

2014 Medical Malpractice Annual Report

Claims Closed from Jan. 1, 2008 through Dec. 31, 2013

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Rates and Forms Division

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About this report

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

In 2006, the Legislature enacted comprehensive health care liability reform legislation ([2SHB 2292](#)) to address a number of concerns, including the cost and availability of medical professional liability insurance. This law also created reporting requirements for medical malpractice claims that are resolved and closed, with the intent to collect data to support policy decisions. The OIC began publishing [annual reports](#) summarizing the data in 2010.

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

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

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Key statistics

About the medical professional liability insurance market

- Losses are increasing, but continue to be low.
 - Pure loss ratio peaked at 90.4 percent in 2002, then dropped rapidly over the next three years due to strong premium growth and improved loss experience.² After several years in which pure loss ratios ranged from 30 percent to 40 percent, the ratio for 2013 increased to 46.4 percent.
 - Incurred losses³ and defense costs bottomed out at \$88.3 million in 2010 when several insurers lowered reserves for defense costs. Incurred losses and defense costs rose in 2011, 2012 and 2013 but were still significantly lower than 2002 through 2005.
- 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.⁴ For example, Physicians Insurance has lowered reserves by \$173 million over its original estimates. Reserves released from prior years translate into profit for the current year.
- Losses are increasing, but profitability remains strong. From 2009 through 2013, operating ratios for the two admitted insurers with the largest market shares in Washington were quite low: 81.1 percent for Physicians Insurance and 69.2 percent for The Doctors Company.⁵ Both companies have been very profitable over this period. But operating ratios have been trending upward for both companies; the ratios for 2013 were 89.7 percent for Physicians Insurance and 83.8 percent for The Doctors Company.
- Medical professional liability rates are stable or declining for physicians and surgeons. Physicians Insurance, Washington's largest provider of medical professional liability insurance for physicians and surgeons, reduced its rates by 7.7 percent in 2005, 12.5 percent in 2008, and by another 10 percent in 2009. The Doctors Company reduced its rates by 5.1 percent in 2011, 6.6 percent in 2012, and 2.8 percent on April 1, 2013.

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 The total amount of paid claims and loss reserves associated with a particular period. Insurers generally use this formula to compute incurred losses: losses paid during the period, plus outstanding losses at the end of the period, less outstanding losses at the beginning of the period.

⁴ 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.

⁵ Operating ratios measure overall profitability from underwriting and investment activities. Operating ratios are calculated using countrywide data.

About 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.

- Over the five-year period ending December 31, 2013:
 - Insurers and self-insurers paid \$27.5 million to plaintiffs when a lawsuit led to a plaintiff verdict or judgment. Judgments and verdicts were few in number. Of the 28 plaintiff verdicts or judgments, 24 had a payment reported,⁶ averaging \$1.1 million.
 - Attorneys reported that defendants paid \$30 million to plaintiffs when a lawsuit led to a plaintiff verdict or judgment. Judgments and verdicts were few in number, only 19, and resulted in an average payment of \$2.1 million.⁷
- Most claims resolved by the courts end in favor of the defendant. Insurers and self-insurers reported that 174 claims were resolved by the courts in their favor in 2013, compared to 154 per year on average for the prior four years.
- Defending lawsuits is costly to insurers and self-insurers. Both groups spent \$55.1 million defending lawsuits in which they ultimately prevailed—twice the total indemnity payments for plaintiff judgments or verdicts.

⁶ In cases where a lawsuit has more than one defendant, some defendants may not be responsible to compensate the claimant.

⁷ 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 5,311 claims closed between 2009 and 2013 with an indemnity payment, defense costs, or both types of payments.^{8,9} Commercial insurers reported 3,211 claims, self-insured entities reported 1,857 claims, and risk retention groups reported 243 claims.¹⁰

Payments to claimants: Insurers and self-insurers paid \$543.4 million on 2,561 claims over the five-year period, or \$212,166 per paid claim.

- Average indemnity payments over the five-year period varied, from a low of \$169,887 in 2012 to a high of \$248,453 in 2009. Median indemnity payments were about \$50,000 each year, except for 2012 when the median dropped to \$27,600.
- The amount paid for economic loss was \$272.5 million, an average of \$106,367 per paid claim. On average, insurers and self-insurers attributed 50.2 percent of each claim payment to economic loss.
- Insurers and self-insurers closed 48.2 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, 5.6 percent closed with a payment of \$1 million or more. These claims account for 47.5 percent of total paid indemnity over the five-year period.

Defense costs: Insurers and self-insurers paid \$194.4 million to defend 4,638 claims, an average of \$41,916 per claim. Average defense costs have varied by year from a low of \$37,179 in 2010 to \$49,694 for 2012.

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:

- 76.6 percent of claims by negotiation, and these settlements comprised 59.7 percent of the total paid indemnity.
- 18.4 percent of claims by alternative dispute resolution (arbitration, mediation, or private trial). These settlements comprised 34.4 percent of the total paid indemnity over the five-year period.

⁸ This report includes claims data reported and edited through June 9, 2014.

⁹ For simplicity, this report substitutes “defense costs” for the technical phrase “[defense and cost containment expenses](#).” Defense and cost containment expenses are expenses allocated to a specific claim to defend an insured, including expenses such as court costs, fees paid to defense attorneys, and fees for expert witnesses. These expenses do not include the internal costs to operate a claims department.

¹⁰ Commercial insurers include both admitted and surplus lines insurers.

Payments by type of medical provider: The insurer or self-insurer identified the type of medical provider in 84.5 percent of the closed claim reports.¹¹ Claimants made the remaining claims against an organization, not an individual medical provider.

- Nursing resulted in the most closed claims at 633. Of these claims, 433 resulted in paid indemnity, averaging \$116,759. Median paid indemnity was \$25,000.
- For physician specialties, general/family practice had the most claims at 321, with 119 resulting in paid indemnity averaging \$233,290. Median paid indemnity was \$100,000. Pediatrics had the highest average paid indemnity of \$901,944, with median paid indemnity at \$300,000.

Payments and defense costs by age of claim:

- The amount paid to claimants increased with the age of the claim. Of the 2,561 claims closed with an indemnity payment, the 855 claims closed within one year after report date had average paid indemnity of \$56,296. That figure rose to \$241,975 for 725 claims closed in the second year. The 42 claims with an indemnity payment that closed six or more years after report date had average paid indemnity of \$867,677.
- The amount paid for defense costs also increased with the age of the claim. Of the 4,638 claims closed with defense costs, 1,365 closed within one year after report date and had an average defense cost of \$6,003. That figure rose to \$27,969 for 1,604 claims that closed in the second year. The 62 claims with defense costs that closed six or more years after report date had an average defense cost of \$256,212.

Regional comparisons: Just under one-third of the claims, or 1,769, came from King County. Of these, 50.5 percent resulted in indemnity payments totaling \$223 million, an average of \$249,446 per claim.

Allegations:

- Improper performance was the most common allegation with 1,055 claims and 548 indemnity payments that averaged \$142,391.
- Vicarious liability was the second most common allegation with 578 claims and 204 indemnity payments that averaged \$201,280.

¹¹ Physician specialties, dental specialties and other types of medical providers.

About lawsuits filed and settled by attorneys

If an attorney files a lawsuit to resolve a medical incident, he or she should report data about that lawsuit to the Office of the Insurance Commissioner (OIC) once the litigation is resolved. For settlements resolved between 2009 and 2013:

Compensation to claimants: Attorneys reported that claimants received total compensation of \$322.9 million on 396 claims, or \$815,516 per settlement. Attorney fees were \$117.8 million, an average of \$297,571 per settlement with an indemnity payment. On average, the attorney fee was 36.5 percent of the total compensation paid to the claimant.

How lawsuits settled: When an indemnity payment was made, 51.8 percent of lawsuits were settled in mediation. Mediated settlements had an average indemnity payment of \$890,941 and an average legal fee of \$366,020. Only 14 lawsuits were reported as resolved by jury verdicts in favor of the plaintiff. These verdicts resulted in total paid indemnity of \$30 million, an average of \$2.1 million per case.

Regional comparisons: Almost 40 percent of lawsuits, or 166, came from King County, which had the highest total paid indemnity at \$165.1 million, the second-highest average paid indemnity at \$1 million and the second-highest legal expense per lawsuit at \$419,593.

Settlement by age of claimant: The most expensive settlements involved newborns and infants. In these cases, the average settlement was \$3.4 million and the average legal expense was \$1.3 million.

Introduction

Under [chapter 48.140 RCW](#), insurers, risk retention groups (collectively “insurers”) and self-insurers must submit a report to the OIC every time they close a medical malpractice claim.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 OIC by March 1 of each year.¹⁴ In recent years, attorneys’ compliance with the reporting law has been low, and the OIC 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 OIC cannot draw conclusions from incomplete data. 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.
- Information about medical malpractice rate changes approved last year.
- Information about incurred losses and defense costs for medical professional liability insurance.

¹² A Risk Retention Group (RRG) is an owner-controlled insurance company authorized by the Federal Risk Retention Act of 1986. A RRG provides liability insurance to members who are in similar or related business or activities. The federal act allows one state to charter an RRG and allows the RRG to engage in the business of insurance in all states. The federal act preempts state law in many significant ways. See [RCW 49.92.030\(1\)](#). 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.

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. The OIC cannot draw conclusions from incomplete data, so the section of the report containing lawsuit resolution data submitted by attorneys is not as detailed as 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.
- 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 OIC 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:

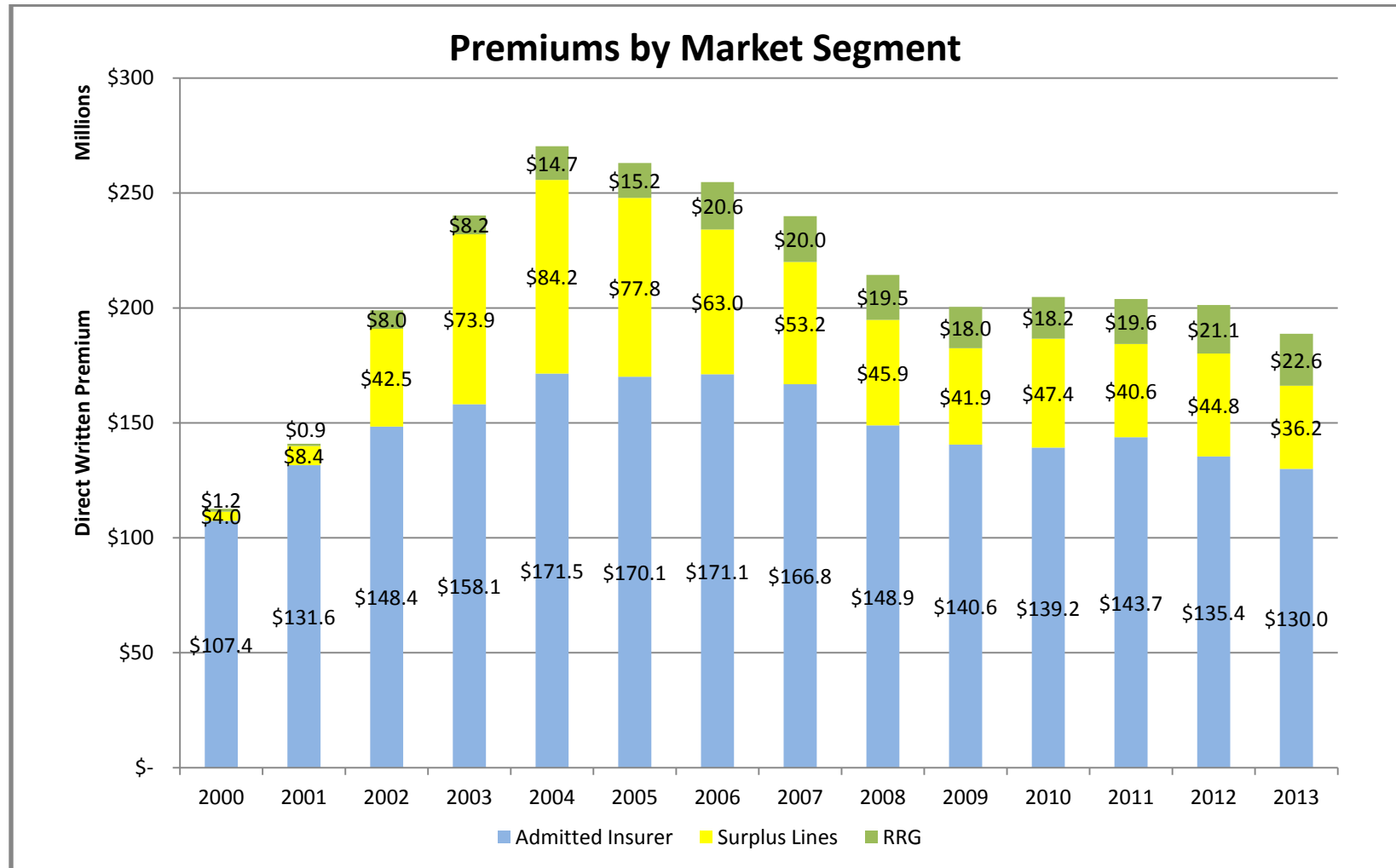
- Admitted insurers regulated by the OIC.
- Unregulated surplus lines insurers.
- Risk retention groups regulated by their home state.

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 2013, the admitted market wrote only 68.9 percent of premium, and the remainder of the market belonged to surplus lines insurers and risk retention groups. Physicians Insurance still had about half of the admitted market share at 51.7 percent, but its share of the overall market was much lower at 35.6 percent.

The market for medical professional liability insurance is changing. In the hard market, many physicians absorbed double-digit premium increases, and many sought relief by becoming hospital employees. Physician groups are consolidating into larger entities, further limiting new and renewal business opportunities for insurers. In response to changing market conditions, Physicians Insurance filed a new program for hospitals and employed physicians in 2011, reflecting the company's need to expand its product offerings in the face of continued movement of physicians from independent practice to employment with hospitals or in large physician groups.

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.

This chart shows the distribution of written premiums for each segment of the medical professional liability insurance market. Combined, surplus lines insurers and risk retention groups increased their annual written premium substantially since 2000. After steady declines beginning in 2005, total premiums were fairly stable for the 2009 through 2012 period, before declining again in 2013.



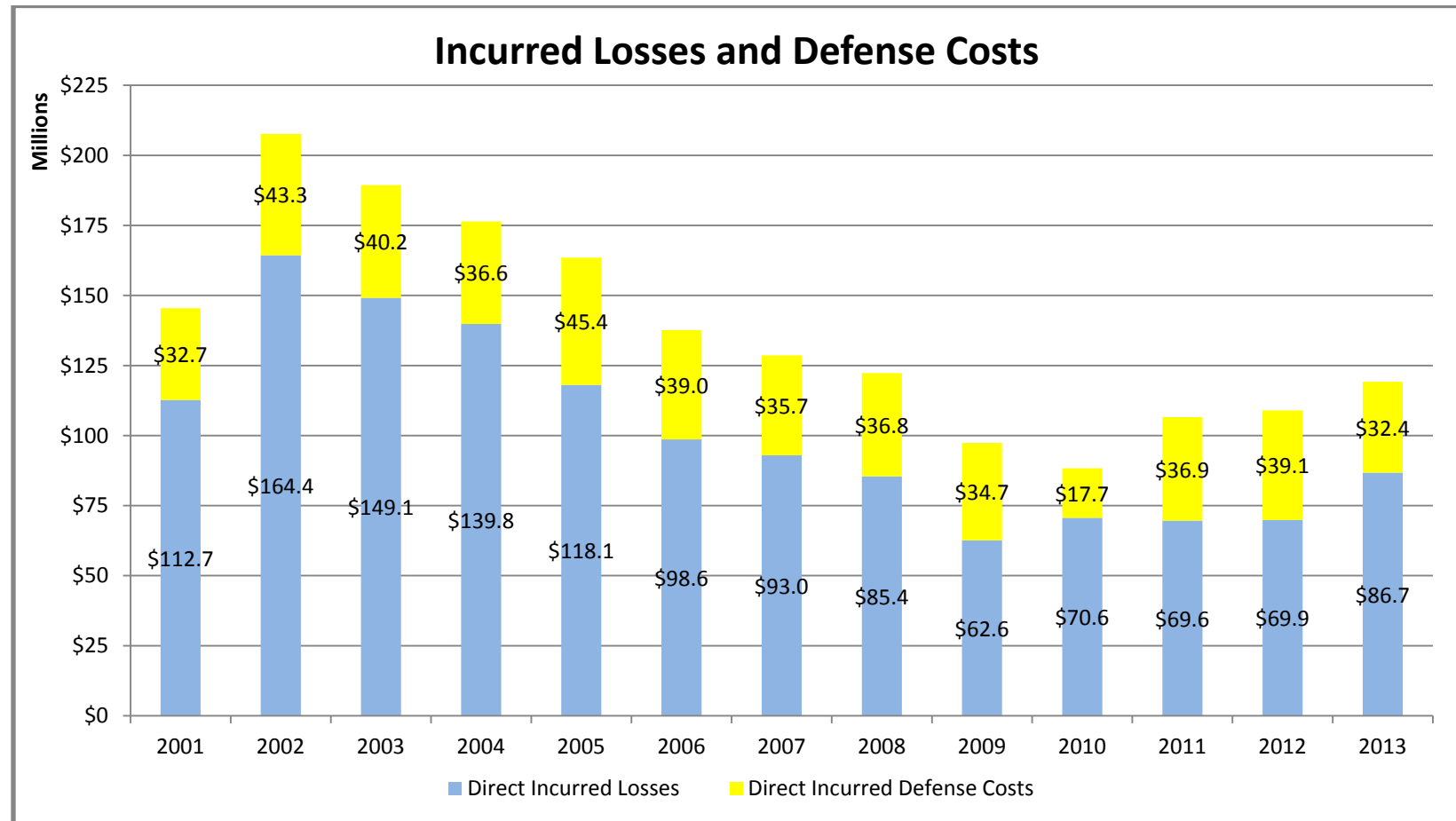
Loss history

Overall, medical professional liability insurance loss ratios in Washington dropped significantly since 2002, which had a period-high pure loss ratio of 90.4 percent.²⁶ Defense costs were also high in 2002, which led to an incurred loss and defense cost ratio of 114.2 percent. Premiums increased significantly the following two years and, combined with lower incurred losses and defense costs, led to large decreases in both the pure loss ratio and the loss and defense cost ratio through 2004. The unusual drop in defense costs in 2010 is the result of significant decreases in defense cost reserves by a few insurers, and defense costs normalized in 2011. The loss and defense cost ratio increased in 2013 relative to 2012, the third year-over-year increase in a row. The following table shows data for the total market, which includes admitted insurers, surplus lines 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
2001	\$140,929,627	\$134,008,616	\$112,729,787	84.1%	\$32,745,710	\$145,475,497	108.6%
2002	\$198,969,671	\$181,843,628	\$164,372,251	90.4%	\$43,275,166	\$207,647,417	114.2%
2003	\$240,251,605	\$234,439,488	\$149,126,311	63.6%	\$40,242,563	\$189,368,874	80.8%
2004	\$270,352,631	\$258,075,781	\$139,822,747	54.2%	\$36,610,655	\$176,433,402	68.4%
2005	\$263,090,674	\$258,403,214	\$118,070,079	45.7%	\$45,446,560	\$163,516,639	63.3%
2006	\$254,759,071	\$253,104,467	\$98,628,303	39.0%	\$39,005,295	\$137,633,598	54.4%
2007	\$239,959,432	\$241,654,054	\$92,960,987	38.5%	\$35,676,308	\$128,637,295	53.2%
2008	\$214,357,164	\$218,726,595	\$85,445,904	39.1%	\$36,841,513	\$122,287,417	55.9%
2009	\$200,445,437	\$202,466,303	\$62,633,183	30.9%	\$34,721,641	\$97,354,824	48.1%
2010	\$204,786,151	\$199,165,328	\$70,634,175	35.5%	\$17,701,695	\$88,335,870	44.4%
2011	\$203,869,400	\$201,195,699	\$69,646,648	34.6%	\$36,923,847	\$106,570,495	53.0%
2012	\$201,288,240	\$193,926,182	\$69,871,999	36.0%	\$39,070,682	\$108,942,681	56.2%
2013	\$188,761,301	\$187,007,042	\$86,745,683	46.4%	\$32,432,507	\$119,178,190	63.7%

²⁶ We calculated loss ratios using direct premiums and incurred losses, which exclude amounts ceded to reinsurers.

This chart shows statewide industry incurred losses and defense costs by calendar year. Incurred losses and defense costs began to decline in 2003, due to reductions in claim reserves and fewer overall claims, until they bottomed out in 2010.²⁷ Incurred losses increased in 2013.



²⁷ If an insurer finds that it will not use a claim reserve to pay a claim, the insurer will remove the claim reserve from its incurred losses. Incurred losses are paid losses plus the change in outstanding reserves for a given period, so this action will reduce incurred losses in the current year.

Lower claim reserves

Data reported to the NAIC by Physicians Insurance and The Doctors Company show favorable loss development trends. Loss development is the change in the estimated cost of a particular group of claims between the beginning and end of a period in time. Favorable development means that later estimates of losses and defense costs were lower than the earlier estimates.²⁸

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 significant rate changes for physicians and surgeons since last year's report.

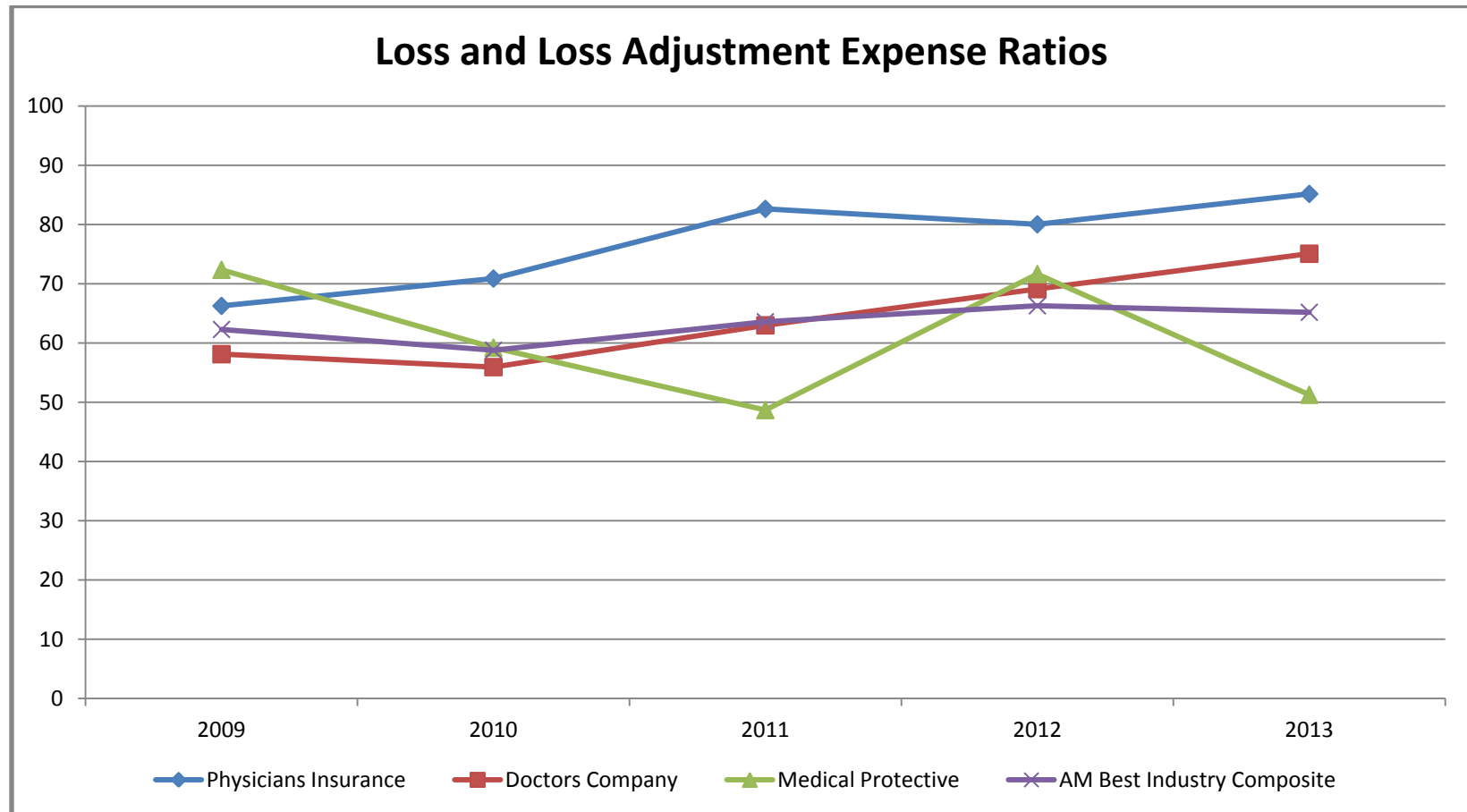
The first page of Appendix B shows data from Physicians Insurance's 2013 annual statement.²⁹ This table shows the change in incurred loss and defense cost reserves over time. Overall, Physicians Insurance has had very favorable incurred loss development. Two-year development was (\$37.5) million, and cumulative development over the entire period was (\$172.9) million. Physicians Insurance has returned some of these profits to policyholders in the form of policyholder dividends totaling \$30.4 million from 2008 to 2013.

Appendix B also shows favorable development for The Doctors Company, which is one of the top writers of medical professional liability insurance in the United States, with \$675.7 million in direct written premium in 2013. Nationally, The Doctors Company has seen two-year development of (\$117) million. Only 2.6 percent of The Doctors Company written premiums come from Washington, so much of the reserve development is the result of lower estimates in other states.

²⁸ 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.

²⁹ 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 Company, and Medical Protective to industry-wide data obtained from A.M. Best.³⁰ Loss ratios for Physicians Insurance continue to be higher than for the market overall.



³⁰ Best's Special Report – U.S. Medical Professional Liability Segment Review, May 12, 2014. Current and historical results represent all companies that have filed with A.M. Best as of April 4, 2014, or approximately 99 percent of the total composite.

Washington market in 2013

Physicians Insurance Company dominates the admitted medical professional liability insurance market in Washington. The Doctors Company 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.³¹ 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 Company and Medical Protective provide a snapshot of the overall profitability of medical professional liability insurance nationwide.

<u>Insurer</u>	2013 Direct Written Premiums (Millions)		
	Washington	Nationwide	WA % of Nationwide
Physicians Insurance	\$67.2	\$75.8	88.5%
The Doctors Company	\$19.0	\$716.0	2.6%
Washington Casualty Company	\$13.0	\$15.8	82.2%
Medical Protective Company	\$7.9	\$575.4	1.4%

<u>Admitted Insurer</u>	Washington Direct Premiums Written (Millions)	Admitted Market Share
Physicians Insurance	\$67.2	51.7%
The Doctors Company	\$19.0	14.6%
Washington Casualty Company	\$13.0	10.0%
Medical Protective Company	\$7.9	6.1%
All Other Admitted Insurers	\$22.9	17.6%
Totals	\$130.0	100.0%

³¹ Washington Casualty Company had financial problems and was placed into receivership to rehabilitate the company in March 2003. Washington Casualty emerged from receivership in 2006 and FinCor Holdings bought it. ProMutual Group bought FinCor Holdings in 2010.

The national market in 2013

Appendix A shows the profitability for these insurers for the 10-year period ending December 31, 2013 using two ratios:

- The operating ratio, which is the combined ratio minus the net investment income ratio.^{32 33}
- The combined ratio, which is the sum of the expense ratio, loss ratio, and dividend ratio.^{34 35 36 37}

This table summarizes overall profitability by operating ratios.^{38 39} Operating ratios for Physicians Insurance and The Doctors Company were very low from 2007 through 2010, but have been increasing to higher but still profitable levels in the last few years.

Year	<u>Operating Ratio</u>		
	Physicians Insurance	Doctors Company	Medical Protective
2005	82.1%	72.4%	
2006	74.9%	66.7%	71.6%
2007	48.5%	62.0%	79.2%
2008	53.3%	49.1%	68.8%
2009	69.3%	67.4%	65.8%
2010	74.1%	52.5%	51.9%
2011	86.2%	61.6%	41.9%
2012	86.2%	76.8%	65.8%
2013	89.7%	83.8%	42.6%

³² 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.

³³ The net investment income ratio is calculated by dividing net investment income by net earned premiums.

³⁴ 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.

³⁵ The expense ratio is calculated by dividing incurred underwriting expenses by net written premiums.

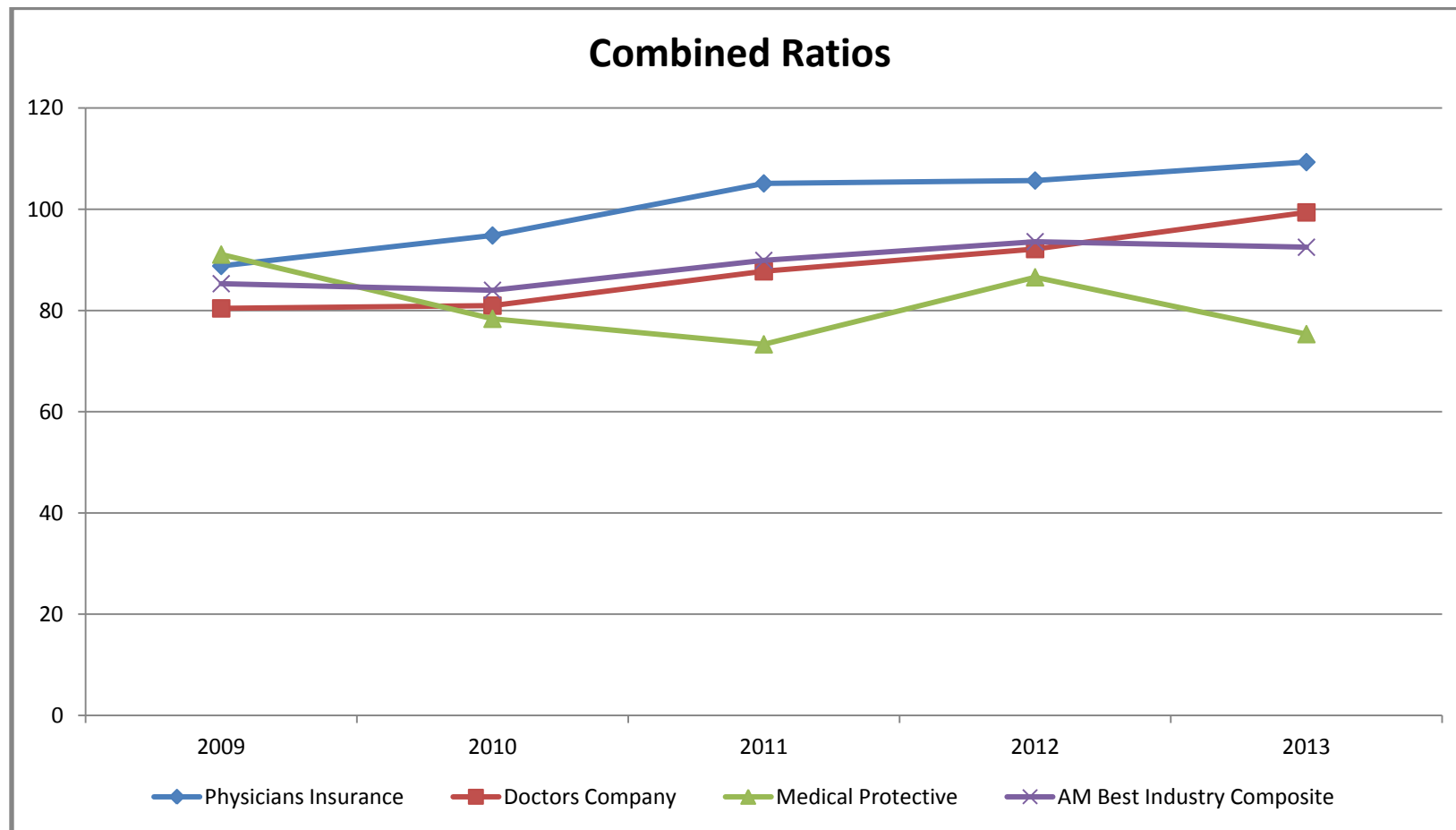
³⁶ The loss ratio is calculated by dividing losses and defense costs by net earned premiums.

³⁷ The dividend ratio is calculated by dividing policyholder dividends by net earned premiums.

³⁸ Changes in ownership have distorted operating ratio data for Washington Casualty Company, so it is not provided.

³⁹ Acquisition by Berkshire Hathaway distorted historical operating ratios of the Medical Protective Company. As a result, we only provide operating ratios for calendar years 2006-2013. Refer to Appendix A.

This chart compares combined ratios from Physicians Insurance, The Doctors Company, and Medical Protective to cumulative data obtained from A.M. Best.⁴⁰



⁴⁰Best's Special Report – U.S. Medical Professional Liability Segment Review, May 12, 2014. Current and historical results represent all companies that have filed with A.M. Best as of April 4, 2014, or approximately 99 percent of the total composite.

Information about medical malpractice claims

	Year Closed					Five-Year Total
	2009	2010	2011	2012	2013	
Total Claims Closed	860	928	1,203	1,184	1,136	5,311
Number of Indemnity Payments	411	459	534	613	544	2,561
Total Paid Indemnity	\$102,114,279	\$97,728,452	\$114,787,509	\$104,140,627	\$124,586,308	\$543,357,175
Average Indemnity Payment	\$248,453	\$212,916	\$214,958	\$169,887	\$229,019	\$212,166
Median Indemnity Payment	\$50,000	\$50,000	\$49,825	\$27,600	\$50,000	\$45,000
Total Economic Loss	\$44,643,434	\$51,270,280	\$51,946,797	\$55,176,465	\$69,474,173	\$272,511,149
Average Economic Loss	\$108,621	\$111,700	\$97,279	\$90,011	\$127,476	\$106,367
Median Economic Loss	\$25,000	\$29,800	\$25,000	\$22,500	\$24,294	\$25,000
Number of Claims with Defense Costs	741	790	1,062	909	1,136	4,638
Total Defense Costs	\$32,033,354	\$29,368,652	\$42,975,536	\$45,171,801	\$44,855,693	\$194,405,036
Average Defense Cost	\$43,230	\$37,176	\$40,467	\$49,694	\$39,486	\$41,916
Median Defense Cost	\$9,065	\$6,580	\$9,092	\$12,562	\$12,174	\$9,900

Payments to claimants

Over the five-year period, insurers and self-insurers paid \$543.4 million on 2,561 claims, or \$212,166 per paid claim.^{41 42} Both the average indemnity payment and median indemnity payment returned to typical levels in 2013 after dropping substantially in 2012.⁴³

⁴¹ 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.

⁴² There was one abnormally large payment in 2009. An entity made a payment of \$14.35 million and, due to the public nature of the claim resolution, gave us permission to footnote this report with indemnity payment information. If we remove that indemnity payment, the average indemnity payment for 2009 drops to \$214,059.

⁴³ The median is the number in the middle of a set of numbers (half the numbers have values greater than the median, and half have values that are less).

Over the five-year period, total economic loss was \$272.5 million, or an average of \$106,367 per paid claim. On average, insurers and self-insurers attributed 50.2 percent of indemnity payments to economic loss. Median economic loss was \$25,000.

Defense costs

Insurers and self-insurers paid \$194.4 million to defend 4,638 claims, or an average of \$41,916 per claim with defense costs. Average defense costs in 2013 returned to a more typical level compared to 2012, when payments were higher than normal. Claims reported by insurers and self-insurers included defense costs 87.3 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 2013, 17 percent of individual claim reports were part of a multiclaim incident. About half of the 594 reported incidents resulted in indemnity payments. The aggregate average indemnity payment per incident was \$488,083, which is 2.3 times the average “per claim” indemnity payment of \$216,790 for the six-year period.⁴⁴

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.

⁴⁴ This discussion of incident-level information uses all available closed claim data, which insurers started reporting to the OIC for 2008 occurrences. The remainder of our analysis of closed claim data uses information related to claims closed in the most recent five-year period, between 2009 and 2013.

Lawsuit summary

This table summarizes data related to litigation.⁴⁵

<u>Five-year period ending December 31, 2013</u>							
<u>Lawsuits</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
No Lawsuit Filed	2,801	1,452	\$121,798,645	\$83,883	2,155	\$13,355,687	\$6,198
Lawsuit Filed	2,510	1,109	\$421,558,530	\$380,125	2,483	\$181,049,349	\$72,916
Totals	5,311	2,561	\$543,357,175	\$212,166	4,638	\$194,405,036	\$41,916

Of the 5,311 total claims, claimants filed lawsuits 47.3 percent of the time. Insurers and self-insurers incurred defense costs in 98.9 percent of the claims in which the plaintiff filed a lawsuit, averaging \$72,916. Lawsuits resulted in indemnity payments 44.2 percent of the time, averaging \$380,125. For claims without litigation, claimants were compensated 51.8 percent of the time, with an average indemnity payment of \$83,883.

⁴⁵ 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 shows that insurers and self-insurers most often settled claims by negotiation, comprising 41.1 percent of the reported claims and 59.7 percent of total paid indemnity.

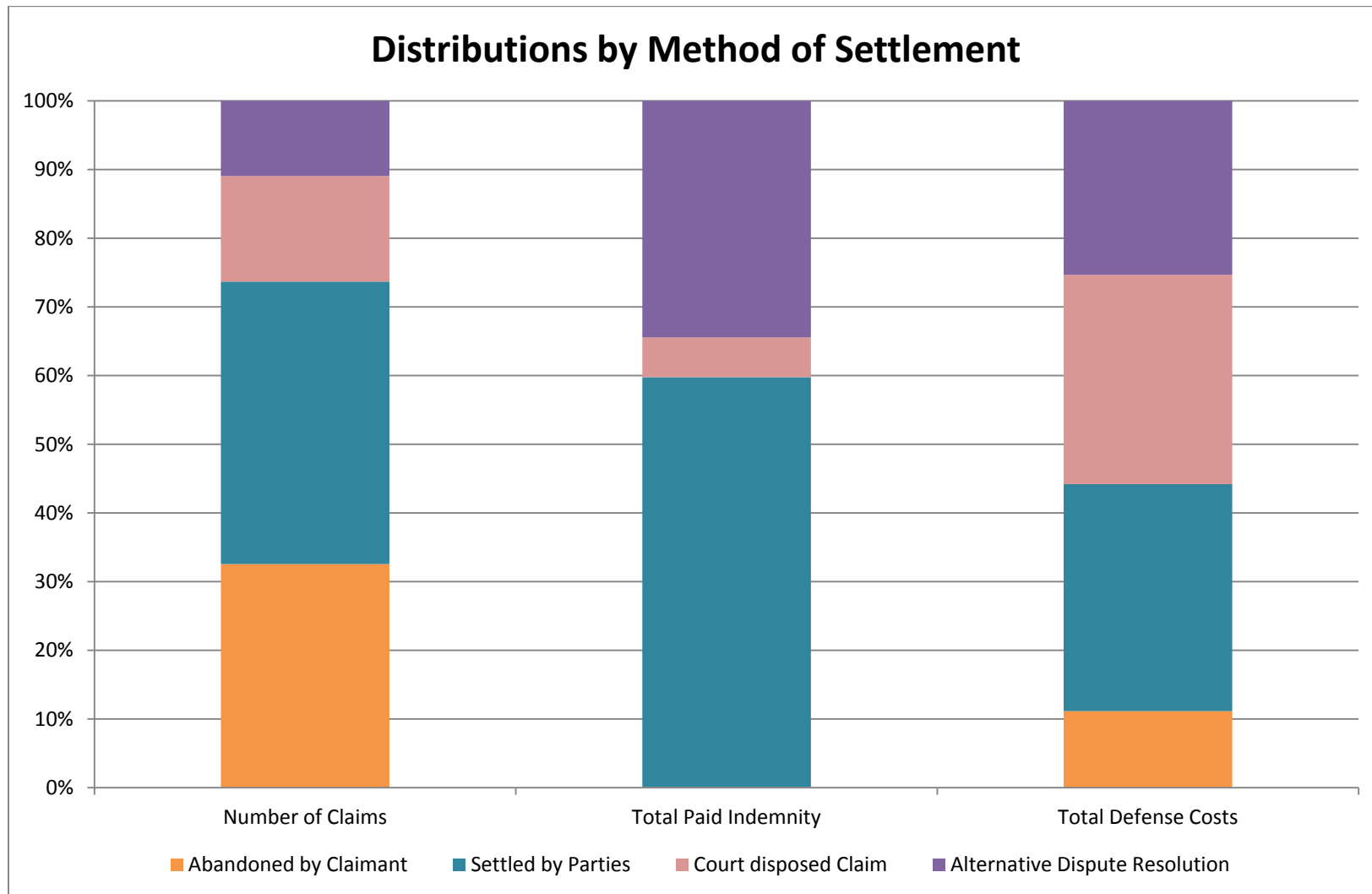
Five-year period ending December 31, 2013									
Method of Claim Resolution	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Median Paid Indemnity	Claims with Defense Costs	Total Defense Costs	Average Defense Costs	Median Defense Costs
Abandoned by Claimant	1,729	87	\$476,349	\$5,475	\$844	1,702	\$21,668,516	\$12,731	\$2,102
Settled by Parties	2,184	1,963	\$324,283,152	\$165,198	\$28,000	1,546	\$64,270,494	\$41,572	\$16,340
Court Disposed Claim	817	40	\$31,414,569	\$785,364	\$70,566	816	\$59,277,124	\$72,644	\$22,107
Alternative Dispute Resolution	581	471	\$187,183,105	\$397,416	\$180,000	574	\$49,188,902	\$85,695	\$49,301
Total	5,311	2,561	\$543,357,175	\$212,166	\$45,000	4,638	\$194,405,036	\$41,916	\$9,900

Plaintiff verdicts or judgments were few in number. Insurers and self-insurers reported 28 claims resolved by plaintiff verdict or judgment, of which 24 claims resulted in an indemnity payment averaging \$1.1 million.⁴⁶ These claims comprised 0.5 percent of total claims and 3.4 percent all claims resolved by the courts. The courts ruled in favor of defendants in the vast majority of cases.

Of the 2,184 claims settled by the parties, insurers and self-insurers resolved most through informal negotiation. These settlements occurred before requesting arbitration, mediation, or private trial 43.4 percent of the time, and an additional 54.6 percent of claims settled before the start of a trial or hearing.

Of the 1,729 claims abandoned by the claimant, 99.3 percent of these claims were abandoned before a formal trial or hearing.

⁴⁶ In cases where a lawsuit has more than one defendant, some defendants may not be responsible to compensate the claimant.



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 581 claims. Mediation was used to resolve 89.3 percent of these claims. Mediation led to the second-highest average paid indemnity at \$398,839. Median paid indemnity for claims settled by mediation was \$175,000 and median defense costs were \$47,368. Private trials were the most costly form of alternative dispute resolution for both average paid indemnity and average defense costs.⁴⁷

<u>Five-year period ending December 31, 2013</u>							
<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	18	18	\$4,432,508	\$246,250	17	\$1,816,296	\$106,841
Arbitration Decision for Defense	18	0	\$0	\$0	18	\$2,292,399	\$127,356
Mediation	519	437	\$174,292,572	\$398,839	514	\$41,268,980	\$80,290
Private trial	26	16	\$8,458,025	\$528,627	25	\$3,811,227	\$152,449
Total	581	471	\$187,183,105	\$397,416	574	\$49,188,902	\$85,695

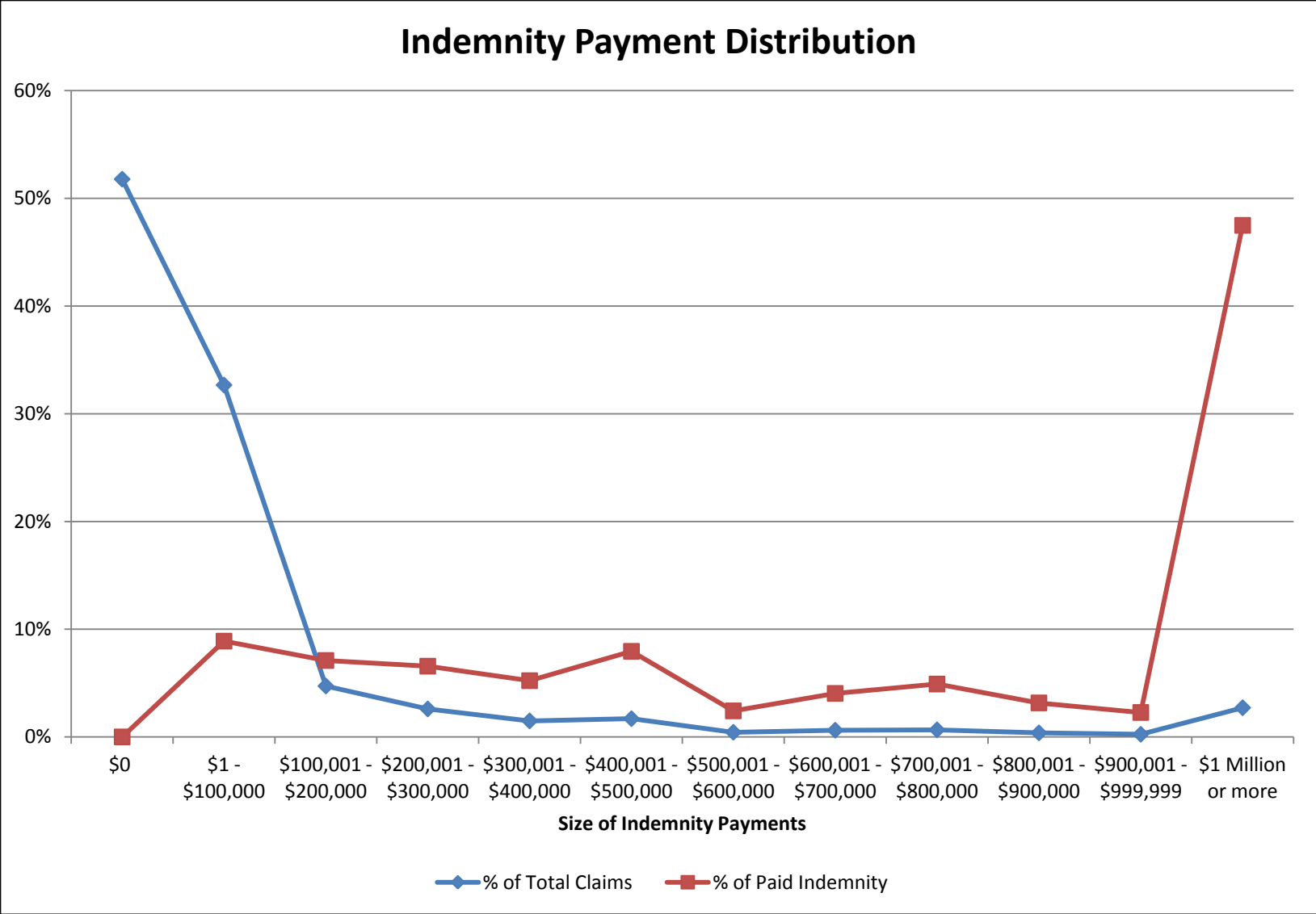
⁴⁷ A private trial most closely resembles an actual court trial and the procedures used are almost identical. The main difference is that the parties must agree to an individual, usually a retired judge, to sit as a "judge pro tempore" (temporary judge) and render a decision. As its title suggests, the trial is held in private and may be confidential.

Size of indemnity payments

This table shows that insurers and self-insurers settled about half of all claims without making an indemnity payment, and two-thirds of the remaining claims had indemnity payments of \$100,000 or less. The average indemnity payment in this range was \$27,843; 532 claims were reported with indemnity payments less than \$5,000.

There were 144 claims settled for \$1 million or more, and those claims produced 47.5 percent of the total paid indemnity, an average of \$1.8 million per claim.

<u>Five-year period ending December 31, 2013</u>					
<u>Range of Paid Indemnity</u>	<u>Total Number of Claims</u>	<u>% of Claims</u>	<u>Total Paid Indemnity</u>	<u>% of Paid Indemnity</u>	<u>Average Paid Indemnity</u>
\$0	2,750	51.8%			
\$1 - \$100,000	1,735	32.7%	\$48,307,637	8.9%	\$27,843
\$100,001 - \$200,000	251	4.7%	\$38,551,321	7.1%	\$153,591
\$200,001 - \$300,000	138	2.6%	\$35,675,892	6.6%	\$258,521
\$300,001 - \$400,000	79	1.5%	\$28,368,887	5.2%	\$359,100
\$400,001 - \$500,000	90	1.7%	\$43,160,997	7.9%	\$479,567
\$500,001 - \$600,000	23	0.4%	\$13,147,732	2.4%	\$571,641
\$600,001 - \$700,000	33	0.6%	\$21,945,182	4.0%	\$665,006
\$700,001 - \$800,000	35	0.7%	\$26,674,226	4.9%	\$762,121
\$800,001 - \$900,000	20	0.4%	\$17,153,966	3.2%	\$857,698
\$900,001 - \$999,999	13	0.2%	\$12,325,400	2.3%	\$948,108
\$1 million or more	144	2.7%	\$258,045,935	47.5%	\$1,791,986
Total	5,311	100.0%	\$543,357,175	100.0%	\$212,166



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

Most claims were resolved with an indemnity payment of \$500,000 or less; the median paid indemnity for these claims was \$30,000. Insurers and self-insurers paid much more money to settle claims over \$500,000, and median paid indemnity for these claims was \$1 million. Many physicians carry malpractice insurance with a policy limit of \$1 million per incident, so many claims were settled for exactly \$1 million.

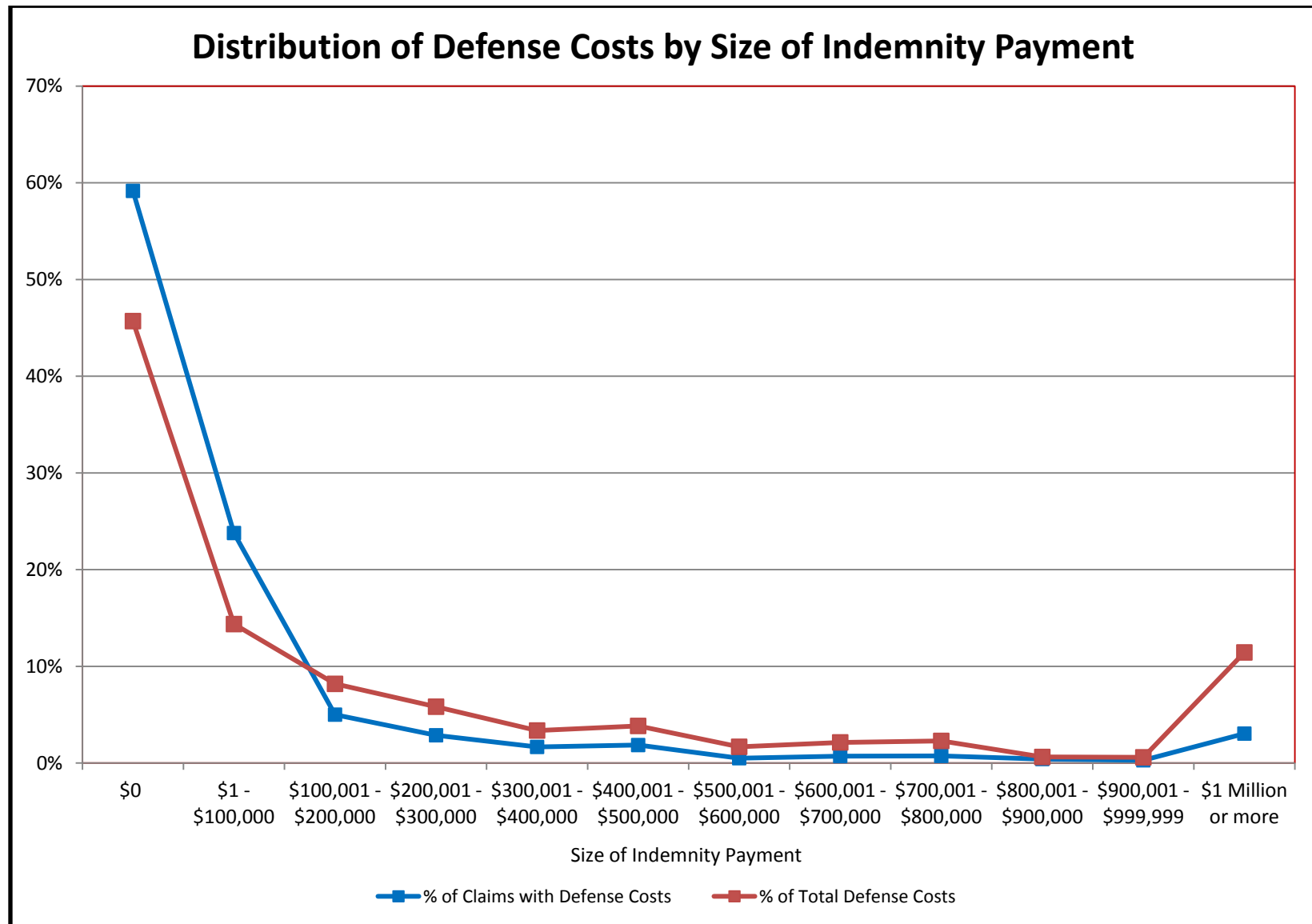
<u>Five-year period ending December 31, 2013</u>						
<u>Range of Paid Indemnity</u>	Total Number of Claims	% of Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Median Paid Indemnity
\$500,000 or less	2,293	89.5%	\$194,064,734	35.7%	\$84,634	\$30,000
Over \$500,000	268	10.5%	\$349,292,441	64.3%	\$1,303,330	\$1,000,000
Total	2,561	100.0%	543,357,175	100.0%	\$212,166	\$45,000

Defense costs by size of indemnity payment

This table shows how defense costs are related to the size of the indemnity payment. Insurers and self-insurers did not make an indemnity payment for 59.2 percent of claims with defense costs, yet these claims accounted for 45.7 percent of all defense costs. Average defense costs for these claims were \$32,376.

There were 141 claims with defense costs that settled for \$1 million or more, and those claims produced 11.4 percent of the total defense costs, or an average of \$157,642 per claim.

Five-year period ending December 31, 2013					
<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
\$0	2,744	59.2%	\$88,840,097	45.7%	\$32,376
\$1 - \$100,000	1,103	23.8%	\$27,927,241	14.4%	\$25,319
\$100,001 - \$200,000	232	5.0%	\$15,912,454	8.2%	\$68,588
\$200,001 - \$300,000	133	2.9%	\$11,319,145	5.8%	\$85,106
\$300,001 - \$400,000	77	1.7%	\$6,531,890	3.4%	\$84,830
\$400,001 - \$500,000	86	1.9%	\$7,454,223	3.8%	\$86,677
\$500,001 - \$600,000	23	0.5%	\$3,257,721	1.7%	\$141,640
\$600,001 - \$700,000	33	0.7%	\$4,141,650	2.1%	\$125,505
\$700,001 - \$800,000	34	0.7%	\$4,440,464	2.3%	\$130,602
\$800,001 - \$900,000	19	0.4%	\$1,211,210	0.6%	\$63,748
\$900,001 - \$999,999	13	0.3%	\$1,141,423	0.6%	\$87,802
\$1 million or more	141	3.0%	\$22,227,518	11.4%	\$157,642
Total	4,638	100.0%	\$194,405,036	100.0%	\$41,916



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

Most claims with defense costs and the majority of total defense costs were for claims with paid indemnity in the \$0 to \$500,000 range. Median defense costs for claims up to \$500,000 were \$8,305, versus \$85,847 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, 2013</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	4,375	94.3%	\$157,985,050	81.3%	\$36,111	\$8,305
Over \$500,000	263	5.7%	\$36,419,986	18.7%	\$138,479	\$85,847
Total	4,638	100.0%	\$194,405,036	100.0%	\$41,916	\$9,900

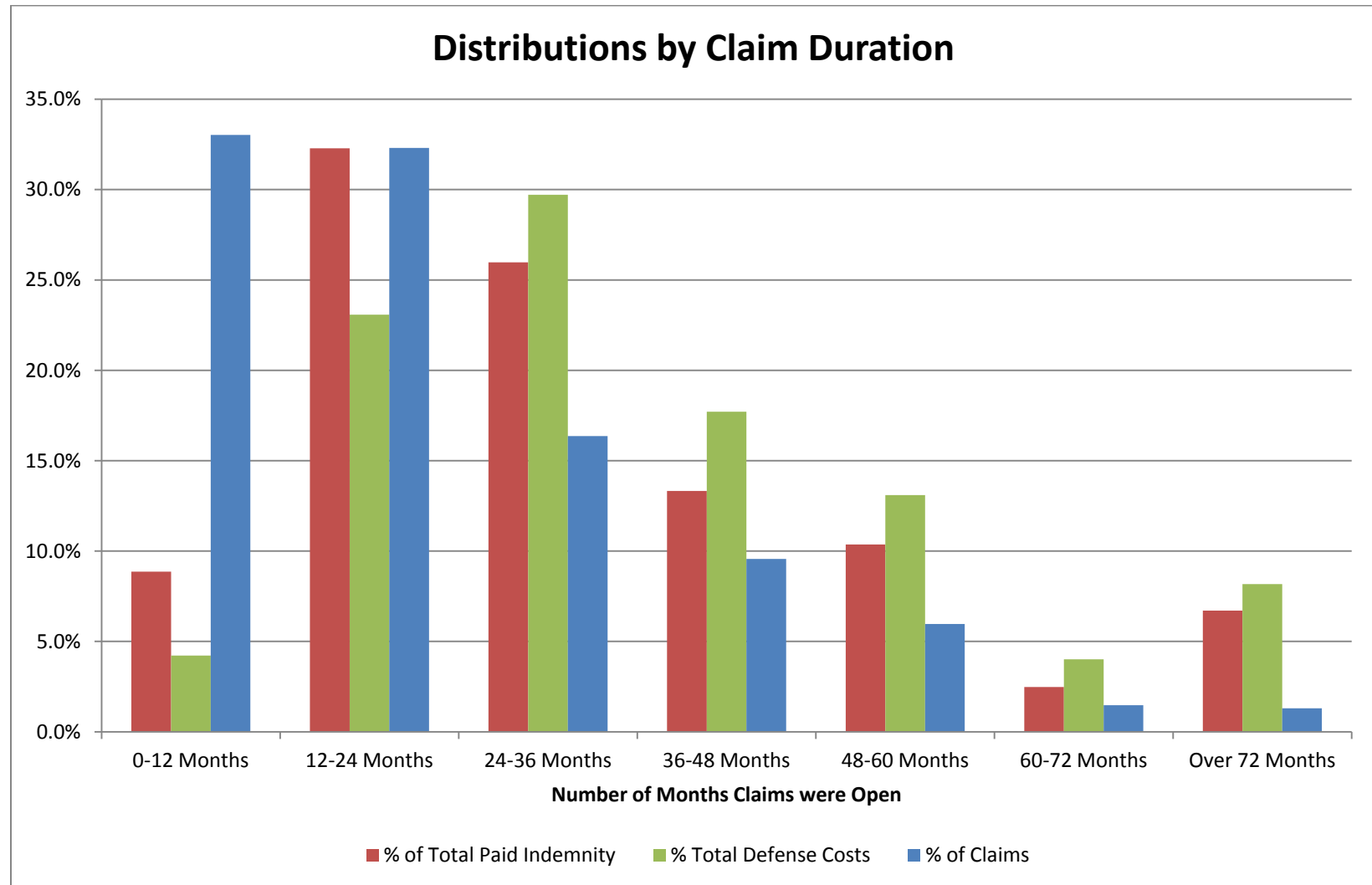
Paid indemnity and defense costs by age of claim

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

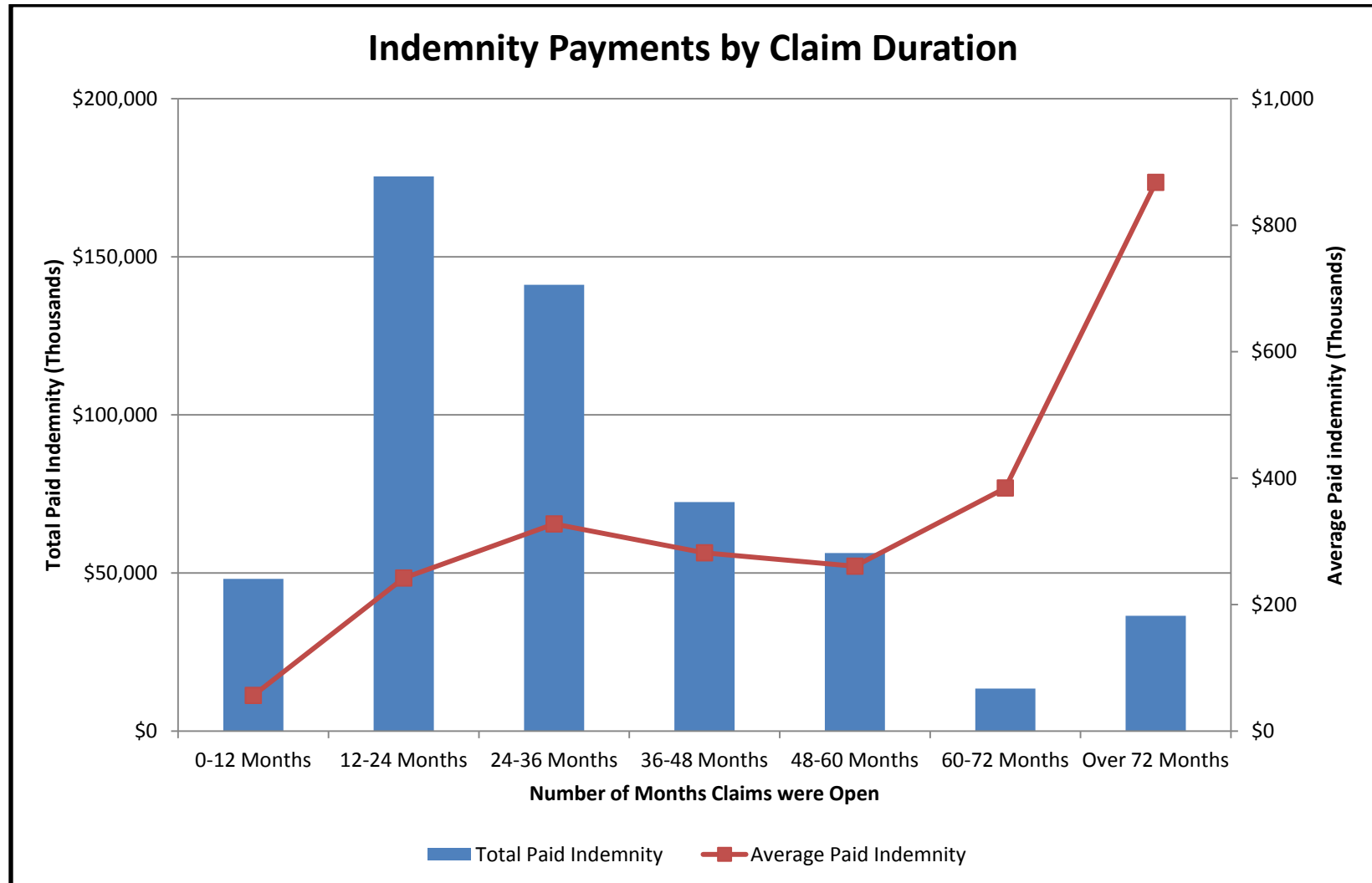
<u>Five-year period ending December 31, 2013</u>								
Notice Date to Closed Date	Total Number of Claims	% of Claims	Claims with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Claims with Defense Costs	Total Defense Costs	Average Defense Costs
0-12 Months	1,754	33.0%	855	48,133,470	\$56,296	1,365	8,194,113	\$6,003
12-24 Months	1,716	32.3%	725	175,432,009	\$241,975	1,604	44,861,633	\$27,969
24-36 Months	869	16.4%	431	141,154,955	\$327,506	838	57,773,236	\$68,942
36-48 Months	508	9.6%	257	72,432,777	\$281,840	468	34,434,310	\$73,578
48-60 Months	317	6.0%	216	56,309,565	\$260,692	229	25,465,407	\$111,203
60-72 Months	78	1.5%	35	13,451,953	\$384,342	72	7,791,204	\$108,211
Over 72 Months	69	1.3%	42	36,442,446	\$867,677	62	15,885,133	\$256,212
Total	5,311	100.0%	2,561	\$543,357,175	\$212,166	4,638	\$194,405,036	\$41,916

Claims closed within the first 12 months represented 33 percent of total claims and had the lowest average defense costs and average paid indemnity. For the entire group of 5,311 claims, the average length of time between loss date and date closed was 22.4 months and the median length of time was 18 months. The oldest group of claims had the highest average defense costs and average paid indemnity. Insurers and self-insurers closed 81.7 percent of all claims within 36 months after they received notice of the claim. Overall, claims closed within 36 months account for 67.1 percent of total paid indemnity and 57 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.

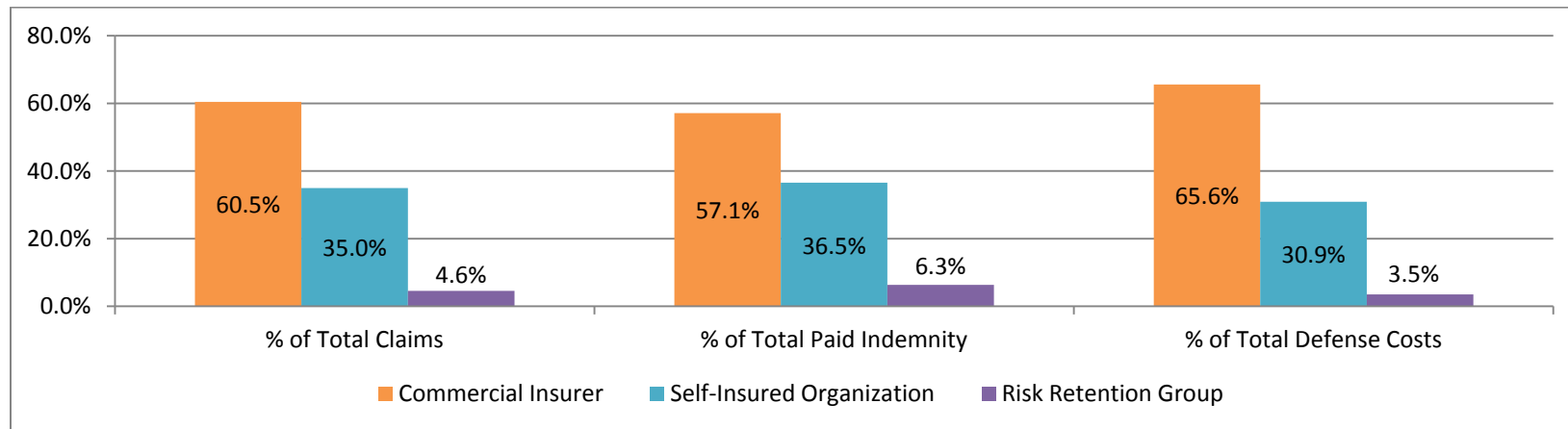


Type of insuring entity

Commercial insurers reported the highest number of claims and had the highest average defense costs.⁴⁸ Self-insured organizations reported the second-highest number of claims. Risk retention groups had the highest average paid indemnity due to one large indemnity payment of \$14.35 million. If we exclude this claim, average paid indemnity drops to \$139,572 and average defense costs drop to \$30,746.

<u>Reporting Entity</u>	<u>Five-Year Period Ending December 31, 2013</u>						
	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	3,211	1,465	\$310,421,345	\$211,892	2,832	\$127,494,943	\$45,019
Self-Insured Organization	1,857	951	\$198,487,522	\$208,715	1,614	\$60,106,682	\$37,241
Risk Retention Group	243	145	\$34,448,308	\$237,575	192	\$6,803,411	\$35,434
Total	5,311	2,561	\$543,357,175	\$212,166	4,638	\$194,405,036	\$41,916

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



⁴⁸ Commercial insurers include admitted (licensed) and surplus lines insurers.

Severity of injury

This table shows compensation by severity of injury.⁴⁹ Insurers and self-insurers most often classified injuries as minor and temporary. Minor temporary injuries comprised 29.1 percent of total claims, 7.7 percent of total paid indemnity and 10.9 percent of defense costs.

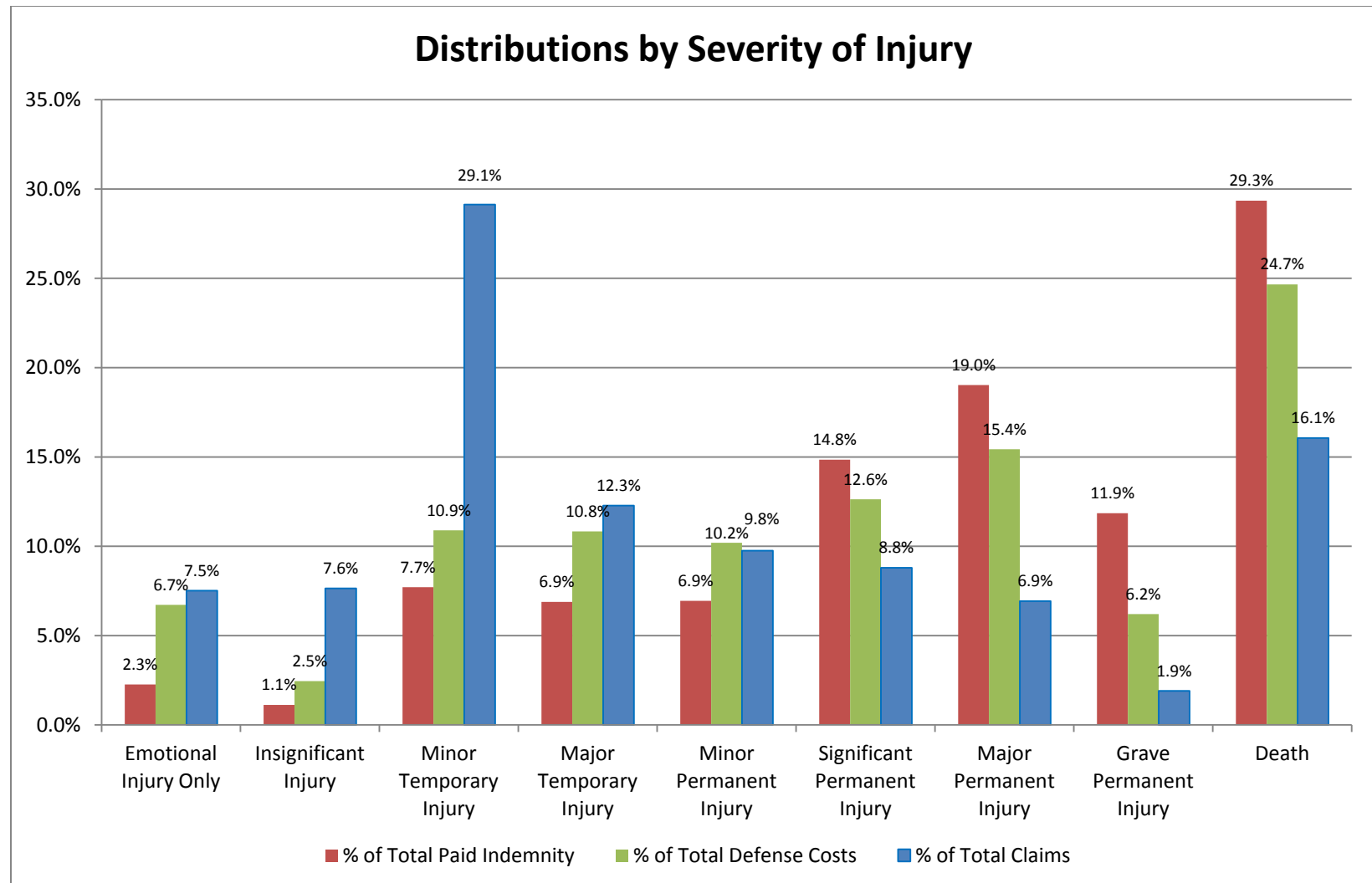
Five-year period ending December 31, 2013									
<u>Injury Outcome</u>	Number of Claims	Claims with Paid Indemnity	Paid Indemnity	Average Paid Indemnity	Median Paid Indemnity	Claims with Defense Costs	Defense Costs	Average Defense Costs	Median Defense Costs
Emotional Injury Only	399	179	\$12,306,944	\$68,754	\$15,000	330	\$13,059,305	\$39,574	\$6,486
Insignificant Injury	406	180	\$6,068,437	\$33,714	\$2,651	331	\$4,765,488	\$14,397	\$3,273
Minor Temporary Injury	1,547	860	\$41,897,490	\$48,718	\$12,500	1,182	\$21,169,859	\$17,910	\$2,738
Major Temporary Injury	652	320	\$37,420,878	\$116,940	\$50,000	576	\$21,051,840	\$36,548	\$7,812
Minor Permanent Injury	518	256	\$37,728,137	\$147,376	\$68,750	456	\$19,816,737	\$43,458	\$13,538
Significant Permanent Injury	467	194	\$80,674,545	\$415,848	\$205,000	461	\$24,550,670	\$53,255	\$21,318
Major Permanent Injury	368	165	\$103,384,978	\$626,576	\$335,000	366	\$29,997,604	\$81,961	\$27,574
Grave Permanent Injury	101	41	\$64,406,519	\$1,570,891	\$1,000,000	98	\$12,053,538	\$122,995	\$43,294
Death	853	366	\$159,469,247	\$435,708	\$250,000	838	\$47,939,995	\$57,208	\$22,616
Total	5,311	2,561	\$543,357,175	\$212,166	\$45,000	4,638	\$194,405,036	\$41,916	\$9,900

Grave permanent injuries had the highest average paid indemnity at \$1.6 million and median paid indemnity at \$1 million.⁵⁰ Major permanent injuries had the second-highest average paid indemnity at \$626,576 and median paid indemnity at \$335,000. Death of the patient had the third-highest average paid indemnity at \$435,708 and median paid indemnity at \$250,000.

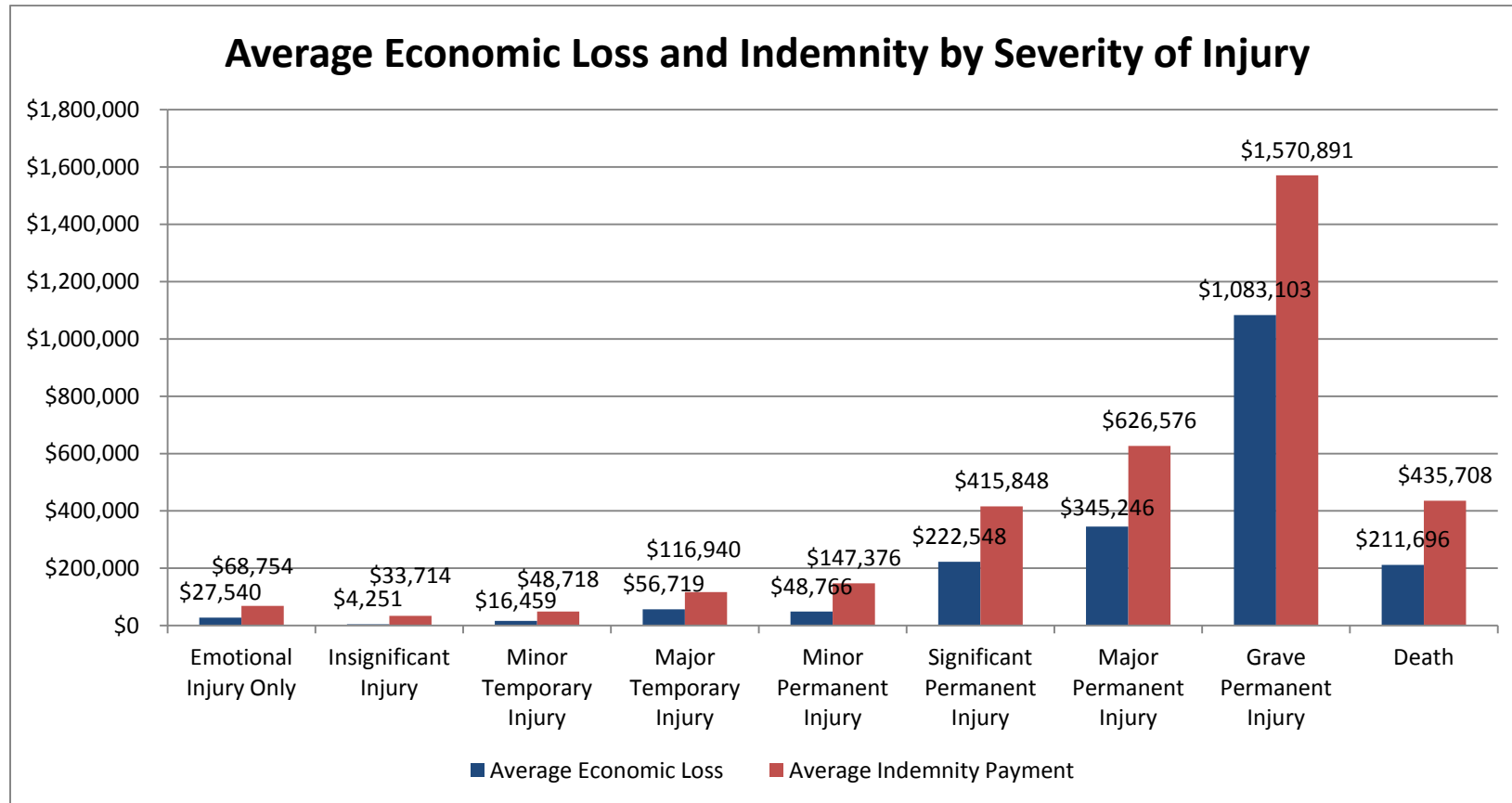
⁴⁹ For a description of each type of injury outcome, see [WAC 284-24D-220](#).

⁵⁰ 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.⁵¹ 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 paid indemnity and average economic loss than claims for major permanent injury or grave permanent injury. If a person dies, compensation for economic loss is largely calculated based on lost income and services the deceased would have provided. This chart shows the relationship between injury outcome, average paid indemnity and average economic loss.



⁵¹ Economic damages are defined in RCW [4.56.250](#), and the components of economic losses are described in [WAC 284-24D-360](#).

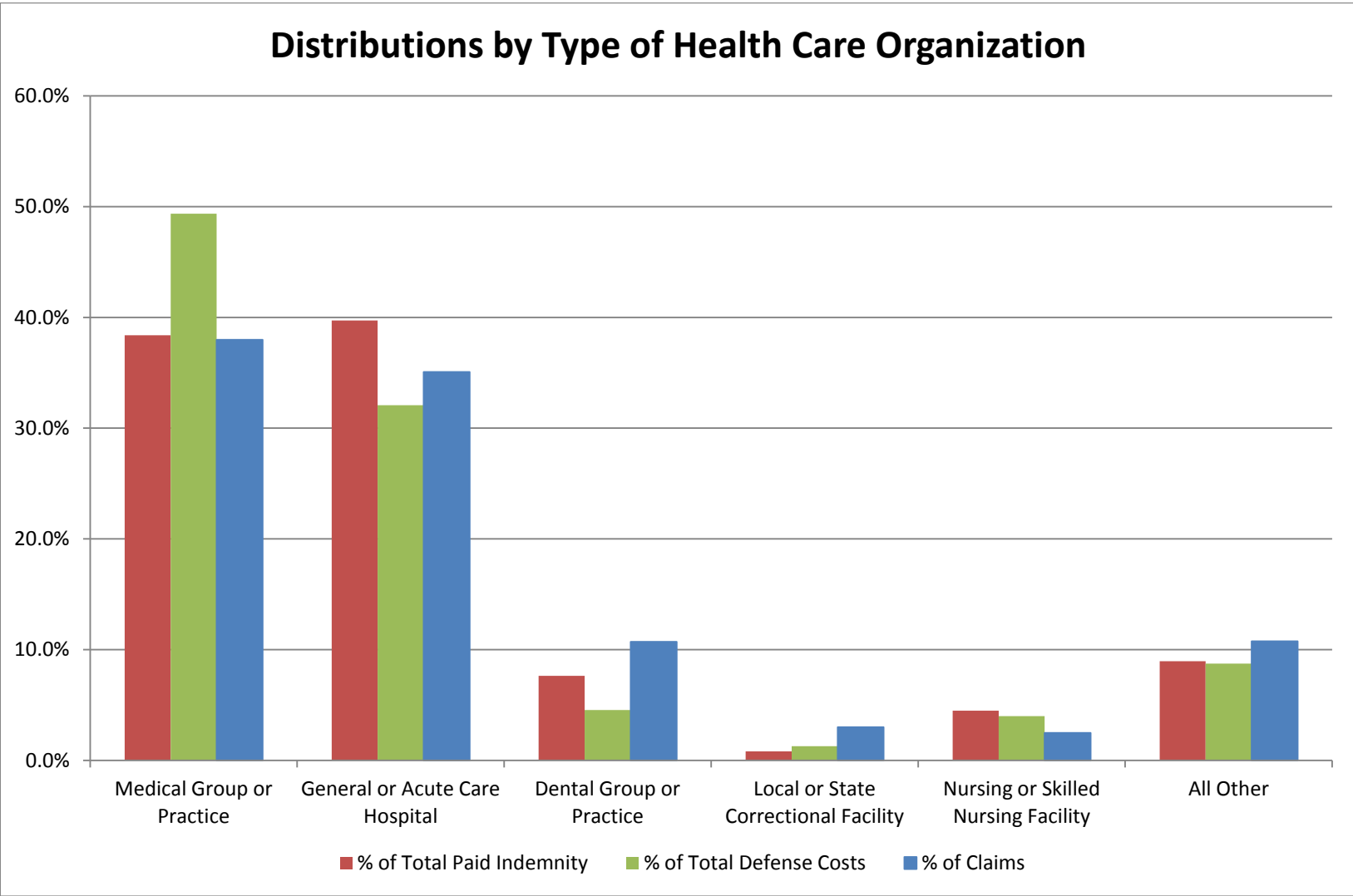
Type of health care organization

This exhibit shows data segmented by the type of health care organization or provider group.⁵²

<u>Health Care Organization</u>	<u>Five-year period ending December 31, 2013</u>									
	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Median Paid Indemnity	Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Costs
Medical Group or Practice	2,017	844	\$208,588,793	38.4%	\$247,143	\$80,000	1,868	\$95,960,897	49.4%	\$51,371
General or Acute Care Hospital	1,863	901	\$215,826,056	39.7%	\$239,541	\$35,000	1,645	\$62,351,587	32.1%	\$37,904
Dental Group or Practice	569	404	\$41,461,625	7.6%	\$102,628	\$20,000	365	\$8,840,807	4.5%	\$24,221
Local or State Correctional Facility	159	33	\$4,431,155	0.8%	\$134,277	\$35,000	148	\$2,499,060	1.3%	\$16,886
Nursing or Skilled Nursing Facility	132	86	\$24,378,414	4.5%	\$283,470	\$120,000	128	\$7,768,062	4.0%	\$60,688
Ambulatory Clinic or Center	91	39	\$3,978,900	0.7%	\$102,023	\$15,000	73	\$1,010,949	0.5%	\$13,849
Physical/Occupational Therapy Group/Practice	59	52	\$1,247,978	0.2%	\$24,000	\$12,000	21	\$809,385	0.4%	\$38,542
Chiropractic Group or Practice	54	24	\$3,354,354	0.6%	\$139,765	\$25,000	54	\$1,532,669	0.8%	\$28,383
Podiatric Group or Practice	51	16	\$1,979,500	0.4%	\$123,719	\$71,250	51	\$1,833,839	0.9%	\$35,958
Mental Health/Substance Abuse Group/Practice	31	10	\$1,945,500	0.4%	\$194,550	\$72,500	31	\$1,164,554	0.6%	\$37,566
Pharmacy	29	27	\$1,940,789	0.4%	\$71,881	\$11,000	16	\$155,348	0.1%	\$9,709
All Other Organizations	256	125	\$34,224,111	6.3%	\$273,793		238	\$10,477,879	5.4%	\$44,025
Total	5,311	2,561	\$543,357,175	100.0%	\$212,166	\$45,000	4,638	\$194,405,036	100.0%	\$41,916

Medical groups or practices had the largest number of total claims, although general or acute care hospitals had more claims with indemnity payments. Nursing facilities had the highest average paid indemnity at \$283,470, highest median paid indemnity at \$120,000, and the highest average defense costs at \$60,688.

⁵² Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), the commissioner must protect the identify of each insuring entity, self-insurer, claimant, health care provider, or health care facility involved in a particular claim or collection of claims. For this reason, types of organizations with few claims are grouped together.



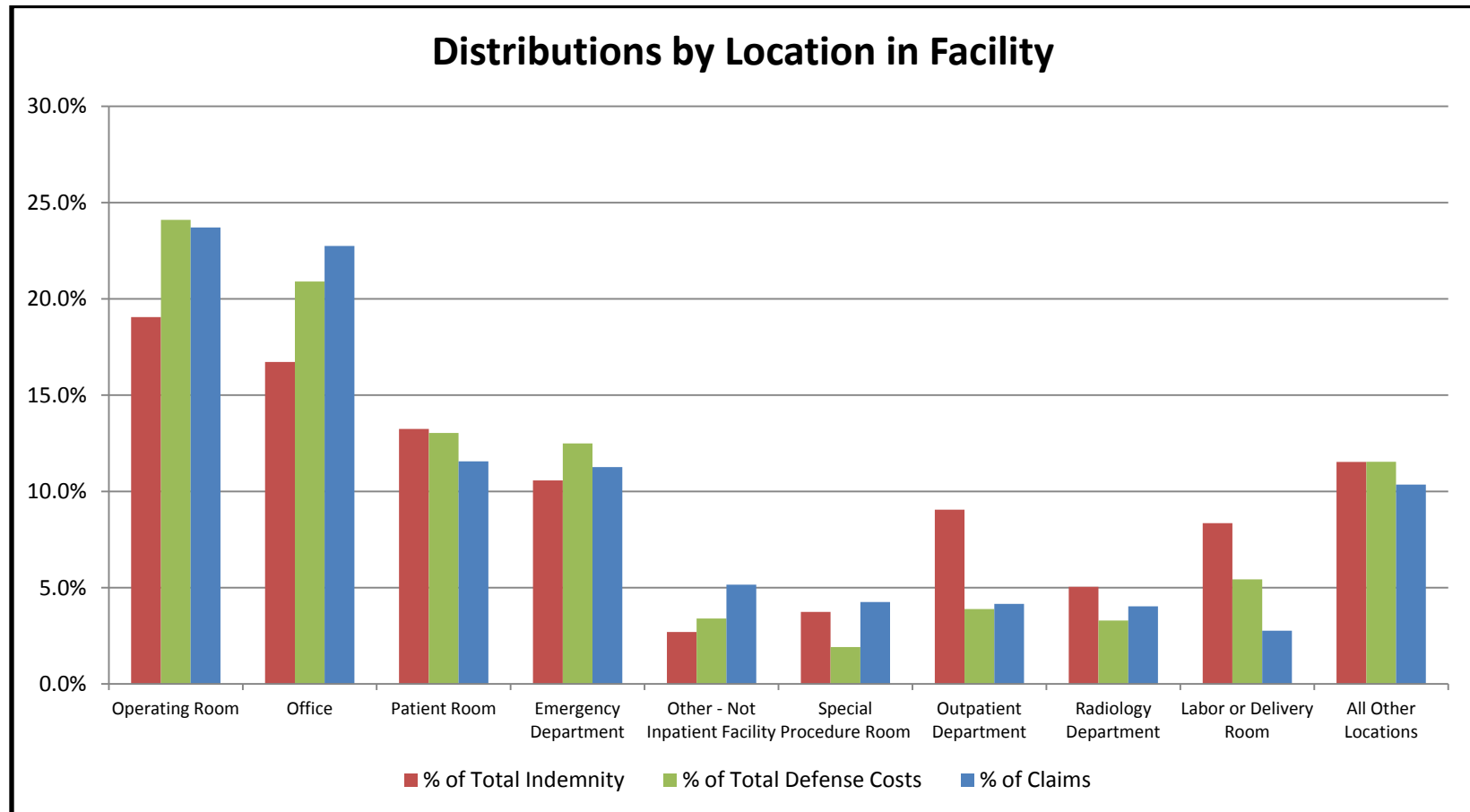
Location in the facility

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

<u>Location within Facility</u>	<u>Five-year period ending December 31, 2013</u>										
	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	1,259	23.7%	510	\$103,522,290	19.1%	\$202,985	\$50,000	1,144	\$46,864,710	24.1%	\$40,966
Office	1,208	22.7%	620	\$90,850,108	16.7%	\$146,532	\$30,012	999	\$40,637,721	20.9%	\$40,678
Patient Room	614	11.6%	341	\$71,951,363	13.2%	\$211,001	\$53,739	542	\$25,340,533	13.0%	\$46,754
Emergency Department	598	11.3%	204	\$57,418,724	10.6%	\$281,464	\$71,750	560	\$24,286,720	12.5%	\$43,369
Other - Not Inpatient Facility	274	5.2%	79	\$14,663,736	2.7%	\$185,617	\$45,000	257	\$6,603,600	3.4%	\$25,695
Special Procedure Room	226	4.3%	160	\$20,304,751	3.7%	\$126,905	\$36,250	160	\$3,722,231	1.9%	\$23,264
Outpatient Department	221	4.2%	121	\$49,166,209	9.0%	\$406,332	\$18,500	195	\$7,557,116	3.9%	\$38,754
Radiology Department	214	4.0%	105	\$27,414,560	5.0%	\$261,091	\$33,665	194	\$6,397,673	3.3%	\$32,978
Labor or Delivery Room	147	2.8%	65	\$45,393,272	8.4%	\$698,358	\$298,255	143	\$10,558,853	5.4%	\$73,838
Physical Therapy Department	75	1.4%	65	\$4,918,557	0.9%	\$75,670	\$13,649	35	\$1,479,912	0.8%	\$42,283
Walk-in Clinic	73	1.4%	44	\$5,254,391	1.0%	\$119,418	\$62,500	63	\$1,857,855	1.0%	\$29,490
Laboratory	50	0.9%	29	\$6,591,327	1.2%	\$227,287	\$10,000	41	\$1,946,244	1.0%	\$47,469
Rehabilitation Center	42	0.8%	26	\$4,332,773	0.8%	\$166,645	\$83,750	39	\$2,908,814	1.5%	\$74,585
Critical Care Unit	40	0.8%	17	\$2,974,920	0.5%	\$174,995	\$30,000	36	\$2,413,402	1.2%	\$67,039
Facility Support Areas	30	0.6%	23	\$2,894,375	0.5%	\$125,842	\$51,100	29	\$3,073,427	1.6%	\$105,980
Pharmacy	29	0.5%	28	\$1,897,106	0.3%	\$67,754	\$9,900	15	\$126,403	0.1%	\$8,427
Recovery Room	28	0.5%	18	\$7,491,841	1.4%	\$416,213	\$264,261	28	\$1,775,548	0.9%	\$63,412
Catheterization Lab	27	0.5%	17	\$7,168,228	1.3%	\$421,660	\$200,000	25	\$1,316,803	0.7%	\$52,672
Clinical Support Center	24	0.5%	11	\$1,504,602	0.3%	\$136,782	\$200,000	23	\$840,972	0.4%	\$36,564
All other Locations	132	2.5%	78	\$17,644,042	3.2%	\$226,206		110	\$4,696,499	2.4%	\$42,695
Total	5,311	100.0%	2,561	\$543,357,175	100.0%	\$212,166	\$45,000	4,638	\$194,405,036	100.0%	\$41,916

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 46.5 percent of reported claims. The highest average and median indemnity payments were due to injuries that occurred in the labor or delivery room. The highest average defense costs were reported for facility support areas, which includes locations such as hallways, cafeterias, elevators and business offices.

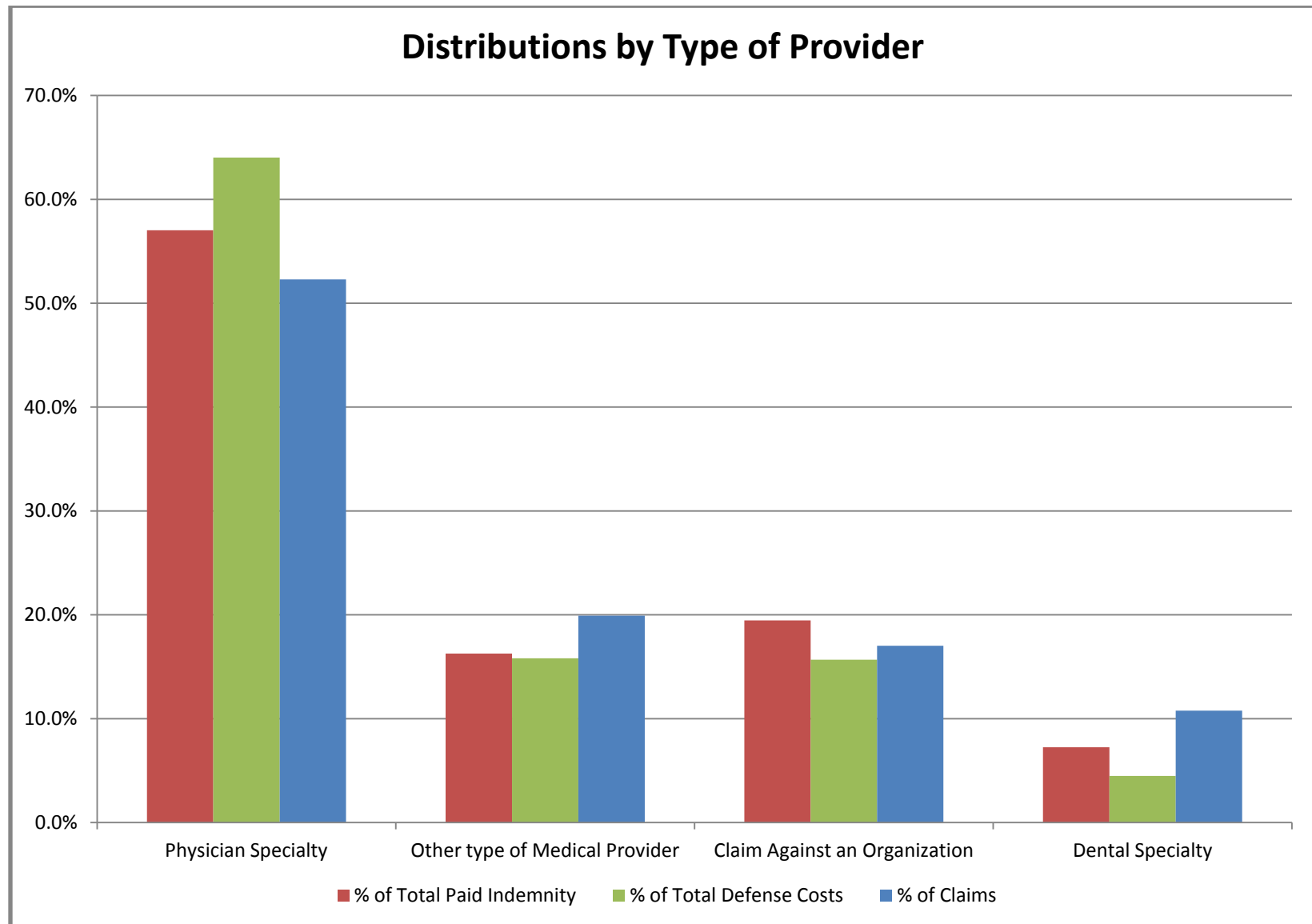
This chart shows the distribution of claims, indemnity payments and defense costs by location within the facility for the nine locations with the largest number of claims.



Type of medical provider

Five-year period ending December 31, 2013											
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	2,777	1,042	\$309,839,095	57.0%	\$297,350	\$92,684	2,627	\$124,458,490	64.0%	\$47,377	\$10,751
Other type of Medical Provider	1,058	683	\$88,433,489	16.3%	\$129,478	\$22,000	833	\$30,743,721	15.8%	\$36,907	\$8,720
Claim Against an Organization	904	429	\$105,711,890	19.5%	\$246,415	\$50,000	812	\$30,471,142	15.7%	\$37,526	\$13,494
Dental Specialty	572	407	\$39,372,701	7.2%	\$96,739	\$20,000	366	\$8,731,683	4.5%	\$23,857	\$2,395
Total	5,311	2,561	543,357,175	100.0%	\$212,166	\$45,000	4,638	194,405,036	100.0%	\$41,916	\$9,900

The highest percentage of claims, 52.3 percent, was made against physician specialties. These claims had the highest average defense cost at \$47,377, the highest average indemnity payment at \$297,350 and the highest median indemnity payment at \$92,684. Paid indemnity results for dental specialties were skewed due to one large payment of \$14.35 million. If we remove that payment, average paid indemnity for dental specialties drops to \$61,481. Average defense costs were highest for claims against organizations at \$37,526.



This table shows claim data for physician specialties that had the largest number of claims.⁵³

Five-year period ending December 31, 2013											
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
General Practice-Family Practice	321	119	\$27,761,503	9.0%	\$233,290	\$100,000	309	\$12,693,774	10.2%	\$41,080	\$6,752
Emergency Medicine	307	85	\$20,706,297	6.7%	\$243,603	\$75,000	295	\$11,826,067	9.5%	\$40,088	\$10,405
General Surgery	303	143	\$26,134,341	8.4%	\$182,758	\$60,000	275	\$11,433,015	9.2%	\$41,575	\$10,000
Orthopedic Surgery	269	93	\$20,481,032	6.6%	\$220,226	\$66,131	258	\$9,237,873	7.4%	\$35,806	\$6,216
Obstetrics and Gynecology	264	97	\$38,483,757	12.4%	\$396,740	\$115,000	254	\$11,219,611	9.0%	\$44,172	\$7,500
Radiology	208	78	\$22,319,473	7.2%	\$286,147	\$62,500	196	\$8,349,356	6.7%	\$42,599	\$10,634
Internal Medicine	179	54	\$18,022,958	5.8%	\$333,758	\$172,950	170	\$7,995,094	6.4%	\$47,030	\$15,447
Anesthesiology	120	62	\$11,734,182	3.8%	\$189,261	\$11,059	98	\$5,505,433	4.4%	\$56,178	\$13,148
Cardiovascular Diseases	78	23	\$7,402,757	2.4%	\$321,859	\$120,000	76	\$4,749,402	3.8%	\$62,492	\$20,372
Urological Surgery	72	24	\$10,683,012	3.4%	\$445,126	\$120,000	69	\$3,939,620	3.2%	\$57,096	\$10,720
Pediatrics	69	40	\$36,077,750	11.6%	\$901,944	\$300,000	66	\$7,126,110	5.7%	\$107,971	\$29,604
Gastroenterology	67	23	\$6,414,300	2.1%	\$278,883	\$43,745	59	\$3,761,457	3.0%	\$63,754	\$13,206
Otolaryngology	67	24	\$6,975,763	2.3%	\$290,657	\$127,500	62	\$3,530,616	2.8%	\$56,945	\$6,993
Plastic Surgery	57	24	\$3,899,868	1.3%	\$162,495	\$51,350	57	\$1,626,129	1.3%	\$28,529	\$5,643
Neurological Surgery	56	25	\$10,082,239	3.3%	\$403,290	\$200,000	55	\$4,672,755	3.8%	\$84,959	\$33,990
Ophthalmology	47	20	\$8,173,685	2.6%	\$408,684	\$255,579	45	\$1,588,036	1.3%	\$35,290	\$10,436
Hospitalist	44	11	\$3,564,504	1.2%	\$324,046	\$220,000	42	\$2,534,495	2.0%	\$60,345	\$11,237
Radiation Oncology	34	12	\$1,731,841	0.6%	\$144,320	\$91,434	32	\$1,512,844	1.2%	\$47,276	\$27,980
Neurology	30	11	\$4,232,500	1.4%	\$384,773	\$100,000	29	\$1,559,741	1.3%	\$53,784	\$8,432
Psychiatry	30	11	\$4,378,000	1.4%	\$398,000	\$200,000	30	\$1,499,086	1.2%	\$49,970	\$14,537
Dermatology	26	10	\$1,056,942	0.3%	\$105,694	\$87,300	25	\$434,076	0.3%	\$17,363	\$2,870
All Other Physician Types	129	53	\$19,522,391	6.3%	\$368,347		125	\$7,663,900	6.2%	\$61,311	
Total	2,777	1,042	309,839,095	100.0%	\$297,350	\$92,684	2,627	124,458,490	100.0%	\$47,377	\$10,751

⁵³ 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 on behalf of physician specialties were for general and family practice physicians, but these claims were among the least costly to defend and settle. The most common allegations against general and family practice physicians were failure to diagnose with 53 claims, followed by delay in diagnosis with 49 claims, improper performance with 28 claims and improper management with 23 claims.

Obstetrics and gynecology was a specialty ranked high in total number of claims and average and median paid indemnity. The most common allegations against this physician specialty were improper performance with 64 claims, failure to diagnose with 27 claims, improper technique with 24 claims and improper management with 21 claims.

This table shows claim data for other types of medical providers.⁵⁴ Nursing staff accounted for 633 claims, resulting in 433 indemnity payments averaging \$116,759. The most common allegations against nursing staff were failure to monitor with 89 claims, followed by improper performance with 47 claims and improper technique with 44 claims. Podiatry had the second highest total number of claims at 72 and the most common allegation against this type of medical provider was improper performance with 41 claims.

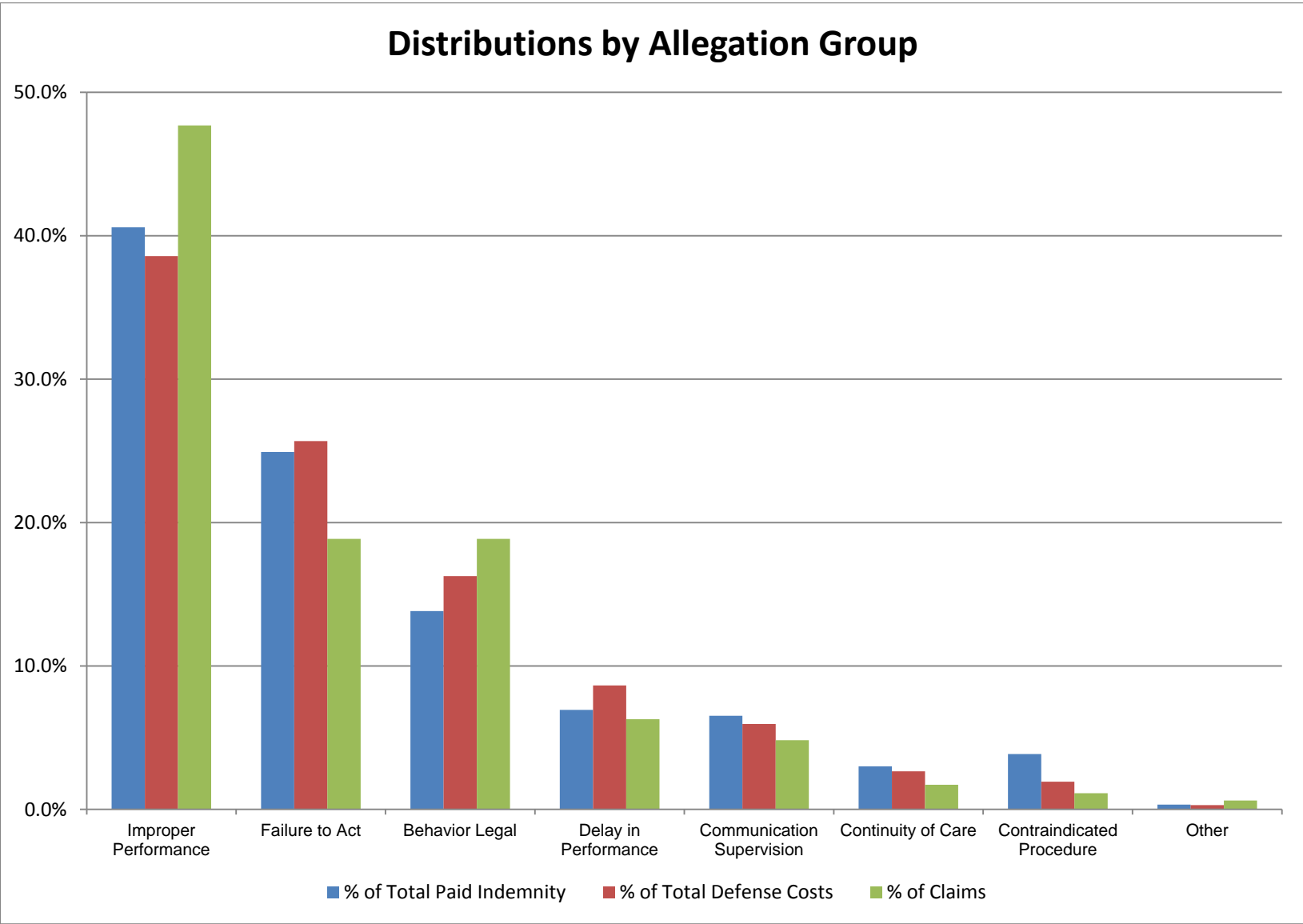
Five-Year Period Ending December 31, 2013										
Provider Type	Total Number of Claims	Claims with Paid Indemnity	Total Paid Indemnity	% of Total Paid Indemnity	Average Paid Indemnity	Median Paid Indemnity	Claims with Defense Costs	Total Defense Costs	% of Total Defense Costs	Average Defense Cost
Nursing	633	433	\$50,556,476	57.2%	\$116,759	\$25,000	490	\$19,901,773	64.7%	\$40,616
Podiatry	72	22	\$2,423,648	2.7%	\$110,166	\$50,000	71	\$2,336,064	7.6%	\$32,902
Physical Therapy	71	61	\$3,871,532	4.4%	\$63,468	\$12,000	30	\$1,250,943	4.1%	\$41,698
Physician Assistant	54	27	\$3,368,344	3.8%	\$124,753	\$57,986	51	\$1,519,724	4.9%	\$29,799
Chiropractic	53	24	\$3,354,354	3.8%	\$139,765	\$25,000	53	\$1,494,804	4.9%	\$28,204
Pharmacy	39	35	\$2,023,308	2.3%	\$57,809	\$10,000	22	\$166,531	0.5%	\$7,570
Radiology Technician	30	23	\$10,305,182	11.7%	\$448,051	\$15,000	24	\$635,886	2.1%	\$26,495
Psychology	29	12	\$1,867,250	2.1%	\$155,604	\$22,750	27	\$978,253	3.2%	\$36,232
Laboratory Technician	13	10	\$1,468,765	1.7%	\$146,877	\$6,149	10	\$425,054	1.4%	\$42,505
All Other Types	64	36	\$9,194,630	10.4%	\$255,406		55	\$2,034,689	6.6%	\$36,994
Total	1,058	683	\$88,433,489	100.0%	\$129,478	\$22,000	833	\$30,743,721	100.0%	\$36,907

⁵⁴ 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, 2013</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	2,533	1,359	\$220,539,832	40.6%	\$162,281	2,091	\$74,989,693	38.6%	\$35,863
Failure to Take Appropriate Action	1,002	383	\$135,397,643	24.9%	\$353,519	948	\$49,920,116	25.7%	\$52,658
Behavior/Legal	1,002	457	\$75,157,198	13.8%	\$164,458	877	\$31,619,661	16.3%	\$36,054
Delay in Performance	334	122	\$37,699,108	6.9%	\$309,009	328	\$16,793,343	8.6%	\$51,199
Communication/Supervision	256	159	\$35,475,988	6.5%	\$223,119	222	\$11,582,744	6.0%	\$52,175
Continuity of Care/Care Management	91	48	\$16,314,263	3.0%	\$339,880	84	\$5,152,618	2.7%	\$61,341
Unnecessary/Contraindicated Procedure	60	27	\$20,956,143	3.9%	\$776,153	55	\$3,759,964	1.9%	\$68,363
Other Class of Allegation	33	6	\$1,817,000	0.3%	\$302,833	33	\$586,897	0.3%	\$17,785
Totals & Averages	5,311	2,561	\$543,357,175	100.0%	\$212,166	4,638	\$194,405,036	100.0%	\$41,916



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

Five-year period ending December 31, 2013							
<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	1,055	548	\$78,030,453	\$142,391	849	\$29,268,077	\$34,474
Improper Technique	367	178	\$19,187,604	\$107,796	314	\$7,162,837	\$22,812
Improper Management	214	85	\$21,246,186	\$249,955	204	\$11,496,206	\$56,354
Surgical or other Foreign Body Retained	102	56	\$4,198,921	\$74,981	88	\$2,307,043	\$26,216
Wrong Dosage Ordered of Correct Medication	57	46	\$6,894,500	\$149,880	25	\$743,956	\$29,758
Equipment Utilization Problem	61	41	\$9,022,932	\$220,072	50	\$2,795,626	\$55,913
Intubation Problem	55	40	\$1,574,698	\$39,367	26	\$840,201	\$32,315
Patient Monitoring Problem	54	36	\$7,333,139	\$203,698	47	\$2,610,574	\$55,544
Wrong Diagnosis or Misdiagnosis (Original Diagnosis is Incorrect)	72	35	\$14,415,191	\$411,863	64	\$3,796,595	\$59,322
Wrong Body Part	39	29	\$1,417,440	\$48,877	33	\$526,409	\$15,952
Wrong Medication Administered	42	25	\$4,330,053	\$173,202	39	\$617,678	\$15,838
Wrong Dosage Administered	38	23	\$5,537,843	\$240,776	33	\$1,670,397	\$50,618
Wrong Procedure or Treatment	49	23	\$5,312,544	\$230,980	45	\$1,517,212	\$33,716
Patient Positioning Problem	37	21	\$935,821	\$44,563	29	\$829,053	\$28,588
Wrong Medication Dispensed	26	21	\$3,446,948	\$164,140	19	\$819,054	\$43,108
Problem with Appliance, Prostheses, Orthotic, Restorative, Splint or Device	43	20	\$1,490,460	\$74,523	41	\$974,309	\$23,764
Wrong Dosage Dispensed	26	20	\$1,890,728	\$94,536	19	\$316,169	\$16,640
Radiology or Imaging Error	30	18	\$5,018,349	\$278,797	29	\$948,499	\$32,707
Wrong Medication Ordered	29	16	\$18,726,486	\$1,170,405	26	\$1,269,790	\$48,838
Patient History, Exam, or Workup Problem	18	10	\$607,276	\$60,728	15	\$744,593	\$49,640

Five-year period ending December 31, 2013

	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 with Patient or Family	90	47	\$13,834,020	\$294,341	77	\$3,318,165	\$43,093
Failure to Supervise	53	35	\$6,452,172	\$184,348	46	\$3,741,112	\$81,329
Communication Problem between Practitioners	39	25	\$3,440,573	\$137,623	35	\$1,445,929	\$41,312
Failure to Report on Patient Condition	27	21	\$7,320,133	\$348,578	24	\$1,427,958	\$59,498
Improper Supervision	31	20	\$3,101,750	\$155,088	27	\$1,402,075	\$51,929
Failure to Respond to Patient	16	11	\$1,327,340	\$120,667	13	\$247,505	\$19,039
<u>Failure to Take Appropriate Action</u>							
Failure to Diagnose	496	161	\$75,694,988	\$470,155	486	\$24,810,000	\$51,049
Failure to Monitor	173	104	\$19,335,048	\$185,914	141	\$10,096,472	\$71,606
Failure to Treat	103	29	\$10,030,276	\$345,872	100	\$5,095,729	\$50,957
Failure to Recognize a Complication	58	27	\$13,175,615	\$487,986	58	\$3,693,955	\$63,689
Failure to Use Aseptic Technique	29	15	\$394,025	\$26,268	26	\$76,353	\$2,937
Failure to Perform Procedure	47	13	\$2,120,389	\$163,107	47	\$1,209,135	\$25,726
Failure to Order Appropriate Test	29	12	\$5,678,085	\$473,174	28	\$1,616,313	\$57,725
<u>Delay in Performance</u>							
Delay in Diagnosis	199	70	\$18,472,467	\$263,892	194	\$8,957,081	\$46,171
Delay in Treatment	94	36	\$10,406,641	\$289,073	93	\$4,287,550	\$46,103
Delay in Performance	24	13	\$7,550,000	\$580,769	24	\$2,773,863	\$115,578

<u>Five-year period ending December 31, 2013</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
<u>Behavior/Legal</u>							
Vicarious Liability	578	204	\$41,061,146	\$201,280	519	\$17,501,389	\$33,721
Failure to Ensure Patient Safety	138	112	\$23,806,175	\$212,555	122	\$3,794,667	\$31,104
Sexual Misconduct	64	50	\$2,932,500	\$58,650	34	\$2,656,865	\$78,143
Improper Conduct	59	21	\$4,306,995	\$205,095	57	\$3,243,568	\$56,905
Failure to Obtain Consent or Lack of Informed Consent	42	13	\$660,733	\$50,826	40	\$1,419,244	\$35,481
Failure to Conform with Regulation, Statute, or Rule	15	11	\$978,873	\$88,988	11	\$1,167,046	\$106,095
Breach of Patient Confidentiality	24	10	\$173,000	\$17,300	20	\$205,377	\$10,269
Equipment Malfunction	12	10	\$235,064	\$23,506	9	\$69,122	\$7,680
<u>Continuity of Care/Care Management</u>							
Failure or Delay in Referral or Consultation	51	30	\$13,279,303	\$442,643	50	\$4,017,977	\$80,360
Premature Discharge from Institution	28	11	\$1,832,676	\$166,607	24	\$785,277	\$32,720
<u>Unnecessary/Contraindicated Procedure</u>							
Unnecessary Procedure	35	14	\$17,886,457	\$1,277,604	34	\$2,874,081	\$84,532

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, 2013</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	540	200	\$48,686,813	\$243,434	514	\$21,566,760	\$41,959
Failure to Diagnose	442	143	\$63,241,286	\$442,247	432	\$22,524,195	\$52,139
Improper Technique	213	78	\$13,451,963	\$172,461	189	\$5,173,918	\$27,375
Improper Management	166	55	\$15,622,809	\$284,051	165	\$10,317,479	\$62,530
Delay in Diagnosis	167	51	\$15,660,070	\$307,060	162	\$7,976,657	\$49,239
Surgical or other Foreign Body Retained	73	33	\$2,219,668	\$67,263	66	\$1,561,662	\$23,662
Wrong Diagnosis or Misdiagnosis (Original Diagnosis is Incorrect)	59	28	\$11,806,831	\$421,673	52	\$3,406,344	\$65,507
Delay in Treatment	71	26	\$8,011,891	\$308,150	70	\$1,982,300	\$28,319
Intubation Problem	37	25	\$946,432	\$37,857	20	\$786,120	\$39,306
Failure to Monitor	61	22	\$9,671,109	\$439,596	58	\$3,958,824	\$68,256
Failure to Instruct or Communicate with Patient or Family	51	22	\$8,444,139	\$383,825	47	\$2,226,708	\$47,377
Equipment Utilization Problem	36	22	\$4,882,405	\$221,928	32	\$2,491,818	\$77,869
Failure to Recognize a Complication	46	21	\$10,547,360	\$502,255	46	\$3,402,168	\$73,960
Wrong Body Part	28	20	\$969,730	\$48,487	25	\$423,914	\$16,957
Failure to Treat	69	15	\$7,515,166	\$501,011	67	\$3,388,910	\$50,581
Failure or Delay in Referral or Consultation	31	15	\$6,045,804	\$403,054	30	\$2,770,414	\$92,347
Radiology or Imaging Error	26	15	\$4,935,713	\$329,048	25	\$906,397	\$36,256
Wrong Dosage Ordered of Correct Medication	22	15	\$4,404,500	\$293,633	19	\$606,927	\$31,944
Patient Monitoring Problem	19	12	\$3,367,390	\$280,616	18	\$1,506,936	\$83,719
Failure to Perform Procedure	41	10	\$1,107,389	\$110,739	41	\$1,051,797	\$25,654

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

<u>Five-year period ending December 31, 2013</u>							
<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	355	275	\$12,212,453	\$44,409	189	\$3,762,993	\$19,910
Improper Technique	75	47	\$2,310,708	\$49,164	58	\$650,877	\$11,222
Improper Management	22	14	\$686,443	\$49,032	17	\$575,425	\$33,849
Wrong Procedure or Treatment	17	11	\$2,049,740	\$186,340	14	\$157,839	\$11,274

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

<u>Allegation Made Against Other Type of Medical Provider</u>	<u>Five-year period ending December 31, 2013</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 Monitor	97	72	\$8,690,980	\$120,708	72	\$5,629,175	\$78,183
Improper Performance	150	67	\$15,592,522	\$232,724	136	\$3,795,572	\$27,909
Improper Technique	77	51	\$2,964,933	\$58,136	65	\$1,324,811	\$20,382
Failure to Ensure Patient Safety	49	43	\$2,140,169	\$49,771	43	\$596,810	\$13,879
Sexual Misconduct	50	42	\$1,080,000	\$25,714	21	\$1,096,216	\$52,201
Wrong Dosage Ordered of Correct Medication	33	30	\$2,340,000	\$78,000	4	\$46,794	\$11,699
Patient Monitoring Problem	33	22	\$1,885,749	\$85,716	27	\$588,094	\$21,781
Equipment Utilization Problem	22	17	\$3,339,672	\$196,451	16	\$233,459	\$14,591
Surgical or other Foreign Body Retained	19	16	\$1,789,324	\$111,833	14	\$685,423	\$48,959
Wrong Dosage Dispensed	17	16	\$1,778,827	\$111,177	11	\$111,871	\$10,170
Wrong Medication Dispensed	17	16	\$1,435,948	\$89,747	11	\$297,047	\$27,004
Wrong Medication Administered	22	15	\$3,404,718	\$226,981	19	\$320,624	\$16,875
Intubation Problem	18	15	\$628,266	\$41,884	6	\$54,081	\$9,014
Vicarious Liability	16	14	\$586,816	\$41,915	4	\$77,421	\$19,355
Improper Management	22	13	\$1,833,079	\$141,006	20	\$595,439	\$29,772
Patient Positioning Problem	21	12	\$759,614	\$63,301	17	\$362,519	\$21,325
Wrong Dosage Administered	21	12	\$4,175,750	\$347,979	16	\$615,998	\$38,500
Failure to Instruct or Communicate with Patient or Family	21	11	\$2,537,266	\$230,661	15	\$535,356	\$35,690
Delay in Diagnosis	20	11	\$2,424,970	\$220,452	20	\$595,272	\$29,764
Failure to Supervise	14	11	\$1,563,894	\$142,172	11	\$1,129,240	\$102,658
Failure to Report on Patient Condition	11	11	\$4,635,010	\$421,365	11	\$907,823	\$82,529

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

<u>Allegation Made Against an Organization</u>	<u>Five-year period ending December 31, 2013</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	528	183	\$39,605,222	\$216,422	482	\$16,736,091	\$34,722
Failure to Ensure Patient Safety	81	67	\$21,515,162	\$321,122	71	\$3,065,469	\$43,176
Failure to Supervise	34	22	\$4,725,778	\$214,808	30	\$2,425,327	\$80,844
Improper Supervision	19	13	\$2,536,092	\$195,084	16	\$1,010,883	\$63,180
Communication Problem between Practitioners	14	12	\$1,858,621	\$154,885	12	\$651,281	\$54,273
Failure to Instruct or Communicate with Patient or Family	14	12	\$2,829,911	\$235,826	12	\$426,114	\$35,510

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 activities.

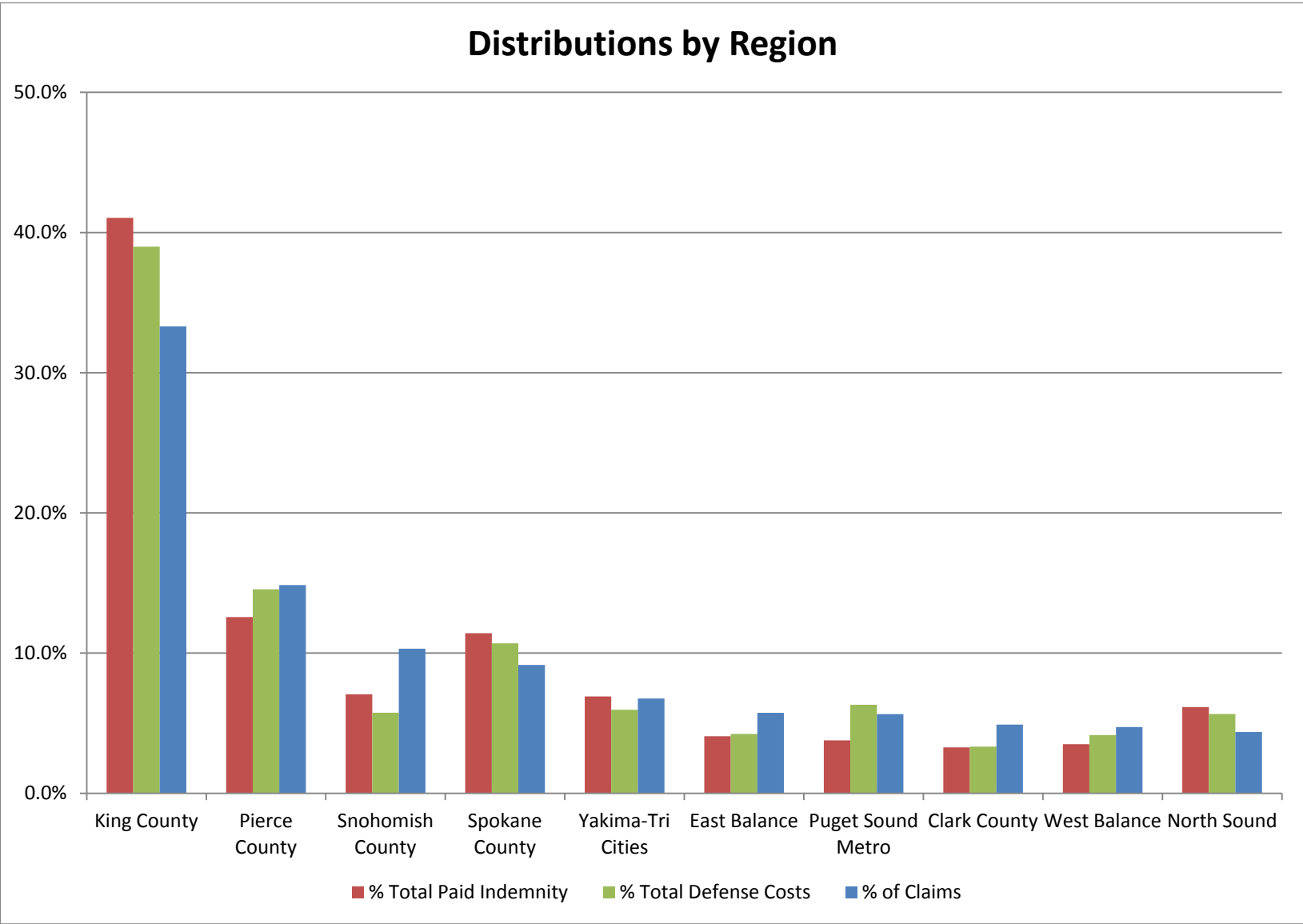
County statistics

Insurers and self-insurers reported the county where the medical incident occurred.⁵⁵ To provide information about differences by location, we divided the state into nine regions.⁵⁶ King County had the highest total paid indemnity and highest average defense costs, while average indemnity payments were highest in Spokane County. Average defense costs were very high in the North Sound region. A few claims were reported as occurring out of state (not shown).

Region	Five-year period ending December 31, 2013									
	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	1,769	894	\$223,004,659	\$40,000	\$249,446	\$133,860	1,458	\$75,801,480	\$51,990	\$9,911
Pierce County	789	301	\$68,281,451	\$62,500	\$226,849	\$95,587	742	\$28,283,600	\$38,118	\$10,230
Snohomish County	548	334	\$38,390,297	\$7,887	\$114,941	\$60,156	457	\$11,168,070	\$24,438	\$7,304
Spokane County	486	203	\$62,044,262	\$60,000	\$305,637	\$166,053	463	\$20,801,445	\$44,928	\$8,738
Yakima-Tri Cities	359	187	\$37,515,585	\$50,000	\$200,618	\$119,762	298	\$11,585,980	\$38,879	\$15,463
East Balance	305	142	\$22,102,193	\$56,250	\$155,649	\$96,921	276	\$8,233,432	\$29,831	\$9,448
Puget Sound Metro	300	135	\$20,528,903	\$75,000	\$152,066	\$39,239	279	\$12,273,190	\$43,990	\$11,693
Clark County	260	146	\$17,807,824	\$50,000	\$121,971	\$36,815	204	\$6,472,281	\$31,727	\$14,824
West Balance	251	111	\$19,044,574	\$50,000	\$171,573	\$77,467	234	\$8,066,849	\$34,474	\$10,207
North Sound	232	103	\$33,402,427	\$65,000	\$324,295	\$140,310	215	\$11,007,223	\$51,196	\$7,590

⁵⁵ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), some counties are grouped together to maintain confidentiality.

⁵⁶ **Yakima-Tri Cities** includes Benton, Franklin and Yakima counties. **East Balance** includes Adams, Asotin, Chelan, Columbia, Douglas, Ferry, Garfield, Grant, Kittitas, Lincoln, Okanogan, Pend Oreille, Stevens, Walla Walla and Whitman counties. **Puget Sound Metro** includes Kitsap and Thurston counties. **West Balance** includes Clallam, Cowlitz, Grays Harbor, Jefferson, Klickitat, Lewis, Mason, Pacific, Skamania and Wahkiakum counties. **North Sound** includes Island, San Juan, Skagit and Whatcom counties.

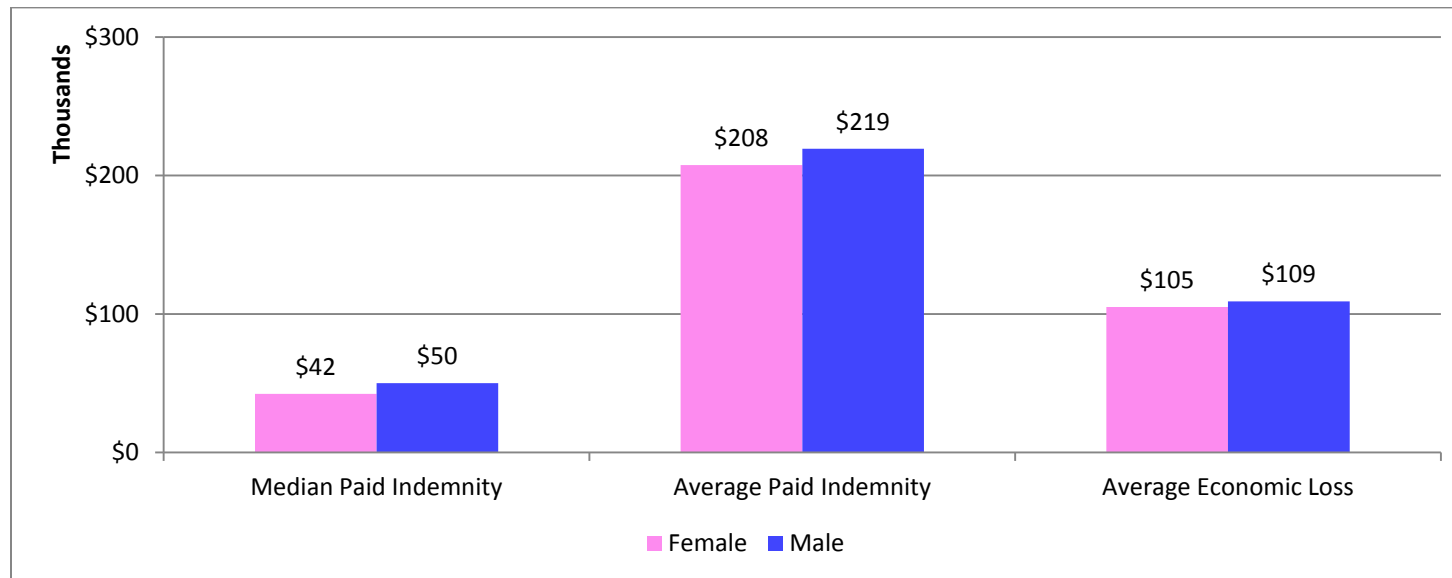


Gender statistics

Of the 5,311 claims closed, 56.7 percent of the claims reported the injured party as female and 43.1 percent of the claims reported the injured party as male. For a few claims, the gender was reported as unknown (not shown).

Five-year period ending December 31, 2013									
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 Cost
Female	3,011	1,541	\$319,761,433	\$42,307	\$207,503	\$105,063	2,615	\$108,154,190	\$41,359
Male	2,287	1,013	\$222,230,239	\$50,000	\$219,378	\$109,099	2,012	\$85,504,958	\$42,497

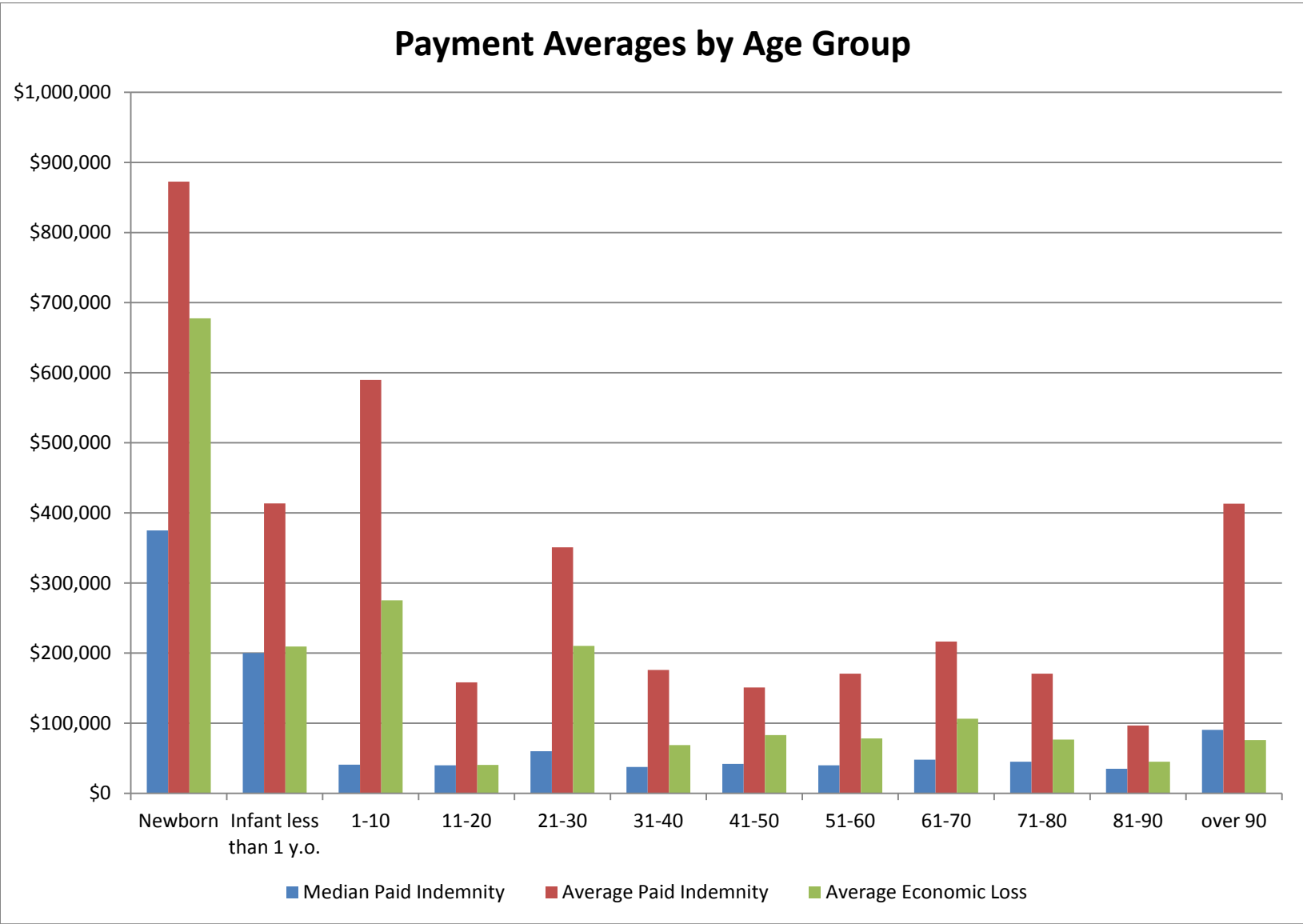
Average payments and defense costs were higher when the injured party was male. The chart below illustrates this comparison.



Age statistics

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

Five-year period ending December 31, 2013										
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	106	44	\$38,392,868	\$29,814,562	\$872,565	\$677,604	\$375,000	101	\$10,692,176	\$105,863
Infant less than 1 y.o.	75	29	\$11,992,033	\$6,070,090	\$413,518	\$209,313	\$200,000	66	\$3,329,087	\$50,441
1-10	128	60	\$35,386,716	\$16,522,773	\$589,779	\$275,380	\$40,800	118	\$6,191,371	\$52,469
11-20	179	86	\$13,604,120	\$3,478,696	\$158,187	\$40,450	\$40,000	163	\$8,818,636	\$54,102
21-30	460	221	\$77,534,184	\$46,490,341	\$350,833	\$210,364	\$60,000	425	\$19,287,955	\$45,383
31-40	770	360	\$63,375,735	\$24,792,762	\$176,044	\$68,869	\$37,500	659	\$27,690,289	\$42,019
41-50	1,168	533	\$80,413,800	\$44,274,451	\$150,870	\$83,067	\$41,912	1,023	\$37,017,143	\$36,185
51-60	1,127	550	\$93,917,045	\$43,058,697	\$170,758	\$78,289	\$40,000	961	\$35,657,925	\$37,105
61-70	665	336	\$72,771,882	\$35,755,583	\$216,583	\$106,415	\$48,000	563	\$23,513,239	\$41,764
71-80	387	190	\$32,412,510	\$14,545,834	\$170,592	\$76,557	\$45,000	349	\$13,130,900	\$37,624
81-90	207	124	\$11,986,958	\$5,583,203	\$96,669	\$45,026	\$35,000	177	\$5,253,354	\$29,680
over 90	39	28	\$11,569,324	\$2,124,157	\$413,190	\$75,863	\$90,500	33	\$3,822,961	\$115,847
Total	5,311	2,561	\$543,357,175	\$272,511,149	\$212,166	\$106,408	\$45,000	4,638	\$194,405,036	\$41,916



Trends

This chart shows estimates of trends in frequency and severity.⁵⁷ Overall, average costs per claim declined and reported claim counts increased.

Year Closed	Average Paid Indemnity	Average Limited Indemnity	Average Defense Costs	Average of Limited Indemnity + Defense Costs⁵⁸	Number of Claims Closed
2008	235,406	186,245	49,484	139,978	883
2009	248,453	182,466	43,230	124,450	860
2010	212,916	167,450	37,176	114,470	928
2011	214,958	174,046	40,467	112,981	1,203
2012	169,887	144,012	49,694	112,712	1,184
2013	229,019	176,908	39,486	124,202	1,136
Annual Trend	-3.6%	-2.6%	-1.8%	-2.6%	7.3%

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.

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

⁵⁷ 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.

⁵⁸ Amounts shown in the average of limited indemnity + defense costs column include claims with \$0 in indemnity payments, and can therefore be lower than the total of the average limited indemnity column and the average defense costs column. The calculations of the average paid indemnity and average limited indemnity columns include only non-zero amounts.

in the number of claims closed is a poor estimate of frequency trend. A frequency is calculated as the number of claims per exposure (e.g., per policy or per physician). Since insurers do not report policy counts, physician counts, or other exposure data, we cannot calculate a true frequency trend.

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
	2009	2010	2011	2012	2013	
Settlements Reported by Attorneys	131	90	86	59	51	417
Number of Settlements with Paid Indemnity	120	85	83	58	50	396
Total Paid Indemnity	\$77,952,416	\$85,073,584	\$44,792,345	\$44,207,074	\$70,918,776	\$322,944,195
Average Payment to Claimant	\$649,603	\$1,000,866	\$539,667	\$762,191	\$1,418,376	\$815,516
Median Payment to Claimant	\$287,500	\$270,000	\$225,000	\$218,750	\$475,000	\$272,500
Total Legal Expenses	\$33,588,058	\$34,598,555	\$18,367,556	\$18,095,378	\$31,435,875	\$136,085,422
Total Attorney Fees	\$29,085,025	\$31,188,630	\$15,446,463	\$15,839,803	\$26,278,314	\$117,838,235
Average Legal Expense	\$256,397	\$384,428	\$213,576	\$306,701	\$616,390	\$326,344
Average Fee Paid to Attorney	\$242,375	\$366,925	\$186,102	\$273,100	\$525,566	\$297,571

Indemnity payments to claimants: Over the five-year period ending December 31, 2013, claimants received total compensation of \$322.9 million on 417 settlements, averaging \$815,516 per settlement. Median paid indemnity was \$272,500 over the same period.

Claimants paid \$136.1 million for legal expenses, averaging \$326,344 per lawsuit. Claimants paid \$117.8 million in attorney fees, or an average of \$297,571 per settlement.⁵⁹ On average, the attorney fee was 36.5 percent of the total compensation paid to the claimant.

⁵⁹ Attorneys in this area of litigation typically work on a contingency basis, and receive fees if one or more defendants compensate the claimant.

Compliance by attorneys: Based on data from the [Administrative Office of the Courts](#), the level of compliance by attorneys with the law is quite low. For example, between 2009 and 2012 there were 1,179 medical malpractice lawsuits resolved in this state, but attorneys reported data for only 366 of these lawsuits. Since the OIC does not have an enforcement mechanism to improve compliance, the OIC does not expect any significant increase in the number of settlements reported in future years.⁶⁰

How lawsuits were settled

Most settlements were the result of an alternative dispute resolution process, and these settlements resulted in the second-highest average indemnity payment. The largest settlements were the result of a judgment or verdict, averaging \$2.1 million each. The average attorney fee for settlements resolved in court was \$845,570, or 39.5 percent of the total judgment or verdict.

Five-year period ending December 31, 2013								
<u>Lawsuit Settlement Method</u>	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	19	\$13,745,020	\$723,422	14	\$29,954,404	\$2,139,600	\$11,837,986	\$845,570
Alternative Dispute Resolution	229	\$79,082,420	\$345,338	224	\$189,469,642	\$845,847	\$68,184,344	\$304,394
Settled by Parties	158	\$43,212,076	\$273,494	158	\$103,520,149	\$655,191	\$37,815,905	\$239,341
All Other	11	\$45,906	\$4,173	0	\$0	-	\$0	-
Total	417	\$136,085,422	\$326,344	396	\$322,944,195	\$815,516	\$117,838,235	\$297,571

Of the 229 settlements resolved by alternative dispute resolution, 205 were resolved in mediation, resulting in \$182.6 million in indemnity payments. The average mediated settlement resulted in an indemnity payment of \$890,941. The average attorney fee for settlements resolved in mediation was \$318,471, or 35.7 percent of the total settlement. When other legal expenses are added, such as expert witnesses, claimants paid an average of \$366,020 for total legal expenses – or 41.1 percent of the total mediated settlement.

⁶⁰ In 2010, the OIC proposed legislation ([SB 6412](#) and [HB 2963](#)) that would have added enforcement mechanisms to the existing law. This legislation was not enacted.

Settlements by county

<u>Region</u>	<u>Five-year period ending December 31, 2013</u>						
	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	166	\$69,652,404	\$419,593	165	\$165,054,814	\$1,000,332	\$300,000
Pierce County	54	\$12,914,203	\$239,152	48	\$31,524,299	\$656,756	\$287,500
Clark County	38	\$5,980,116	\$157,371	34	\$14,203,420	\$417,748	\$212,500
Yakima-Tri Cities	35	\$9,423,426	\$269,241	32	\$21,546,113	\$673,316	\$300,000
Snohomish County	30	\$8,024,415	\$267,481	27	\$19,722,499	\$730,463	\$250,000
Spokane County	26	\$18,400,190	\$707,700	25	\$41,763,933	\$1,670,557	\$300,000
East Balance	21	\$2,967,348	\$141,302	18	\$8,098,909	\$449,939	\$119,583
Puget Sound Metro	17	\$2,835,906	\$166,818	17	\$6,906,500	\$406,265	\$325,000
North Sound	16	\$4,124,069	\$257,754	16	\$10,131,586	\$633,224	\$575,000
West Balance	14	\$1,763,345	\$125,953	14	\$3,992,122	\$285,152	\$145,500
Total	417	\$136,085,422	\$326,344	396	\$322,944,195	\$815,516	\$272,500

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.⁶¹ King County had the highest total paid indemnity, and the second-highest average paid indemnity. Spokane County had the highest average paid indemnity at \$1.7 million. The North Sound region had the highest median payment at \$575,000. The average indemnity payment per settlement reported by attorneys was nearly four 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 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.

⁶¹ 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 plaintiff

<u>Gender</u>	<u>Five-year period ending December 31, 2013</u>						
	Settlements with Legal Fees	Total Legal Fees	Average Legal Expense Paid by Claimant	Settlements with Paid Indemnity	Total Paid Indemnity	Average Indemnity Paid to Claimant	Median Paid Indemnity
Female	250	\$92,795,570	\$371,182	236	\$216,543,863	\$917,559	\$250,000
Male	167	\$43,289,852	\$259,221	160	\$106,400,332	\$665,002	\$300,000
Total	417	\$136,085,422	\$326,344	396	\$322,944,195	\$815,516	\$272,500

These data show females received a higher average settlement than males, but the median settlement was lower. Significantly more settlements involved female claimants: 60 percent compared to 40 percent with male claimants.

Age of plaintiff

Attorneys reported the age group of the claimant. This table shows that the most expensive settlements involved newborns and infants. The average paid indemnity for the 13 settlements in this age group was \$1.3 million, and the median payment was \$1 million. The 11- to 20-year-old age group had the second-highest average paid indemnity at \$988,718.

<u>Age Group</u>	<u>Five-year period ending December 31, 2013</u>						
	Settlements with Legal Expenses	Total Legal Expenses	Average Legal Expenses	Settlements with Paid Indemnity	Total Paid Indemnity	Average Paid Indemnity	Median Paid Indemnity
Newborn/Infant	13	\$16,734,996	\$1,287,307	13	\$44,758,633	\$3,442,972	\$1,000,000
Ages 1-10	12	\$11,864,614	\$988,718	12	\$29,335,262	\$2,444,605	\$1,000,000
Ages 11-20	15	\$9,008,472	\$600,565	14	\$17,823,000	\$1,273,071	\$300,000
Ages 21-30	34	\$11,932,925	\$350,968	31	\$28,403,419	\$916,239	\$300,000
Ages 31-40	56	\$14,332,352	\$255,935	53	\$35,302,804	\$666,091	\$250,000
Ages 41-50	84	\$22,933,538	\$273,018	79	\$56,197,888	\$711,366	\$200,000
Ages 51-60	98	\$25,524,826	\$260,457	96	\$56,850,700	\$592,195	\$237,500
Ages 61-70	50	\$12,902,761	\$258,055	48	\$29,236,824	\$609,101	\$388,891
Ages 71-80	38	\$7,335,961	\$193,052	34	\$17,250,665	\$507,373	\$222,500
Ages 81 and over	17	\$3,514,977	\$206,763	16	\$7,785,000	\$486,563	\$285,000
Total	417	\$136,085,422	\$326,344	396	\$322,944,195	\$815,516	\$272,500

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 to it 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												
<u>Year</u>	(a) Net Premium Written	(b) Underwriting Expenses Incurred	(c) Expense Ratio [b/a]	(d) Net Premiums Earned	(e) Losses and Loss Adjustment Expenses	(f) Loss Ratio [e/d]	(g) Policyholder Dividends	(h) Dividend Ratio [g/d]	(i) Combined Ratio	(j) Net Investment Income	(k) Net Investment Income Ratio [j/d]	(l) Operating Ratio [i-k]
2004	82,585,652	8,599,377	10.4%	81,804,586	75,648,999	92.5%	-1,072	0.0%	102.9%	10,399,667	12.7%	90.2%
2005	79,680,093	9,727,075	12.2%	80,356,928	67,266,247	83.7%	0	0.0%	95.9%	11,093,179	13.8%	82.1%
2006	81,465,385	9,634,830	11.8%	82,215,219	64,090,997	78.0%	0	0.0%	89.8%	12,242,635	14.9%	74.9%
2007	76,987,526	6,909,185	9.0%	78,287,526	44,521,719	56.9%	0	0.0%	65.8%	13,606,817	17.4%	48.5%
2008	71,282,640	10,716,243	15.0%	70,282,640	35,816,649	51.0%	5,048,015	7.2%	73.2%	13,982,185	19.9%	53.3%
2009	71,177,910	10,940,954	15.4%	70,577,910	46,775,240	66.3%	5,055,023	7.2%	88.8%	13,781,265	19.5%	69.3%
2010	69,704,876	11,304,529	16.2%	65,704,876	46,581,041	70.9%	5,064,296	7.7%	94.8%	13,636,915	20.8%	74.1%
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%
Total	746,861,201	103,462,949	13.9%	734,911,788	550,759,991	74.9%	30,351,595	4.1%	92.9%	128,485,849	17.5%	75.4%
Five-Year Period-to-Period Results												
2004-2008	392,001,296	45,586,710	11.6%	392,946,899	287,344,611	73.1%	5,046,943	1.3%	86.0%	61,324,483	15.6%	70.4%
2009-2013	354,859,905	57,876,239	16.3%	341,964,889	263,415,380	77.0%	25,304,652	7.4%	100.7%	67,161,366	19.6%	81.1%

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]
2004	459,727,858	84,889,359	18.5%	444,353,663	366,701,151	82.5%	0	0.0%	101.0%	34,487,835	7.8%	93.2%
2005	455,173,136	80,764,821	17.7%	449,816,620	283,405,291	63.0%	0	0.0%	80.7%	37,364,855	8.3%	72.4%
2006	493,082,275	97,776,987	19.8%	478,224,850	247,969,818	51.9%	21,000,000	4.4%	76.1%	44,970,862	9.4%	66.7%
2007	516,655,334	104,988,328	20.3%	521,729,949	255,575,118	49.0%	23,128,514	4.4%	73.7%	61,504,372	11.8%	62.0%
2008	500,493,524	101,299,086	20.2%	499,926,491	238,949,228	47.8%	121,450	0.0%	68.1%	94,665,140	18.9%	49.1%
2009	555,108,478	110,584,657	19.9%	547,603,861	318,310,083	58.1%	12,976,400	2.4%	80.4%	71,312,564	13.0%	67.4%
2010	527,973,477	118,217,900	22.4%	525,540,006	293,984,096	55.9%	13,838,518	2.6%	81.0%	149,742,807	28.5%	52.5%
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%
Total	5,344,939,494	1,080,477,164	20.2%	5,230,046,308	3,228,766,589	61.7%	127,974,081	2.4%	84.4%	823,393,665	15.7%	68.7%
Five-Year Period-to-Period Results												
2004-2008	2,425,132,127	469,718,581	19.4%	2,394,051,573	1,392,600,606	58.2%	44,249,964	1.8%	79.4%	272,993,064	11.4%	68.0%
2009-2013	2,919,807,367	610,758,583	20.9%	2,835,994,735	1,836,165,983	64.7%	83,724,117	3.0%	88.6%	550,400,601	19.4%	69.2%

The Medical Protective Company												
	(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 [c+f+h]	Net Investment Income	Net Investment Income Ratio [j/d]	Operating Ratio [i-k]
2006	337,385,540	53,679,435	15.9%	299,621,579	223,126,825	74.5%	0	0.0%	90.4%	56,193,970	18.8%	71.6%
2007	343,121,058	53,155,078	15.5%	345,302,263	277,757,402	80.4%	0	0.0%	95.9%	57,887,667	16.8%	79.2%
2008	343,234,053	53,664,734	15.6%	343,846,447	254,434,736	74.0%	0	0.0%	89.6%	71,516,856	20.8%	68.8%
2009	333,975,622	62,412,706	18.7%	332,499,778	240,630,531	72.4%	0	0.0%	91.1%	83,892,685	25.2%	65.8%
2010	334,684,035	64,039,347	19.1%	322,277,708	190,873,450	59.2%	0	0.0%	78.4%	85,414,752	26.5%	51.9%
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%
Total	3,030,297,788	551,826,451	18.2%	2,935,096,356	1,966,959,839	67.0%	0	0.0%	85.2%	700,296,011	23.9%	61.4%

Appendix B: Reserve development

Physicians Insurance, A Mutual Company													
Incurred net losses and defense and cost containment expenses (\$000 omitted)													
Amounts reported at year-end													
Year in which losses occurred	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year Development	Two Year Development	Cumulative Development
Prior	114,697	111,871	104,709	100,449	98,182	96,665	87,116	80,265	79,720	79,669	-51	-596	-35,028
2004	74,801	76,075	77,427	72,529	61,848	57,262	54,124	51,422	50,938	50,556	-382	-866	-24,245
2005		58,927	57,553	56,813	50,539	50,419	48,778	48,570	45,737	45,306	-431	-3,264	-13,621
2006			58,655	51,073	47,126	50,657	47,881	44,851	43,507	42,596	-911	-2,255	-16,059
2007				51,458	43,568	37,383	35,768	36,921	34,514	33,247	-1,267	-3,674	-18,211
2008					57,137	44,684	38,672	36,794	33,629	30,644	-2,985	-6,150	-26,493
2009						55,629	54,621	51,841	50,073	51,595	1,522	-246	-4,034
2010							61,648	52,493	48,490	46,159	-2,331	-6,334	-15,489
2011								68,571	61,519	54,457	-7,062	-14,114	-14,114
2012									64,479	58,836	-5,643		-5,643
2013										65,630			
										Total	-19,541	-37,499	-172,937

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year Development	Two Year Development	Cumulative Development
Prior	504,598	494,436	467,031	450,342	434,262	437,022	438,024	401,802	396,598	402,666	-18,428	-18,603	-101,932
2004	287,024	269,578	256,514	236,389	199,653	194,331	182,386	187,416	185,992	184,551	-1,441	-2,865	-102,473
2005		273,690	250,985	235,740	230,535	153,981	151,133	160,942	161,837	162,946	1,109	2,004	-110,744
2006			285,546	266,290	262,538	226,313	188,137	182,573	182,943	186,763	3,820	4,190	-98,783
2007				309,812	293,210	286,848	221,388	194,708	193,339	192,063	-1,276	-2,645	-117,749
2008					282,251	286,591	286,186	294,745	245,867	243,268	-2,599	-51,477	-38,983
2009						382,196	359,494	327,778	323,624	288,348	-35,276	-39,430	-93,848
2010							384,936	360,284	358,923	352,613	-6,310	-7,671	-32,323
2011								402,382	401,470	401,593	123	-789	-789
2012									437,363	421,491	-15,872		-15,872
2013										478,868			
										Total	-76,150	-117,286	-713,496

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year Development	Two Year Development	Cumulative Development
Prior	845,191	628,032	627,861	650,477	659,763	662,804	661,142	656,251	673,640	671,725	-1,915	15,474	-173,466
2004	424,338	239,018	220,036	208,945	198,371	187,553	176,324	171,147	167,547	161,426	-6,121	-9,721	-262,912
2005		186,317	182,699	172,663	163,122	153,353	135,757	121,087	120,248	109,647	-10,601	-11,440	-76,670
2006			230,307	219,045	207,190	195,312	157,294	131,346	124,635	111,453	-13,182	-19,893	-118,854
2007				278,967	265,104	251,428	237,911	187,241	180,017	164,520	-15,497	-22,721	-114,447
2008					285,000	271,527	257,782	244,108	222,419	197,674	-24,745	-46,434	-87,326
2009						291,750	278,022	264,576	287,984	253,520	-34,464	-11,056	-38,230
2010							293,913	279,180	305,693	293,658	-12,035	14,478	-255
2011								282,074	314,451	301,159	-13,292	19,085	19,085
2012									322,195	315,585	-6,610		-6,610
2013										322,225			
										Total	-138,462	-72,228	-859,685

Appendix C: Rate filing information

<u>NAIC Code</u>	<u>Company</u>	<u>Description</u>	<u>Approved Change</u>	<u>Effective Date</u>
	Insurance Services Office Inc.	Hospitals, Physicians, Surgeons and Dentists	-12.0%	11/1/2014
10801	Fortress Insurance Co.	Dentists	5.0%	10/1/2014
11843	Medical Protective Company	Dentists	-2.0%	9/1/2014
42510	Washington Casualty Company	Dentists	New Program	4/10/2014
20427	American Casualty Co. of Reading, PA	Healthcare Providers Services Organization	5.6%	4/1/2014
11843	Medical Protective Company	Multi-Specialty Health Care Providers	New Program	2/14/2014
25054	Hudson Insurance Company	Nurses	New Program	1/14/2014
32417	Northwest Dentists Ins. Co.	Dentists	4.2%	1/1/2014
	Insurance Services Office Inc.	Hospitals, Physicians, Surgeons and Dentists	-10.7%	11/1/2013
13714	Pharmacists Mutual Ins. Co.	Pharmacists	-1.6%	11/1/2013
	Insurance Services Office Inc.	Hospitals, Physicians and Surgeons	0.2%	11/1/2013
19445	National Union Fire Ins. Co. of Pittsburgh, PA	Psychiatrists	New Program	10/15/2013
20443	Continental Casualty Co.	Dentists	4.7%	10/1/2013
10801	Fortress Insurance Co.	Dentists	4.4%	8/1/2013
19445	National Union Fire Ins. Co. of Pittsburgh, PA	Dentists	9.3%	7/22/2013
19445	National Union Fire Ins. Co. of Pittsburgh, PA	Nurse Practitioners	New Program	4/4/2013
34495	Doctors Company An Interinsurance Exchange	Physicians and Surgeons	-2.8%	4/1/2013
11843	Medical Protective Company	Multi-Specialty Health Care Providers	New Program	4/1/2013
11843	Medical Protective Company	Allied Health	-32.0%	4/1/2013
18694	Great Midwest Ins. Co.	Allied Health	New Program	3/13/2013
11127	Professional Solutions Insurance Co.	Dentists	-0.8%	1/1/2013
32417	Northwest Dentists Ins. Co.	Dentists	5.2%	1/1/2013
35157	Fair American Ins. and Reinsurance Co.	Neurologists	New Program	1/1/2013
11843	Medical Protective Company	Physicians and Surgeons	-2.8%	12/31/2012
22810	Chicago Insurance Co.	Healthcare Services	New Program	12/1/2012
20427	American Casualty Co. of Reading, PA	Healthcare Providers Services Organization	5.4%	12/1/2012

There were no new physicians and surgeons rate filings for the three largest writers of medical malpractice insurance in Washington since last year's report. Both The Doctors Company and Physicians Insurance continued issuing substantial policyholder dividends, as they have since 2008 and 2006, respectively.

These tables show information from each company's two most recent physicians and surgeons rate filings.

Physicians Insurance			
Rate Fling Selections	2008 Filing	2009 Filing	Difference
Selected Frequency:	5.6%	5.2%	-0.4%
Selected Severity:	\$82,500	\$80,000	-\$2,500
Selected Pure Premium:	\$4,300	\$3,980	-\$320
Selected Annual Trend:	4.0%	4.0%	0.0%

Doctors Company			
Rate Fling 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 Company			
Rate Fling Selections	2010 Filing	2013 Filing	Difference
Selected Frequency:	n/a	n/a	
Selected Severity:	n/a	n/a	
Selected Pure Premium:	\$7,466	\$6,689	-\$777
Selected Annual Trend:	5.0%	4.0%	-1.0%

The Medical Protective Company made a significant change to its rate-making process in the 2013 filing. In the 2010 filing, its rates were based on a \$200,000 policy limit, relying on increased limit factors to develop premiums for higher coverage limits. In 2013, it based rates on a \$1 million policy limit – which is the most common limit of coverage for physicians. The 2010 pure premium shown above was adjusted to account for this difference.

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 Company					
				2012 Filing	2013 Filing	Difference			
2003	\$27,765	\$26,938	-\$827	\$14,328	\$14,328	\$0			
2004	\$28,954	\$28,782	-\$172	\$7,955	\$7,954	-\$1			
							Medical Protective		
				2010 Filing	2013 Filing	Difference			
2005	\$29,498	\$28,706	-\$792	\$8,262	\$8,262	\$0	\$6,934	\$7,569	\$635
2006	\$28,842	\$26,899	-\$1,943	\$10,114	\$9,947	-\$167	\$5,785	\$6,059	\$274
2007		\$23,987		\$5,670	\$5,685	\$15	\$3,712	\$4,783	\$1,071
2008				\$11,700	\$11,550	-\$150	\$4,018	\$1,317	-\$2,701
2009				\$10,500	\$10,150	-\$350		\$4,031	
2010				\$6,850	\$7,900	\$1,050		\$3,374	
2011				\$12,400	\$12,600	\$200		\$3,994	
Total			-\$3,079			\$597			\$1,979

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. For Medical Protective, the 2010 filing figures include an adjustment to account for the different loss limits used in the more recent filing. The 2010 filing showed losses limited to \$200,000. The 2013 filing estimated losses limited to \$1 million.

Data displayed in thousands.

Appendix D: 2012 NAIC Profitability Report - Medical Professional Liability Insurance

State	Direct Premiums Earned (000s)	Percent of Direct Premiums Earned										Percent of Net Worth			Return on Net Worth
		Losses Incurred	Loss Adjust Expense	General Expense	Selling Expense	Taxes License Fees	Dividend to Plcyhldr	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	
Alabama	135,024	19.0	1.9	8.4	7.7	2.2	0.8	60.1	15.2	25.0	50.3	44.0	4.4	1.2	25.4
Alaska	21,853	15.8	22.3	8.4	8.5	1.9	20.7	22.5	10.7	10.6	22.5	55.4	4.4	1.2	15.7
Arizona	231,990	27.2	19.4	8.4	10.8	1.2	21.6	11.6	12.5	7.3	16.8	49.4	4.4	1.2	11.6
Arkansas	68,969	31.2	47.5	8.4	12.1	2.7	3.4	-5.2	17.3	2.7	9.4	40.3	4.5	1.2	7.1
California	778,904	38.6	28.0	8.4	11.9	1.9	3.8	7.4	10.7	5.4	12.7	55.4	4.5	1.2	10.3
Colorado	163,260	27.7	23.8	8.4	8.4	1.1	9.2	21.4	10.8	10.3	21.9	55.1	4.4	1.1	15.3
Connecticut	183,580	25.2	12.8	8.4	11.6	2.3	0.2	39.7	17.7	18.5	38.8	39.7	4.4	1.2	18.7
Delaware	38,926	222.6	65.8	8.4	12.1	2.4	0.6	-211.8	15.0	-70.2	-126.6	43.2	4.5	1.2	-51.4
Dist. of Columbia	40,272	8.2	45.6	8.4	11.4	2.3	0.4	23.9	15.0	12.3	26.6	44.0	4.5	1.2	15.0
Florida	542,157	44.6	21.5	8.4	13.5	1.8	1.5	8.7	13.5	6.6	15.6	47.5	4.5	1.2	10.7
Georgia	290,098	34.0	20.2	8.4	10.5	2.6	3.3	21.0	14.6	11.1	24.4	44.9	4.4	1.2	14.3
Hawaii	28,840	6.2	16.0	8.4	9.6	3.0	21.0	35.8	12.7	15.8	32.7	49.3	4.4	1.2	19.4
Idaho	31,444	17.4	22.9	8.4	12.2	1.5	9.4	28.2	11.5	12.9	26.8	53.1	4.5	1.2	17.6
Illinois	587,580	27.6	18.6	8.4	12.3	2.1	3.5	27.5	18.3	14.4	31.4	38.4	4.5	1.2	15.4
Indiana	118,268	31.7	40.5	8.4	9.9	1.5	0.5	7.5	21.1	8.1	20.5	34.8	4.4	1.2	10.4
Iowa	73,458	45.8	20.6	8.4	12.2	1.2	5.7	6.1	12.9	5.5	13.5	50.0	4.4	1.2	10.0
Kansas	70,117	22.3	11.9	8.4	11.9	1.5	3.7	40.3	12.2	17.3	35.2	52.0	4.4	1.2	21.6
Kentucky	131,295	44.9	31.6	8.4	11.2	1.7	1.4	0.9	18.9	5.3	14.6	37.7	4.4	1.2	8.8
Louisiana	102,094	31.7	21.0	8.4	10.9	1.0	5.1	22.0	16.1	11.9	26.2	42.6	4.4	1.2	14.5
Maine	47,215	37.3	27.8	8.4	9.0	2.0	5.0	10.6	12.9	7.1	16.4	49.0	4.4	1.2	11.3

State	Direct Premiums Earned (000s)	Percent of Direct Premiums Earned										Percent of Net Worth			Return on Net Worth
		Losses Incurred	Loss Adjust Expense	General Expense	Selling Expense	Taxes License Fees	Dividend to Plcyhldr	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	
Maryland	277,381	66.4	32.2	8.4	10.3	1.4	13.9	-32.5	11.4	-8.4	-12.7	53.7	4.4	1.2	-3.6
Massachusetts	319,935	46.1	21.8	8.4	9.3	2.2	2.7	9.6	21.3	8.9	22.0	35.0	4.4	1.2	11.0
Michigan	199,301	33.9	10.4	8.4	12.8	1.1	0.4	33.0	14.7	15.4	32.3	44.8	4.5	1.2	17.8
Minnesota	86,074	32.0	11.3	8.4	11.1	1.8	0.4	35.1	10.2	14.9	30.4	59.0	4.4	1.2	21.2
Mississippi	54,544	13.9	18.6	8.4	15.4	0.7	1.3	41.8	15.0	18.5	38.3	44.4	4.5	1.2	20.3
Missouri	164,785	20.0	19.9	8.4	11.3	1.1	7.8	31.5	13.3	14.5	30.3	48.4	4.4	1.2	17.9
Montana	41,102	11.2	21.5	8.4	10.5	2.5	1.8	44.2	11.0	18.3	36.8	55.8	4.4	1.2	23.8
Nebraska	35,286	29.1	16.1	8.4	10.8	1.9	2.5	31.3	14.0	14.6	30.7	46.6	4.4	1.2	17.6
Nevada	82,395	-5.7	10.1	8.4	12.2	2.5	0.4	72.2	12.2	28.4	55.9	50.9	4.5	1.2	31.8
New Hampshire	36,777	114.5	32.8	8.4	11.5	2.4	2.1	-71.5	17.7	-20.4	-33.4	39.1	4.5	1.2	-9.8
New Jersey	471,987	45.0	23.0	8.4	12.7	1.3	0.4	9.3	18.9	8.2	20.0	37.6	4.5	1.2	10.8
New Mexico	51,121	68.0	42.2	8.4	11.2	2.3	0.3	-32.3	15.4	-7.3	-9.6	43.9	4.4	1.2	-0.9
New York	1,678,657	67.1	31.7	8.4	6.2	2.9	0.1	-16.4	24.3	0.6	7.3	31.4	4.4	1.2	5.6
North Carolina	220,251	32.0	21.0	8.4	10.9	1.8	3.5	22.4	12.8	11.2	24.0	49.4	4.4	1.2	15.2
North Dakota	11,307	-1.3	12.4	8.4	19.7	1.7	3.8	55.3	11.7	22.4	44.6	52.0	4.5	1.2	26.6
Ohio	336,176	10.0	12.2	8.4	12.9	1.4	2.0	53.1	16.3	22.8	46.5	41.8	4.5	1.2	22.8
Oklahoma	113,842	28.8	21.1	8.4	11.7	2.1	0.3	27.7	13.5	13.2	28.0	48.4	4.4	1.2	16.8
Oregon	93,471	48.2	27.8	8.4	9.9	0.4	2.4	3.0	11.1	3.9	10.1	54.3	4.4	1.2	8.8
Pennsylvania	697,060	40.1	24.6	8.4	8.7	1.7	1.1	15.6	15.9	9.6	21.9	43.0	4.4	1.2	12.7
Rhode Island	40,414	101.7	36.5	8.4	11.6	2.2	0.9	-61.3	28.0	-14.2	-19.2	27.8	4.4	1.2	-2.0
South Carolina	64,582	50.5	23.9	8.4	13.4	3.0	2.0	-1.1	12.9	3.0	8.8	49.0	4.5	1.2	7.6
South Dakota	19,536	20.4	17.9	8.4	13.6	2.3	4.3	33.1	12.5	14.9	30.8	50.9	4.5	1.2	19.0
Tennessee	232,665	60.5	49.7	8.4	7.3	0.7	5.9	-32.6	18.8	-6.5	-7.3	38.0	4.4	1.1	0.5

<u>State</u>	Direct Premiums Earned (000s)	Percent of Direct Premiums Earned										Percent of Net Worth			Return on Net Worth
		Losses Incurred	Loss Adjust Expense	General Expense	Selling Expense	Taxes License Fees	Dividend to Plcyhldr	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	
Texas	332,880	27.4	14.4	8.4	14.3	1.4	0.5	33.7	13.2	15.2	31.6	48.2	4.5	1.2	18.6
Utah	64,878	16.6	22.6	8.4	8.0	2.8	3.4	38.2	14.2	17.1	35.4	47.0	4.4	1.2	19.9
Vermont	20,293	26.6	5.7	8.4	12.8	3.0	3.1	40.6	14.5	18.0	37.1	44.7	4.5	1.2	19.9
Virginia	212,425	39.1	20.2	8.4	13.1	2.1	4.2	12.9	11.6	7.5	17.0	52.6	4.5	1.2	12.2
Washington	193,926	36.1	24.6	8.4	9.9	1.7	4.1	15.2	12.8	8.7	19.4	50.1	4.4	1.2	13.0
West Virginia	81,411	9.4	22.1	8.4	11.3	3.8	0.3	44.8	11.8	18.7	37.8	52.6	4.5	1.2	23.2
Wisconsin	85,979	-23.9	1.7	8.4	10.7	1.2	24.5	77.5	18.1	31.9	63.8	39.0	4.4	1.2	28.2
Wyoming	24,676	46.2	31.6	8.4	13.2	2.1	2.5	-4.0	10.2	1.3	5.0	57.7	4.5	1.2	6.2
Guam	700	23.5	20.1	8.4	10.0	0.6	0.1	37.4	2.9	13.9	26.5	101.0	4.4	1.2	30.1
Puerto Rico	69,816	47.8	24.2	8.4	11.6	-0.1	0.0	8.2	11.4	5.8	13.8	53.4	4.4	1.2	10.6
US Virgin Islands	180	20.5	10.2	8.4	24.3	2.8	2.0	31.8	7.5	13.1	26.2	65.7	4.7	1.2	20.7
Countrywide	10,101,159	41.3	24.2	8.4	10.4	1.9	3.2	10.7	16.4	8.0	19.1	41.9	4.4	1.2	11.3
Average	187,058	36.3	23.3	8.4	11.5	1.9	4.2	14.5	14.3	8.8	20.0	47.8	4.4	1.2	13.3
Median	86,027	31.5	21.5	8.4	11.4	1.9	2.5	22.2	13.4	11.2	24.2	48.3	4.4	1.2	15.1