2019</u>						
<u>Gender</u>	Settlements with legal fees	Total legal fees	Average legal expense paid by claimant	Settlements with paid indemnity	Total paid indemnity	Average indemnity paid to claimant
Female	90	\$28,304,300	\$314,492	81	\$66,362,195	\$819,286
Male	73	\$58,719,529	\$804,377	72	\$144,431,500	\$2,005,993
Total	163	\$87,023,829	\$533,889	153	\$210,793,695	\$1,377,737

Age of claimant

Attorneys reported the age group of the claimant. This table shows that the settlements involving older claimants tended to have lower average indemnity payments and legal expenses.

Five year period ending Dec. 31, 2019						
<u>Age group</u>	Settlements with legal expenses	Total legal expenses	Average legal expenses	Settlements with paid indemnity	Total paid indemnity	Average paid indemnity
Ages 0 10	13	\$9,466,376	\$728,183	13	\$22,320,000	\$1,716,923
Ages 11 20	5	\$2,496,387	\$499,277	5	\$6,210,000	\$1,242,000
Ages 21 30	10	\$7,421,689	\$742,169	10	\$17,830,000	\$1,783,000
Ages 31 40	19	\$6,344,309	\$333,911	18	\$16,827,000	\$934,833
Ages 41 50	34	\$20,488,768	\$602,611	31	\$46,762,162	\$1,508,457
Ages 51 60	28	\$19,913,822	\$711,208	26	\$51,372,500	\$1,975,865
Ages 61 70	28	\$14,131,115	\$504,683	28	\$33,503,033	\$1,196,537
Ages 71 80	22	\$6,160,422	\$280,019	18	\$14,594,000	\$810,778
Ages 81 and over	4	\$600,941	\$150,235	4	\$1,375,000	\$343,750
Total	163	\$87,023,829	\$533,889	153	\$210,793,695	\$1,377,737

Settlements by county

Five year period ending Dec. 31, 2019						
Region	Settlements with legal expenses	Total legal expenses	Average legal expense	Settlements with paid indemnity	Total paid indemnity	Average paid indemnity
King	72	\$44,098,035	\$612,473	68	\$109,551,370	\$1,611,050
Clark	21	\$6,894,020	\$328,287	20	\$16,131,163	\$806,558
Puget Sound Metro	15	\$6,703,904	\$446,927	13	\$16,050,000	\$1,234,615
Pierce	14	\$5,988,187	\$427,728	14	\$13,627,162	\$973,369
Spokane	12	\$5,487,924	\$457,327	11	\$13,609,000	\$1,237,182
Yakima Tri Cities	11	\$1,626,618	\$147,874	11	\$3,425,000	\$311,364
Snohomish	7	\$5,491,988	\$784,570	7	\$12,900,000	\$1,842,857
North Sound	6	\$10,074,413	\$1,679,069	5	\$24,200,000	\$4,840,000
Remainder of state	5	\$658,740	\$231,488	4	\$1,300,000	\$325,000
Total	163	\$87,023,829	\$533,889	153	\$210,793,695	\$1,377,737

Attorneys reported settlement data by county where the medical incident occurred. To provide meaningful information regarding differences by location, we divided the state into nine regions.⁵⁰ King County had the highest total paid indemnity, but only the third-highest average paid indemnity. A few extremely large settlements in 2015 pushed the North Sound region into the top spot for average paid indemnity at \$4.8 million.

⁵⁰ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), some counties are grouped together to maintain confidentiality. **Yakima-Tri Cities** includes Benton, Franklin and Yakima counties. **Puget Sound Metro** includes Kitsap and Thurston counties. **North Sound** includes Island, San Juan, Skagit and Whatcom counties.

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. As a result, most losses do not 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 many arose from incidents that occurred several years ago.
3. This report contains claims that closed during a limited period.
4. The OIC cannot use data in this report 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. In producing this report, the OIC has relied upon data submitted by insurers, self-insurers, and attorneys. Data may contain anomalies. The OIC audits data and has adopted administrative rules that contain data definitions and reporting instructions, but 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.
6. The OIC has not adjusted the data for economic differences occurring during the report period, such as inflation and the cost of medical care.
7. These data do not distinguish between policies and coverage amounts. Insurers and self-insurers do not report policy limits, 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 reduces inconsistencies and inaccuracies by limiting the amount of incomplete reporting.
9. This report analyzes only closed claims. 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. For example, the impact of recent legislation or judicial decisions will not be reflected in a closed claim database.
10. Although insurers and self-insurers report data only after the claim has been closed, they occasionally re-open claims that were previously closed. Amounts reported may not be the true, ultimate amounts.

Appendices

Appendix A: Profitability

Physicians Insurance, a Mutual Company								
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<u>Year</u>	Net premium written	Net premium earned	Underwriting expense ratio	Loss and LAE ratio	Dividend ratio	Combined ratio [c+d+e]	Net investment income ratio	Operating ratio [f g]
2010	69,704,876	65,704,876	16.2%	70.9%	7.7%	94.8%	20.8%	74.1%
2011	73,321,941	70,370,781	15.3%	82.7%	7.2%	105.1%	19.0%	86.2%
2012	67,765,626	65,640,184	17.9%	80.0%	7.7%	105.7%	19.4%	86.2%
2013	72,889,552	69,671,138	16.9%	85.2%	7.3%	109.3%	19.6%	89.7%
2014	76,701,101	75,121,138	16.6%	82.1%	6.7%	105.5%	19.8%	85.7%
2015	76,301,471	71,271,073	18.9%	84.4%	7.0%	110.3%	20.8%	89.5%
2016	78,240,313	78,437,989	20.9%	82.2%	6.4%	109.5%	18.8%	90.6%
2017	81,130,272	79,275,075	19.9%	81.0%	6.3%	107.3%	18.5%	88.7%
2018	94,256,910	93,442,936	20.5%	81.0%	5.4%	106.9%	16.1%	90.8%
2019	110,476,767	104,381,324	20.4%	88.5%	4.8%	113.7%	17.6%	96.0%
Total	800,788,829	773,316,514	18.5%	82.2%	6.5%	107.2%	18.9%	88.3%
Five year period to period results								
2010 2014	360,383,096	346,508,117	16.6%	80.3%	7.3%	104.2%	19.7%	84.5%
2015 2019	440,405,733	426,808,397	20.2%	83.6%	5.9%	109.7%	18.2%	91.4%

The Doctors Co., an Interinsurance Exchange

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Year	Net premium written	Net premium earned	Underwriting expense ratio	Loss and LAE ratio	Dividend ratio	Combined ratio [c+d+e]	Net investment income ratio	Operating ratio [f g]
2010	527,973,477	525,540,006	22.4%	55.9%	2.6%	81.0%	28.5%	52.5%
2011	564,467,114	536,671,691	21.4%	63.0%	3.3%	87.7%	26.1%	61.6%
2012	596,528,843	584,386,263	19.8%	69.1%	3.2%	92.1%	15.3%	76.8%
2013	675,729,455	641,792,914	21.2%	75.1%	3.1%	99.4%	15.5%	83.8%
2014	644,037,543	659,903,069	23.1%	78.3%	2.8%	104.2%	1.4%	102.7%
2015	622,861,093	628,266,492	24.2%	74.5%	3.8%	102.5%	4.4%	98.1%
2016	602,359,134	610,408,597	25.0%	77.7%	4.6%	107.3%	5.7%	101.6%
2017	595,891,924	600,702,260	24.9%	77.0%	3.8%	105.7%	12.0%	93.6%
2018	620,395,036	620,335,603	25.3%	85.7%	2.2%	113.2%	17.5%	95.7%
2019	627,555,678	623,780,051	28.2%	81.0%	1.4%	110.7%	11.3%	99.3%
Total	6,077,799,297	6,031,786,946	23.6%	74.2%	3.1%	100.9%	13.3%	87.6%
Five year period to period results								
2010 2014	3,008,736,432	2,948,293,943	21.6%	69.0%	3.0%	93.6%	16.6%	77.0%
2015 2019	3,069,062,865	3,051,020,429	25.5%	79.2%	3.1%	107.9%	10.2%	97.7%

The Medical Protective Co.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Year	Net premium written	Net premium earned	Underwriting expense ratio	Loss and LAE ratio	Dividend ratio	Combined ratio [c+d+e]	Net investment income ratio	Operating ratio [f g]
2010	334,684,035	322,277,708	19.1%	59.2%	0.0%	78.4%	26.5%	51.9%
2011	327,172,569	302,854,289	24.6%	48.7%	0.0%	73.3%	31.5%	41.9%
2012	643,824,861	616,894,746	14.9%	71.7%	0.0%	86.6%	20.8%	65.8%
2013	366,900,050	371,799,546	24.1%	51.3%	0.0%	75.3%	32.8%	42.6%
2014	-680,001,929	-575,282,426	-3.1%	114.5%	0.0%	111.5%	-17.0%	128.5%
2015	226,451,495	214,665,128	23.7%	59.5%	0.0%	83.2%	46.1%	37.2%
2016	255,837,377	228,980,322	23.7%	65.0%	0.0%	88.8%	39.5%	49.3%
2017	239,978,122	251,862,659	26.0%	58.0%	0.0%	84.0%	37.2%	46.7%
2018	260,421,768	260,308,096	24.0%	64.2%	0.0%	88.1%	40.2%	47.9%
2019	288,139,624	274,597,913	22.1%	72.5%	0.0%	94.6%	45.7%	48.8%
Total	2,263,407,972	2,268,957,981	28.8%	48.5%	0.0%	77.3%	45.9%	31.4%
Five year period to period results								
2010 2014	992,579,586	1,038,543,863	35.2%	30.0%	0.0%	65.3%	50.9%	14.4%
2015 2019	1,270,828,386	930,931,283	23.8%	64.1%	0.0%	87.9%	41.7%	46.2%

Appendix B: Reserve development

Physicians Insurance, a Mutual Company

Incurred net losses and defense and cost containment expenses (\$000 omitted)

Year in which losses occurred	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	One year dev.	Cumulative dev.	
Prior	112,751	96,457	83,911	79,406	73,746	71,911	73,682	70,982	71,190	70,924	-266	-41,827	
2010	61,648	52,493	48,490	46,159	45,100	39,208	38,096	37,630	38,646	38,672	26	-22,976	
2011		68,571	61,519	54,457	50,314	48,425	47,268	46,997	46,497	45,400	-1,097	-23,171	
2012			64,479	58,836	60,309	54,902	49,046	48,009	47,525	47,022	-503	-17,457	
2013				65,630	56,757	49,966	44,418	37,641	36,266	35,511	-755	-30,119	
2014					65,379	63,625	59,703	55,647	49,941	49,884	-57	-15,495	
2015						67,830	64,651	65,694	62,944	64,173	1,229	-3,657	
2016							66,696	62,982	53,921	52,100	-1,821	-14,596	
2017								66,331	68,246	69,232	986	2,901	
2018									72,676	71,001	-1,675	-1,675	
2019										77,955			
											Total	-3,933	-168,072

The Doctors Co., an Interinsurance Exchange

Incurred net losses and defense and cost containment expenses (\$000 omitted)

Year in which losses occurred	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	One year dev.	Cumulative dev.	
Prior	531,292	454,508	394,744	365,148	353,954	344,394	342,680	341,491	340,579	339,523	-1,056	-191,769	
2010	384,936	360,284	358,923	352,613	312,559	303,470	301,084	298,970	299,656	293,836	-5,820	-91,100	
2011		402,382	401,470	401,593	398,810	359,691	350,613	350,850	350,954	347,894	-3,060	-54,488	
2012			437,363	421,491	420,738	407,422	369,422	332,719	327,824	322,939	-4,885	-114,424	
2013				478,868	479,267	475,791	475,791	458,008	457,972	433,614	-24,358	-45,254	
2014					523,776	523,475	523,475	520,327	519,162	425,875	-93,287	-97,901	
2015						499,160	499,644	498,925	495,904	483,729	-12,175	-15,431	
2016							467,527	465,811	467,528	499,157	31,629	31,630	
2017								466,642	466,886	490,691	23,805	24,049	
2018									474,260	496,802	22,542	22,542	
2019										463,018			
											Total	-66,665	-532,146

The Medical Protective Co.

Incurred net losses and defense and cost containment expenses (\$000 omitted)

Year in which losses occurred	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	One year dev.	Cumulative dev.	
Prior	918,381	789,905	790,639	684,114	444,967	416,907	397,643	383,562	374,098	370,884	-3,214	-547,497	
2010	293,913	279,180	305,693	293,658	175,727	160,459	151,892	143,426	137,797	136,726	-1,071	-157,187	
2011		282,074	314,451	301,159	169,322	154,949	146,890	136,678	129,861	125,390	-4,471	-156,684	
2012			322,195	315,585	163,486	159,471	152,546	135,840	127,642	124,086	-3,556	-198,109	
2013				322,225	157,295	155,514	149,149	139,670	129,103	122,557	-6,546	-199,668	
2014					174,469	177,627	172,179	162,275	153,700	140,992	-12,708	-33,477	
2015						186,030	183,767	175,535	168,667	160,859	-7,808	-25,171	
2016							185,285	184,199	180,654	175,884	-4,770	-9,401	
2017								187,661	185,686	182,851	-2,835	-4,810	
2018									193,274	193,409	135	135	
2019										199,180			
											Total	-46,844	-1,331,869

Appendix C: Rate filing information

<u>NAIC Code</u>	<u>Company</u>	<u>Description</u>	<u>Approved Change</u>	<u>Effective Date</u>
10677	Cincinnati Ins. Co.	Home Health Care, Health Care Facilities	15.8%	9/1/2020
--	Ins. Services Office Inc.	Hospitals, Physicians, Surgeons, Dentists	-8.1%	5/1/2020
42617	MAG Mutual Ins. Co.	Physicians, Surgeons	New Program	4/14/2020
34495	Doctors Co. An Interins. Exchange	Physicians, Surgeons, Ancillary Healthcare Providers	7.3%	1/1/2020
14460	Podiatry Ins. Co. of America	Chiropractors	New Program	12/31/2019
11843	Medical Protective Co.	Multi-Specialty Health Care Providers, CRNAs	-1.0%	12/1/2019
10222	PACO Assurance Co. Inc.	Chiropractors	5.0%	12/1/2019
19917	Liberty Ins. Underwriters, Inc.	Home Health Care	New Program	11/12/2019
19917	Liberty Ins. Underwriters, Inc.	Psychiatrists	New Program	11/12/2019
25224	Great Divide Ins. Co.	Optometrists	20.0%	11/1/2019
11843	Medical Protective Co.	Multi-Specialty Health Care Providers	-5.7%	10/1/2019
10801	Fortress Ins. Co.	Dentists	2.0%	10/1/2019
33200	NORCAL Mutual Ins. Co.	Multi-Specialty Health Care Providers	-0.8%	7/1/2019
12260	Campmed Cas. & Ind. Co. Inc.	Physicians and Surgeons	New Program	6/25/2019
35157	Fair American Ins. and Reins. Co.	Psychiatrists	-0.7%	6/1/2019
11127	Professional Solutions Ins. Co.	Dentists	5.0%	3/1/2019
40975	Dentists Ins. Co.	Dentists	New Program	1/1/2019
40975	Dentists Ins. Co.	Dental Hygienists	New Program	1/1/2019
11843	Medical Protective Co.	Multi-Specialty Health Care Providers	0.0%	1/1/2019
15865	NCMIC Ins. Co.	Chiropractors	-2.4%	1/1/2019
111843	Medical Protective Co.	Physicians and Surgeons	-0.7%	1/1/2019
28665	Cincinnati Cas. Co.	Dentists	6.1%	1/1/2019
23280	Cincinnati Ind. Co.	Dentists	0.0%	1/1/2019
10677	Cincinnati Ins. Co.	Dentists	3.4%	1/1/2019

Appendix D: 2018 NAIC profitability of medical professional liability insurance

State	Direct premiums earned (000s)	Percent of direct premiums earned								Percent of net worth			
		Losses incurred	Loss adjust expense	Under-writing expense	Dividend to plcyhdr	Under-writing profit	Invest gain on ins. trans.	Tax on ins. trans.	Profit on ins. trans.	Earned prem. to net worth	Inv. gain on net worth	Tax on inv.gain on net worth	Return on net worth
Alabama	121,659	7.0	45.1	20.4	1.3	26.2	13.4	7.8	31.8	48.0	3.6	0.6	18.2
Alaska	23,486	19.7	23.2	21.9	9.2	26.0	10.1	7.2	29.0	59.5	3.6	0.6	20.2
Arizona	205,335	40.5	23.2	22.9	11.8	1.6	13.3	2.6	12.3	46.2	3.6	0.6	8.7
Arkansas	63,763	40.3	25.9	26.3	1.7	5.7	12.7	3.3	15.1	50.3	3.6	0.6	10.6
California	757,994	40.1	27.9	24.4	1.5	6.0	11.8	3.3	14.6	52.9	3.6	0.6	10.7
Colorado	149,922	41.7	24.4	20.9	11.9	1.0	11.7	2.2	10.6	52.8	3.6	0.6	8.6
Connecticut	190,311	77.7	30.8	21.3	0.1	-29.9	13.7	-4.0	-12.3	48.6	3.6	0.6	-3.0
Delaware	30,366	57.8	37.1	25.4	0.5	-20.8	14.5	-1.9	-4.3	43.9	3.6	0.6	1.1
District of Columbia	27,848	2.9	2.5	27.7	0.4	66.4	12.7	16.1	63.0	50.3	3.6	0.6	34.7
Florida	603,383	61.2	29.1	25.8	1.8	-17.9	12.0	-1.7	-4.2	52.6	3.6	0.6	0.8
Georgia	300,212	83.8	32.3	23.8	4.2	-44.0	12.9	-7.1	-24.1	49.3	3.6	0.6	-8.9
Hawaii	29,382	28.4	24.1	22.9	10.1	14.5	12.7	5.2	22.0	49.8	3.6	0.6	14.0
Idaho	31,161	51.9	27.1	25.0	5.7	-9.7	12.0	0.0	2.3	52.4	3.6	0.6	4.2
Illinois	462,732	59.2	33.0	25.0	3.5	-20.7	17.3	-1.4	-2.0	38.7	3.6	0.6	2.3
Indiana	124,290	38.6	30.2	20.6	0.2	10.4	16.5	5.0	21.9	40.9	3.6	0.6	11.9
Iowa	62,867	110.1	34.9	23.3	1.5	-69.9	13.7	-12.4	-43.8	47.9	3.6	0.6	-18.0
Kansas	63,965	50.3	39.8	23.5	1.0	-14.7	13.0	-0.9	-0.8	50.4	3.6	0.6	2.6
Kentucky	113,178	70.9	40.5	23.6	1.5	-36.4	17.7	-4.7	-14.0	38.2	3.6	0.6	-2.4
Louisiana	93,187	14.7	21.6	24.7	2.3	36.6	15.0	10.2	41.4	44.1	3.6	0.6	21.3
Maine	45,832	74.6	17.7	22.1	2.6	-17.0	13.6	-1.3	-2.1	47.5	3.6	0.6	2.0
Maryland	287,831	46.7	19.7	22.1	10.8	0.7	10.0	1.8	8.9	61.4	3.6	0.6	8.5
Massachusetts	321,495	13.7	25.4	20.9	2.6	37.4	17.3	10.8	43.9	40.0	3.6	0.6	20.5
Michigan	186,494	34.8	21.9	23.2	0.9	19.2	13.8	6.4	26.6	46.7	3.6	0.6	15.4
Minnesota	78,066	65.5	23.2	24.9	1.8	-15.4	10.8	-1.4	-3.2	58.8	3.6	0.6	1.1
Mississippi	45,521	9.0	18.6	28.3	0.8	43.3	12.3	11.2	44.4	51.8	3.6	0.6	26.0
Missouri	143,390	60.1	21.1	23.6	11.0	-15.8	12.1	-1.3	-2.4	52.3	3.6	0.6	1.7
Montana	43,679	59.4	34.8	25.3	0.9	-20.4	11.9	-2.3	-6.2	53.2	3.6	0.6	-0.3
Nebraska	32,251	60.1	34.6	31.0	0.6	-26.3	16.4	-2.7	-7.1	40.4	3.7	0.6	0.2
Nevada	67,169	22.9	27.7	25.3	0.4	23.7	12.0	7.0	28.7	52.1	3.6	0.6	17.9
New Hampshire	46,300	78.7	38.5	26.8	0.8	-44.9	15.1	-6.9	-22.9	43.8	3.6	0.6	-7.0
New Jersey	406,137	34.0	24.2	25.2	0.3	16.3	18.7	6.6	28.4	36.2	3.6	0.6	13.3
New Mexico	56,324	123.5	58.5	24.9	1.3	-108.2	14.4	-20.3	-73.5	45.7	3.6	0.6	-30.6
New York	1,620,147	41.5	26.4	20.2	0.0	11.9	22.9	6.4	28.4	30.8	3.6	0.6	11.7
North Carolina	165,433	23.6	21.8	23.3	4.7	26.6	11.3	7.5	30.4	54.7	3.6	0.6	19.6
North Dakota	9,429	66.8	34.8	27.3	7.2	-36.0	13.8	-5.2	-17.0	46.7	3.6	0.6	-4.9

State	Direct premiums earned (000s)	Percent of direct premiums earned								Percent of net worth			
		Losses incurred	Loss adjust expense	Under-writing expense	Dividend to pcyhdr	Under-writing profit	Invest gain on ins. trans.	Tax on ins. trans.	Profit on ins. trans.	Earned prem. to net worth	Inv. gain on net worth	Tax on inv.gain on net worth	Return on net worth
Ohio	225,157	42.3	13.6	25.5	1.7	16.9	17.6	6.5	28.0	38.0	3.6	0.6	13.6
Oklahoma	94,901	56.6	19.4	25.6	0.2	-1.8	14.0	2.0	10.2	46.2	3.6	0.6	7.7
Oregon	88,206	36.0	27.1	22.6	2.2	12.1	11.9	4.6	19.5	52.6	3.6	0.6	13.2
Pennsylvania	644,204	64.8	31.5	19.8	0.3	-16.5	16.2	-0.7	0.4	41.8	3.6	0.6	3.1
Rhode Island	28,292	126.4	37.1	23.6	0.2	-87.3	29.1	-13.4	-44.8	24.6	3.6	0.6	-8.0
South Carolina	70,310	76.2	33.3	26.7	3.8	-39.9	15.6	-5.7	-18.5	42.2	3.6	0.6	-4.8
South Dakota	15,620	-1.1	22.3	26.2	0.2	52.3	11.4	12.9	50.8	55.4	3.6	0.6	31.2
Tennessee	207,389	52.6	38.6	19.4	2.7	-13.2	18.2	0.3	4.7	37.4	3.6	0.6	4.7
Texas	334,985	48.4	27.4	26.6	0.8	-3.1	11.2	1.2	6.8	55.5	3.6	0.6	6.8
Utah	57,339	54.8	39.2	22.7	2.4	-19.1	12.9	-1.8	-4.4	50.9	3.6	0.6	0.8
Vermont	16,119	33.2	17.5	37.7	2.1	9.4	13.1	4.2	18.4	47.5	3.8	0.6	11.9
Virginia	185,521	35.9	24.4	26.0	3.3	10.4	11.9	4.2	18.1	52.7	3.6	0.6	12.5
Washington	164,623	52.7	23.3	23.5	3.3	-2.8	12.7	1.6	8.3	50.6	3.6	0.6	7.2
West Virginia	70,458	65.9	25.8	26.6	2.5	-20.9	12.0	-2.4	-6.6	53.0	3.6	0.6	-0.5
Wisconsin	77,253	23.9	9.0	21.9	0.3	44.9	13.3	11.7	46.5	48.4	3.6	0.6	25.5
Wyoming	21,892	35.1	22.0	28.1	2.1	12.6	12.1	4.7	20.0	52.9	3.6	0.6	13.6
Guam	897	112.2	25.9	23.8	0.1	-62.0	9.3	-11.4	-41.2	60.0	3.6	0.6	-21.7
Puerto Rico	68,471	3.4	19.8	24.1	0.0	52.7	11.6	13.0	51.3	54.9	3.6	0.6	31.2
U.S. Virgin Islands	318	31.3	-0.7	35.4	0.6	33.3	7.4	8.2	32.4	78.6	3.7	0.6	28.5
N Mariana Islands	3	-273.6	-56.8	29.9	0.0	400.6	21.3	87.7	334.2	33.8	3.6	0.6	116.1
Countrywide	9,382,497	47.8	27.5	23.1	2.3	-0.7	15.6	2.5	12.4	42.7	3.6	0.6	8.3