

2018 Medical Malpractice Annual Report

Claims closed from Jan. 1, 2013 through Dec. 31, 2017
Sept. 1, 2018

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www.insurance.wa.gov

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.

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 ninth 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.

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Key statistics

About the medical professional liability insurance market

- The pure loss ratio² for 2017 was 69.7 percent. This is the highest such ratio since 2002.
- Defense costs were 24.4 percent of premium for 2017. This is the highest such ratio since 2001.
- Annual written premiums increased by \$6.4 million in 2017. This is the first increase in written premiums since 2010.
- Lower claim reserves have fueled profitability since 2007. 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 \$194 million over its original estimates. Reserves released from prior years translate into profit for the current year.
- Profitability remains strong. The operating ratio for Physicians Insurance, the admitted insurer with the largest market share in Washington, was 88.7 percent in 2017, compared to 88.4 percent for the prior five years.⁴
- Medical professional liability rates are stable or declining. The most recent physicians and surgeons rate change filing submitted to the insurance commissioner was a 7.6 percent reduction by Medical Protective Co. for 2015 policies. Physicians Insurance has not filed to change its rates since 2009.

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 court verdicts

Information submitted by insurers and self-insurers cannot be directly compared to lawsuit data submitted by attorneys. Insurers and self-insurers report data separately for each defendant, while attorneys submit one final settlement report that includes payments made by all defendants. In spite of these differences, some information reported by both groups about lawsuits is comparable.

- From 2013 through 2017:
 - Insurers and self-insurers paid \$31 million for plaintiff verdicts or judgments. Judgments and verdicts were few in number. Of the 24 plaintiff verdicts or judgments, 22 had a payment⁵ averaging \$1.4 million.
 - Attorneys reported that defendants paid \$19.1 million to plaintiffs when a lawsuit led to a plaintiff verdict or judgment. Judgments and verdicts were few in number, only seven, and resulted in an average payment of \$2.7 million.⁶
- Most claims resolved by the courts end in favor of the defendant. Insurers and self-insurers reported that 152 claims were resolved by the courts in their favor in 2017, compared to 185 per year on average for the previous four years.
- Defending lawsuits is costly to insurers and self-insurers. Both groups spent \$70.6 million defending lawsuits in which they ultimately prevailed—2.3 times the total indemnity payments for plaintiff judgments or verdicts.

⁵ In cases where a lawsuit has more than one defendant, some defendants may not be responsible to compensate the claimant.

⁶ 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.

About claim data submitted by insurers and self-insurers

Total claims: Insurers and self-insurers reported closing 4,898 claims between 2013 and 2017 with an indemnity payment, defense costs, or both types of payments.⁷ ⁸ Commercial insurers reported 2,831 claims, self-insured entities reported 1,870 claims, and risk retention groups reported 197 claims.⁹

Payments to claimants: Insurers and self-insurers paid \$632 million on 2,167 claims over the five-year period, or \$291,620 per paid claim.

- Average indemnity payments over the five-year period varied, from a low of \$231,292 in 2013 to a high of \$378,525 in 2015. The median indemnity payment for the five-year period was \$52,500.
- Economic loss payments totaled \$390 million, an average of \$179,891 per paid claim. On average, insurers and self-insurers attributed 61.7 percent of each claim payment to economic loss.
- Insurers and self-insurers closed 44.2 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 the claims closed with an indemnity payment, 8.4 percent closed with a payment of \$1 million or more. These claims account for 57.2 percent of total paid indemnity over the five-year period.

Defense costs: Insurers and self-insurers paid \$251 million to defend 4,246 claims, an average of \$59,150 per claim. After increasing during the prior three years, average defense costs decreased from \$67,191 in 2016 to \$60,795 in 2017.

⁷ This report includes claims data reported and edited through March 20, 2018.

⁸ 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.

⁹ Commercial insurers include both admitted and surplus line insurers.

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:

- 71.4 percent of claims by negotiation, and these settlements comprised 59 percent of the total paid indemnity.
- 19.6 percent of claims by alternative dispute resolution (arbitration, mediation, or private trial). These settlements comprised 35.5 percent of the total paid indemnity over the five-year period.

Payments by type of medical provider: The insurer or self-insurer identified the type of medical provider in 77.9 percent of the closed claim reports.¹⁰ Claimants made the remaining claims against an organization, not an individual medical provider.

- Nursing resulted in the most closed claims at 592. Of these claims, 415 resulted in paid indemnity averaging \$173,129. Median paid indemnity was \$27,778.
- For physician specialties, emergency medicine had the most claims at 294, with 89 resulting in paid indemnity averaging \$362,521. Median paid indemnity was \$95,000. Pediatrics had the highest average paid indemnity of \$1.3 million, with median paid indemnity of \$200,000.

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 \$59,688. Claims that took at least four years to settle had average indemnity payments of \$659,473.
- The amount paid for defense costs also increased with the age of the claim. For the 1,146 claims with defense costs closed within one year after report date, average defense costs were \$8,179. That figure rose to \$38,342 for 1,432 claims that closed in the second year. The 192 claims with defense costs that closed five or more years after report date had average defense costs of \$236,354.

¹⁰ Physician specialties, dental specialties and other types of medical providers.

Regional comparisons: Just under one-third of the claims, or 1,475, were in King County. Of these, 45.4 percent resulted in indemnity payments totaling \$213.1 million, an average of \$318,003 per claim.

Allegations:

- Improper performance was the most common allegation, with 873 claims and 330 indemnity payments that averaged \$209,638.
- Vicarious liability was the second-most common allegation, with 786 claims and 285 indemnity payments that averaged \$395,322.

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 insurance commissioner once the litigation is resolved. For settlements resolved between 2013 and 2017¹¹:

Compensation to claimants: Attorneys reported that claimants received total compensation of \$304.5 million on 226 claims, an average of \$1.4 million per settlement. Attorney fees were \$108.5 million, an average of \$500,011 per reported settlement. On average, the attorney fees were 35.6 percent of the total compensation paid to the claimant.

How lawsuits settled: When an indemnity payment was made, 39.2 percent of lawsuits were settled in mediation. Mediated settlements had an average indemnity payment of \$1.3 million and an average legal expense of \$530,547. Only seven lawsuits were reported as resolved by jury verdicts in favor of the plaintiff. These verdicts resulted in total paid indemnity of \$19.1 million, an average of \$2.7 million per case.

Regional comparisons: The largest number of lawsuits were filed in King County, with 109 lawsuits, or 48.2 percent 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 \$2.9 million.

Settlement by age of claimant: The most expensive settlements involved patients younger than 11 years old. In cases involving patients up to 10 years old, there were 16 settlements averaging \$2.9 million in paid indemnity and \$1.2 million in legal expenses.

¹¹ This report includes data reported by attorneys through May 3, 2018.

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.¹² 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.¹³

Insurers, self-insurers and attorneys must report claim data for the prior year to the insurance commissioner by March 1 each year.¹⁴ Attorneys’ compliance with the reporting law has been low, and the insurance commissioner does not have enforcement mechanisms to improve compliance.¹⁵ 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.¹⁶

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.

¹² 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.

¹³ [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.

¹⁴ See [RCW 48.140.020\(2\)](#) and [WAC 284-24E-090](#).

¹⁵ 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](#).

¹⁶ [RCW 48.140.050](#) lists information that must be provided by this report.

- Information about medical malpractice rate changes approved last year.
- Information about incurred losses and defense costs for medical professional liability insurance.

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.¹⁷ ¹⁸ Each closed claim report is associated with one defendant.¹⁹

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.

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.²⁰
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.²¹ 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.

¹⁷ [RCW 48.140.010](#)(1) defines a claim.

¹⁸ 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.

¹⁹ [RCW 48.140.010](#)(3) defines a closed claim.

²⁰ See [WAC 284-24D-020](#)(1), [WAC 284-24D-330](#) and [WAC 284-24D-340](#).

²¹ 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. 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 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.²²
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.^{23 24}

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.

²² [WAC 284-24E-150](#).

²³ Attorney fees for legal representation are generally contingent fees that are payable if indemnity payments are made by one or more defendants.

²⁴ [RCW 7.70.140\(2\)\(b\)\(v\)](#).

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.

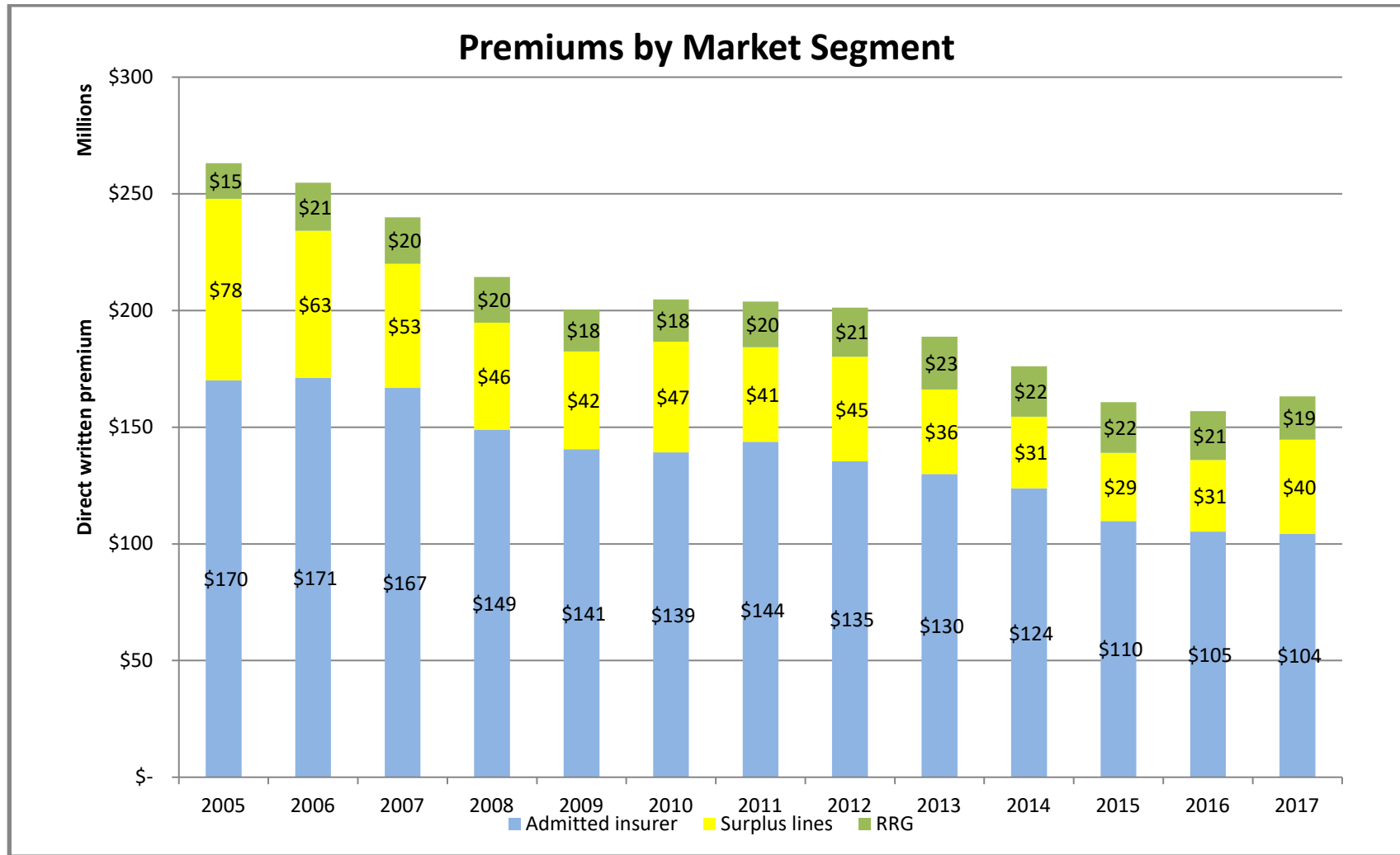
In 2000, admitted insurers wrote 95.4 percent of medical professional liability insurance premiums in Washington. Physicians Insurance Group led the market with 52.7 percent of the admitted market share and 50.3 percent of total market share.²⁵ By 2017, the admitted market wrote only 63.9 percent of 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 58.2 percent, but its share of the overall market was much lower, at 37.2 percent.

²⁵ 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.

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 2006-2010 was 63.9 percent, compared to its 2011-2017 ratio of 88.1 percent.

Written premiums in the state have fallen 38 percent since 2005. Though the trend seems to be slowing, physicians, particularly younger physicians, continue to move away from independent practice and seek employment in large groups and hospitals. A shrinking malpractice insurance market has led to highly competitive conditions.

This chart shows the distribution of written premiums for each segment of the medical professional liability insurance market. Premiums for admitted insurers have declined significantly since 2005. After declining for many years, premiums for surplus line insurers increased significantly in 2017.

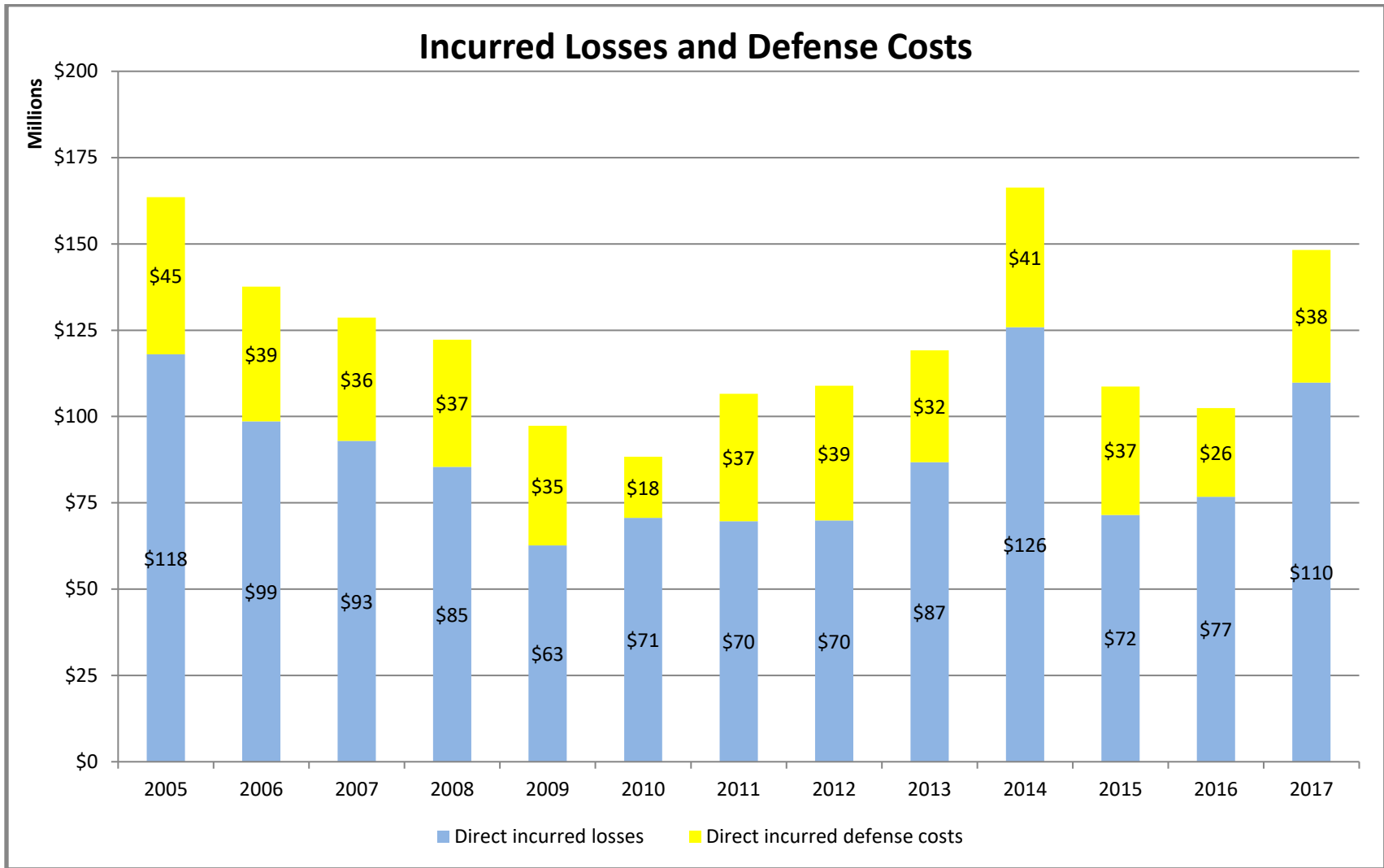


Loss history

The overall loss and defense cost ratio for medical professional liability insurance in Washington increased dramatically in 2017, due to a large increase in incurred losses, compounded by continued decreases in earned premiums. The 94.1 percent loss and defense cost ratio for 2017 is the highest such ratio since 2002. 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 |
|--------------|------------------------|------------------------|------------------------|-----------------|-------------------------------|---------------------------------|------------------------------------|
| 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% |
| Total | \$2,735,339,972 | \$2,719,173,591 | \$1,168,594,822 | 43.0% | \$457,806,120 | \$1,626,400,942 | 59.8% |

This chart shows statewide industry incurred losses and defense costs by calendar year. Incurred losses were atypically high in 2017, while defense costs were slightly above average compared to prior years.



Lower claim reserves

Data reported to the NAIC by Physicians Insurance and The Doctors 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 later estimates of losses and defense costs were lower than the earlier estimates.²⁶

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. There were no rate changes filed for major physicians and surgeons insurance programs since the last report.

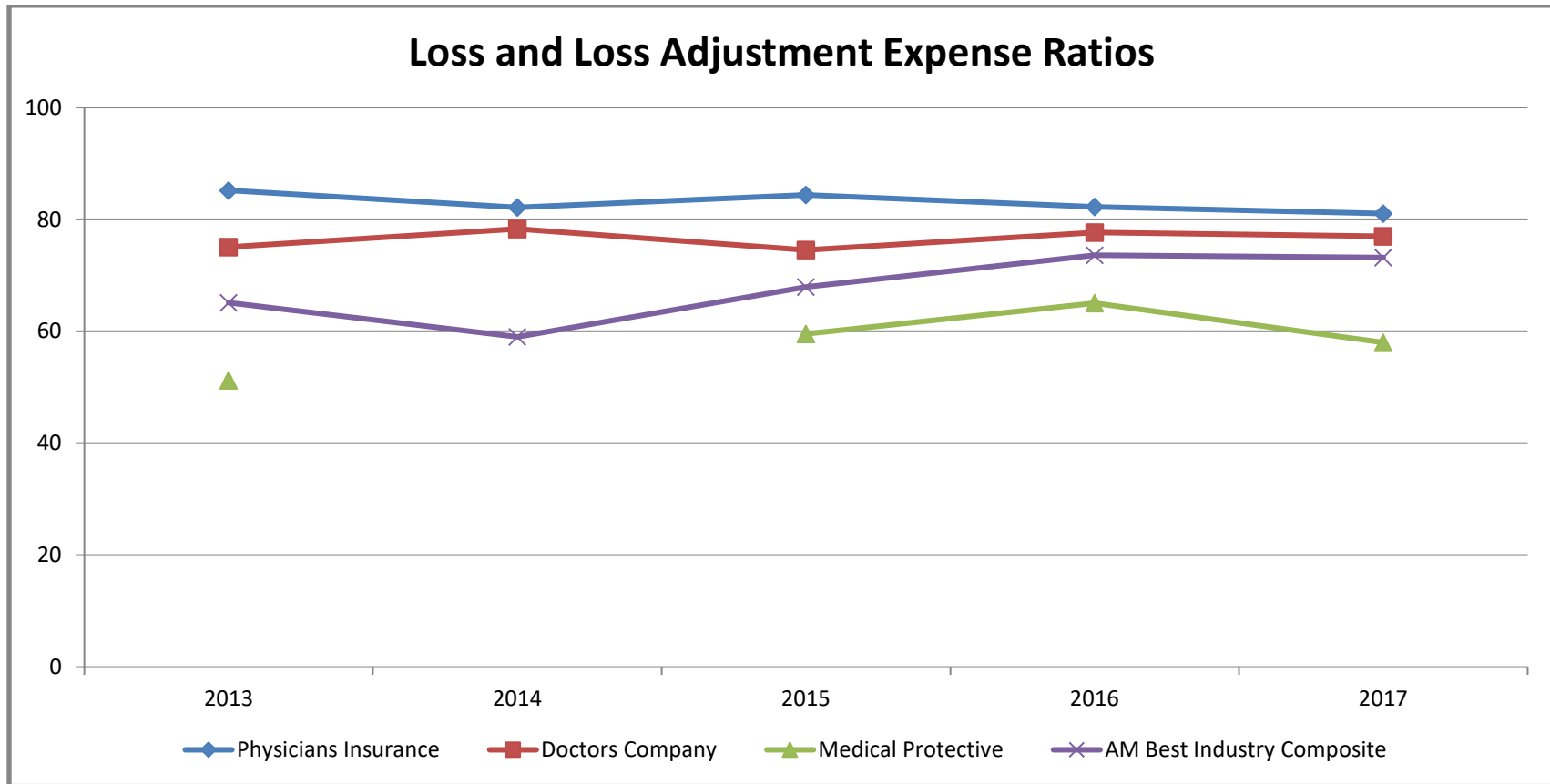
The first page of Appendix B shows data from Physicians Insurance's 2017 annual statement.²⁷ This table shows the change in incurred loss and defense cost reserves over time. Overall, Physicians Insurance has had very favorable incurred loss development. Two-year development was a decrease of \$33.3 million, and cumulative development over the entire period was a decrease of \$194.4 million. Physicians Insurance has returned some of these profits to policyholders in the form of dividends totaling \$50.5 million from 2008 to 2017.

Appendix B also shows development for The Doctors Co., which is one of the top writers of medical professional liability insurance in the United States, with \$631 million in direct written premium in 2017. Loss development has been generally favorable for The Doctors Co., with a total decrease of \$716 million of the entire period. Only 1.9 percent of The Doctors Co. written premiums come from Washington state, so much of the reserve development is the result of lower estimates in other states.

²⁶ 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.

²⁷ 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 Protective²⁸ to industry-wide data obtained from A.M. Best.²⁹ Loss ratios for Physicians Insurance and The Doctors Co. continue to be higher than for the market overall.



²⁸ The 2014 data point is missing for Medical Protective Company because net premium and loss data for the company were distorted in 2014 by loss portfolio transfer agreements between Medical Protective and its affiliates.

²⁹ Best's Special Report – Myriad Challenges Test the Mettle of Medical Professional Liability Writers, May 8, 2018.

Washington state market in 2017

Physicians Insurance Co. 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.

| <u>Insurer</u> | 2017 direct written premiums (millions) | | |
|----------------------------|-----------------------------------------|------------|--------------------|
| | Washington | Nationwide | WA % of nationwide |
| Physicians Insurance | \$60.7 | \$77.9 | 77.9% |
| The Doctors Company | \$11.7 | \$631.4 | 1.9% |
| Medical Protective Company | \$6.4 | \$551.2 | 1.2% |

| <u>Admitted insurer</u> | Washington direct written premiums (millions) | Admitted market share |
|------------------------------------------|-----------------------------------------------|-----------------------|
| Physicians Insurance | \$60.7 | 58.2% |
| The Doctors Company | \$11.7 | 11.2% |
| Medical Protective Company | \$6.4 | 6.1% |
| Northwest Dentists Insurance Company | \$4.8 | 4.6% |
| American Casualty Company of Reading, PA | \$4.2 | 4.1% |
| Proselect Insurance Company | \$3.7 | 3.5% |
| NCMIC Insurance Company | \$2.5 | 2.4% |
| Continental Casualty Company | \$2.0 | 1.9% |
| All other admitted insurers | \$8.2 | 7.8% |
| Total | \$104.2 | 100.0% |

National market in 2017

Appendix A shows the profitability for these insurers for the 10-year period ending December 31, 2017 using two ratios:

- The operating ratio, which is the combined ratio minus the net investment income ratio.^{30 31}
- The combined ratio, which is the sum of the expense ratio, loss ratio, and dividend ratio.^{32 33 34}

This table summarizes overall profitability by operating ratios.³⁵ Operating ratios for Physicians Insurance were very low from 2008 through 2010, but increased to higher but still profitable levels in the last seven years. The higher operating ratio for The Doctors Co. in 2014 was due in large part to losses in the company's portfolio of common stock of its affiliates.

| Year | Operating ratio | | |
|------|----------------------|-----------------|--------------------|
| | Physicians Insurance | Doctors Company | Medical Protective |
| 2008 | 53.3% | 49.1% | 68.8% |
| 2009 | 69.3% | 67.4% | 65.8% |
| 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% |

³⁰ 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.

³¹ The net investment income ratio is calculated by dividing net investment income by net earned premiums.

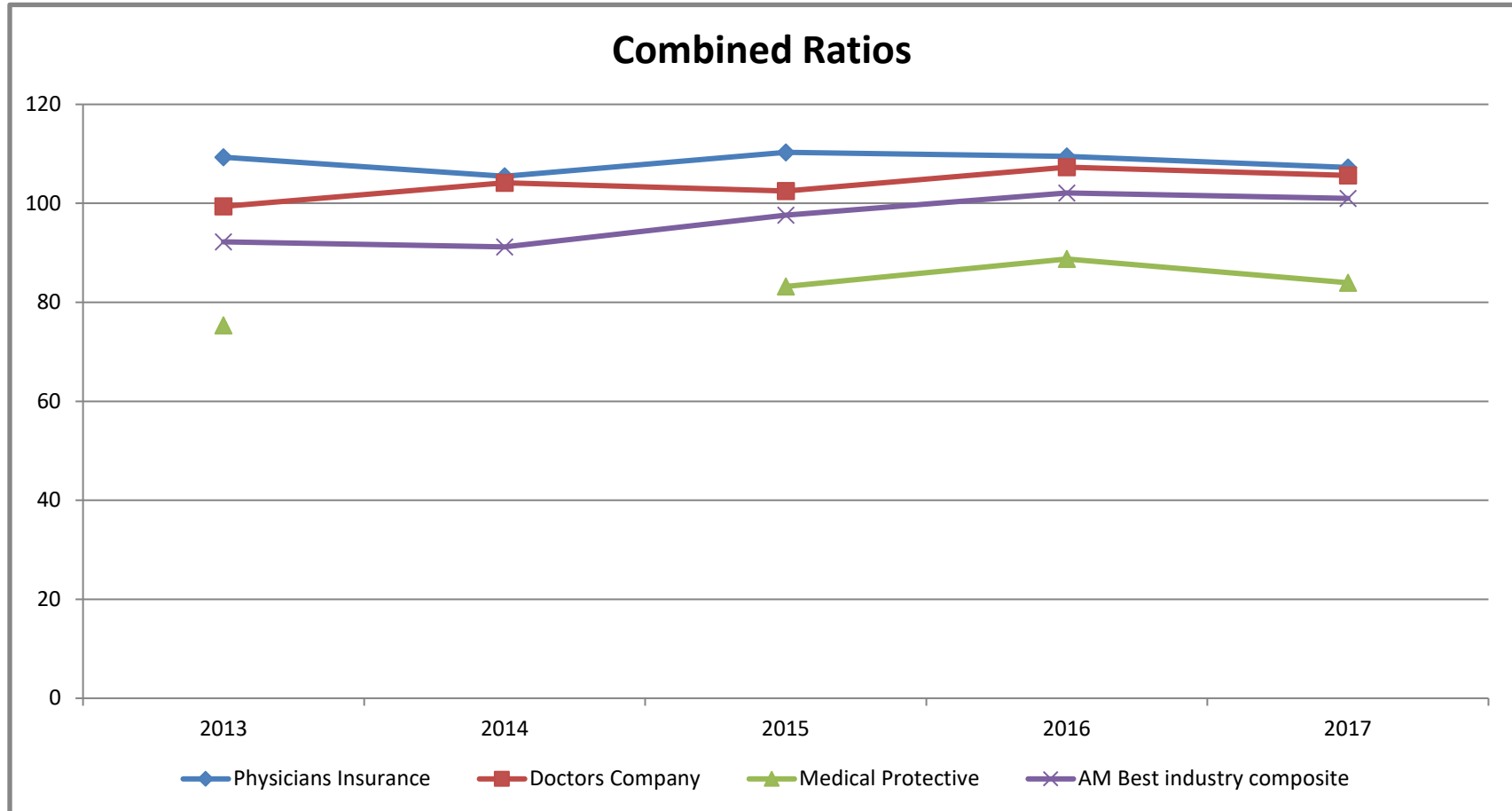
³² The expense ratio is calculated by dividing incurred underwriting expenses by net written premiums.

³³ The loss ratio is calculated by dividing losses and defense costs by net earned premiums.

³⁴ The dividend ratio is calculated by dividing policyholder dividends by net earned premiums.

³⁵ 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.^{36 37}



³⁶ Best’s Special Report – Myriad Challenges Test the Mettle of Medical Professional Liability Writers, May 8, 2018.

³⁷ 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.

Information about medical malpractice claims

| | Year closed | | | | | Five-year total |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | |
| Total claims closed | 1,129 | 1,036 | 1,024 | 910 | 799 | 4,898 |
| Number of indemnity payments | 546 | 468 | 412 | 393 | 348 | 2,167 |
| Total paid indemnity | \$126,285,431 | \$125,257,297 | \$155,952,164 | \$110,240,850 | \$114,203,811 | \$631,939,553 |
| Average indemnity payment | \$231,292 | \$267,644 | \$378,525 | \$280,511 | \$328,172 | \$291,620 |
| Median indemnity payment | \$50,000 | \$73,794 | \$75,000 | \$75,000 | \$35,000 | \$52,500 |
| Total economic loss | \$69,954,214 | \$79,043,041 | \$84,156,304 | \$76,357,808 | \$80,312,499 | \$389,823,866 |
| Average economic loss | \$128,121 | \$168,895 | \$204,263 | \$194,295 | \$230,783 | \$179,891 |
| Median economic loss | \$24,294 | \$25,846 | \$32,000 | \$45,000 | \$20,000 | \$30,000 |
| Number of claims with defense costs | 954 | 899 | 909 | 816 | 668 | 4,246 |
| Total defense costs | \$45,280,733 | \$51,586,944 | \$58,842,229 | \$54,828,261 | \$40,611,261 | \$251,149,428 |
| Average defense cost | \$47,464 | \$57,383 | \$64,733 | \$67,191 | \$60,795 | \$59,150 |
| Median defense cost | \$12,542 | \$15,598 | \$15,423 | \$15,821 | \$12,848 | \$14,204 |

Payments to claimants

Over the five-year period, insurers and self-insurers paid \$631.9 million on 2,167 claims, or \$291,620 per paid claim.³⁸

Over the five-year period, total economic loss was \$389.8 million, or an average of \$179,891 per paid claim. On average, insurers and self-insurers attributed 61.7 percent of indemnity payments to economic loss. Median economic loss was \$30,000.

³⁸ 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.

Defense costs

Insurers and self-insurers paid \$251.1 million to defend 4,246 claims, or an average of \$59,150 per claim with defense costs. Claims reported by insurers and self-insurers included defense costs 86.7 percent of the time.

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. For incidents that occurred between 2008 and 2017, 19.5 percent of individual claim reports were part of a multi-claim incident. About half of the 1,049 reported incidents resulted in indemnity payments. The aggregate average indemnity payment per incident was \$543,096, which is 2.2 times the average per claim indemnity payment of \$248,392 for the 10-year period.³⁹

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.

³⁹ 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 2013 and 2017.

Lawsuit summary

This table summarizes litigation data.⁴⁰

| Five-year period ending December 31, 2017 | | | | | | | |
|-------------------------------------------|------------------------|----------------------------|----------------------|------------------------|---------------------------|----------------------|----------------------|
| | Total number of claims | Claims with paid indemnity | Total paid indemnity | Average paid indemnity | Claims with defense costs | Total defense costs | Average defense cost |
| No lawsuit filed | 2,296 | 1,115 | \$114,714,584 | \$102,883 | 1,671 | \$16,061,301 | \$9,612 |
| Lawsuit filed | 2,602 | 1,052 | \$517,224,969 | \$491,659 | 2,575 | \$235,088,127 | \$91,296 |
| Total | 4,898 | 2,167 | \$631,939,553 | \$291,620 | 4,246 | \$251,149,428 | \$59,150 |

Of the 4,898 claims reported, claimants filed lawsuits 53.1 percent of the time. Insurers and self-insurers incurred defense costs in 99 percent of the claims in which the plaintiff filed a lawsuit, averaging \$91,296. Lawsuits resulted in indemnity payments 40.4 percent of the time, averaging \$491,659. For claims without litigation, claimants were compensated 48.6 percent of the time, with an average indemnity payment of \$102,883.

⁴⁰ 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

This table summarizes settlement data.

| <u>Method of claim resolution</u> | <u>Five-year period ending December 31, 2017</u> | | | | | | | | |
|-----------------------------------|--------------------------------------------------|----------------------------|----------------------|------------------------|-----------------------|---------------------------|----------------------|-----------------------|----------------------|
| | Total number of claims | Claims with paid indemnity | Total paid indemnity | Average paid indemnity | Median paid indemnity | Claims with defense costs | Total defense costs | Average defense costs | Median defense costs |
| Abandoned by claimant | 1,730 | 166 | \$813,810 | \$4,902 | \$1,225 | 1,589 | \$35,930,615 | \$22,612 | \$3,320 |
| Settled by parties | 1,728 | 1,548 | \$372,578,645 | \$240,684 | \$45,000 | 1,223 | \$84,635,589 | \$69,203 | \$26,834 |
| Court disposed claim | 915 | 28 | \$34,292,335 | \$1,224,726 | \$577,650 | 914 | \$78,523,960 | \$85,912 | \$23,468 |
| Alternative dispute resolution | 525 | 425 | \$224,254,763 | \$527,658 | \$270,459 | 520 | \$52,059,264 | \$100,114 | \$59,732 |
| Total | 4,898 | 2,167 | \$631,939,553 | \$291,620 | \$52,500 | 4,246 | \$251,149,428 | \$59,150 | \$14,204 |

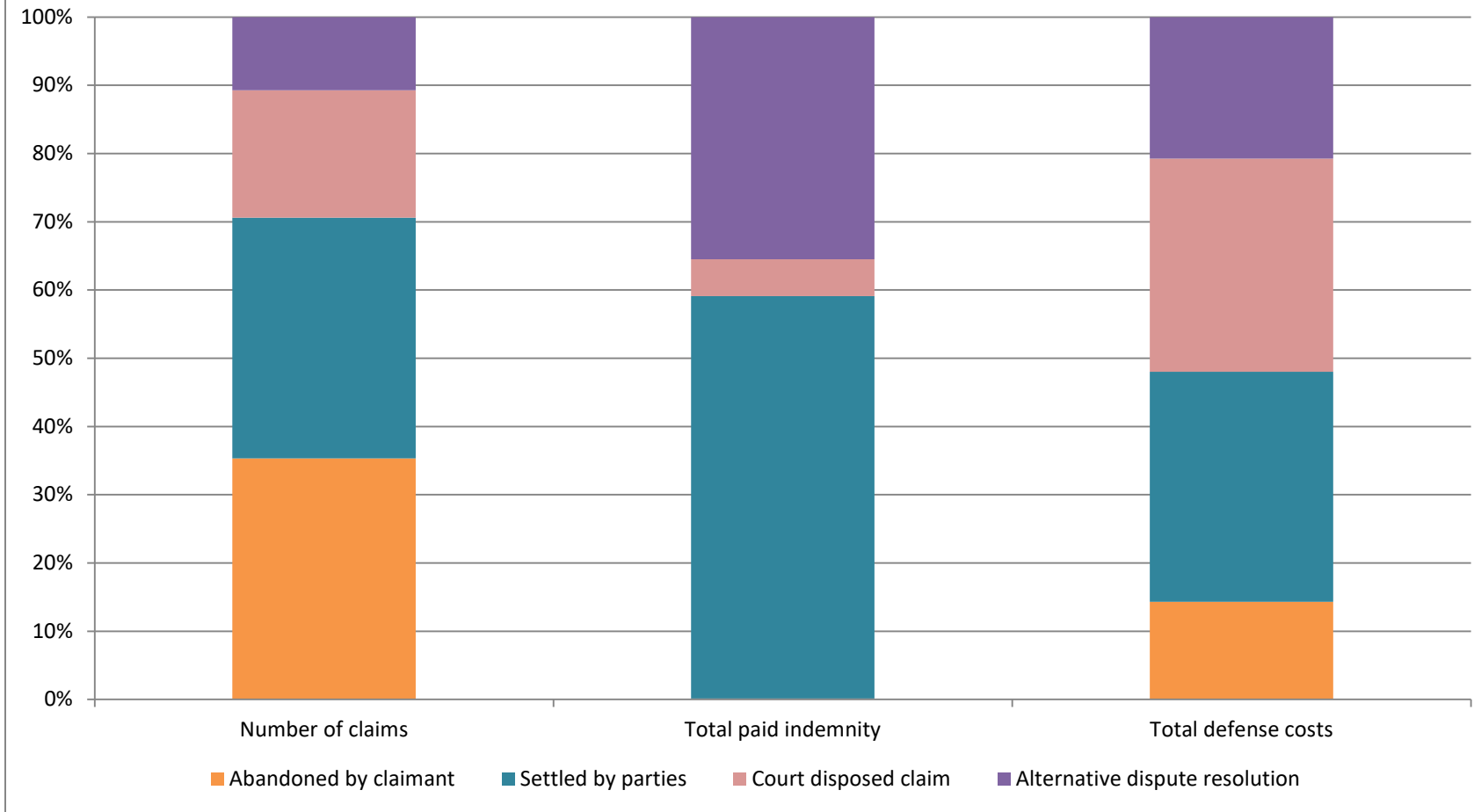
Plaintiff verdicts or judgments were few in number. Insurers and self-insurers reported 24 claims resolved by plaintiff verdict or judgment, of which 22 claims resulted in an indemnity payment averaging \$1.4 million.⁴¹ These claims comprised 0.5 percent of total claims and 2.6 percent all claims resolved by the courts. The courts ruled in favor of defendants in the vast majority of cases.

Of the 1,728 claims settled by the parties, insurers and self-insurers resolved most through informal negotiation. These settlements occurred before either party requested arbitration, mediation, or a private trial 47.6 percent of the time, and only 3.1 percent of claims settled after the start of a trial or hearing.

Of the 1,730 claims abandoned by the claimant, 98.6 percent of these were abandoned before a trial or hearing.

⁴¹ In cases where a lawsuit has more than one defendant, some defendants may not be responsible to compensate the claimant.

Distributions by Method of Settlement



About one-third of claims were abandoned by the claimant. Claims settled by the courts accounted for a small portion of total indemnity payments, but a substantial portion of total defense costs.

Insurers and self-insurers used alternative dispute resolution to settle 525 claims. Mediation was used to resolve 90.7 percent of these claims. Mediation led to the second-highest average paid indemnity at \$539,566. Median paid indemnity for claims settled by mediation was \$295,000 and median defense costs were \$57,188. Private trials were the most costly form of alternative dispute resolution for both average paid indemnity and average defense costs.⁴²

| Five-year period ending December 31, 2017 | | | | | | | |
|--------------------------------------------------|------------------------|----------------------------|----------------------|------------------------|---------------------------|---------------------|----------------------|
| <u>Method of alternative dispute resolution</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 |
| Arbitration award for plaintiff | 15 | 14 | \$2,039,855 | \$145,704 | 15 | \$1,265,932 | \$84,395 |
| Arbitration decision for defense | 13 | 0 | \$0 | \$0 | 13 | \$1,148,792 | \$88,369 |
| Mediation | 476 | 399 | \$215,286,933 | \$539,566 | 471 | \$45,298,436 | \$96,175 |
| Private trial | 21 | 12 | \$6,927,975 | \$577,331 | 21 | \$4,346,104 | \$206,957 |
| Total | 525 | 425 | \$224,254,763 | \$527,658 | 520 | \$52,059,264 | \$100,114 |

⁴² 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.

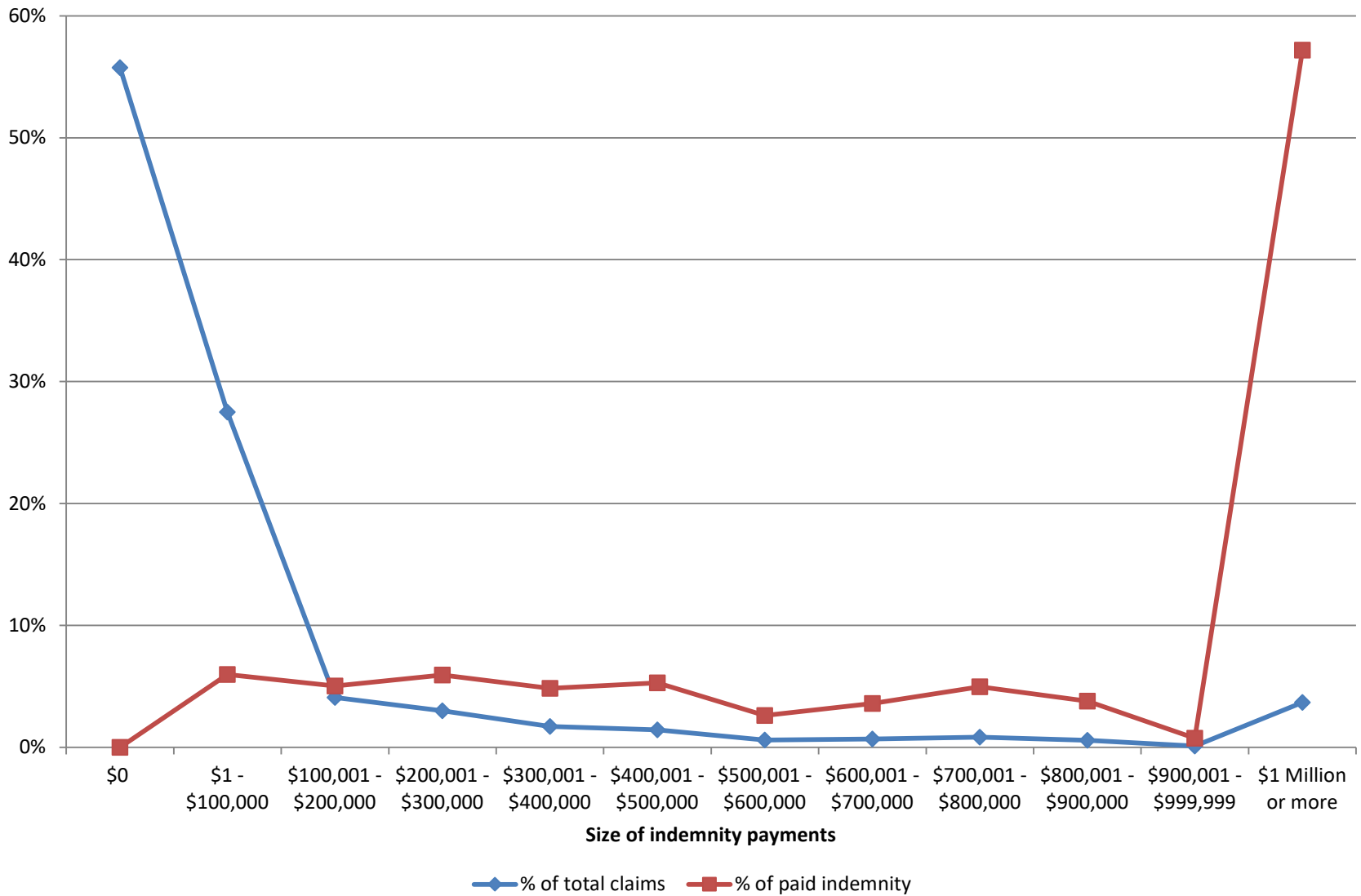
Size of indemnity payments

This table shows that insurers and self-insurers settled 55.8 percent of all claims without making an indemnity payment, and 62.2 percent of the remaining claims had indemnity payments of \$100,000 or less. The average indemnity payment in this range was \$28,047.

There were 181 claims settled for \$1 million or more, and those claims produced 57.2 percent of the total paid indemnity, an average of \$2 million per claim.

| Five-year period ending December 31, 2017 | | | | | |
|--------------------------------------------------|------------------------|---------------|----------------------|---------------------|------------------------|
| <u>Range of paid indemnity</u> | Total number of claims | % of claims | Total paid indemnity | % of paid indemnity | Average paid indemnity |
| \$0 | 2,731 | 55.8% | | | |
| \$1 - \$100,000 | 1,347 | 27.5% | \$37,779,326 | 6.0% | \$28,047 |
| \$100,001 - \$200,000 | 201 | 4.1% | \$31,774,712 | 5.0% | \$158,083 |
| \$200,001 - \$300,000 | 147 | 3.0% | \$37,563,406 | 5.9% | \$255,533 |
| \$300,001 - \$400,000 | 84 | 1.7% | \$30,606,188 | 4.8% | \$364,359 |
| \$400,001 - \$500,000 | 70 | 1.4% | \$33,418,368 | 5.3% | \$477,405 |
| \$500,001 - \$600,000 | 29 | 0.6% | \$16,521,372 | 2.6% | \$569,702 |
| \$600,001 - \$700,000 | 34 | 0.7% | \$22,799,915 | 3.6% | \$670,586 |
| \$700,001 - \$800,000 | 41 | 0.8% | \$31,358,238 | 5.0% | \$764,835 |
| \$800,001 - \$900,000 | 28 | 0.6% | \$23,977,684 | 3.8% | \$856,346 |
| \$900,001 - \$999,999 | 5 | 0.1% | \$4,710,000 | 0.7% | \$942,000 |
| \$1 Million or more | 181 | 3.7% | \$361,430,344 | 57.2% | \$1,996,853 |
| Total | 4,898 | 100.0% | \$631,939,553 | 100.0% | \$291,620 |

Indemnity Payment Distribution



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 \$37,000. 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.

| Five-year period ending December 31, 2017 | | | | | | |
|-------------------------------------------|------------------------|---------------------------------|----------------------|---------------------------|------------------------|-----------------------|
| Range of paid indemnity | Total number of claims | % of claims with paid indemnity | Total paid indemnity | % of total paid indemnity | Average paid indemnity | Median paid indemnity |
| \$500,000 or less | 1,849 | 85.3% | \$171,142,000 | 27.1% | \$92,559 | \$37,000 |
| Over \$500,000 | 318 | 14.7% | \$460,797,553 | 72.9% | \$1,449,049 | \$1,000,000 |
| Total | 2,167 | 100.0% | \$631,939,553 | 100.0% | \$291,620 | \$52,500 |

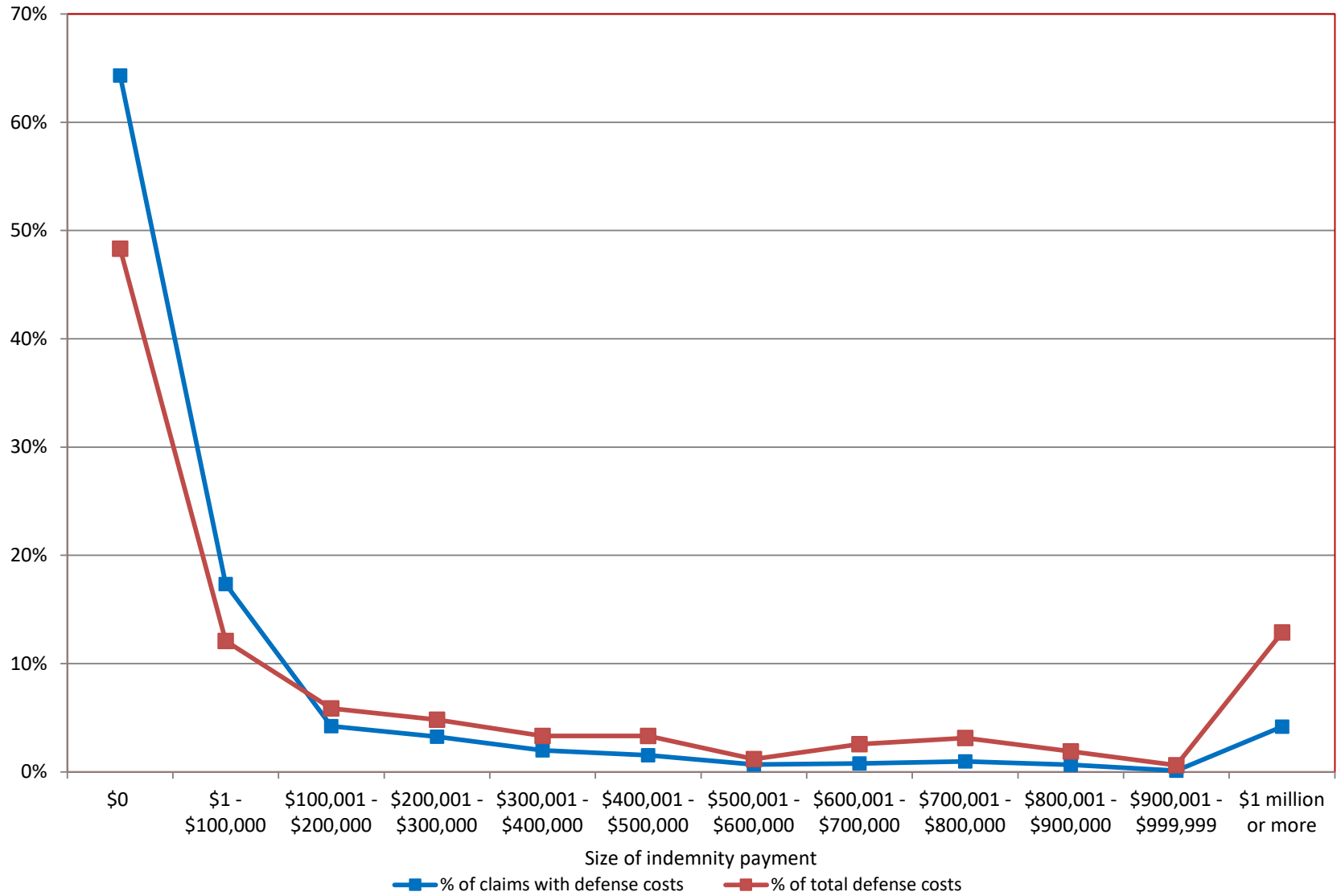
Defense costs by size of indemnity payment

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 64.3 percent of claims with defense costs, yet these claims accounted for 48.3 percent of all defense costs. Average defense costs for these claims were \$44,435.

There were 177 claims with defense costs that settled for \$1 million or more, and those claims produced 12.9 percent of the total defense costs, or an average of \$182,791 per claim.

| Five-year period ending December 31, 2017 | | | | | |
|-------------------------------------------|-------------------------------------|--------------------------------|----------------------|--------------------------|----------------------|
| 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 | 2,731 | 64.3% | \$121,353,146 | 48.3% | \$44,435 |
| \$1 - \$100,000 | 736 | 17.3% | \$30,373,059 | 12.1% | \$41,268 |
| \$100,001 - \$200,000 | 179 | 4.2% | \$14,730,394 | 5.9% | \$82,293 |
| \$200,001 - \$300,000 | 138 | 3.3% | \$12,109,722 | 4.8% | \$87,752 |
| \$300,001 - \$400,000 | 84 | 2.0% | \$8,332,645 | 3.3% | \$99,198 |
| \$400,001 - \$500,000 | 65 | 1.5% | \$8,342,221 | 3.3% | \$128,342 |
| \$500,001 - \$600,000 | 29 | 0.7% | \$2,943,386 | 1.2% | \$101,496 |
| \$600,001 - \$700,000 | 33 | 0.8% | \$6,439,936 | 2.6% | \$195,150 |
| \$700,001 - \$800,000 | 41 | 1.0% | \$7,845,754 | 3.1% | \$191,360 |
| \$800,001 - \$900,000 | 28 | 0.7% | \$4,771,212 | 1.9% | \$170,400 |
| \$900,001 - \$999,999 | 5 | 0.1% | \$1,553,935 | 0.6% | \$310,787 |
| \$1 million or more | 177 | 4.2% | \$32,354,018 | 12.9% | \$182,791 |
| Total | 4,246 | 100.0% | \$251,149,428 | 100.0% | \$59,150 |

Distribution of Defense Costs by Size of Indemnity Payment



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 \$11,559, versus \$108,118 for claims settled for more than \$500,000. Many medical malpractice claims have relatively small amounts paid for defense costs.

| <u>Five-year period ending December 31, 2017</u> | | | | | | |
|--------------------------------------------------|-------------------------------------|--------------------------------|----------------------|--------------------------|----------------------|---------------------|
| <u>Range of paid indemnity</u> | 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 | 3,933 | 92.6% | \$195,241,187 | 77.7% | \$49,642 | \$11,559 |
| Over \$500,000 | 313 | 7.4% | \$55,908,241 | 22.3% | \$178,621 | \$108,118 |
| Total | 4,246 | 100.0% | \$251,149,428 | 100.0% | \$59,150 | \$14,204 |

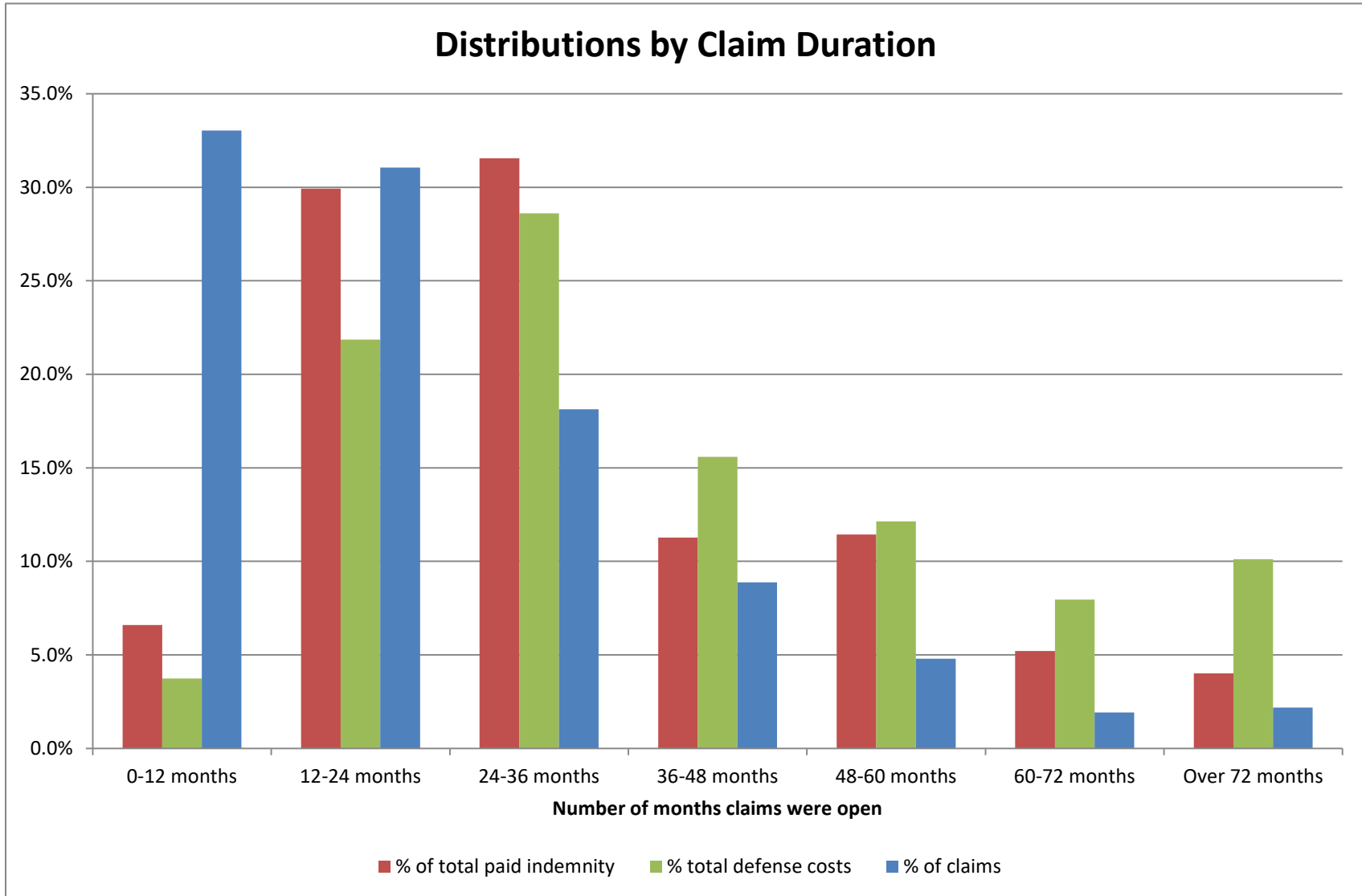
Paid indemnity and defense costs by age of claim

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.

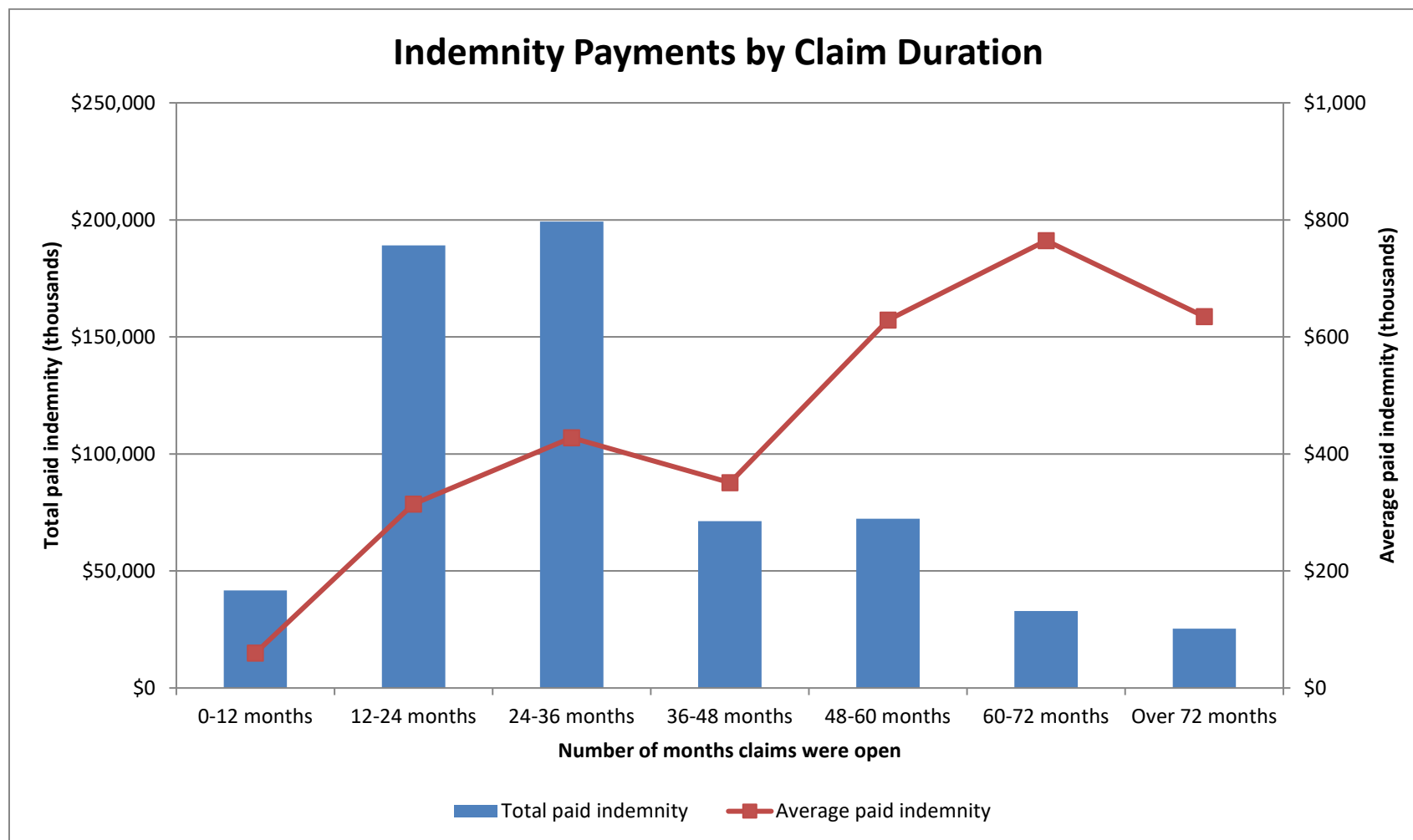
| Five-year period ending December 31, 2017 | | | | | | | | |
|-------------------------------------------|------------------------|---------------|----------------------------|----------------------|------------------------|---------------------------|----------------------|-----------------------|
| Notice date to closed date | Total number of claims | % of claims | Claims with paid indemnity | Total paid indemnity | Average paid indemnity | Claims with defense costs | Total defense costs | Average defense costs |
| 0-12 months | 1,618 | 33.0% | 699 | \$41,721,783 | \$59,688 | 1,146 | \$9,372,782 | \$8,179 |
| 12-24 months | 1,521 | 31.1% | 601 | \$189,076,686 | \$314,603 | 1,432 | \$54,905,858 | \$38,342 |
| 24-36 months | 888 | 18.1% | 466 | \$199,323,061 | \$427,732 | 814 | \$71,856,177 | \$88,275 |
| 36-48 months | 435 | 8.9% | 203 | \$71,242,417 | \$350,948 | 429 | \$39,163,847 | \$91,291 |
| 48-60 months | 235 | 4.8% | 115 | \$72,304,419 | \$628,734 | 233 | \$30,470,825 | \$130,776 |
| 60-72 months | 94 | 1.9% | 43 | \$32,876,864 | \$764,578 | 89 | \$19,975,403 | \$224,443 |
| Over 72 months | 107 | 2.2% | 40 | \$25,394,323 | \$634,858 | 103 | \$25,404,536 | \$246,646 |
| Total | 4,898 | 100.0% | 2,167 | \$631,939,553 | \$291,620 | 4,246 | \$251,149,428 | \$59,150 |

Claims closed within the first 12 months after the insurer was first notified represented 33 percent of total claims and had the lowest average defense costs and average paid indemnity. For the entire group of 4,898 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 82.2 percent of all claims within 36 months after they received notice of the claim. Overall, claims closed within 36 months account for 68.1 percent of total paid indemnity and 54.2 percent 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.

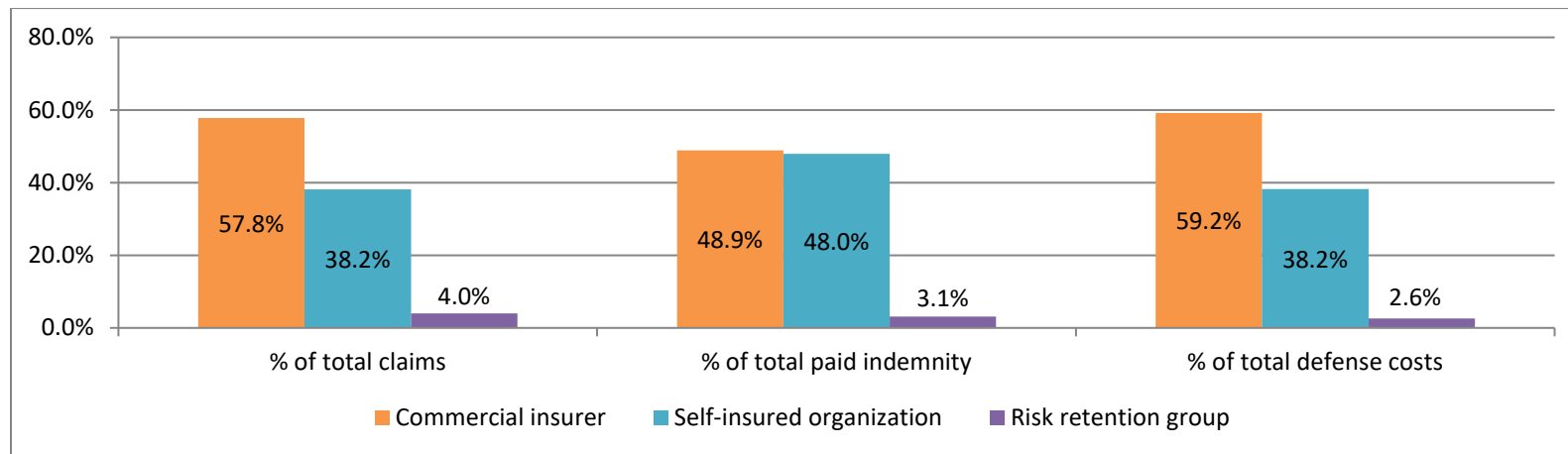


Type of insuring entity

Commercial insurers reported the highest number of claims and had the highest average paid indemnity.⁴³ Self-insured organizations reported the second-highest number of claims and had the highest average defense costs.

| Reporting entity | Five-year period ending December 31, 2017 | | | | | | |
|---------------------------|-------------------------------------------|----------------------------|----------------------|------------------------|---------------------------|----------------------|-----------------------|
| | Total number of claims | Claims with paid indemnity | Total paid indemnity | Average paid indemnity | Claims with defense costs | Total defense costs | Average defense costs |
| Commercial insurer | 2,831 | 1,035 | \$309,208,058 | \$298,752 | 2,664 | \$148,684,948 | \$55,813 |
| Self-insured organization | 1,870 | 1,017 | \$303,076,532 | \$298,010 | 1,459 | \$96,016,582 | \$65,810 |
| Risk retention group | 197 | 115 | \$19,654,963 | \$170,913 | 123 | \$6,447,898 | \$52,422 |
| Total | 4,898 | 2,167 | \$631,939,553 | \$291,620 | 4,246 | \$251,149,428 | \$59,150 |

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



⁴³ Commercial insurers include admitted (licensed) and surplus line insurers.

Severity of injury

This table shows compensation by severity of injury.⁴⁴ Insurers and self-insurers most often classified injuries as minor and temporary. Minor temporary injuries comprised 29.2 percent of total claims, 6.9 percent of total paid indemnity and 11.5 percent of defense costs.

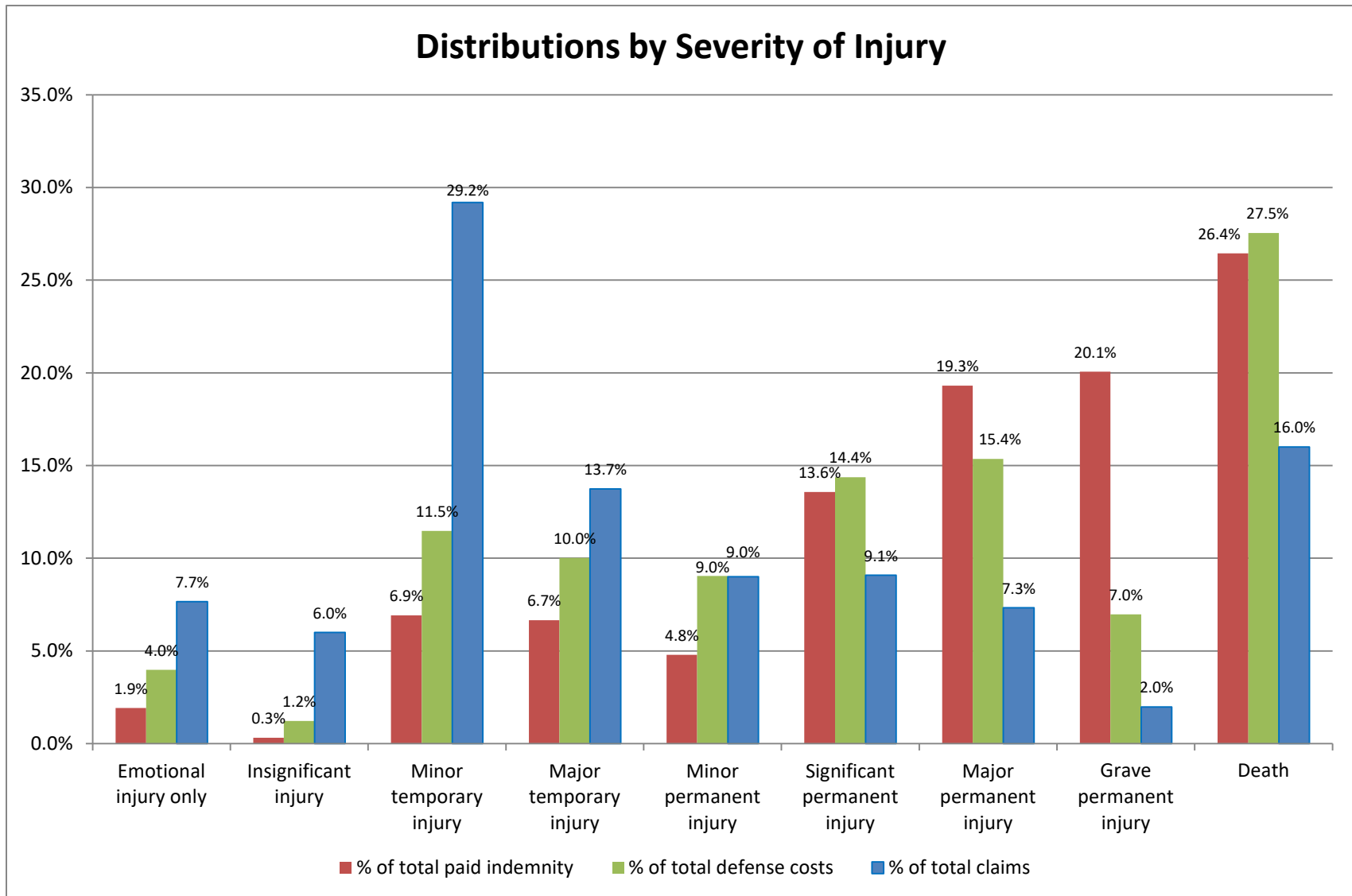
| Five-year period ending December 31, 2017 | | | | | | | | | |
|-------------------------------------------|------------------|----------------------------|----------------------|------------------------|-----------------------|---------------------------|----------------------|-----------------------|----------------------|
| <u>Injury outcome</u> | Number of claims | Claims with paid indemnity | Paid indemnity | Average paid indemnity | Median paid indemnity | Claims with defense costs | Defense costs | Average defense costs | Median defense costs |
| Emotional injury only | 375 | 130 | \$12,191,786 | \$93,783 | \$20,000 | 322 | \$10,007,893 | \$31,080 | \$8,357 |
| Insignificant injury | 294 | 138 | \$2,041,775 | \$14,795 | \$1,749 | 193 | \$3,063,018 | \$15,871 | \$2,954 |
| Minor temporary injury | 1,430 | 683 | \$43,717,749 | \$64,008 | \$10,000 | 1,094 | \$28,807,947 | \$26,333 | \$4,961 |
| Major temporary injury | 673 | 308 | \$42,050,476 | \$136,528 | \$63,125 | 578 | \$25,169,698 | \$43,546 | \$10,939 |
| Minor permanent injury | 441 | 173 | \$30,250,183 | \$174,857 | \$70,000 | 406 | \$22,706,143 | \$55,926 | \$14,639 |
| Significant permanent injury | 445 | 183 | \$85,772,193 | \$468,701 | \$250,000 | 439 | \$36,102,610 | \$82,238 | \$34,615 |
| Major permanent injury | 359 | 177 | \$121,990,973 | \$689,215 | \$500,000 | 354 | \$38,586,810 | \$109,002 | \$47,498 |
| Grave permanent injury | 97 | 48 | \$126,820,428 | \$2,642,092 | \$1,000,000 | 94 | \$17,525,896 | \$186,446 | \$75,780 |
| Death | 784 | 327 | \$167,103,990 | \$511,021 | \$300,000 | 766 | \$69,179,413 | \$90,313 | \$37,630 |
| Total | 4,898 | 2,167 | \$631,939,553 | \$291,620 | \$52,500 | 4,246 | \$251,149,428 | \$59,150 | \$14,204 |

Grave permanent injuries had the highest average paid indemnity at \$2.6 million and median paid indemnity at \$1 million.⁴⁵ Major permanent injuries had the second-highest average paid indemnity at \$689,215 and median paid indemnity at \$500,000. Death of the patient had the third-highest average paid indemnity at \$511,021 and median paid indemnity at \$300,000.

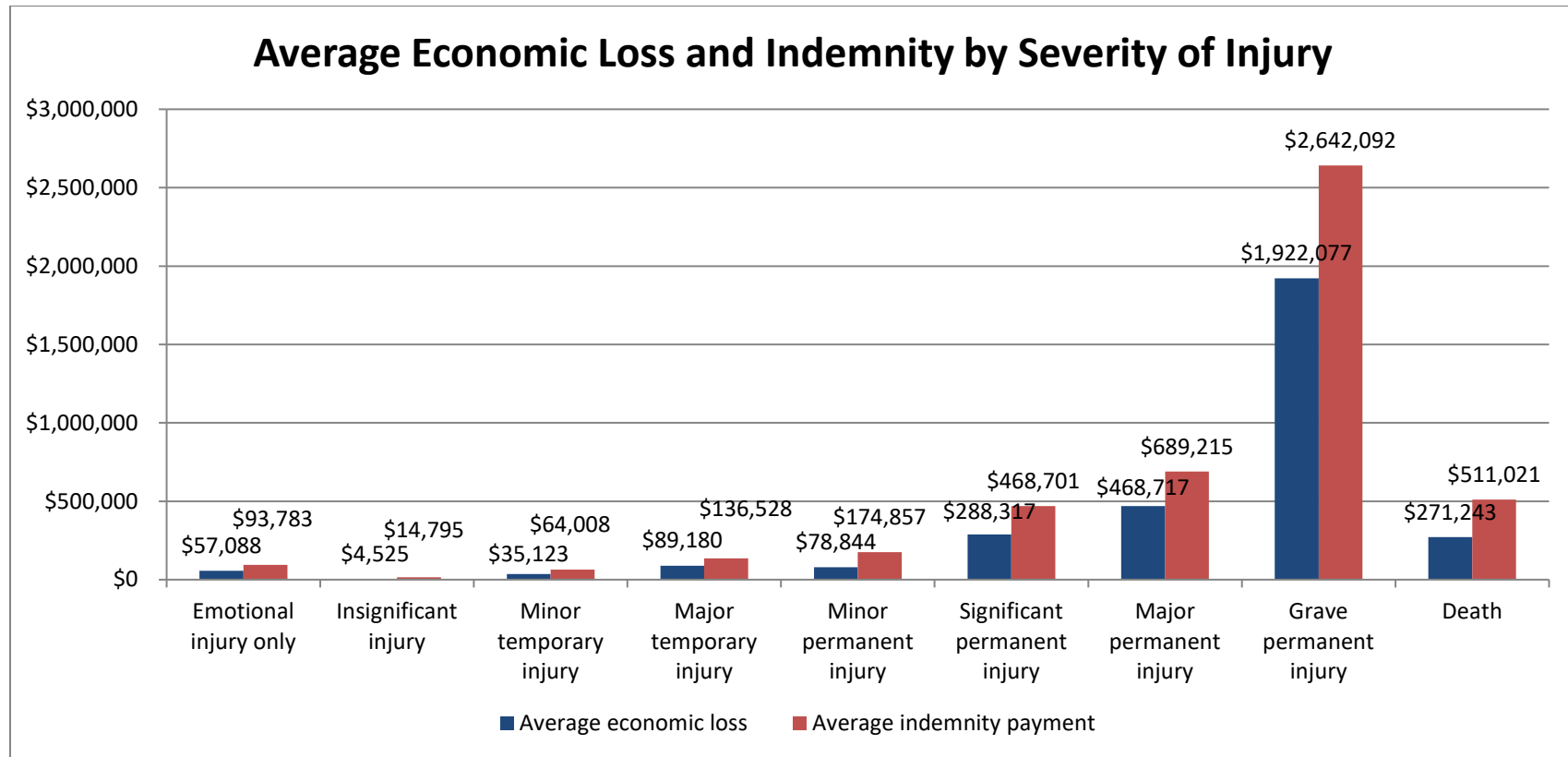
⁴⁴ For a description of each type of injury outcome, see [WAC 284-24D-220](#).

⁴⁵ 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.⁴⁶ 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 major permanent injury, grave permanent injury, or significant 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.



⁴⁶ 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

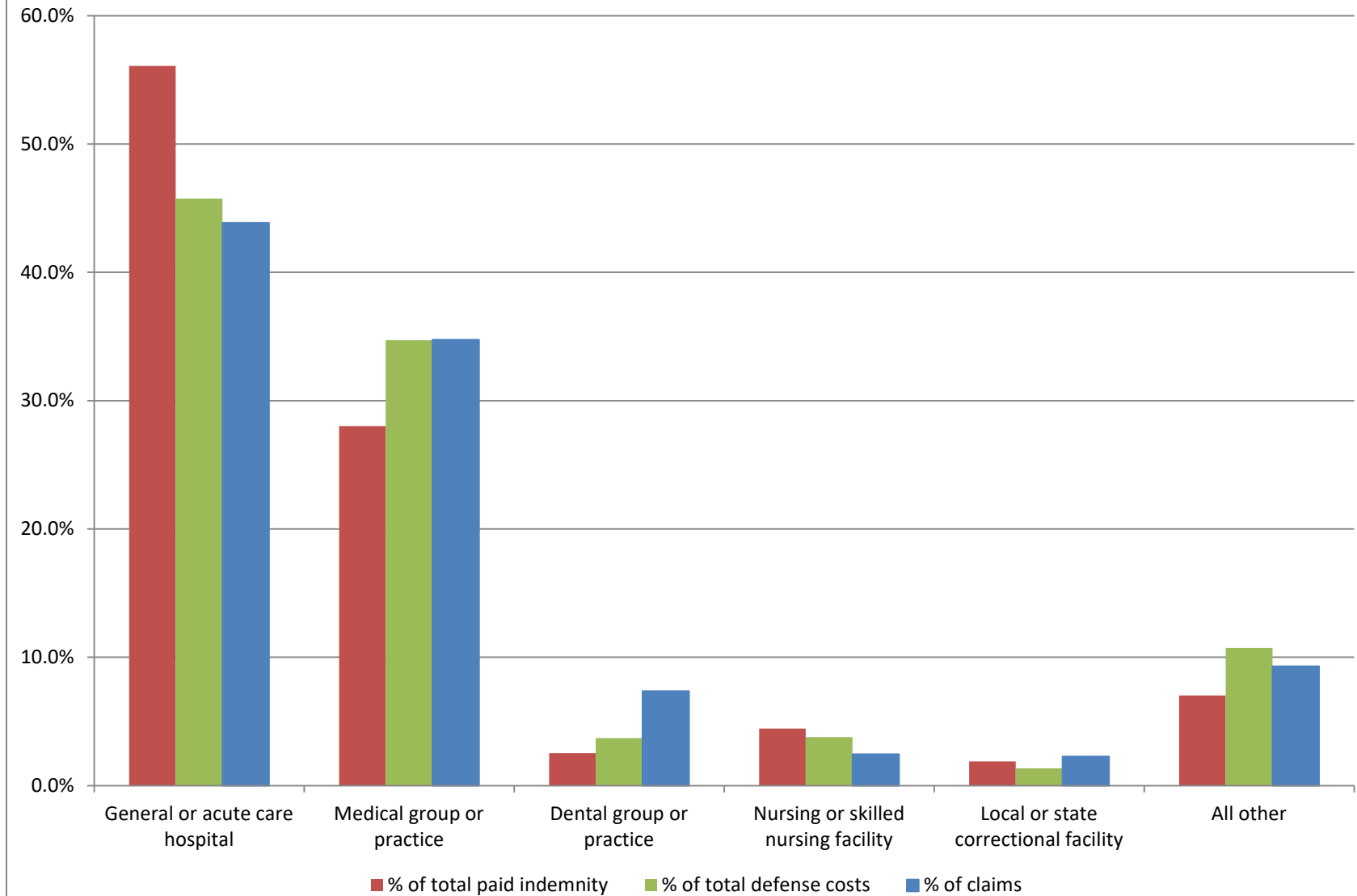
This exhibit shows data segmented by the type of health care organization or provider group.⁴⁷

| Five-year period ending December 31, 2017 | | | | | | | | | | |
|-------------------------------------------|------------------------|----------------------------|----------------------|---------------------------|------------------------|-----------------------|---------------------------|----------------------|--------------------------|-----------------------|
| Health care organization | 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 costs |
| General or acute care hospital | 2,148 | 985 | \$354,387,098 | 56.1% | \$359,784 | \$50,000 | 1,798 | \$114,896,289 | 45.7% | \$63,902 |
| Medical group or practice | 1,702 | 654 | \$177,105,495 | 28.0% | \$270,804 | \$93,750 | 1,523 | \$87,156,312 | 34.7% | \$57,227 |
| Dental group or practice | 361 | 199 | \$16,078,173 | 2.5% | \$80,795 | \$20,000 | 296 | \$9,286,220 | 3.7% | \$31,372 |
| Nursing or skilled nursing facility | 120 | 90 | \$28,054,392 | 4.4% | \$311,715 | \$156,250 | 111 | \$9,479,023 | 3.8% | \$85,397 |
| Local or state correctional facility | 111 | 33 | \$11,892,300 | 1.9% | \$360,373 | \$25,000 | 100 | \$3,395,369 | 1.4% | \$33,954 |
| Chiropractic group or practice | 55 | 18 | \$3,928,500 | 0.6% | \$218,250 | \$140,000 | 54 | \$3,458,399 | 1.4% | \$64,044 |
| Physical/occupational therapy | 39 | 17 | \$1,522,316 | 0.2% | \$89,548 | \$77,500 | 37 | \$891,514 | 0.4% | \$24,095 |
| Ambulatory clinic or center | 20 | 14 | \$2,974,788 | 0.5% | \$212,485 | \$17,500 | 15 | \$643,763 | 0.3% | \$42,918 |
| Podiatric group or practice | 52 | 11 | \$1,519,990 | 0.2% | \$138,181 | \$60,000 | 52 | \$3,255,957 | 1.3% | \$62,615 |
| All other organizations | 290 | 146 | 34,476,501 | 5.5% | \$236,140 | | 260 | 18,686,582 | 7.4% | \$71,871 |
| Total | 4,898 | 2,167 | \$631,939,553 | 100.0% | \$291,620 | \$52,500 | 4,246 | \$251,149,428 | 100.0% | \$59,150 |

General or acute-care hospitals had the largest number of total claims and claims with indemnity payments. Correctional facilities had the highest average paid indemnity at \$360,373. Nursing and skilled nursing facilities had the highest average defense costs at \$85,397.

⁴⁷ 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.

Distributions by Type of Health Care Organization



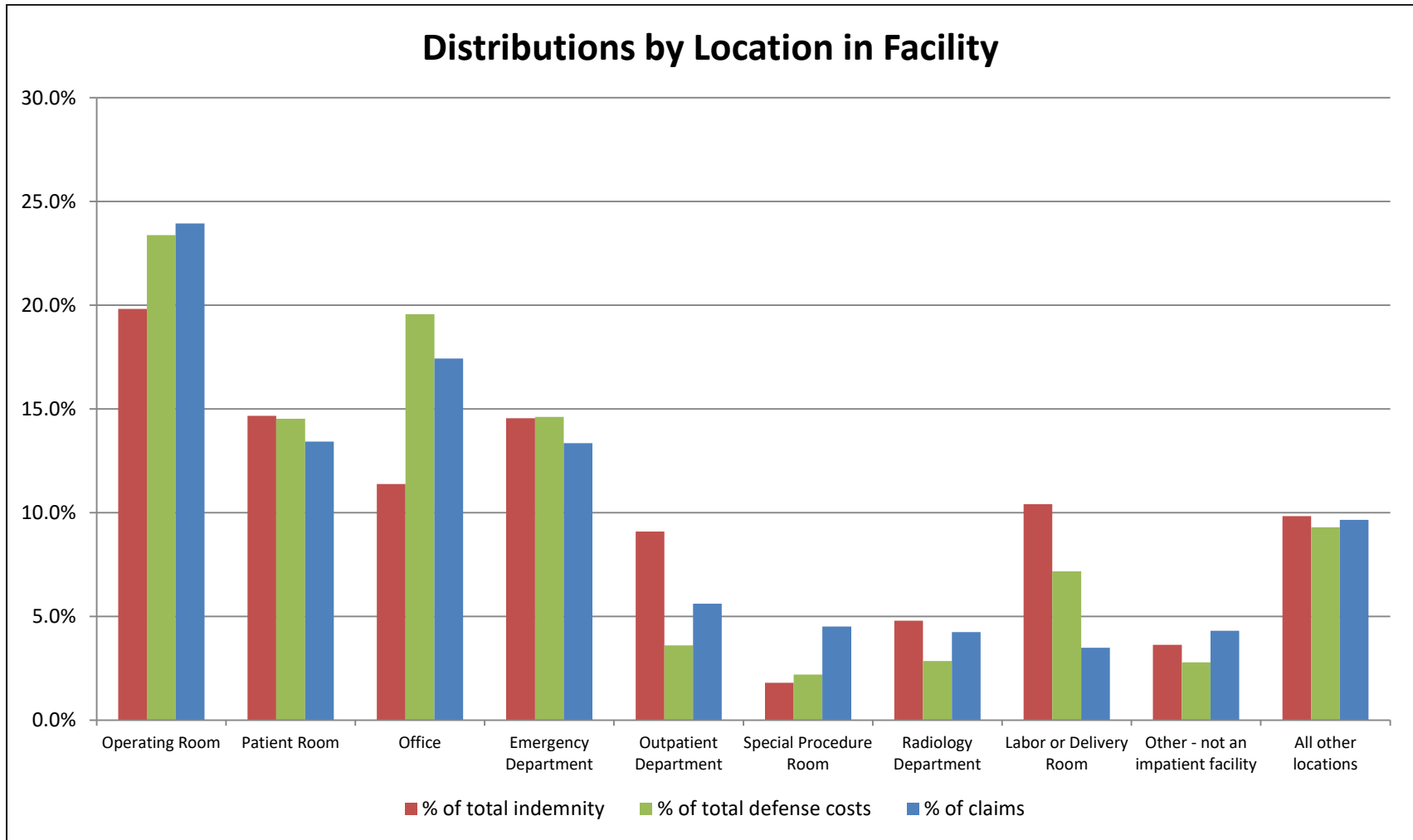
Location in the facility

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

| Five-year period ending December 31, 2017 | | | | | | | | | | | |
|--------------------------------------------------|------------------------|-------------------|----------------------------|----------------------|---------------------------|------------------------|-----------------------|---------------------------|----------------------|--------------------------|-----------------------|
| Location within facility | Total number of claims | % of total 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 costs |
| Operating Room | 1,173 | 23.9% | 459 | \$125,258,505 | 19.8% | \$272,894 | \$75,000 | 1,037 | \$58,721,997 | 23.4% | \$56,627 |
| Patient Room | 658 | 13.4% | 357 | \$92,707,576 | 14.7% | \$259,685 | \$75,000 | 554 | \$36,484,405 | 14.5% | \$65,856 |
| Office | 854 | 17.4% | 346 | \$71,946,392 | 11.4% | \$207,938 | \$66,347 | 798 | \$49,145,528 | 19.6% | \$61,586 |
| Emergency Department | 654 | 13.4% | 239 | \$91,972,383 | 14.6% | \$384,822 | \$80,000 | 601 | \$36,725,461 | 14.6% | \$61,107 |
| Outpatient Department | 275 | 5.6% | 153 | \$57,452,816 | 9.1% | \$375,509 | \$16,288 | 198 | \$9,054,520 | 3.6% | \$45,730 |
| Special Procedure Room | 221 | 4.5% | 110 | \$11,383,016 | 1.8% | \$103,482 | \$12,750 | 170 | \$5,503,729 | 2.2% | \$32,375 |
| Radiology Department | 208 | 4.2% | 95 | \$30,289,607 | 4.8% | \$318,838 | \$60,000 | 169 | \$7,167,072 | 2.9% | \$42,409 |
| Labor or Delivery Room | 171 | 3.5% | 74 | \$65,806,407 | 10.4% | \$889,276 | \$220,988 | 157 | \$18,010,454 | 7.2% | \$114,716 |
| Other - not an inpatient facility | 211 | 4.3% | 61 | \$22,950,647 | 3.6% | \$376,240 | \$45,000 | 196 | \$6,998,498 | 2.8% | \$35,707 |
| Laboratory | 59 | 1.2% | 41 | \$2,798,429 | 0.4% | \$68,254 | \$2,728 | 31 | \$2,012,871 | 0.8% | \$64,931 |
| Walk-in clinic | 71 | 1.4% | 38 | \$10,504,473 | 1.7% | \$276,434 | \$63,750 | 54 | \$3,864,537 | 1.5% | \$71,566 |
| Facility Support Areas | 38 | 0.8% | 30 | \$3,593,793 | 0.6% | \$119,793 | \$29,486 | 25 | \$1,633,301 | 0.7% | \$65,332 |
| Pharmacy | 26 | 0.5% | 22 | \$2,049,473 | 0.3% | \$93,158 | \$51,581 | 16 | \$802,982 | 0.3% | \$50,186 |
| Physical Therapy Department | 40 | 0.8% | 22 | \$4,041,286 | 0.6% | \$183,695 | \$28,750 | 35 | \$1,229,787 | 0.5% | \$35,137 |
| Critical Care Unit | 42 | 0.9% | 20 | \$21,042,888 | 3.3% | \$1,052,144 | \$197,094 | 40 | \$2,919,168 | 1.2% | \$72,979 |
| Rehabilitation Center | 26 | 0.5% | 19 | \$2,042,204 | 0.3% | \$107,484 | \$95,000 | 22 | \$1,359,756 | 0.5% | \$61,807 |
| Recovery Room | 24 | 0.5% | 15 | \$2,189,855 | 0.3% | \$145,990 | \$42,000 | 18 | \$1,312,517 | 0.5% | \$72,918 |
| Mental health | 22 | 0.4% | 11 | \$2,639,587 | 0.4% | \$239,962 | \$21,000 | 18 | \$745,094 | 0.3% | \$41,394 |
| All other locations | 125 | 2.6% | 55 | \$11,270,216 | 1.8% | \$204,913 | | 107 | \$7,457,751 | 3.0% | \$69,699 |
| Total | 4,898 | 100.0% | 2,167 | \$631,939,553 | 100.0% | \$291,620 | \$52,500 | 4,246 | \$251,149,428 | 100.0% | \$59,150 |

The largest numbers of claims resulted from incidents occurring in operating rooms, followed by incidents that occurred in medical professionals' offices. These two locations represented 41.4 percent of reported claims.

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.

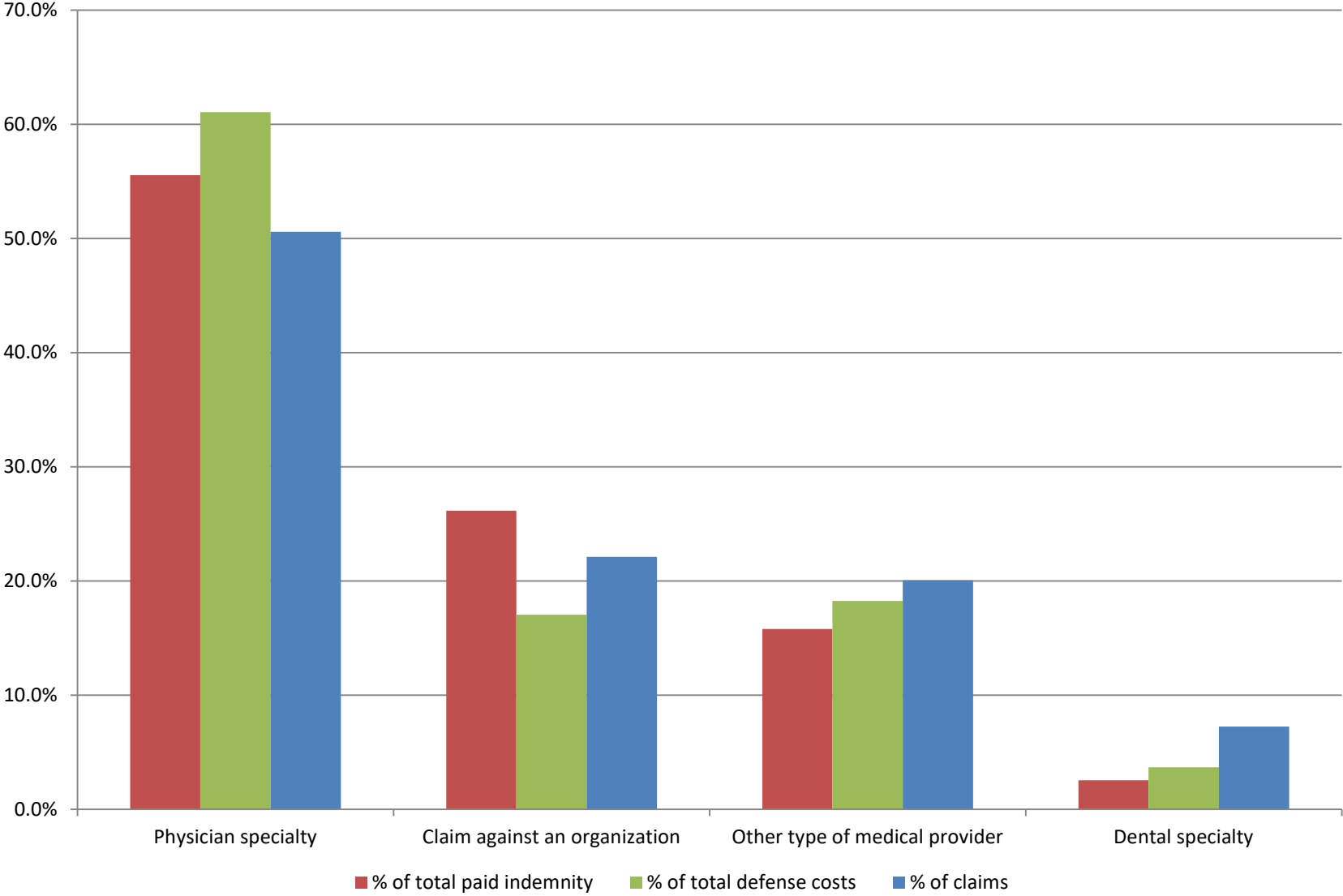


Type of medical provider

| Five-year period ending December 31, 2017 | | | | | | | | | | | |
|--------------------------------------------------|------------------------|----------------------------|----------------------|---------------------------|------------------------|-----------------------|---------------------------|---------------------|--------------------------|----------------------|---------------------|
| Provider group | 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 | 2,478 | 879 | \$350,921,153 | 55.5% | \$399,228 | \$115,000 | 2,296 | \$153,374,444 | 61.1% | \$66,801 | \$15,758 |
| Claim against an organization | 1,083 | 504 | \$165,205,599 | 26.1% | \$327,789 | \$50,000 | 925 | \$42,769,351 | 17.0% | \$46,237 | \$15,935 |
| Other type of medical provider | 982 | 585 | \$99,731,408 | 15.8% | \$170,481 | \$30,000 | 735 | \$45,797,963 | 18.2% | \$62,310 | \$12,610 |
| Dental specialty | 355 | 199 | \$16,081,393 | 2.5% | \$80,811 | \$20,000 | 290 | \$9,207,670 | 3.7% | \$31,751 | \$5,284 |
| Total | 4,898 | 2,167 | \$631,939,553 | 100.0% | \$291,620 | \$52,500 | 4,246 | 251,149,428 | 100.0% | \$59,150 | \$14,204 |

The providers with the highest percentage of claims, 50.6 percent, were physician specialties, which includes surgeons, general practice physicians, radiologists, neurologists, psychiatrists, and many more. These claims had the highest average defense cost at \$66,801, the highest average indemnity payment at \$399,228 and the highest median indemnity payment at \$115,000. The “other type of medical provider” category includes nursing, physician assistants, technicians, pharmacy, podiatry, and psychology, among others.

Distributions by Type of Provider



This table shows claim data for physician specialties that had the largest number of claims.⁴⁸

| Five-year period ending December 31, 2017 | | | | | | | | | | | |
|-------------------------------------------|------------------|----------------------------|----------------------|---------------------------|------------------------|-----------------------|---------------------------|----------------------|--------------------------|----------------------|---------------------|
| Provider specialty | Number of claims | Claims with paid indemnity | Paid indemnity | % of total paid indemnity | Average paid indemnity | Median paid indemnity | Claims with defense costs | Defense costs | % of total defense costs | Average defense cost | Median defense cost |
| Emergency medicine | 294 | 89 | \$32,264,341 | 9.2% | \$362,521 | \$95,000 | 279 | \$17,179,683 | 11.2% | \$61,576 | \$20,592 |
| General surgery | 272 | 112 | \$51,615,686 | 14.7% | \$460,854 | \$115,439 | 251 | \$15,145,631 | 9.9% | \$60,341 | \$14,737 |
| General practice-family practice | 261 | 112 | \$28,085,183 | 8.0% | \$250,761 | \$96,250 | 231 | \$15,256,600 | 9.9% | \$66,046 | \$15,756 |
| Obstetrics and gynecology | 249 | 97 | \$51,842,179 | 14.8% | \$534,455 | \$83,500 | 226 | \$17,880,763 | 11.7% | \$79,118 | \$9,790 |
| Orthopedic surgery | 247 | 73 | \$22,375,573 | 6.4% | \$306,515 | \$80,000 | 229 | \$18,132,851 | 11.8% | \$79,183 | \$12,362 |
| Radiology | 180 | 64 | \$25,812,305 | 7.4% | \$403,317 | \$200,000 | 171 | \$10,340,762 | 6.7% | \$60,472 | \$24,011 |
| Internal medicine | 128 | 34 | \$11,075,526 | 3.2% | \$325,751 | \$220,000 | 124 | \$8,675,979 | 5.7% | \$69,968 | \$25,215 |
| Anesthesiology | 112 | 47 | \$3,603,083 | 1.0% | \$76,661 | \$15,000 | 89 | \$3,319,551 | 2.2% | \$37,298 | \$7,196 |
| Plastic surgery | 74 | 21 | \$3,276,829 | 0.9% | \$156,039 | \$50,000 | 67 | \$2,462,161 | 1.6% | \$36,749 | \$4,173 |
| Neurological surgery | 69 | 27 | \$14,618,161 | 4.2% | \$541,413 | \$302,400 | 68 | \$5,778,541 | 3.8% | \$84,979 | \$43,264 |
| Urological surgery | 69 | 29 | \$8,525,669 | 2.4% | \$293,989 | \$175,000 | 63 | \$4,223,292 | 2.8% | \$67,036 | \$24,560 |
| Cardiovascular diseases | 66 | 23 | \$10,688,878 | 3.0% | \$464,734 | \$350,000 | 64 | \$4,919,126 | 3.2% | \$76,861 | \$27,791 |
| Gastroenterology | 60 | 13 | \$1,577,264 | 0.4% | \$121,328 | \$43,745 | 56 | \$2,005,837 | 1.3% | \$35,819 | \$7,549 |
| Otolaryngology | 55 | 24 | \$9,885,645 | 2.8% | \$411,902 | \$263,750 | 54 | \$4,004,008 | 2.6% | \$74,148 | \$7,897 |
| Hospitalist | 54 | 21 | \$16,090,000 | 4.6% | \$766,190 | \$700,000 | 54 | \$4,783,254 | 3.1% | \$88,579 | \$48,665 |
| Pediatrics | 52 | 21 | \$27,107,122 | 7.7% | \$1,290,815 | \$200,000 | 44 | \$6,170,082 | 4.0% | \$140,229 | \$21,684 |
| Dermatology | 35 | 9 | \$1,139,832 | 0.3% | \$126,648 | \$20,000 | 33 | \$1,059,465 | 0.7% | \$32,105 | \$3,383 |
| Ophthalmology | 34 | 8 | \$1,862,110 | 0.5% | \$232,764 | \$125,000 | 32 | \$1,073,999 | 0.7% | \$33,562 | \$20,019 |
| Physical medicine and rehab | 24 | 11 | \$6,763,892 | 1.9% | \$614,899 | \$150,000 | 23 | \$1,018,020 | 0.7% | \$44,262 | \$14,369 |
| Psychiatry | 20 | 7 | \$3,477,000 | 1.0% | \$496,714 | \$175,000 | 20 | \$1,955,384 | 1.3% | \$97,769 | \$13,166 |
| All other physician types | 123 | 37 | 19,234,875 | 5.5% | \$519,861 | | 118 | 7,989,455 | 5.2% | \$67,707 | |
| Total | 2,478 | 879 | \$350,921,153 | 100.0% | \$399,228 | \$115,000 | 2,296 | \$153,374,444 | 100.0% | \$66,801 | \$15,758 |

⁴⁸ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), some specialties are grouped together to maintain confidentiality.

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 142 claims, delay in diagnosis with 25 claims, and improper performance with 20 claims.

Pediatrics was the specialty ranked highest in average paid indemnity and average defense costs. The most common allegations against this physician specialty was failure to diagnose with 15 claims.

This table shows claim data for other types of medical providers.⁴⁹ Nursing staff accounted for 592 claims, resulting in 415 indemnity payments averaging \$173,129. The most common allegations against nursing staff were failure to ensure patient safety with 93 claims, followed by failure to monitor with 67 claims and improper performance with 44 claims. Physician assistants had the second-highest number of claims at 76 and the most common allegation against this type of medical provider was failure to diagnose with 18 claims.

| Five-year period ending December 31, 2017 | | | | | | | | | | |
|-------------------------------------------|------------------------|----------------------------|----------------------|---------------------------|------------------------|-----------------------|---------------------------|---------------------|--------------------------|----------------------|
| Provider type | 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 |
| Nursing | 592 | 415 | \$71,848,675 | 72.0% | \$173,129 | \$27,778 | 409 | \$27,146,336 | 59.3% | \$66,372 |
| Physician assistant | 76 | 26 | \$4,727,602 | 4.7% | \$181,831 | \$60,000 | 68 | \$4,243,979 | 9.3% | \$62,411 |
| Podiatry | 74 | 16 | \$2,354,990 | 2.4% | \$147,187 | \$42,000 | 74 | \$3,770,322 | 8.2% | \$50,950 |
| Chiropractic | 54 | 17 | \$3,903,500 | 3.9% | \$229,618 | \$150,000 | 53 | \$3,355,840 | 7.3% | \$63,318 |
| Laboratory technician | 37 | 29 | \$1,500,144 | 1.5% | \$51,729 | \$3,238 | 15 | \$692,934 | 1.5% | \$46,196 |
| Physical therapy | 27 | 14 | \$3,108,370 | 3.1% | \$222,026 | \$45,000 | 22 | \$964,181 | 2.1% | \$43,826 |
| Emergency medicine | 20 | 10 | \$2,837,921 | 2.8% | \$283,792 | \$95,000 | 14 | \$312,599 | 0.7% | \$22,329 |
| Pharmacy | 20 | 17 | \$674,752 | 0.7% | \$39,691 | \$21,000 | 11 | \$419,156 | 0.9% | \$38,105 |
| All other types | 82 | 41 | 8,775,454 | 8.8% | \$214,035 | | 69 | \$4,892,616 | 10.7% | \$70,907 |
| Total | 982 | 585 | \$99,731,408 | 100.0% | \$170,481 | \$30,000 | 735 | \$45,797,963 | 100.0% | \$62,310 |

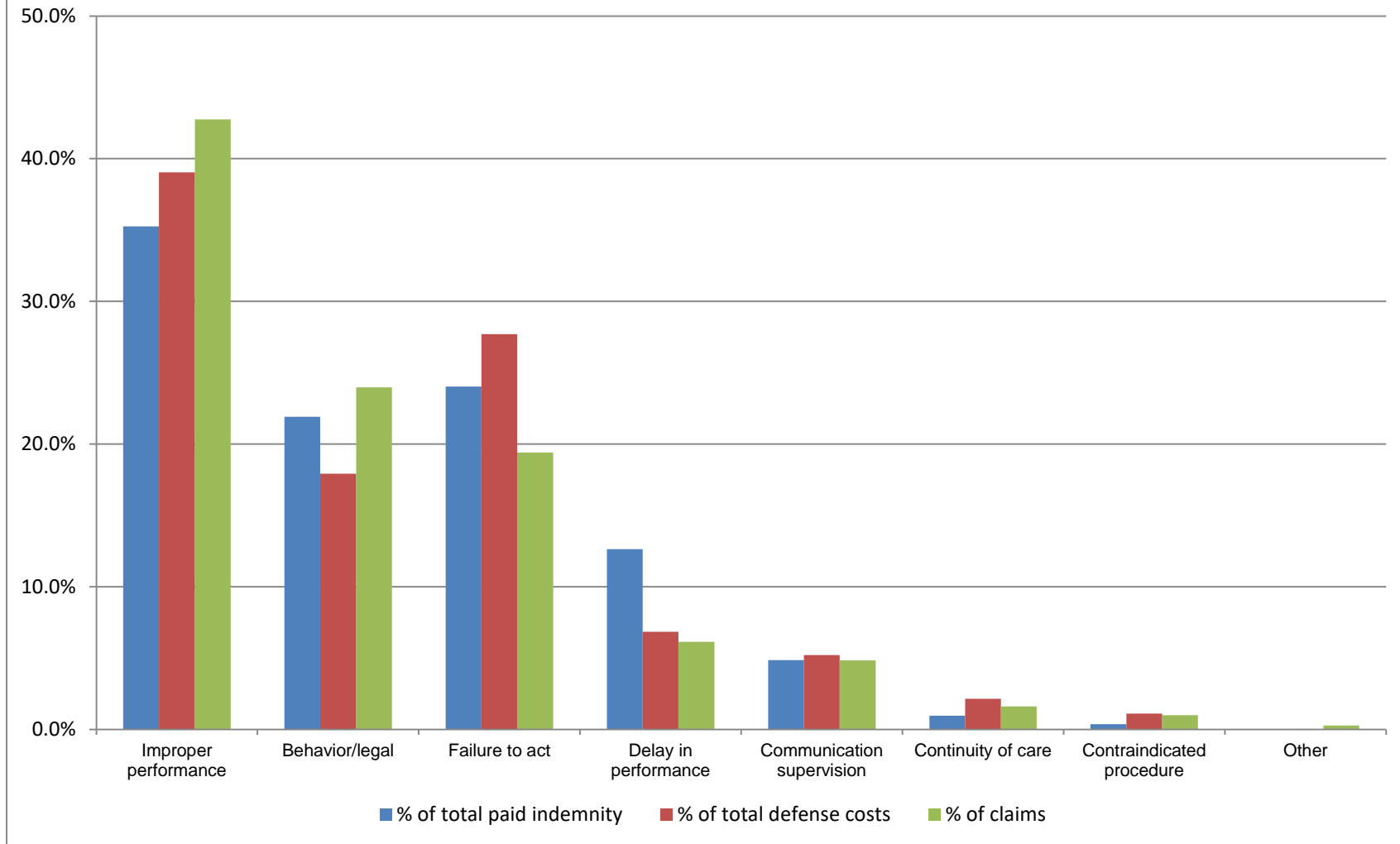
⁴⁹ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), some types of providers are grouped together to maintain confidentiality.

Claim allegations

Insurers and self-insurers identified the primary complaint that led to the medical malpractice claim. This table shows the major classes of allegations.

| <u>Allegation group</u> | <u>Five-year period ending December 31, 2017</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 |
| Error/improper performance | 2,094 | 968 | \$222,773,488 | 35.3% | \$230,138 | 1,785 | \$98,046,864 | 39.0% | \$54,928 |
| Behavior/legal | 1,174 | 531 | \$138,459,199 | 21.9% | \$260,752 | 978 | \$45,027,468 | 17.9% | \$46,040 |
| Failure to take appropriate action | 951 | 384 | \$151,831,785 | 24.0% | \$395,395 | 888 | \$69,572,364 | 27.7% | \$78,347 |
| Delay in performance | 301 | 123 | \$79,850,134 | 12.6% | \$649,188 | 272 | \$17,194,117 | 6.8% | \$63,214 |
| Communication/supervision | 237 | 120 | \$30,642,353 | 4.8% | \$255,353 | 197 | \$13,076,665 | 5.2% | \$66,379 |
| Continuity of care/care management | 79 | 27 | \$6,054,811 | 1.0% | \$224,252 | 71 | \$5,391,014 | 2.1% | \$75,930 |
| Unnecessary/contraindicated procedure | 49 | 14 | \$2,327,783 | 0.4% | \$166,270 | 42 | \$2,778,285 | 1.1% | \$66,150 |
| Other class of allegation | 13 | 0 | \$0 | 0.0% | | 13 | \$62,651 | 0.0% | \$4,819 |
| Total | 4,898 | 2,167 | \$631,939,553 | 100.0% | \$291,620 | 4,246 | \$251,149,428 | 100.0% | \$59,150 |

Distributions by Allegation Group



This table shows the most common specific allegations for each major class of allegation.

| Five-year period ending December 31, 2017 | | | | | | | |
|-------------------------------------------------------|------------------------|----------------------------|----------------------|------------------------|---------------------------|---------------------|----------------------|
| <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 | 873 | 330 | \$69,180,452 | \$209,638 | 797 | \$36,720,113 | \$46,073 |
| Improper technique | 289 | 147 | \$38,127,347 | \$259,370 | 234 | \$10,678,896 | \$45,636 |
| Improper management | 203 | 79 | \$18,013,426 | \$228,018 | 181 | \$13,190,459 | \$72,875 |
| Patient monitoring problem | 59 | 42 | \$12,980,122 | \$309,051 | 49 | \$5,550,651 | \$113,279 |
| Surgical or other foreign body retained | 80 | 41 | \$3,107,111 | \$75,783 | 65 | \$1,301,204 | \$20,019 |
| Equipment utilization problem | 57 | 39 | \$7,057,509 | \$180,962 | 42 | \$3,534,254 | \$84,149 |
| Wrong medication administered | 45 | 29 | \$6,211,592 | \$214,193 | 31 | \$1,695,698 | \$54,700 |
| Wrong body part | 32 | 23 | \$3,769,042 | \$163,871 | 26 | \$1,234,970 | \$47,499 |
| Wrong dosage administered | 42 | 21 | \$12,362,437 | \$588,687 | 38 | \$1,862,757 | \$49,020 |
| Laboratory error | 22 | 19 | \$434,845 | \$22,887 | 6 | \$236,196 | \$39,366 |
| Wrong medication ordered | 40 | 18 | \$18,333,903 | \$1,018,550 | 35 | \$3,034,281 | \$86,694 |
| Wrong medication dispensed | 20 | 17 | \$1,418,097 | \$83,417 | 11 | \$577,288 | \$52,481 |
| Wrong diagnosis or misdiagnosis | 41 | 16 | \$5,944,860 | \$371,554 | 40 | \$1,852,317 | \$46,308 |
| Patient positioning problem | 24 | 16 | \$2,880,086 | \$180,005 | 21 | \$1,060,526 | \$50,501 |
| Radiology or imaging error | 34 | 15 | \$4,394,599 | \$292,973 | 31 | \$1,724,959 | \$55,644 |
| Wrong procedure or treatment | 27 | 14 | \$2,735,362 | \$195,383 | 21 | \$5,933,182 | \$282,532 |
| Patient history, exam, or workup problem | 39 | 14 | \$1,597,446 | \$114,103 | 35 | \$2,118,530 | \$60,529 |
| Intubation problem | 29 | 13 | \$215,546 | \$16,580 | 20 | \$276,954 | \$13,848 |
| Wrong dosage dispensed | 13 | 12 | \$836,646 | \$69,721 | 8 | \$135,817 | \$16,977 |
| Problem w/ appliance, prostheses, orthotic, or device | 27 | 10 | \$2,131,619 | \$213,162 | 25 | \$840,754 | \$33,630 |
| Wrong dosage ordered of correct medication | 18 | 10 | \$1,696,500 | \$169,650 | 11 | \$229,215 | \$20,838 |

Five-year period ending December 31, 2017

| | 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 w/ patient/family | 89 | 38 | \$5,060,942 | \$133,183 | 76 | \$3,525,685 | \$46,391 |
| Communication problem between practitioners | 68 | 35 | \$16,161,354 | \$461,753 | 52 | \$5,059,786 | \$97,304 |
| Failure to supervise | 22 | 14 | \$1,770,328 | \$126,452 | 19 | \$1,805,205 | \$95,011 |
| Improper supervision | 26 | 14 | \$1,539,245 | \$109,946 | 23 | \$866,724 | \$37,684 |
| Failure to report on patient condition | 19 | 10 | \$5,455,164 | \$545,516 | 17 | \$1,710,991 | \$100,647 |
| <u>Failure to take appropriate action</u> | | | | | | | |
| Failure to diagnose | 518 | 176 | \$83,117,310 | \$472,257 | 498 | \$36,434,207 | \$73,161 |
| Failure to monitor | 152 | 87 | \$23,161,620 | \$266,226 | 133 | \$13,421,154 | \$100,911 |
| Failure to treat | 106 | 40 | \$11,993,018 | \$299,825 | 103 | \$4,949,500 | \$48,053 |
| Failure to recognize a complication | 47 | 20 | \$6,906,211 | \$345,311 | 46 | \$4,732,455 | \$102,879 |
| Failure to order appropriate test | 33 | 17 | \$3,753,387 | \$220,787 | 26 | \$2,668,708 | \$102,643 |
| Failure to use aseptic technique | 19 | 14 | \$1,916,902 | \$136,922 | 9 | \$421,434 | \$46,826 |
| Failure to perform procedure | 21 | 11 | \$3,288,028 | \$298,912 | 19 | \$1,486,154 | \$78,219 |
| <u>Delay in performance</u> | | | | | | | |
| Delay in diagnosis | 169 | 66 | \$41,225,143 | \$624,623 | 163 | \$10,432,480 | \$64,003 |
| Delay in treatment | 90 | 38 | \$10,824,991 | \$284,868 | 67 | \$3,284,484 | \$49,022 |
| Delay in performance | 23 | 15 | \$26,075,000 | \$1,738,333 | 23 | \$1,875,353 | \$81,537 |

Five-year period ending December 31, 2017

| | 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>Behavior/legal</u> | | | | | | | |
| Vicarious liability | 786 | 285 | \$112,666,693 | \$395,322 | 705 | \$32,612,501 | \$46,259 |
| Failure to ensure patient safety | 201 | 156 | \$12,931,562 | \$82,895 | 117 | \$3,248,520 | \$27,765 |
| Sexual misconduct | 39 | 21 | \$2,710,220 | \$129,058 | 37 | \$1,962,092 | \$53,030 |
| Equipment malfunction | 19 | 16 | \$1,698,519 | \$106,157 | 11 | \$490,355 | \$44,578 |
| Lack of informed consent | 34 | 13 | \$1,424,414 | \$109,570 | 28 | \$1,570,749 | \$56,098 |
| Failure to protect a third party | 15 | 12 | \$2,306,661 | \$192,222 | 8 | \$963,225 | \$120,403 |
| <u>Continuity of care/care management</u> | | | | | | | |
| Failure or delay in referral or consultation | 47 | 14 | \$3,882,069 | \$277,291 | 44 | \$2,558,963 | \$58,158 |
| Premature discharge from institution | 22 | 11 | \$2,109,509 | \$191,774 | 18 | \$2,428,140 | \$134,897 |

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

| <u>Allegation made against physician specialty</u> | <u>Five-year period ending December 31, 2017</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 | 516 | 168 | \$51,307,154 | \$305,400 | 482 | \$24,714,166 | \$51,274 |
| Failure to diagnose | 460 | 157 | \$69,825,035 | \$444,745 | 442 | \$33,832,262 | \$76,544 |
| Improper technique | 183 | 81 | \$30,053,969 | \$371,037 | 153 | \$7,229,483 | \$47,252 |
| Delay in diagnosis | 134 | 48 | \$36,654,741 | \$763,640 | 130 | \$8,169,091 | \$62,839 |
| Improper management | 137 | 39 | \$14,899,874 | \$382,048 | 132 | \$10,447,246 | \$79,146 |
| Surgical or other foreign body retained | 63 | 27 | \$2,007,413 | \$74,349 | 55 | \$887,008 | \$16,127 |
| Failure to instruct or communicate with patient or family | 60 | 20 | \$3,176,028 | \$158,801 | 53 | \$2,582,955 | \$48,735 |
| Equipment utilization problem | 27 | 17 | \$5,639,293 | \$331,723 | 23 | \$2,623,674 | \$114,073 |
| Failure to monitor | 53 | 16 | \$6,962,500 | \$435,156 | 53 | \$5,191,261 | \$97,948 |
| Failure to treat | 50 | 16 | \$6,732,879 | \$420,805 | 49 | \$2,449,985 | \$50,000 |
| Communication problem between practitioners | 40 | 16 | \$2,127,716 | \$132,982 | 32 | \$2,355,320 | \$73,604 |
| Wrong medication ordered | 35 | 15 | \$18,271,206 | \$1,218,080 | 32 | \$2,589,118 | \$80,910 |
| Failure to recognize a complication | 33 | 14 | \$5,197,360 | \$371,240 | 32 | \$3,761,956 | \$117,561 |
| Failure to order appropriate test | 28 | 13 | \$3,197,995 | \$246,000 | 23 | \$2,298,051 | \$99,915 |
| Radiology or imaging error | 30 | 12 | \$4,252,998 | \$354,417 | 28 | \$1,702,940 | \$60,819 |
| Wrong body part | 17 | 12 | \$3,604,554 | \$300,380 | 16 | \$1,119,247 | \$69,953 |
| Wrong diagnosis or misdiagnosis (original diagnosis is incorrect) | 33 | 11 | \$4,722,500 | \$429,318 | 33 | \$1,489,928 | \$45,149 |
| Delay in performance | 15 | 10 | \$24,325,000 | \$2,432,500 | 15 | \$1,392,546 | \$92,836 |
| Wrong dosage administered | 23 | 10 | \$6,932,843 | \$693,284 | 22 | \$905,817 | \$41,174 |
| Patient monitoring problem | 18 | 10 | \$5,946,788 | \$594,679 | 15 | \$2,443,833 | \$162,922 |
| Delay in treatment | 52 | 10 | \$2,335,000 | \$233,500 | 51 | \$2,583,765 | \$50,662 |

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

| Five-year period ending December 31, 2017 | | | | | | | |
|-------------------------------------------------------|------------------------|----------------------------|----------------------|------------------------|---------------------------|---------------------|----------------------|
| <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 | 207 | 110 | \$9,450,209 | \$85,911 | 184 | \$5,470,365 | \$29,730 |
| Improper technique | 35 | 19 | \$1,459,251 | \$76,803 | 33 | \$875,454 | \$26,529 |
| Improper management | 21 | 13 | \$488,496 | \$37,577 | 13 | \$312,953 | \$24,073 |

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

| Five-year period ending December 31, 2017 | | | | | | | |
|----------------------------------------------------------------------|------------------------|----------------------------|----------------------|------------------------|---------------------------|---------------------|----------------------|
| <u>Allegation made against other type of medical 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 |
| Failure to ensure patient safety | 105 | 82 | \$4,843,355 | \$59,065 | 51 | \$1,114,106 | \$21,845 |
| Failure to monitor | 69 | 49 | \$9,696,360 | \$197,885 | 55 | \$6,519,241 | \$118,532 |
| Improper performance | 142 | 45 | \$6,844,727 | \$152,105 | 125 | \$6,400,108 | \$51,201 |
| Improper technique | 70 | 45 | \$6,154,127 | \$136,758 | 47 | \$2,564,555 | \$54,565 |
| Patient monitoring problem | 35 | 27 | \$5,918,334 | \$219,198 | 30 | \$2,664,005 | \$88,800 |
| Failure to treat | 40 | 18 | \$3,812,639 | \$211,813 | 38 | \$2,023,331 | \$53,246 |
| Improper management | 28 | 18 | \$1,397,225 | \$77,624 | 24 | \$2,100,101 | \$87,504 |
| Equipment utilization problem | 25 | 18 | \$548,778 | \$30,488 | 16 | \$838,531 | \$52,408 |
| Wrong medication administered | 23 | 17 | \$1,266,374 | \$74,493 | 13 | \$487,408 | \$37,493 |
| Communication problem between practitioners | 18 | 14 | \$12,158,638 | \$868,474 | 10 | \$1,725,197 | \$172,520 |
| Failure to diagnose | 46 | 14 | \$5,466,114 | \$390,437 | 45 | \$2,222,847 | \$49,397 |
| Delay in diagnosis | 26 | 14 | \$4,199,653 | \$299,975 | 25 | \$2,119,492 | \$84,780 |
| Laboratory error | 13 | 13 | \$101,960 | \$7,843 | 0 | \$0 | |
| Sexual misconduct | 18 | 12 | \$1,200,220 | \$100,018 | 16 | \$667,661 | \$41,729 |
| Wrong medication dispensed | 13 | 12 | \$1,190,097 | \$99,175 | 6 | \$345,139 | \$57,523 |
| Surgical or other foreign body retained | 12 | 11 | \$973,653 | \$88,514 | 7 | \$303,741 | \$43,392 |
| Patient positioning problem | 13 | 10 | \$2,415,753 | \$241,575 | 10 | \$602,943 | \$60,294 |

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

| Five-year period ending December 31, 2017 | | | | | | | |
|-------------------------------------------------------|------------------------|----------------------------|----------------------|------------------------|---------------------------|---------------------|----------------------|
| <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 | 757 | 277 | \$112,191,918 | \$405,025 | 677 | \$31,752,228 | \$46,901 |
| Failure to ensure patient safety | 80 | 65 | \$7,657,132 | \$117,802 | 53 | \$1,922,007 | \$36,264 |
| Failure to monitor | 27 | 21 | \$6,412,760 | \$305,370 | 22 | \$1,640,528 | \$74,569 |
| Improper supervision | 14 | 10 | \$1,326,692 | \$132,669 | 12 | \$367,836 | \$30,653 |

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

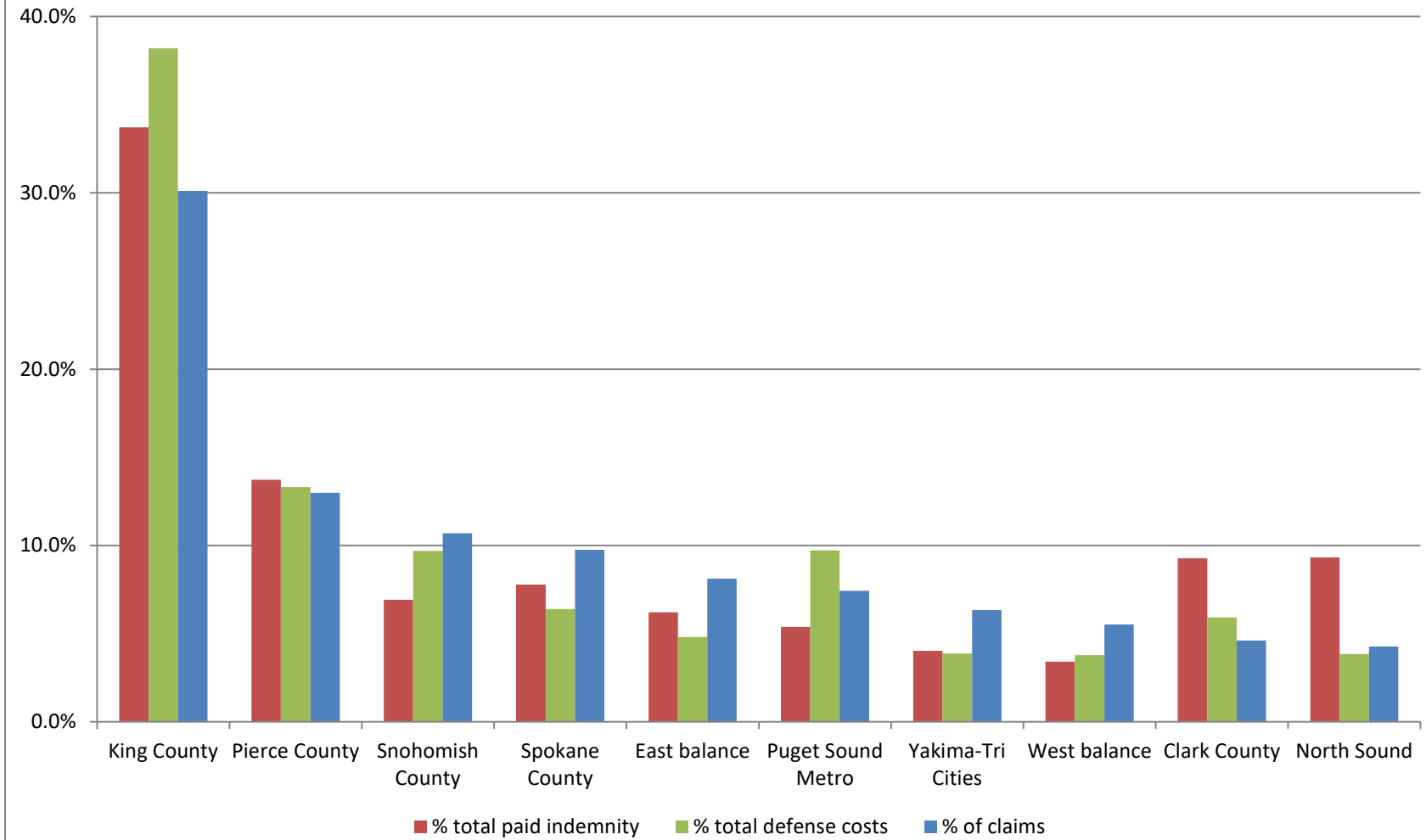
Insurers and self-insurers reported the county where the medical incident occurred.⁵⁰ To provide information about differences by location, we divided the state into 10 regions.⁵¹ King County had the highest total paid indemnity and total defense costs, while average indemnity payments were highest in the North Sound. A few claims were reported as occurring out of state (not shown).

| Region | Five-year period ending December 31, 2017 | | | | | | | | | |
|-------------------|-------------------------------------------|----------------------------|----------------------|-----------------------|------------------------|-----------------------|---------------------------|---------------------|-----------------------|----------------------|
| | Total number of claims | Claims with paid indemnity | Total paid indemnity | Median paid indemnity | Average paid indemnity | Average economic loss | Claims with defense costs | Total defense costs | Average defense costs | Median defense costs |
| King County | 1,475 | 670 | \$213,061,819 | \$50,000 | \$318,003 | \$219,272 | 1,261 | \$95,927,563 | \$76,073 | \$20,533 |
| Pierce County | 636 | 255 | \$86,700,728 | \$72,510 | \$340,003 | \$197,371 | 563 | \$33,426,407 | \$59,372 | \$17,568 |
| Snohomish County | 524 | 202 | \$43,700,247 | \$10,000 | \$216,338 | \$122,106 | 462 | \$24,331,875 | \$52,666 | \$14,500 |
| Spokane County | 478 | 271 | \$49,137,242 | \$50,000 | \$181,318 | \$130,689 | 339 | \$16,060,203 | \$47,375 | \$8,817 |
| East balance | 398 | 169 | \$39,237,527 | \$100,000 | \$232,175 | \$177,216 | 358 | \$12,062,556 | \$33,694 | \$8,060 |
| Puget Sound Metro | 364 | 173 | \$33,973,402 | \$75,000 | \$196,378 | \$122,902 | 319 | \$24,402,380 | \$76,496 | \$22,941 |
| Yakima-Tri Cities | 310 | 125 | \$25,404,104 | \$75,000 | \$203,233 | \$107,312 | 290 | \$9,711,866 | \$33,489 | \$10,972 |
| West balance | 270 | 111 | \$21,505,987 | \$60,000 | \$193,748 | \$89,710 | 248 | \$9,504,977 | \$38,327 | \$18,835 |
| Clark County | 226 | 106 | \$58,665,825 | \$80,000 | \$553,451 | \$348,143 | 203 | \$14,860,168 | \$73,203 | \$15,141 |
| North Sound | 209 | 82 | \$58,902,672 | \$117,500 | \$718,325 | \$244,677 | 195 | \$9,652,382 | \$49,499 | \$11,245 |

⁵⁰ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), some counties are grouped together to maintain confidentiality.

⁵¹ **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.

Distributions by Region

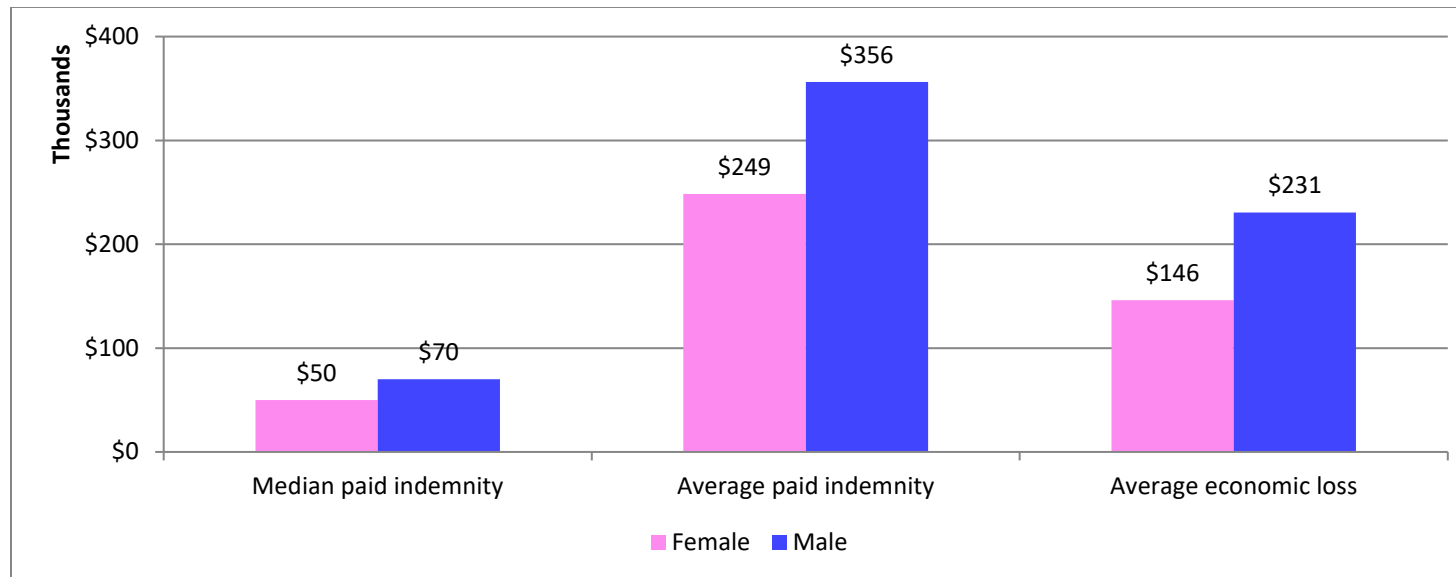


Gender statistics

Of the 4,898 claims closed, 58.3 percent of the claims reported the injured party was female and 41.7 percent 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 December 31, 2017 | | | | | | | | | |
|-------------------------------------------|------------------------|----------------------------|----------------------|-----------------------|------------------------|-----------------------|---------------------------|---------------------|-----------------------|
| Gender | Total number of claims | Claims with paid indemnity | Total paid indemnity | Median paid indemnity | Average paid indemnity | Average economic loss | Claims with defense costs | Total defense costs | Average defense costs |
| Female | 2,854 | 1,294 | \$321,620,190 | \$50,000 | \$248,547 | \$145,996 | 2,463 | \$137,317,109 | \$55,752 |
| Male | 2,041 | 871 | \$310,212,365 | \$70,137 | \$356,157 | \$230,537 | 1,782 | \$113,831,989 | \$63,879 |

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

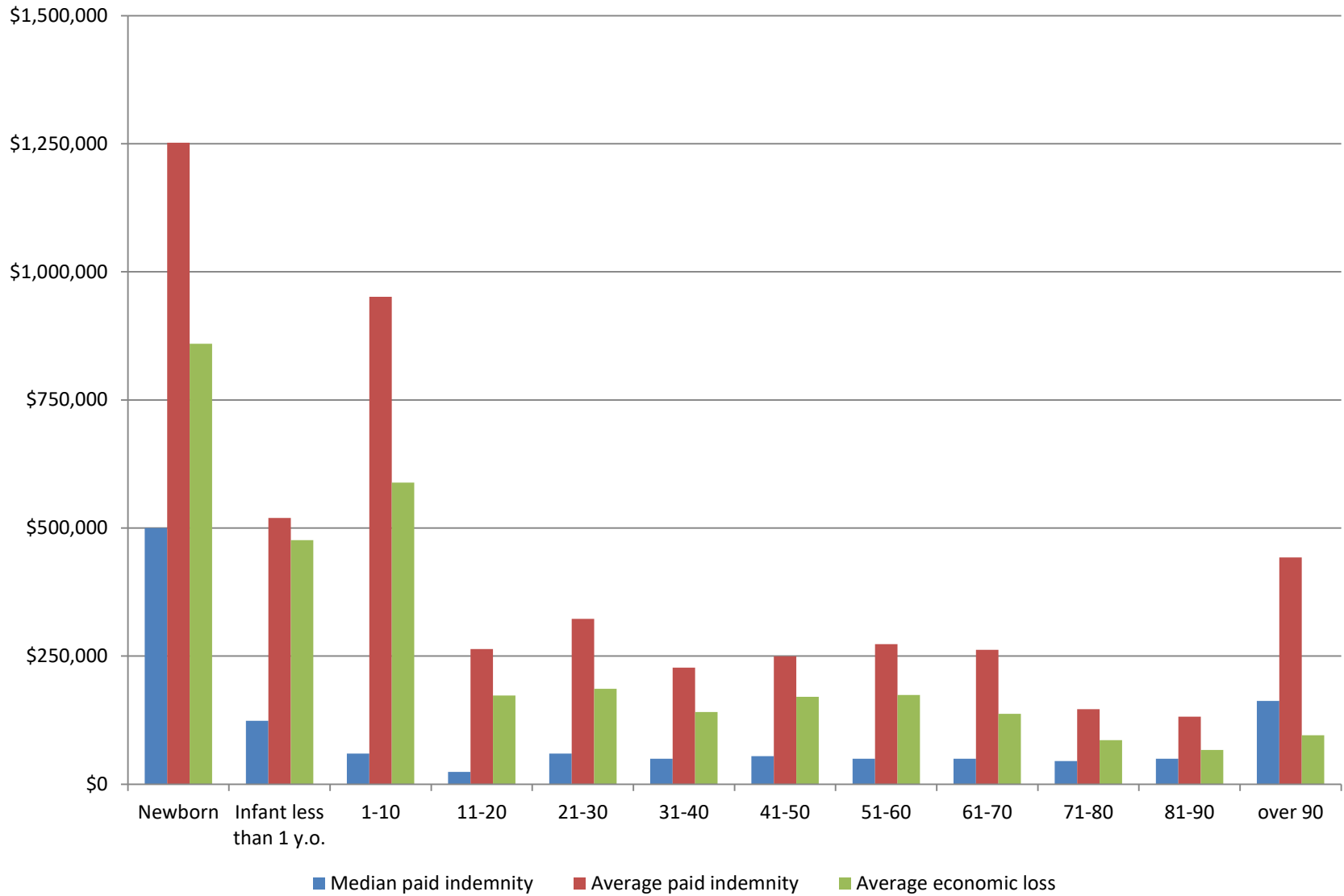


Age statistics

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

| Five-year period ending December 31, 2017 | | | | | | | | | | |
|--------------------------------------------------|-------------------------------|-----------------------------------|-----------------------------|----------------------------|-------------------------------|------------------------------|------------------------------|----------------------------------|----------------------------|-----------------------------|
| Age group | Total number of claims | Claims with paid indemnity | Total paid indemnity | Total economic loss | Average paid indemnity | Average economic loss | Median paid indemnity | Claims with defense costs | Total defense costs | Average defense cost |
| Newborn | 137 | 52 | \$65,109,661 | \$44,700,905 | \$1,252,109 | \$859,633 | \$500,000 | 126 | \$21,639,795 | \$171,744 |
| Infant less than 1 yr | 40 | 20 | \$10,394,376 | \$9,529,376 | \$519,719 | \$476,469 | \$123,663 | 36 | \$3,718,452 | \$103,290 |
| 1-10 | 97 | 53 | \$50,408,212 | \$31,211,154 | \$951,098 | \$588,890 | \$60,000 | 82 | \$5,503,632 | \$67,117 |
| 11-20 | 172 | 88 | \$23,209,484 | \$15,239,182 | \$263,744 | \$173,173 | \$24,300 | 136 | \$7,256,828 | \$53,359 |
| 21-30 | 436 | 193 | \$62,260,432 | \$35,994,067 | \$322,593 | \$186,498 | \$60,000 | 375 | \$21,535,600 | \$57,428 |
| 31-40 | 653 | 271 | \$61,732,513 | \$38,153,963 | \$227,795 | \$140,790 | \$50,000 | 591 | \$30,237,937 | \$51,164 |
| 41-50 | 961 | 391 | \$97,561,845 | \$66,706,473 | \$249,519 | \$170,605 | \$54,620 | 856 | \$43,460,810 | \$50,772 |
| 51-60 | 1,040 | 439 | \$119,979,216 | \$76,556,453 | \$273,301 | \$174,388 | \$50,000 | 905 | \$59,102,366 | \$65,306 |
| 61-70 | 738 | 331 | \$86,906,677 | \$45,523,221 | \$262,558 | \$137,532 | \$50,000 | 632 | \$31,927,247 | \$50,518 |
| 71-80 | 376 | 179 | \$26,177,287 | \$15,375,777 | \$146,242 | \$85,898 | \$45,000 | 316 | \$13,701,256 | \$43,358 |
| 81-90 | 214 | 123 | \$16,243,254 | \$8,246,055 | \$132,059 | \$67,041 | \$50,000 | 168 | \$9,444,989 | \$56,220 |
| over 90 | 34 | 27 | \$11,956,596 | \$2,587,240 | \$442,837 | \$95,824 | \$162,500 | 23 | \$3,620,516 | \$157,414 |
| Total | 4,898 | 2,167 | \$631,939,553 | \$389,823,866 | \$291,620 | \$179,891 | \$52,500 | 4,246 | \$251,149,428 | \$59,150 |

Payment Averages by Age Group



Trends

This chart shows estimates of trends in frequency and severity.⁵² Average claim costs claims have been increasing.

| Year closed | Average paid indemnity | Average limited indemnity | Average defense costs | Average of limited indemnity + defense costs | Number of claims closed |
|--------------------|-------------------------------|----------------------------------|------------------------------|-----------------------------------------------------|--------------------------------|
| 2008 | \$235,067 | \$186,013 | \$49,307 | \$139,607 | 886 |
| 2009 | \$244,140 | \$179,567 | \$43,460 | \$124,289 | 868 |
| 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 | \$112,904 | 1,182 |
| 2013 | \$231,292 | \$179,372 | \$47,464 | \$126,854 | 1,129 |
| 2014 | \$267,644 | \$234,865 | \$57,383 | \$155,892 | 1,036 |
| 2015 | \$378,525 | \$221,620 | \$64,733 | \$146,630 | 1,024 |
| 2016 | \$280,511 | \$218,569 | \$67,191 | \$154,644 | 910 |
| 2017 | \$328,172 | \$190,948 | \$60,795 | \$133,994 | 799 |
| Annual trend | 4.9% | 2.5% | 5.4% | 2.1% | -0.4% |

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 799 claims reported for 2017 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

⁵² 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.

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.

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> | | | | | Five-year total |
|-------------------------------------------|---------------------|--------------|--------------|--------------|--------------|------------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | |
| Settlements reported by attorneys | 58 | 53 | 47 | 37 | 31 | 226 |
| Number of settlements with paid indemnity | 57 | 52 | 44 | 35 | 29 | 217 |
| Total paid indemnity | \$72,113,776 | \$70,617,961 | \$74,402,000 | \$61,303,662 | \$26,089,000 | \$304,526,399 |
| Average payment to claimant | \$1,265,154 | \$1,358,038 | \$1,690,955 | \$1,751,533 | \$899,621 | \$1,403,347 |
| Median payment to claimant | \$390,000 | \$550,000 | \$772,500 | \$600,000 | \$487,500 | \$500,000 |
| Total legal expenses | \$31,971,142 | \$27,209,251 | \$29,348,515 | \$25,170,702 | \$10,777,277 | \$124,476,887 |
| Total attorney fees | \$26,706,371 | \$23,910,626 | \$25,973,603 | \$22,798,754 | \$9,112,988 | \$108,502,342 |
| Average legal expense | \$551,227 | \$513,382 | \$624,436 | \$680,289 | \$347,654 | \$550,783 |
| Average fee paid to attorney | \$468,533 | \$459,820 | \$590,309 | \$651,393 | \$314,241 | \$500,011 |

Indemnity payments to claimants: Over the five-year period ending December 31, 2017, claimants received total compensation of \$304.5 million on 217 settlements, averaging \$1.4 million per settlement. Median paid indemnity was \$500,000 over the same period.

Claimants paid \$124.5 million for legal expenses, averaging \$550,783 per lawsuit. Claimants paid \$108.5 million in attorney fees, or an average of 500,011 per settlement.⁵³ On average, the attorney fee was 35.6 percent of the total compensation paid to the claimant.

The average indemnity payment per settlement reported by attorneys was almost five times 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

⁵³ Attorneys in this area of litigation typically work on a contingency basis, and receive fees if one or more defendants compensate the claimant.

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.

How lawsuits were settled

Very few settlements were the result of a judgment or verdict, but these settlements resulted in the highest average indemnity payment at \$2.7 million. The average attorney fee for lawsuits resolved in court was \$1.1 million, or 39.9 percent of the total judgment or verdict.

| Five-year period ending December 31, 2017 | | | | | | | | |
|--------------------------------------------------|-------------------------------------------|----------------------|----------------------------------------|-------------------------------------------|----------------------|------------------------------------|---------------------|---------------------------------------------|
| Lawsuit settlement method | Number of settlements with legal expenses | Total legal expenses | Average legal expense paid by claimant | Number of settlements with paid indemnity | Total paid indemnity | Average paid indemnity to claimant | Total attorney fees | Attorney fees per settlement with indemnity |
| Verdicts | 16 | \$9,529,411 | \$595,588 | 7 | \$19,055,942 | \$2,722,277 | \$7,596,829 | \$1,085,261 |
| Alternative dispute resolution | 89 | \$45,806,346 | \$514,678 | 89 | \$110,028,295 | \$1,236,273 | \$39,638,257 | \$445,374 |
| Settled by parties | 120 | \$69,127,719 | \$576,064 | 120 | \$175,442,162 | \$1,462,018 | \$61,267,256 | \$510,560 |
| Total | 226 | \$124,476,887 | \$550,783 | 217 | \$304,526,399 | \$1,403,347 | \$108,502,342 | \$500,011 |

Of the 89 settlements resolved by alternative dispute resolution, 85 were resolved in mediation, resulting in \$108.6 million in indemnity payments. The average mediated settlement resulted in an indemnity payment of \$1.3 million. The average attorney fee for settlements resolved in mediation was \$461,017, or 36.1 percent of the total settlement. When other legal expenses are added, such as expert witnesses, claimants paid an average of \$530,547 for total legal expenses – or 41.5 percent of the total mediated settlement.

Settlements by county

| Region | Five-year period ending December 31, 2017 | | | | | | |
|-------------------|-------------------------------------------|----------------------|-----------------------|---------------------------------|----------------------|------------------------|-----------------------|
| | Settlements with legal expenses | Total legal expenses | Average legal expense | Settlements with paid indemnity | Total paid indemnity | Average paid indemnity | Median paid indemnity |
| King County | 109 | \$65,499,675 | \$600,914 | 103 | \$163,896,066 | \$1,591,224 | \$600,000 |
| Puget Sound Metro | 20 | \$10,342,629 | \$517,131 | 19 | \$24,065,000 | \$1,266,579 | \$500,000 |
| Pierce County | 20 | \$9,606,275 | \$480,314 | 20 | \$23,084,730 | \$1,154,237 | \$887,500 |
| Clark County | 18 | \$6,794,405 | \$377,467 | 18 | \$16,244,420 | \$902,468 | \$235,210 |
| Snohomish County | 14 | \$10,210,597 | \$729,328 | 14 | \$24,309,000 | \$1,736,357 | \$475,000 |
| Spokane County | 13 | \$2,941,745 | \$226,288 | 12 | \$8,252,183 | \$687,682 | \$320,000 |
| North Sound | 12 | \$13,265,362 | \$1,105,447 | 11 | \$32,018,000 | \$2,910,727 | \$600,000 |
| Yakima-Tri Cities | 11 | \$3,574,947 | \$324,995 | 11 | \$7,157,000 | \$650,636 | \$375,000 |
| East Balance | 7 | \$1,552,982 | \$221,855 | 7 | \$3,625,000 | \$517,857 | \$312,500 |
| West Balance | 2 | \$688,270 | \$344,135 | 2 | \$1,875,000 | \$937,500 | \$937,500 |
| Total | 226 | \$124,476,887 | \$550,783 | 217 | \$304,526,399 | \$1,403,347 | \$500,000 |

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.⁵⁴ 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 \$2.9 million.

⁵⁴ 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. **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 of claimant

| Five-year period ending December 31, 2017 | | | | | | | |
|--------------------------------------------------|-----------------------------------|----------------------|----------------------------------------------|---------------------------------------|-------------------------|---------------------------------------------|--------------------------|
| Gender | 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 | Median paid indemnity |
| Female | 133 | \$61,257,324 | \$460,581 | 126 | \$145,515,411 | \$1,154,884 | \$400,000 |
| Male | 93 | \$63,219,563 | \$679,780 | 91 | \$159,010,988 | \$1,747,373 | \$750,000 |
| Total | 226 | \$124,476,887 | \$550,783 | 217 | \$304,526,399 | \$1,403,347 | \$500,000 |

Significantly more settlements involved female claimants: 58.8 percent compared to 41.2 percent with male claimants.

Age of claimant

Attorneys reported the age group of the claimant. This table shows that the settlements with the highest average indemnity payments involved the youngest claimants.

| <u>Age group</u> | <u>Five-year period ending December 31, 2017</u> | | | | | | |
|------------------|--------------------------------------------------|----------------------|------------------------|---------------------------------|----------------------|------------------------|-----------------------|
| | Settlements with legal expenses | Total legal expenses | Average legal expenses | Settlements with paid indemnity | Total paid indemnity | Average paid indemnity | Median paid indemnity |
| Ages 0-10 | 16 | 19,387,392 | \$1,211,712 | 16 | 46,212,691 | \$2,888,293 | \$750,000 |
| Ages 11-20 | 10 | 3,060,612 | \$306,061 | 10 | 7,675,000 | \$767,500 | \$287,500 |
| Ages 21-30 | 13 | 11,482,926 | \$883,302 | 12 | 27,225,000 | \$2,268,750 | \$1,487,500 |
| Ages 31-40 | 31 | 10,532,435 | \$339,756 | 30 | 27,688,893 | \$922,963 | \$575,000 |
| Ages 41-50 | 47 | 26,705,305 | \$568,198 | 46 | 62,260,082 | \$1,353,480 | \$500,000 |
| Ages 51-60 | 46 | 35,418,345 | \$769,964 | 45 | 92,723,768 | \$2,060,528 | \$500,000 |
| Ages 61-70 | 37 | 13,243,464 | \$357,931 | 37 | 30,766,965 | \$831,540 | \$500,000 |
| Ages 71-80 | 21 | 3,507,734 | \$167,035 | 16 | 7,234,000 | \$452,125 | \$325,000 |
| Ages 81 and over | 5 | 1,138,674 | \$227,734.80 | 5 | 2,740,000 | \$548,000 | \$250,000 |
| Total | 226 | \$124,476,887 | \$550,783 | 217 | \$304,526,399 | \$1,403,347 | \$500,000 |

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 to improve the accuracy, consistency, and completeness of these data. OIC 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 these 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 keeps inconsistencies and inaccuracies to a minimum by limiting the amount of incomplete reporting by insurers and self-insurers.
9. 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. 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) | (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 | Net investment income | Net investment income ratio [j/d] | Operating ratio [i-k] |
| 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% |
| 2011 | 73,321,941 | 11,206,238 | 15.3% | 70,370,781 | 58,164,474 | 82.7% | 5,050,240 | 7.2% | 105.1% | 13,338,762 | 19.0% | 86.2% |
| 2012 | 67,765,626 | 12,136,167 | 17.9% | 65,640,184 | 52,544,310 | 80.0% | 5,069,039 | 7.7% | 105.7% | 12,759,941 | 19.4% | 86.2% |
| 2013 | 72,889,552 | 12,288,351 | 16.9% | 69,671,138 | 59,350,315 | 85.2% | 5,066,054 | 7.3% | 109.3% | 13,644,483 | 19.6% | 89.7% |
| 2014 | 76,701,101 | 12,732,714 | 16.6% | 75,121,138 | 61,689,384 | 82.1% | 5,070,027 | 6.7% | 105.5% | 14,861,343 | 19.8% | 85.7% |
| 2015 | 76,301,471 | 14,408,108 | 18.9% | 71,271,073 | 60,145,162 | 84.4% | 5,013,655 | 7.0% | 110.3% | 14,821,719 | 20.8% | 89.5% |
| 2016 | 78,240,313 | 16,313,878 | 20.9% | 78,437,989 | 64,504,225 | 82.2% | 5,021,643 | 6.4% | 109.5% | 14,780,030 | 18.8% | 90.6% |
| 2017 | 81,130,272 | 16,142,043 | 19.9% | 79,275,075 | 64,249,016 | 81.0% | 5,001,216 | 6.3% | 107.3% | 14,669,396 | 18.5% | 88.7% |
| Total | 738,515,702 | 128,189,225 | 17.4% | 716,352,804 | 549,819,816 | 76.8% | 50,459,208 | 7.0% | 101.2% | 140,276,039 | 19.6% | 81.6% |
| Five-year period-to-period results | | | | | | | | | | | | |
| 2008-2012 | 353,252,993 | 56,304,131 | 15.9% | 342,576,391 | 239,881,714 | 70.0% | 25,286,613 | 7.4% | 93.3% | 67,499,068 | 19.7% | 73.6% |
| 2013-2017 | 385,262,709 | 71,885,094 | 18.7% | 373,776,413 | 309,938,102 | 82.9% | 25,172,595 | 6.7% | 108.3% | 72,776,971 | 19.5% | 88.8% |

Doctors Company, an Interinsurance Exchange

| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) |
|-------------------------------------------|----------------------|--------------------------------|---------------------|----------------------|-------------------------------------|------------------|------------------------|----------------------|----------------|-----------------------|-----------------------------------|-----------------------|
| <u>Year</u> | 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 | Net investment income | Net investment income ratio [j/d] | Operating ratio [i-k] |
| 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% |
| 2011 | 564,467,114 | 120,861,889 | 21.4% | 536,671,691 | 338,084,016 | 63.0% | 17,898,564 | 3.3% | 87.7% | 140,035,865 | 26.1% | 61.6% |
| 2012 | 596,528,843 | 118,162,349 | 19.8% | 584,386,263 | 403,909,176 | 69.1% | 18,824,501 | 3.2% | 92.1% | 89,575,627 | 15.3% | 76.8% |
| 2013 | 675,729,455 | 142,931,788 | 21.2% | 641,792,914 | 481,878,612 | 75.1% | 20,186,134 | 3.1% | 99.4% | 99,733,738 | 15.5% | 83.8% |
| 2014 | 644,037,543 | 148,922,813 | 23.1% | 659,903,069 | 516,688,550 | 78.3% | 18,211,496 | 2.8% | 104.2% | 9,510,008 | 1.4% | 102.7% |
| 2015 | 622,861,093 | 150,717,918 | 24.2% | 628,266,492 | 468,212,747 | 74.5% | 23,709,837 | 3.8% | 102.5% | 27,685,904 | 4.4% | 98.1% |
| 2016 | 602,359,134 | 150,875,395 | 25.0% | 610,408,597 | 474,058,358 | 77.7% | 28,051,262 | 4.6% | 107.3% | 35,060,286 | 5.7% | 101.6% |
| 2017 | 595,891,924 | 148,129,051 | 24.9% | 600,702,260 | 462,498,558 | 77.0% | 22,870,519 | 3.8% | 105.7% | 72,325,032 | 12.0% | 93.6% |
| Total | 5,885,450,585 | 1,310,702,846 | 22.3% | 5,835,201,644 | 3,996,573,424 | 68.5% | 176,688,681 | 3.0% | 93.8% | 789,646,971 | 13.5% | 80.3% |
| Five-year period-to-period results | | | | | | | | | | | | |
| 2008-2012 | 2,744,571,436 | 569,125,881 | 20.7% | 2,694,128,312 | 1,593,236,599 | 59.1% | 63,659,433 | 2.4% | 82.2% | 545,332,003 | 20.2% | 62.0% |
| 2013-2017 | 3,140,879,149 | 741,576,965 | 23.6% | 3,141,073,332 | 2,403,336,825 | 76.5% | 113,029,248 | 3.6% | 103.7% | 244,314,968 | 7.8% | 95.9% |

| The Medical Protective Company | | | | | | | | | | | | |
|-------------------------------------------|----------------------|--------------------------------|---------------------|----------------------|-------------------------------------|------------------|------------------------|----------------------|----------------|-----------------------|-----------------------------------|-----------------------|
| | (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 | Net investment income | Net investment income ratio [j/d] | Operating ratio [i-k] |
| 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% |
| 2011 | 327,172,569 | 80,572,831 | 24.6% | 302,854,289 | 147,482,689 | 48.7% | 0 | 0.0% | 73.3% | 95,314,696 | 31.5% | 41.9% |
| 2012 | 643,824,861 | 96,030,575 | 14.9% | 616,894,746 | 442,008,223 | 71.7% | 0 | 0.0% | 86.6% | 128,234,185 | 20.8% | 65.8% |
| 2013 | 366,900,050 | 88,271,745 | 24.1% | 371,799,546 | 190,645,983 | 51.3% | 0 | 0.0% | 75.3% | 121,841,200 | 32.8% | 42.6% |
| 2014 | -680,001,929 | 20,854,006 | -3.1% | -575,282,426 | -658,979,231 | 114.5% | 0 | 0.0% | 111.5% | 97,914,323 | -17.0% | 128.5% |
| 2015 | 226,451,495 | 53,586,777 | 23.7% | 214,665,128 | 127,807,468 | 59.5% | 0 | 0.0% | 83.2% | 98,853,894 | 46.1% | 37.2% |
| 2016 | 255,837,377 | 60,686,074 | 23.7% | 228,980,322 | 148,917,208 | 65.0% | 0 | 0.0% | 88.8% | 90,412,011 | 39.5% | 49.3% |
| 2017 | 239,978,122 | 62,282,587 | 26.0% | 251,862,659 | 146,081,715 | 58.0% | 0 | 0.0% | 84.0% | 93,755,335 | 37.2% | 46.7% |
| Total | 2,392,056,255 | 642,401,382 | 26.9% | 2,410,398,197 | 1,229,902,772 | 51.0% | 0 | 0.0% | 77.9% | 967,149,937 | 40.1% | 37.8% |
| Five-year period-to-period results | | | | | | | | | | | | |
| 2008-2012 | 1,982,891,140 | 356,720,193 | 18.0% | 1,918,372,968 | 1,275,429,629 | 66.5% | 0 | 0.0% | 84.5% | 464,373,174 | 24.2% | 60.3% |
| 2013-2017 | 409,165,115 | 285,681,189 | 69.8% | 492,025,229 | -45,526,857 | -9.3% | 0 | 0.0% | 60.6% | 502,776,763 | 102.2% | -41.6% |

Net data for 2012, 2014 and 2015 for Medical Protective were distorted by loss portfolio transfer agreements between Medical Protective and its affiliates.

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 | Amounts reported at year-end | | | | | | | | | | One year development | Two year development | Cumulative development |
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | | | |
| Prior | 111,615 | 102,739 | 84,019 | 72,381 | 64,768 | 61,727 | 59,416 | 58,932 | 60,417 | 60,142 | -275 | 1,210 | -51,473 |
| 2008 | 57,137 | 44,684 | 38,672 | 36,794 | 33,629 | 30,644 | 29,637 | 28,587 | 29,672 | 29,335 | -337 | 748 | -27,802 |
| 2009 | | 55,629 | 54,621 | 51,841 | 50,073 | 51,595 | 49,254 | 48,952 | 48,152 | 46,065 | -2,087 | -2,887 | -9,564 |
| 2010 | | | 61,648 | 52,493 | 48,490 | 46,159 | 45,100 | 39,208 | 38,096 | 37,630 | -466 | -1,578 | -24,018 |
| 2011 | | | | 68,571 | 61,519 | 54,457 | 50,314 | 48,425 | 47,268 | 46,997 | -271 | -1,428 | -21,574 |
| 2012 | | | | | 64,479 | 58,836 | 60,309 | 54,902 | 49,046 | 48,009 | -1,037 | -6,893 | -16,470 |
| 2013 | | | | | | 65,630 | 56,757 | 49,966 | 44,418 | 37,641 | -6,777 | -12,325 | -27,989 |
| 2014 | | | | | | | 65,379 | 63,625 | 59,703 | 55,647 | -4,056 | -7,978 | -9,732 |
| 2015 | | | | | | | | 67,830 | 64,651 | 65,694 | 1,043 | -2,136 | -2,136 |
| 2016 | | | | | | | | | 66,696 | 62,982 | -3,714 | | -3,714 |
| 2017 | | | | | | | | | | 66,331 | | | |
| | | | | | | | | | | Total | -17,977 | -33,267 | -194,472 |

Doctors Company, an Interinsurance Exchange

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

Amounts reported at year-end

| Year in which losses occurred | Amounts reported at year-end | | | | | | | | | | One year development | Two year development | Cumulative Development |
|-------------------------------|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|--------------|----------------------|----------------------|------------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | | | |
| Prior | 559,808 | 438,105 | 320,678 | 267,051 | 260,319 | 268,599 | 263,021 | 259,090 | 258,651 | 256,628 | -2,023 | -2,462 | -303,180 |
| 2008 | 282,251 | 286,591 | 286,186 | 294,745 | 245,867 | 243,268 | 241,550 | 236,329 | 235,019 | 231,944 | -3,075 | -4,385 | -50,307 |
| 2009 | | 382,196 | 359,494 | 327,778 | 323,624 | 288,348 | 284,449 | 284,041 | 284,077 | 287,986 | 3,909 | 3,945 | -94,210 |
| 2010 | | | 384,936 | 360,284 | 358,923 | 352,613 | 312,559 | 303,470 | 301,084 | 298,970 | -2,114 | -4,500 | -85,966 |
| 2011 | | | | 402,382 | 401,470 | 401,593 | 398,810 | 359,691 | 350,613 | 350,850 | 237 | -8,841 | -51,532 |
| 2012 | | | | | 437,363 | 421,491 | 420,738 | 407,422 | 369,422 | 332,719 | -36,703 | -74,703 | -104,644 |
| 2013 | | | | | | 478,868 | 479,267 | 475,791 | 475,791 | 458,008 | -17,783 | -17,783 | -20,860 |
| 2014 | | | | | | | 523,776 | 523,475 | 523,475 | 520,327 | -3,148 | -3,148 | -3,449 |
| 2015 | | | | | | | | 499,160 | 499,644 | 498,925 | -719 | -235 | -235 |
| 2016 | | | | | | | | | 467,527 | 465,811 | -1,716 | | -1,716 |
| 2017 | | | | | | | | | | 466,642 | | | |
| | | | | | | | | | | Total | -63,135 | -112,112 | -716,099 |

The Medical Protective Company

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

Amounts reported at year-end

| Year in which losses occurred | Amounts reported at year-end | | | | | | | | | | One year development | Two year development | Cumulative Development |
|-------------------------------|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|--------------|----------------------|----------------------|------------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | | | |
| Prior | 737,128 | 694,028 | 612,006 | 510,650 | 509,665 | 462,349 | 358,171 | 348,872 | 342,547 | 334,147 | -8,400 | -14,725 | -402,981 |
| 2008 | 285,000 | 271,527 | 257,782 | 244,108 | 222,419 | 197,674 | 145,576 | 138,356 | 133,231 | 131,362 | -1,869 | -6,994 | -153,638 |
| 2009 | | 291,750 | 278,022 | 264,576 | 287,984 | 253,520 | 170,649 | 159,108 | 151,294 | 147,482 | -3,812 | -11,626 | -144,268 |
| 2010 | | | 293,913 | 279,180 | 305,693 | 293,658 | 175,727 | 160,459 | 151,892 | 143,426 | -8,466 | -17,033 | -150,487 |
| 2011 | | | | 282,074 | 314,451 | 301,159 | 169,322 | 154,949 | 146,890 | 136,678 | -10,212 | -18,271 | -145,396 |
| 2012 | | | | | 322,195 | 315,585 | 163,486 | 159,471 | 152,546 | 135,840 | -16,706 | -23,631 | -186,355 |
| 2013 | | | | | | 322,225 | 157,295 | 155,514 | 149,149 | 139,670 | -9,479 | -15,844 | -182,555 |
| 2014 | | | | | | | 174,469 | 177,627 | 172,179 | 162,275 | -9,904 | -15,352 | -12,194 |
| 2015 | | | | | | | | 186,030 | 183,767 | 175,535 | -8,232 | -10,495 | -10,495 |
| 2016 | | | | | | | | | 185,285 | 184,199 | -1,086 | | -1,086 |
| 2017 | | | | | | | | | | 187,661 | | | |
| | | | | | | | | | | Total | -78,166 | -133,971 | -1,389,455 |

Appendix C: Rate filing information

| <u>NAIC Code</u> | <u>Company</u> | <u>Description</u> | <u>Approved Change</u> | <u>Effective Date</u> |
|------------------|------------------------------------------|-------------------------------------------------|------------------------|-----------------------|
| 11843 | Medical Protective Company | Multi-Specialty Health Care Providers | -4.7% | 8/1/2018 |
| | Insurance Services Office Inc. | Hospitals and Physicians, Surgeons and Dentists | 10.0% | 5/1/2018 |
| 35408 | Imperium Insurance Company | Allied Health | New Program | 4/1/2018 |
| 10222 | PACO Assurance Company Inc. | Chiropractors | 2.7% | 4/1/2018 |
| 13714 | Pharmacists Mutual Ins. Co. | Pharmacists | 0.0% | 3/5/2018 |
| 12260 | Campmed Casualty & Indemnity Company Inc | Allied Health | New Program | 2/1/2018 |
| 20427 | American Casualty Co. of Reading, PA | Healthcare Providers Services Organization | 0.0% | 1/22/2018 |
| 43460 | Aspen American Insurance Company | Dentists (Package) | New Program | 12/15/2017 |
| 20427 | American Casualty Co. of Reading, PA | Dentists | New Program | 11/15/2017 |
| 11843 | Medical Protective Company | Multi-Specialty Health Care Providers | 28.0% | 8/15/2017 |
| | Insurance Services Office Inc. | Hospitals and Physicians, Surgeons and Dentists | 5.0% | 8/1/2017 |
| | Insurance Services Office Inc. | Hospitals, Physicians and Surgeons | -0.6% | 8/1/2017 |
| 15865 | NCMIC Insurance Company | Naturopathic | -4.1% | 8/1/2017 |
| 11843 | Medical Protective Company | Podiatrists | 10.0% | 7/1/2017 |
| 11843 | Medical Protective Company | Nurses | -5.0% | 2/1/2017 |
| 23280 | Cincinnati Indemnity Co. | Optometrists | -4.4% | 1/1/2017 |
| 13714 | Pharmacists Mutual Ins. Co. | Dental Hygienists | New Program | 12/31/2016 |

These tables show information from each company's two most recent physicians and surgeons rate filings. None of these companies submitted new rate filings for physicians and surgeons since last year's report.

| 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 Co. | | | |
|------------------------|-------------|-------------|------------|
| Rate filing selections | 2012 filing | 2013 filing | Difference |
| Selected frequency: | 6.7% | 6.7% | 0.0% |
| Selected severity: | \$113,000 | \$115,750 | \$2,750 |
| Selected pure premium: | \$7,571 | \$7,755 | \$184 |
| Selected annual trend: | 3.5% | 3.5% | 0.0% |

| Medical Protective Co. | | | |
|------------------------|-------------|-------------|------------|
| Rate filing selections | 2013 filing | 2015 filing | Difference |
| Selected frequency: | n/a | n/a | |
| Selected severity: | n/a | n/a | |
| Selected pure premium: | \$6,689 | \$5,900 | -\$789 |
| Selected annual trend: | 4.0% | 4.0% | 0.0% |

| Physicians Insurance | | | | | | | | | |
|-----------------------------|-------------|-------------|------------|------------------------|-------------|------------|---------------------------|-------------|------------|
| Year | 2008 filing | 2009 filing | Difference | | | | | | |
| 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 | The Doctors Co. | | | | | |
| | | | | 2012 filing | 2013 filing | Difference | | | |
| 2003 | \$27,765 | \$26,938 | -\$827 | \$14,328 | \$14,328 | \$0 | Medical Protective | | |
| 2004 | \$28,954 | \$28,782 | -\$172 | \$7,955 | \$7,954 | -\$1 | 2013 filing | 2015 filing | Difference |
| 2005 | \$29,498 | \$28,706 | -\$792 | \$8,262 | \$8,262 | \$0 | \$7,569 | \$5,204 | -\$2,365 |
| 2006 | \$28,842 | \$26,899 | -\$1,943 | \$10,114 | \$9,947 | -\$167 | \$6,059 | \$5,635 | -\$424 |
| 2007 | | \$23,987 | | \$5,670 | \$5,685 | \$15 | \$4,783 | \$4,541 | -\$242 |
| 2008 | | | | \$11,700 | \$11,550 | -\$150 | \$1,317 | \$1,576 | \$259 |
| 2009 | | | | \$10,500 | \$10,150 | -\$350 | \$4,031 | \$4,094 | \$63 |
| 2010 | | | | \$6,850 | \$7,900 | \$1,050 | \$3,374 | \$3,644 | \$270 |
| 2011 | | | | \$12,400 | \$12,600 | \$200 | \$3,994 | \$2,157 | -\$1,837 |
| 2012 | | | | | | | | \$1,808 | |
| Total | | | -\$3,079 | | | \$597 | | | -\$4,276 |

These tables show insurer estimates of loss and defense costs by year that claims were reported. For each company, the two estimates shown are from that company's two most recent rate filings. Data are displayed in thousands.

Appendix D: 2017 NAIC profitability report - medical professional liability insurance

| State | Direct premiums earned (000s) | Percent of direct premiums earned | | | | | | | | | | Percent of net worth | | | |
|----------------------|-------------------------------|-----------------------------------|---------------------|-----------------|-----------------|--------------------|---------------------|----------------------|----------------------------|--------------------|-----------------------|---------------------------|------------------------|-------------------------------|---------------------|
| | | Losses incurred | Loss adjust expense | General expense | Selling expense | Taxes license fees | 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 | 120,915 | 26.3 | 30.9 | 8.3 | 9.8 | 2.8 | 1.1 | 20.8 | 9.5 | 9.7 | 20.6 | 41.1 | 3.8 | 1.0 | 11.2 |
| Alaska | 23,451 | 17.9 | 18.9 | 8.3 | 10.8 | 2.2 | 11.2 | 30.9 | 4.0 | 11.8 | 23.1 | 58.6 | 3.8 | 1.0 | 16.3 |
| Arizona | 219,319 | 39.2 | 22.6 | 8.3 | 12.8 | 2.3 | 12.1 | 2.8 | 8.0 | 3.1 | 7.8 | 43.2 | 3.8 | 1.0 | 6.2 |
| Arkansas | 64,691 | 39.7 | 28.4 | 8.3 | 15.9 | 3.4 | 1.5 | 2.9 | 10.7 | 3.8 | 9.8 | 38.9 | 3.8 | 1.0 | 6.7 |
| California | 754,064 | 45.9 | 31.4 | 8.3 | 14.0 | 2.7 | 1.5 | -3.8 | 6.9 | 0.5 | 2.7 | 48.0 | 3.8 | 1.0 | 4.1 |
| Colorado | 152,481 | 39.4 | 26.6 | 8.3 | 10.9 | 2.0 | 0.8 | 12.1 | 6.7 | 6.0 | 12.8 | 48.2 | 3.8 | 1.0 | 9.0 |
| Connecticut | 180,372 | 75.9 | 27.6 | 8.3 | 11.7 | 2.7 | 1.4 | -27.5 | 9.4 | -7.2 | -10.9 | 42.5 | 3.8 | 1.0 | -1.8 |
| Delaware | 33,866 | 38.6 | 14.5 | 8.3 | 14.5 | 3.0 | 0.4 | 20.7 | 8.3 | 9.4 | 19.7 | 43.0 | 3.8 | 1.0 | 11.3 |
| District of Columbia | 27,714 | 24.3 | 4.5 | 8.3 | 14.9 | 9.6 | 0.7 | 37.8 | 10.4 | 15.9 | 32.2 | 39.3 | 3.9 | 1.0 | 15.5 |
| Florida | 588,241 | 52.9 | 29.8 | 8.3 | 15.2 | 2.4 | 1.9 | -10.4 | 6.9 | -1.9 | -1.6 | 48.2 | 3.8 | 1.0 | 2.1 |
| Georgia | 240,241 | 70.8 | 38.0 | 8.3 | 13.4 | 4.0 | 4.7 | -39.2 | 10.2 | -11.1 | -17.9 | 39.2 | 3.8 | 1.0 | -4.2 |
| Hawaii | 27,697 | 78.3 | 33.9 | 8.3 | 11.8 | 4.7 | 12.6 | -49.5 | 9.0 | -15.0 | -25.5 | 41.7 | 3.8 | 1.0 | -7.8 |
| Idaho | 31,517 | 48.3 | 25.2 | 8.3 | 13.9 | 2.9 | 6.3 | -4.8 | 7.1 | 0.1 | 2.1 | 47.8 | 3.8 | 1.0 | 3.8 |
| Illinois | 489,270 | 53.6 | 31.7 | 8.3 | 15.3 | 2.0 | 5.0 | -15.7 | 13.3 | -2.1 | -0.3 | 33.8 | 3.8 | 1.0 | 2.7 |
| Indiana | 116,609 | 31.8 | 31.3 | 8.3 | 11.1 | 2.9 | 0.3 | 14.3 | 14.0 | 8.6 | 19.6 | 33.3 | 3.8 | 1.0 | 9.4 |
| Iowa | 67,532 | 64.8 | 25.8 | 8.3 | 14.6 | 2.5 | 0.4 | -16.3 | 7.8 | -3.7 | -4.8 | 46.2 | 3.8 | 1.0 | 0.6 |
| Kansas | 62,449 | 29.2 | 25.1 | 8.3 | 13.1 | 2.6 | 0.9 | 20.9 | 8.4 | 9.5 | 19.8 | 45.0 | 3.8 | 1.0 | 11.7 |
| Kentucky | 105,789 | 46.8 | 42.8 | 8.3 | 13.3 | 2.3 | 1.3 | -14.7 | 14.8 | -1.3 | 1.4 | 31.9 | 3.8 | 1.0 | 3.3 |
| Louisiana | 94,773 | 14.5 | 32.5 | 8.3 | 13.3 | 3.5 | 2.8 | 25.2 | 10.6 | 11.6 | 24.3 | 39.1 | 3.8 | 1.0 | 12.3 |
| Maine | 46,474 | 56.8 | 20.8 | 8.3 | 11.2 | 1.8 | 4.3 | -3.2 | 7.4 | 0.8 | 3.4 | 46.2 | 3.8 | 1.0 | 4.4 |

| State | Direct premiums earned (000s) | Percent of direct premiums earned | | | | | | | | | | Percent of net worth | | | |
|----------------|-------------------------------|-----------------------------------|---------------------|-----------------|-----------------|--------------------|---------------------|---------------------|----------------------------|--------------------|-----------------------|---------------------------|------------------------|------------------------------|---------------------|
| | | Losses incurred | Loss adjust expense | General expense | Selling expense | Taxes license fees | Dividend to plcyhdr | Underwriting 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 |
| Maryland | 286,229 | 57.3 | 28.6 | 8.3 | 12.0 | 2.2 | 14.4 | -22.8 | 6.1 | -6.4 | -10.3 | 51.6 | 3.8 | 1.0 | -2.5 |
| Massachusetts | 320,161 | 37.6 | 22.8 | 8.3 | 10.9 | 2.9 | 2.7 | 14.9 | 13.0 | 8.6 | 19.3 | 35.5 | 3.8 | 1.0 | 9.7 |
| Michigan | 188,821 | -26.1 | 20.7 | 8.3 | 14.8 | 1.8 | 0.7 | 79.9 | 7.5 | 29.9 | 57.5 | 46.2 | 3.8 | 1.0 | 29.4 |
| Minnesota | 77,340 | 84.0 | 28.6 | 8.3 | 14.5 | 2.7 | 1.0 | -39.1 | 6.6 | -12.0 | -20.5 | 50.6 | 3.8 | 1.0 | -7.6 |
| Mississippi | 46,607 | 11.3 | 10.8 | 8.3 | 18.9 | 2.0 | 0.8 | 48.0 | 8.8 | 19.1 | 37.7 | 42.6 | 3.9 | 1.0 | 18.9 |
| Missouri | 142,371 | 65.3 | 22.8 | 8.3 | 13.4 | 2.2 | 10.0 | -22.0 | 7.1 | -5.9 | -9.0 | 47.9 | 3.8 | 1.0 | -1.5 |
| Montana | 39,982 | 59.0 | 36.4 | 8.3 | 13.7 | 2.4 | 1.1 | -20.9 | 7.0 | -5.5 | -8.4 | 49.0 | 3.8 | 1.0 | -1.3 |
| Nebraska | 32,746 | 45.2 | 32.6 | 8.3 | 13.7 | 1.6 | 1.7 | -3.0 | 10.7 | 1.7 | 6.0 | 38.9 | 3.8 | 1.0 | 5.1 |
| Nevada | 69,139 | 14.6 | 28.2 | 8.3 | 13.1 | 3.9 | 0.8 | 31.2 | 7.8 | 12.9 | 26.0 | 45.2 | 3.8 | 1.0 | 14.6 |
| New Hampshire | 58,185 | 49.1 | 27.7 | 8.3 | 12.6 | 2.1 | 1.1 | -0.8 | 5.8 | 1.2 | 3.7 | 52.8 | 3.8 | 1.0 | 4.8 |
| New Jersey | 421,205 | 57.9 | 24.4 | 8.3 | 15.6 | 2.0 | 0.2 | -8.3 | 15.6 | 1.1 | 6.1 | 30.8 | 3.8 | 1.0 | 4.7 |
| New Mexico | 52,290 | 58.1 | 32.1 | 8.3 | 13.4 | 3.8 | 0.4 | -16.1 | 8.5 | -3.4 | -4.1 | 44.5 | 3.8 | 1.0 | 1.0 |
| New York | 1,637,957 | 60.3 | 32.4 | 8.3 | 8.9 | 2.4 | 4.6 | -16.9 | 18.6 | -1.1 | 2.8 | 27.8 | 3.8 | 1.0 | 3.6 |
| North Carolina | 167,814 | 3.7 | 18.7 | 8.3 | 13.1 | 3.7 | 3.6 | 48.9 | 7.7 | 19.1 | 37.5 | 45.2 | 3.8 | 1.0 | 19.8 |
| North Dakota | 9,563 | 442.1 | 121.7 | 8.3 | 18.3 | 3.9 | 0.4 | -494.6 | 17.1 | -168.7 | -308.8 | 29.0 | 3.8 | 1.0 | -86.8 |
| Ohio | 240,874 | 36.5 | 14.2 | 8.3 | 16.3 | 3.1 | 1.8 | 19.9 | 13.3 | 10.4 | 22.8 | 33.8 | 3.8 | 1.0 | 10.6 |
| Oklahoma | 95,427 | 43.6 | 44.8 | 8.3 | 15.5 | 1.7 | 0.3 | -14.1 | 9.4 | -2.5 | -2.2 | 41.3 | 3.8 | 1.0 | 1.9 |
| Oregon | 92,847 | 56.7 | 27.0 | 8.3 | 12.6 | 2.5 | 2.2 | -9.3 | 7.6 | -1.3 | -0.4 | 46.2 | 3.8 | 1.0 | 2.6 |
| Pennsylvania | 666,814 | 56.4 | 41.1 | 8.3 | 10.2 | 2.1 | 0.7 | -18.7 | 10.5 | -3.8 | -4.4 | 39.7 | 3.8 | 1.0 | 1.1 |
| Rhode Island | 28,004 | 117.2 | 44.4 | 8.3 | 15.0 | 2.6 | 0.3 | -87.7 | 29.8 | -23.0 | -34.9 | 19.3 | 3.8 | 1.0 | -3.9 |
| South Carolina | 65,432 | 76.2 | 50.1 | 8.3 | 14.2 | 5.2 | 3.3 | -57.1 | 10.0 | -17.4 | -29.7 | 40.0 | 3.8 | 1.0 | -9.0 |
| South Dakota | 15,260 | -3.2 | 25.9 | 8.3 | 15.6 | 3.3 | 3.5 | 46.6 | 9.8 | 18.9 | 37.6 | 41.0 | 3.8 | 1.0 | 18.2 |
| Tennessee | 214,912 | 58.5 | 31.8 | 8.3 | 9.4 | 1.8 | 2.5 | -12.3 | 14.6 | -0.5 | 2.8 | 32.3 | 3.8 | 1.0 | 3.7 |

| State | Direct premiums earned (000s) | Percent of direct premiums earned | | | | | | | | | | Percent of net worth | | | |
|---------------------|-------------------------------|-----------------------------------|---------------------|-----------------|-----------------|--------------------|---------------------|----------------------|----------------------------|--------------------|-----------------------|---------------------------|------------------------|------------------------------|---------------------|
| | | Losses incurred | Loss adjust expense | General expense | Selling expense | Taxes license fees | 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 |
| Texas | 300,076 | 26.6 | 16.1 | 8.3 | 16.7 | 2.6 | 1.7 | 28.1 | 8.2 | 12.0 | 24.4 | 44.1 | 3.8 | 1.0 | 13.6 |
| Utah | 59,378 | 36.1 | 28.1 | 8.3 | 12.3 | 2.9 | 2.2 | 10.2 | 7.5 | 5.5 | 12.2 | 47.6 | 3.8 | 1.0 | 8.6 |
| Vermont | 16,154 | 39.6 | 17.9 | 8.3 | 16.0 | 11.7 | 3.4 | 3.2 | 8.2 | 3.2 | 8.1 | 42.8 | 4.0 | 1.0 | 6.4 |
| Virginia | 191,326 | 38.6 | 31.7 | 8.3 | 15.4 | 3.3 | 2.8 | 0.1 | 6.6 | 1.7 | 4.9 | 48.8 | 3.8 | 1.0 | 5.3 |
| Washington | 158,125 | 48.5 | 22.1 | 8.3 | 12.1 | 2.8 | 3.9 | 2.3 | 8.6 | 3.0 | 7.9 | 43.9 | 3.8 | 1.0 | 6.3 |
| West Virginia | 63,730 | 122.7 | 62.7 | 8.3 | 16.0 | 3.6 | 1.9 | -115.1 | 11.0 | -37.5 | -66.7 | 37.8 | 3.8 | 1.0 | -22.4 |
| Wisconsin | 74,778 | -14.2 | 13.6 | 8.3 | 12.1 | 1.9 | 1.0 | 77.4 | 10.5 | 29.8 | 58.1 | 39.2 | 3.8 | 1.0 | 25.6 |
| Wyoming | 23,614 | 52.0 | 33.3 | 8.3 | 15.4 | 3.2 | 2.7 | -14.9 | 4.9 | -3.9 | -6.0 | 56.4 | 3.8 | 1.0 | -0.6 |
| Guam | 988 | 22.9 | 6.0 | 8.3 | 32.2 | 2.3 | 0.1 | 28.3 | -0.2 | 9.9 | 18.3 | 85.6 | 4.1 | 1.1 | 18.7 |
| Puerto Rico | 66,295 | 31.9 | 32.1 | 8.3 | 14.8 | 0.9 | 0.0 | 12.0 | 6.9 | 6.0 | 12.9 | 49.3 | 3.8 | 1.0 | 9.2 |
| U.S. Virgin Islands | 380 | -12.1 | -13.8 | 8.3 | 25.7 | 3.1 | 0.6 | 88.2 | 1.7 | 31.3 | 58.6 | 72.4 | 4.0 | 1.0 | 45.4 |
| N Mariana Islands | 3 | 108.3 | 5.3 | 8.3 | 38.9 | 0.0 | 0.0 | -60.8 | 15.0 | -17.4 | -28.4 | 27.7 | 4.2 | 1.1 | -4.8 |
| Countrywide | 9,372,290 | 49.0 | 29.7 | 8.3 | 12.7 | 2.6 | 3.2 | -5.3 | 11.2 | 1.0 | 4.9 | 37.8 | 3.8 | 1.0 | 4.7 |
| Average | 170,405 | 51.9 | 28.5 | 8.3 | 14.6 | 3.0 | 2.7 | -8.9 | 9.5 | -0.7 | 1.3 | 43.3 | 3.8 | 1.0 | 4.8 |
| Median | 74,778 | 45.9 | 28.1 | 8.3 | 13.7 | 2.6 | 1.5 | -3.0 | 8.5 | 1.2 | 4.9 | 43.0 | 3.8 | 1.0 | 4.8 |