

2017 Medical Malpractice Annual Report

Claims closed from Jan. 1, 2012 through Dec. 31, 2016
Sept. 1, 2017

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www.insurance.wa.gov

About this report

Early in the last decade, a “hard market” emerged nationally for most types of insurance. During this period, medical professional liability insurance became expensive and hard to find for many types of medical providers and facilities.

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

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

This report has three sections:

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

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

Table of Contents

2017 Medical Malpractice Annual Report	1
About this report.....	2
Key statistics	5
About the medical professional liability insurance market.....	5
About court verdicts.....	6
About claim data submitted by insurers and self-insurers	7
About lawsuits filed and settled by attorneys	10
Introduction	11
Snapshot of the medical professional liability insurance market	14
Market participants	14
Loss history.....	17
Lower claim reserves	19
Washington state market in 2016	21
The national market in 2016	22
Information about medical malpractice claims.....	24
Lawsuit summary	26
Method of settlement.....	27
Size of indemnity payments.....	30
Claims with paid indemnity less than and more than \$500,000	32
Defense costs by size of indemnity payment	33
Defense costs for claims with paid indemnity less than and more than \$500,000.....	35
Paid indemnity and defense costs by age of claim.....	36

Type of insuring entity	39
Severity of injury	40
Type of health care organization	43
Location in the facility.....	45
Type of medical provider.....	47
Claim allegations.....	50
County statistics.....	60
Gender statistics.....	62
Age statistics	63
Trends.....	65
Statistics from medical malpractice lawsuits	67
How lawsuits were settled	68
Settlements by county	69
Gender of plaintiff	70
Age of plaintiff	71
Report limitations	72
Appendices	74
Appendix A: Profitability	75
Appendix B: Reserve development.....	78
Appendix C: Rate filing information	81
Appendix D: 2015 NAIC profitability report - medical professional liability insurance	84

Key statistics

About the medical professional liability insurance market

- The pure loss ratio² for 2016 was 48.5 percent. This is similar to recent ratios, which averaged 52.9 percent between 2013 and 2015, but much higher than the 36.2 percent average from 2006 to 2012.
- Defense costs were relatively low in 2016, dropping to 16.2 percent of premium compared to 22.6 percent for 2015.
- Annual written premiums continued to decline for the sixth straight year, dropping by \$3.9 million to \$157 million in 2016.
- Lower claim reserves have fueled profitability since 2007. Insurers have lowered reserves for older claims, leading to lower incurred loss and defense costs in recent years.³ For example, Physicians Insurance has lowered reserves by \$208 million over its original estimates. Reserves released from prior years translate into profit for the current year.
- Profitability remains strong, though declining. The operating ratio for Physicians Insurance, the admitted insurer with the largest market share in Washington, was 90.6 percent in 2016, compared to 87.5 percent for the prior five years.⁴
- Medical professional liability rates are stable or declining. The most recent physicians and surgeons rate change filing submitted to the OIC was a 7.6 percent reduction by Medical Protective Co. for 2015 policies. Washington Casualty Co. filed a 10.4 percent rate reduction in 2014. Physicians Insurance has not filed to change its rates since 2009.

² Pure loss ratio means incurred losses divided by direct earned premium. Incurred losses include paid claims and the change in reserves for pending and unknown claims. A pure loss ratio does not include defense and cost containment expenses, which are a significant part of the cost to resolve claims.

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

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

About court verdicts

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

- From 2012 through 2016:
 - Insurers and self-insurers paid \$25.6 million for plaintiff verdicts or judgments. Judgments and verdicts were few in number. Of the 20 plaintiff verdicts or judgments, 18 had a payment⁵ averaging \$1.4 million.
 - Attorneys reported that defendants paid \$17.4 million to plaintiffs when a lawsuit led to a plaintiff verdict or judgment. Judgments and verdicts were few in number, only six, and resulted in an average payment of \$2.9 million.⁶
- Most claims resolved by the courts end in favor of the defendant. Insurers and self-insurers reported that 164 claims were resolved by the courts in their favor in 2016, compared to 189 per year on average for the previous four years.
- Defending lawsuits is costly to insurers and self-insurers. Both groups spent \$69.5 million defending lawsuits in which they ultimately prevailed—2.7 times the total indemnity payments for plaintiff judgments or verdicts.

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

⁶ These data suggest that lawsuits that get to the trial stage often have more than one defendant, and the compensation to the plaintiff is higher than the average indemnity payment reported by insurers and self-insurers.

About claim data submitted by insurers and self-insurers

Total claims: Insurers and self-insurers reported closing 5,237 claims between 2012 and 2016 with an indemnity payment, defense costs, or both types of payments.⁷ ⁸ Commercial insurers reported 3,091 claims, self-insured entities reported 1,958 claims, and risk retention groups reported 188 claims.⁹

Payments to claimants: Insurers and self-insurers paid \$618 million on 2,413 claims over the five-year period, or \$256,313 per paid claim.

- Average indemnity payments over the five-year period varied, from a low of \$169,887 in 2012 to a high of \$378,525 in 2015. Median indemnity payments were \$75,000 in 2015 and 2016, higher than the \$50,000 median for the five-year period.
- Economic loss payments totaled \$363 million, an average of \$150,520 per paid claim. On average, insurers and self-insurers attributed 58.7 percent of each claim payment to economic loss.
- Insurers and self-insurers closed 46.1 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, 7.3 percent closed with a payment of \$1 million or more. These claims account for 52.3 percent of total paid indemnity over the five-year period.

Defense costs: Insurers and self-insurers paid \$251 million to defend 4,437 claims, an average of \$56,598 per claim. Average defense costs were higher in 2016 at \$65,481 than in the prior four years, which averaged \$54,730.

⁷ This report includes claims data reported and edited through March 22, 2017.

⁸ For simplicity, this report substitutes “defense costs” for the technical phrase “defense and cost containment expenses.” Defense and cost containment expenses are expenses allocated to a specific claim to defend an insured, including court costs, fees paid to defense attorneys, and fees for expert witnesses. These expenses do not include the internal costs to operate a claims department.

⁹ Commercial insurers include both admitted and surplus lines insurers.

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

- 73.7 percent of claims by negotiation, and these settlements comprised 60.3 percent of the total paid indemnity.
- 18.9 percent of claims by alternative dispute resolution (arbitration, mediation, or private trial). These settlements comprised 34.8 percent of the total paid indemnity over the five-year period.

Payments by type of medical provider: The insurer or self-insurer identified the type of medical provider in 80.4 percent of the closed claim reports.¹⁰ Claimants made the remaining claims against an organization, not an individual medical provider.

- Nursing resulted in the most closed claims at 655. Of these claims, 477 resulted in paid indemnity averaging \$156,697. Median paid indemnity was \$25,000.
- For physician specialties, general surgery had the most claims at 296, with 125 resulting in paid indemnity averaging \$400,469. Median paid indemnity was \$100,000. Pediatrics had the highest average paid indemnity of \$1.2 million, with median paid indemnity of \$300,000.

Payments and defense costs by age of claim:

- The more time that passed between when the insurer or self-insurer was notified of a claim and when the claim was settled, the higher the payments for the claim tended to be. Claims closed within the first year had average paid indemnity of \$47,380. Claims that took at least five years to settle had average indemnity payments of \$761,604.
- The amount paid for defense costs also increased with the age of the claim. For the 1,162 claims with defense costs closed within one year after report date, average defense costs were \$6,919. That figure rose to \$37,290 for 1,509 claims that closed in the second year. The 177 claims with defense costs that closed five or more years after report date had average defense costs of \$224,169.

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

Regional comparisons: Just under one-third of the claims, or 1,606, were in King County. Of these, 48.1 percent resulted in indemnity payments totaling \$213.8 million, an average of \$276,984 per claim.

Allegations:

- Improper performance was the most common allegation, with 1,004 claims and 470 indemnity payments that averaged \$147,236.
- Vicarious liability was the second-most common allegation, with 771 claims and 271 indemnity payments that averaged \$301,948.

About lawsuits filed and settled by attorneys

If an attorney files a lawsuit to resolve a medical malpractice incident, he or she should report data about the lawsuit to the Office of the Insurance Commissioner (OIC) once the litigation is resolved. For settlements resolved between 2012 and 2016:

Compensation to claimants: Attorneys reported that claimants received total compensation of \$312.9 million on 250 claims, an average of \$1.3 million per settlement. Attorney fees were \$111.9 million, an average of \$511,850 per reported settlement. On average, the attorney fees were 35.8 percent of the total compensation paid to the claimant.

How lawsuits settled: When an indemnity payment was made, 41.3 percent of lawsuits were settled in mediation. Mediated settlements had an average indemnity payment of \$1.2 million and an average legal fee of \$504,509. Only six lawsuits were reported as resolved by jury verdicts in favor of the plaintiff. These verdicts resulted in total paid indemnity of \$17.4 million, an average of \$2.9 million per case.

Regional comparisons: The largest number of lawsuits were filed in King County, with 124 lawsuits, or 49.6 percent of the statewide total. Average paid indemnity in King County was \$1.3 million. A few extremely large settlements in the North Sound region in 2015 resulted in the highest average paid indemnity for any region of \$3 million.

Settlement by age of claimant: The most expensive settlements involved patients younger than 11 years old. In cases involving newborns and infants, the average settlement was \$2.5 million and the average legal expense was \$968,804. For patients between one and 10 years old, there were four settlements averaging \$4.4 million in paid indemnity and \$1.9 million in legal expenses.

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.¹¹ 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.¹²

Insurers, self-insurers and attorneys must report claim data for the prior year to the OIC by March 1 of each year.¹³ Attorneys’ compliance with the reporting law has been low, and the OIC does not have enforcement mechanisms to improve compliance.¹⁴ 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.¹⁵

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.

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

¹² [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.

¹³ See [RCW 48.140.020\(2\)](#) and [WAC 284-24E-090](#).

¹⁴ 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](#).

¹⁵ [RCW 48.140.050](#) lists information that must be provided by this report.

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

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

Insurers and self-insurers report claims they close with an indemnity payment and/or defense costs.^{16 17} Each closed claim report is associated with one defendant.¹⁸

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.¹⁹
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.²⁰ 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.

¹⁶ [RCW 48.140.010](#)(1) defines a claim.

¹⁷ 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.

¹⁸ [RCW 48.140.010](#)(3) defines a closed claim.

¹⁹ See [WAC 284-24D-020](#)(1), [WAC 284-24D-330](#) and [WAC 284-24D-340](#).

²⁰ 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 data submitted by attorneys is less detailed than the closed claim section.

Attorneys report two primary types of settlement data:

1. **Total paid indemnity:** Total compensation paid by all defendants to the claimant as the result of the lawsuit. Indemnity payments may come from several defendants if a lawsuit named more than one party.²¹
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.^{22 23}

Closed claim and lawsuit statistics are different

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

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

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

One final reason the OIC cannot make comparisons: Insurers, self-insurers and risk retention groups have been much more diligent in reporting closed claim data.

²¹ [WAC 284-24E-150](#).

²² Attorney fees for legal representation are generally contingent fees that are payable if indemnity payments are made by one or more defendants.

²³ [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.

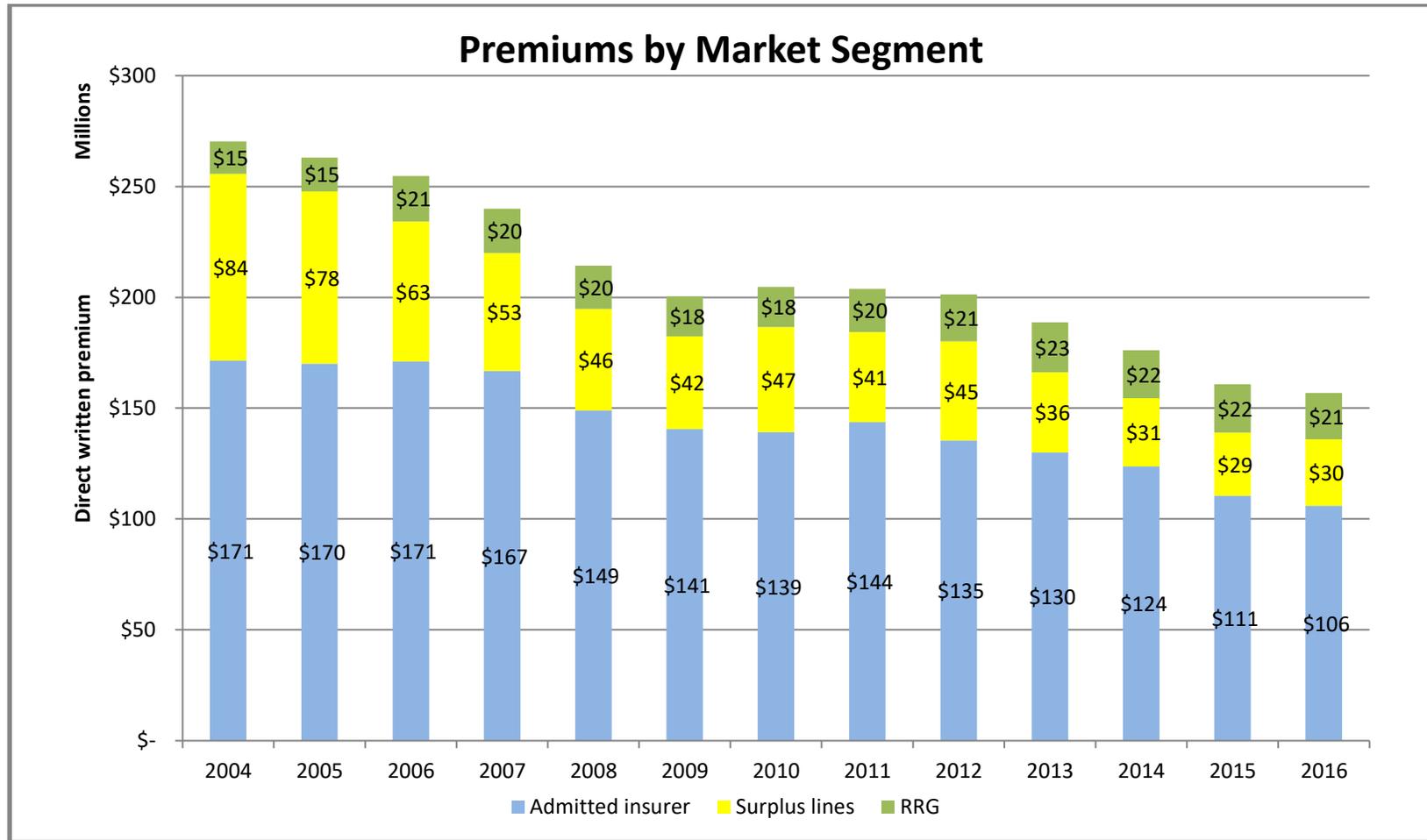
In 2000, admitted insurers wrote 95.4 percent of medical professional liability insurance premiums in Washington. Physicians Insurance Group led the market with 52.7 percent of the admitted market share and 50.3 percent of total market share.²⁴ By 2016, the admitted market wrote only 67.6 percent of 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 53.8 percent, but its share of the overall market was much lower at 36.4 percent.

Medical professional liability insurance has been a profitable line of business for insurers in Washington for some time. While recent profit margins have been good, they have not been as good as in the last half of the last decade. Compare the 2006-2010 operating

²⁴ 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.

ratio for Physicians Insurance of 63.9% with the 2011-2016 ratio of 88% ratio. Written premiums in the state have fallen 42% since 2004. Though the trend seems to be slowing, physicians, particularly younger physicians, continue to move away from independent practice and seek employment in large groups and hospitals. A shrinking malpractice insurance market has led to highly competitive conditions.

This chart shows the distribution of written premiums for each segment of the medical professional liability insurance market. Premiums for admitted insurers and surplus lines insurers have declined significantly since 2004.

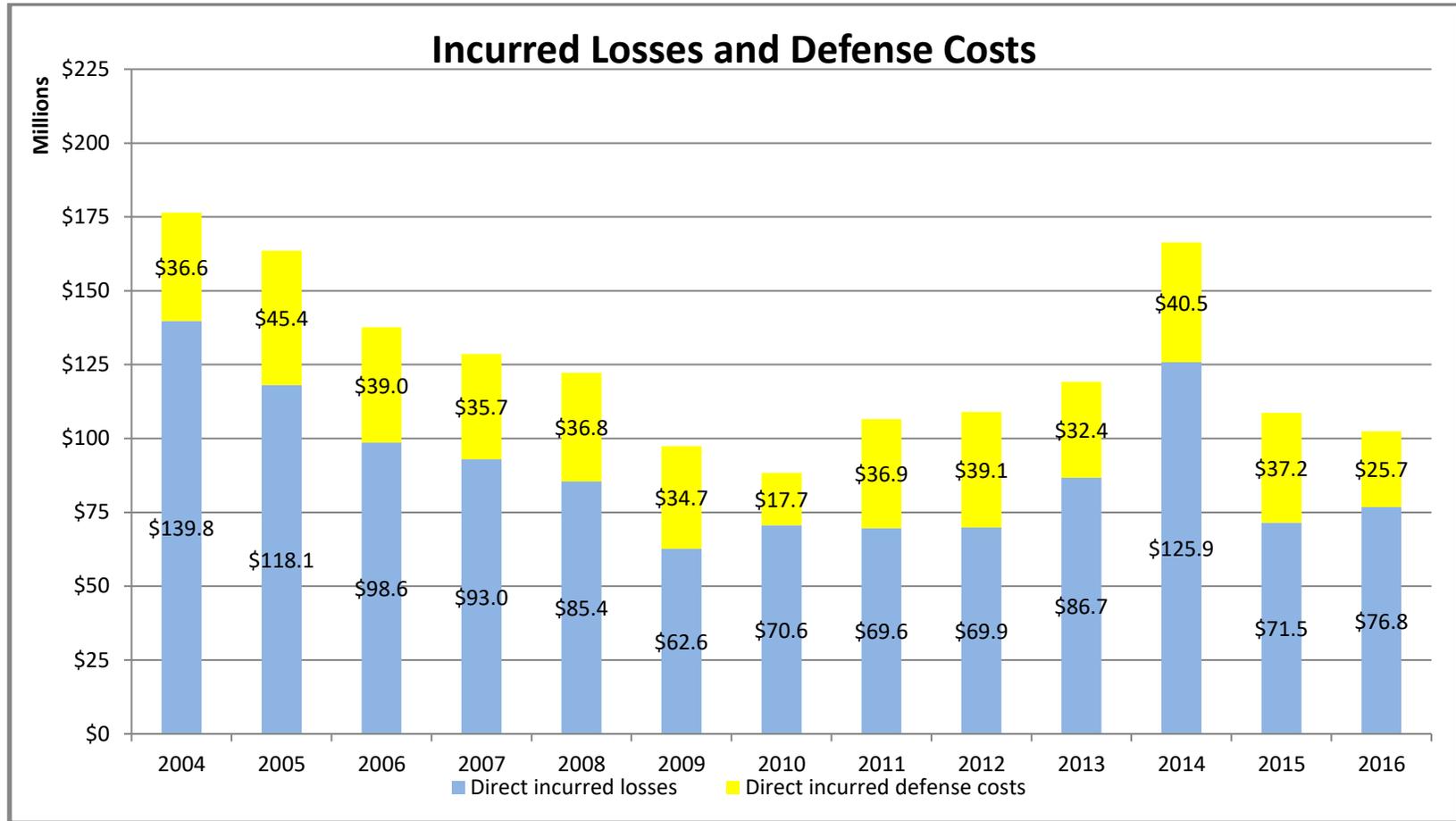


Loss history

The large increase in the overall loss and defense cost ratio for medical professional liability insurance in Washington in 2014 now appears to have been an outlier. Excluding that year, loss and defense costs ratios have been trending upward since 2010. 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
2004	\$270,352,631	\$258,075,781	\$139,822,747	54.2%	\$36,610,655	\$176,433,402	68.4%
2005	\$263,090,674	\$258,403,214	\$118,070,079	45.7%	\$45,446,560	\$163,516,639	63.3%
2006	\$254,759,071	\$253,104,467	\$98,628,303	39.0%	\$39,005,295	\$137,633,598	54.4%
2007	\$239,959,432	\$241,654,054	\$92,960,987	38.5%	\$35,676,308	\$128,637,295	53.2%
2008	\$214,357,164	\$218,726,595	\$85,445,904	39.1%	\$36,841,513	\$122,287,417	55.9%
2009	\$200,445,437	\$202,466,303	\$62,633,183	30.9%	\$34,721,641	\$97,354,824	48.1%
2010	\$204,786,151	\$199,165,328	\$70,634,175	35.5%	\$17,701,695	\$88,335,870	44.4%
2011	\$203,869,400	\$201,195,699	\$69,646,648	34.6%	\$36,923,847	\$106,570,495	53.0%
2012	\$201,288,240	\$193,926,182	\$69,871,999	36.0%	\$39,070,682	\$108,942,681	56.2%
2013	\$188,761,301	\$187,007,042	\$86,745,683	46.4%	\$32,432,507	\$119,178,190	63.7%
2014	\$176,091,879	\$182,705,913	\$125,854,675	68.9%	\$40,501,079	\$166,355,754	91.1%
2015	\$160,752,756	\$164,616,659	\$71,518,739	43.4%	\$37,195,911	\$108,714,650	66.0%
2016	\$156,825,836	\$158,126,354	\$76,761,700	48.5%	\$25,678,427	\$102,440,127	64.8%

This chart shows statewide industry incurred losses and defense costs by calendar year. Defense costs were atypically low in 2016, while incurred losses were middle-of-the-pack compared to prior years.



Lower claim reserves

Data reported to the NAIC by Physicians Insurance and The Doctors Co. show generally favorable loss development trends. Loss development is the change in the estimated cost of a particular group of claims between the beginning and end of a period in time. Favorable development means that later estimates of losses and defense costs were lower than the earlier estimates.²⁵

Reserves released from prior years translate into profit for the current year, and favorable reserve development generally results in lower insurance rates over time. Appendix C shows a summary of the medical professional liability rate filings filed recently with the OIC. There were no rate changes filed for major physicians and surgeons insurance programs since the last report.

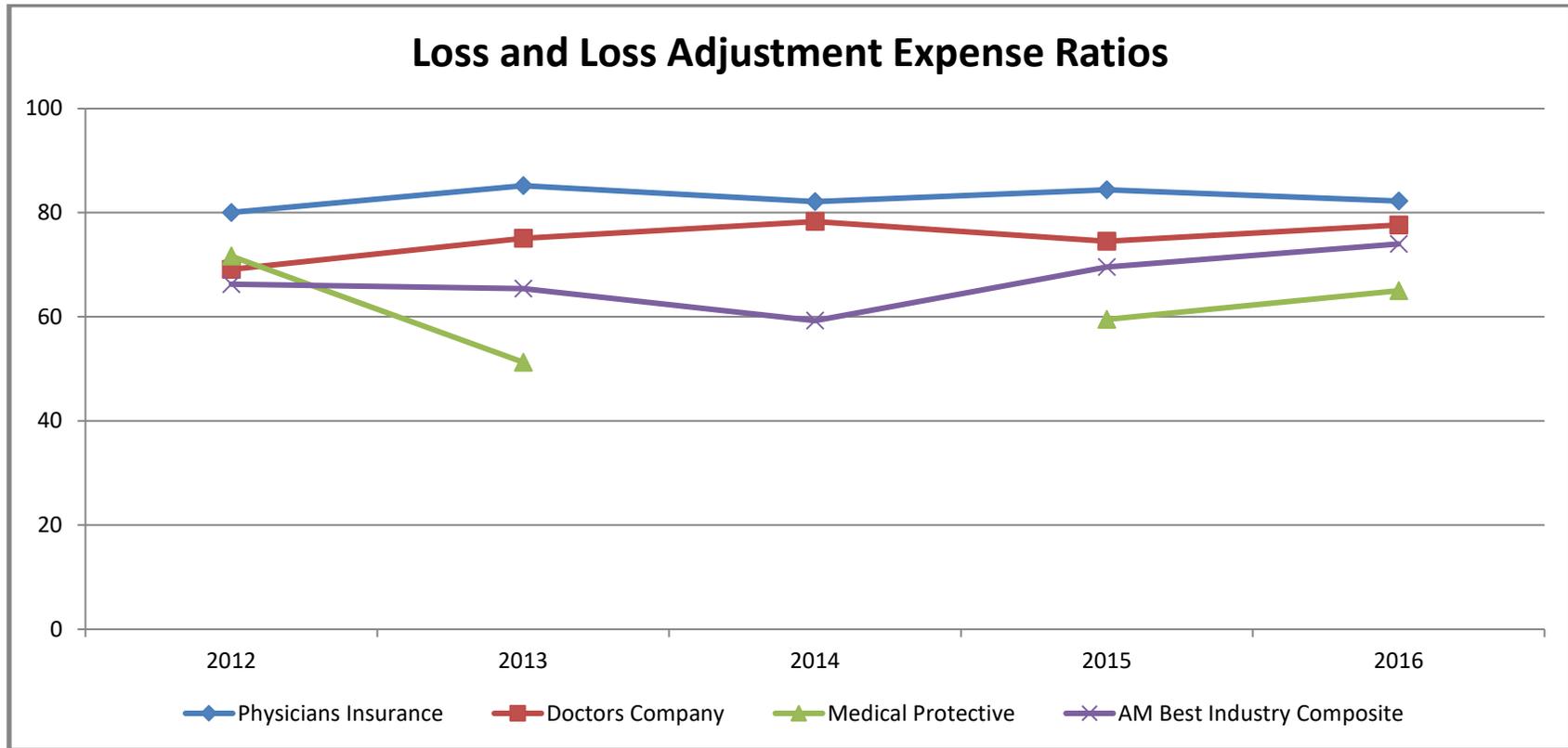
The first page of Appendix B shows data from Physicians Insurance's 2016 annual statement.²⁶ This table shows the change in incurred loss and defense cost reserves over time. Overall, Physicians Insurance has had very favorable incurred loss development. Two-year development was a decrease of \$39.4 million, and cumulative development over the entire period was a decrease of \$207.6 million. Physicians Insurance has returned some of these profits to policyholders in the form of dividends totaling \$45.5 million from 2008 to 2016.

Appendix B also shows development for The Doctors Co., which is one of the top writers of medical professional liability insurance in the United States, with \$648 million in direct written premium in 2016. Loss development has been generally favorable for The Doctors Co., though the one-year development for 2015 losses was an increase of 1 percent of the original estimate. Total development over the entire period was highly favorable with a decrease of \$731 million. Only 2.1 percent of The Doctors Co. written premiums come from Washington state, so much of the reserve development is the result of lower estimates in other states.

²⁵ 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.

²⁶ Consolidated data from Schedule P, part 2, sections 1 and 2 for medical professional liability occurrence and claims made policies. These data are for policies written in all states. Washington-specific data are not available.

This chart compares loss and defense cost ratios for Physicians Insurance, The Doctors Co. and Medical Protective²⁷ to industry-wide data obtained from A.M. Best.²⁸ Loss ratios for Physicians Insurance continue to be higher than for the market overall.



²⁷ The 2014 data point is missing for Medical Protective Company because net premium and loss data for the company were distorted in 2014 by loss portfolio transfer agreements between Medical Protective and its affiliates.

²⁸ Best's Special Report – Medical Professional Liability Sector: Solid Results Despite Growing Headwinds and Deteriorating Profitability, May 10, 2017.

Washington state market in 2016

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

<u>Insurer</u>	2016 direct written premiums (millions)		
	Washington	Nationwide	WA % of nationwide
Physicians Insurance	\$57.1	\$74.5	76.6%
The Doctors Company	\$13.4	\$648.0	2.1%
Washington Casualty Company	\$5.3	\$7.0	76.3%
Medical Protective Company	\$7.3	\$558.6	1.3%

<u>Admitted insurer</u>	Washington direct written premiums (millions)	Admitted market share
Physicians Insurance	\$57.1	53.8%
The Doctors Company	\$13.4	12.6%
Washington Casualty Company	\$5.3	5.0%
Medical Protective Company	\$7.3	6.9%
Northwest Dentists Insurance Company	\$4.9	4.6%
American Casualty Company of Reading, PA	\$4.1	3.9%
NCMIC Insurance Company	\$2.5	2.4%
Continental Casualty Company	\$2.2	2.1%
All other admitted insurers	\$9.2	8.7%
Total	\$106.0	100.0%

The national market in 2016

Appendix A shows the profitability for these insurers for the 10-year period ending December 31, 2016 using two ratios:

- The operating ratio, which is the combined ratio minus the net investment income ratio.^{29 30}
- The combined ratio, which is the sum of the expense ratio, loss ratio, and dividend ratio.^{31 32 33}

This table summarizes overall profitability by operating ratios.³⁴ Operating ratios for Physicians Insurance were very low from 2007 through 2010, but increased to higher but still profitable levels in the last six years. The higher operating ratio for The Doctors Co. in 2014 was due in large part to losses in the company's portfolio of common stock of its affiliates.

Year	Operating ratio		
	Physicians Insurance	Doctors Company	Medical Protective
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%
2014	85.7%	102.7%	128.5%
2015	89.5%	98.1%	37.2%
2016	90.6%	101.6%	49.3%

²⁹ 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.

³⁰ The net investment income ratio is calculated by dividing net investment income by net earned premiums.

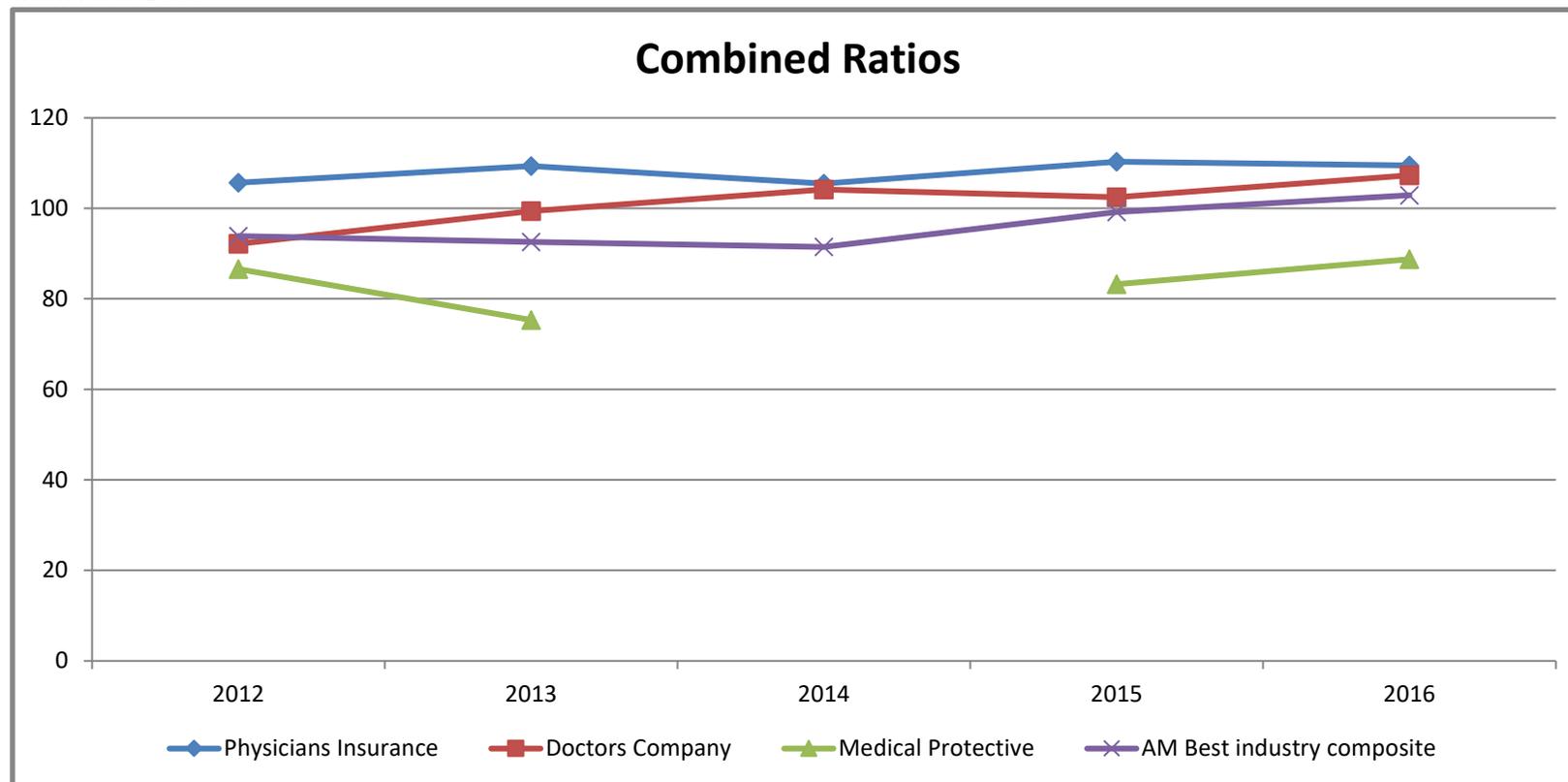
³¹ The expense ratio is calculated by dividing incurred underwriting expenses by net written premiums.

³² The loss ratio is calculated by dividing losses and defense costs by net earned premiums.

³³ The dividend ratio is calculated by dividing policyholder dividends by net earned premiums.

³⁴ Loss portfolio transfers between Medical Protective and its affiliates distorted its operating ratios in 2012, 2014, and 2015.

This chart compares combined ratios from Physicians Insurance, The Doctors Co., and Medical Protective to cumulative data obtained from A.M. Best.^{35 36}



³⁵ Best's Special Report – Medical Professional Liability Sector: Solid Results Despite Growing Headwinds and Deteriorating Profitability, May 10, 2017.

³⁶ The combined ratio measures how well an insurance company is performing in its daily operations. A ratio below 100 percent means the company is making an underwriting profit. A company can make an operating profit if the combined ratio is above 100%, because the ratio does not include investment income.

Information about medical malpractice claims

	Year closed					Five-year total
	2012	2013	2014	2015	2016	
Total claims closed	1,182	1,130	1,036	1,026	863	5,237
Number of indemnity payments	613	547	468	412	373	2,413
Total paid indemnity	\$104,140,627	\$126,396,308	\$125,257,297	\$155,952,164	\$106,737,850	\$618,484,246
Average indemnity payment	\$169,887	\$231,072	\$267,644	\$378,525	\$286,160	\$256,313
Median indemnity payment	\$27,600	\$50,000	\$73,794	\$75,000	\$75,000	\$50,000
Total economic loss	\$55,176,465	\$70,065,091	\$79,043,041	\$84,156,304	\$74,763,351	\$363,204,252
Average economic loss	\$90,011	\$128,090	\$168,895	\$204,263	\$200,438	\$150,520
Median economic loss	\$22,500	\$25,000	\$25,846	\$32,000	\$45,000	\$30,000
Number of claims with defense costs	902	954	899	911	771	4,437
Total defense costs	\$45,172,951	\$45,280,733	\$51,586,944	\$58,601,051	\$50,485,753	\$251,127,432
Average defense cost	\$50,081	\$47,464	\$57,383	\$64,326	\$65,481	\$56,598
Median defense cost	\$12,663	\$12,542	\$15,598	\$14,459	\$16,395	\$14,043

Payments to claimants

Over the five-year period, insurers and self-insurers paid \$618.4 million on 2,413 claims, or \$256,313 per paid claim.³⁷ After the unusually high average indemnity payment in 2015, average payments dropped significantly in 2016, though they were still higher than in the 2012 to 2014 period.

³⁷ 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.

Over the five-year period, total economic loss was \$363.2 million, or an average of \$150,520 per paid claim. On average, insurers and self-insurers attributed 58.7 percent of indemnity payments to economic loss. Median economic loss was \$30,000.

Defense costs

Insurers and self-insurers paid \$251.1 million to defend 4,437 claims, or an average of \$56,598 per claim with defense costs. Claims reported by insurers and self-insurers included defense costs 84.7 percent of the time.

Related claims

Insurers and self-insurers identified medical incidents for which they defended more than one claim. This happens if a claimant alleges more than one medical provider or facility is responsible for his or her injury and the insurer or self-insurer covers both parties. For incidents that occurred between 2008 and 2016, 19.1 percent of individual claim reports were part of a multiclaim incident. About half of the 954 reported incidents resulted in indemnity payments. The aggregate average indemnity payment per incident was \$522,139, which is 2.2 times the average per claim indemnity payment of \$242,360 for the nine-year period.³⁸

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.

³⁸ This discussion of incident-level information uses all available closed claim data, which insurers started reporting to the OIC in 2008. The remainder of our analysis of closed claim data uses information related to claims closed between 2012 and 2016.

Lawsuit summary

This table summarizes litigation data.³⁹

Five-year period ending December 31, 2016							
	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	2,485	1,268	\$107,961,164	\$85,143	1,720	\$13,114,839	\$7,625
Lawsuit filed	2,752	1,145	\$510,523,082	\$445,872	2,717	\$238,012,593	\$87,601
Total	5,237	2,413	\$618,484,246	\$256,313	4,437	\$251,127,432	\$56,598

Of the 5,237 claims reported, claimants filed lawsuits 52.5 percent of the time. Insurers and self-insurers incurred defense costs in 98.7 percent of the claims in which the plaintiff filed a lawsuit, averaging \$87,601. Lawsuits resulted in indemnity payments 41.6 percent of the time, averaging \$445,872. For claims without litigation, claimants were compensated 51 percent of the time, with an average indemnity payment of \$85,143.

³⁹ 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 37.7 percent of the reported claims and 60.3 percent of total paid indemnity.

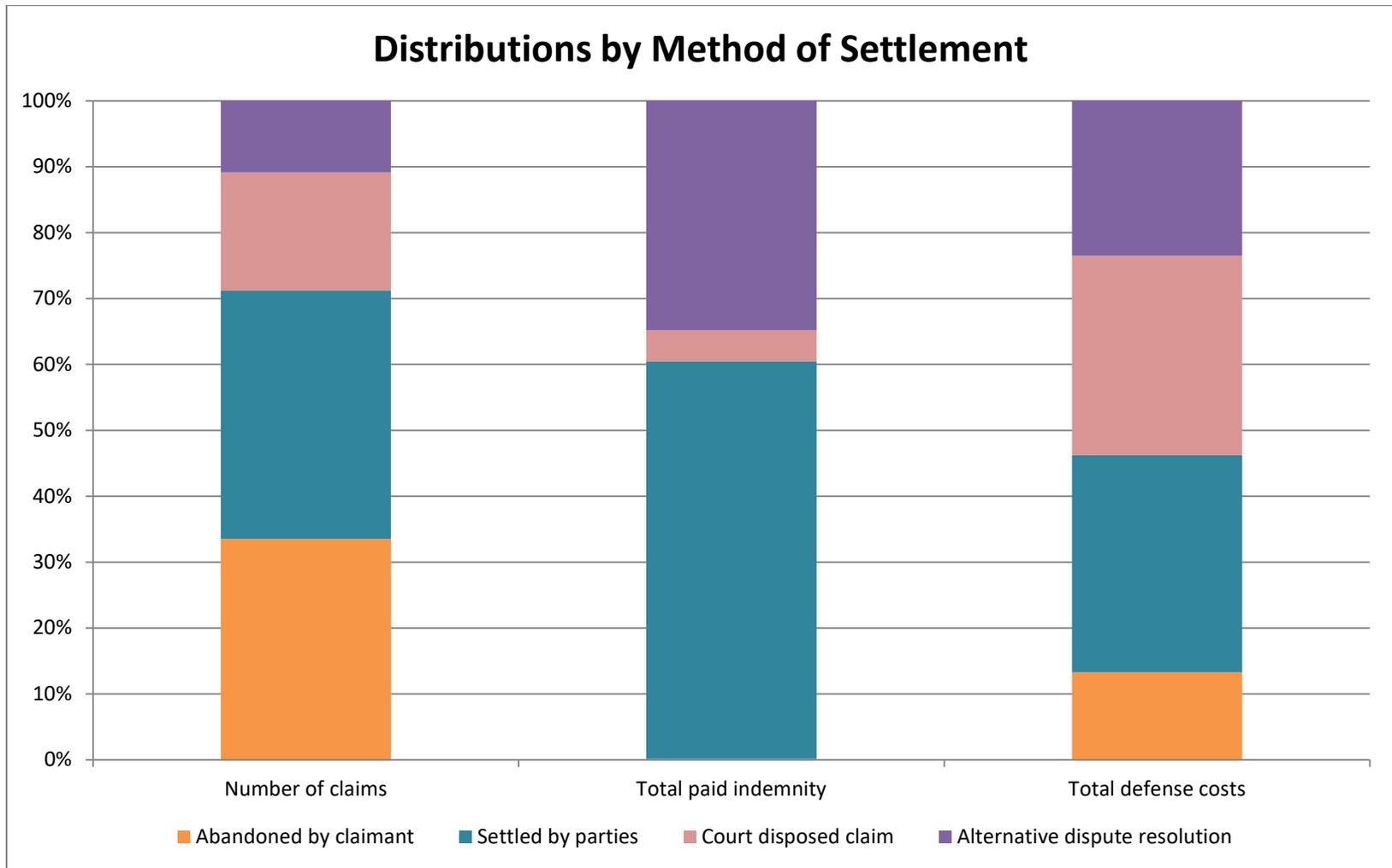
Five-year period ending December 31, 2016									
<u>Method of claim resolution</u>	Total number of claims	Claims with paid indemnity	Total paid indemnity	Average paid indemnity	Median paid indemnity	Claims with defense costs	Total defense costs	Average defense costs	Median defense costs
Abandoned by claimant	1,757	151	\$879,620	\$5,825	\$1,089	1,628	\$33,341,088	\$20,480	\$3,070
Settled by parties	1,972	1,779	\$373,136,455	\$209,745	\$38,000	1,307	\$82,762,086	\$63,322	\$24,525
Court disposed claim	938	27	\$29,233,728	\$1,082,731	\$425,000	937	\$75,921,916	\$81,027	\$24,609
Alternative dispute resolution	570	456	\$215,234,443	\$472,005	\$250,000	565	\$59,102,342	\$104,606	\$64,212
Total	5,237	2,413	\$618,484,246	\$256,313	\$50,000	4,437	\$251,127,432	\$56,598	\$14,043

Plaintiff verdicts or judgments were few in number. Insurers and self-insurers reported 20 claims resolved by plaintiff verdict or judgment, of which 18 claims resulted in an indemnity payment averaging \$1.4 million.⁴⁰ These claims comprised 0.5 percent of total claims and 2.1 percent all claims resolved by the courts. The courts ruled in favor of defendants in the vast majority of cases.

Of the 1,972 claims settled by the parties, insurers and self-insurers resolved most through informal negotiation. These settlements occurred before either party requested arbitration, mediation, or a private trial 45.3 percent of the time, and only 2.9 percent of claims settled after the start of a trial or hearing.

Of the 1,757 claims abandoned by the claimant, 98.4 percent of these were abandoned before a trial or hearing.

⁴⁰ 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 570 claims. Mediation was used to resolve 90.2 percent of these claims. Mediation led to the second-highest average paid indemnity at \$483,725. Median paid indemnity for claims settled by mediation was \$250,000 and median defense costs were \$61,721. Private trials were the most costly form of alternative dispute resolution for both average paid indemnity and average defense costs.⁴¹

Five-year period ending December 31, 2016							
<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	17	\$2,692,871	\$158,404	18	\$1,523,003	\$84,611
Arbitration decision for defense	15	0	\$0	\$0	15	\$2,417,752	\$161,183
Mediation	514	427	\$206,550,590	\$483,725	509	\$50,616,957	\$99,444
Private trial	23	12	\$5,990,982	\$499,249	23	\$4,544,630	\$197,593
Total	570	456	\$215,234,443	\$472,005	565	\$59,102,342	\$104,606

⁴¹ 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.

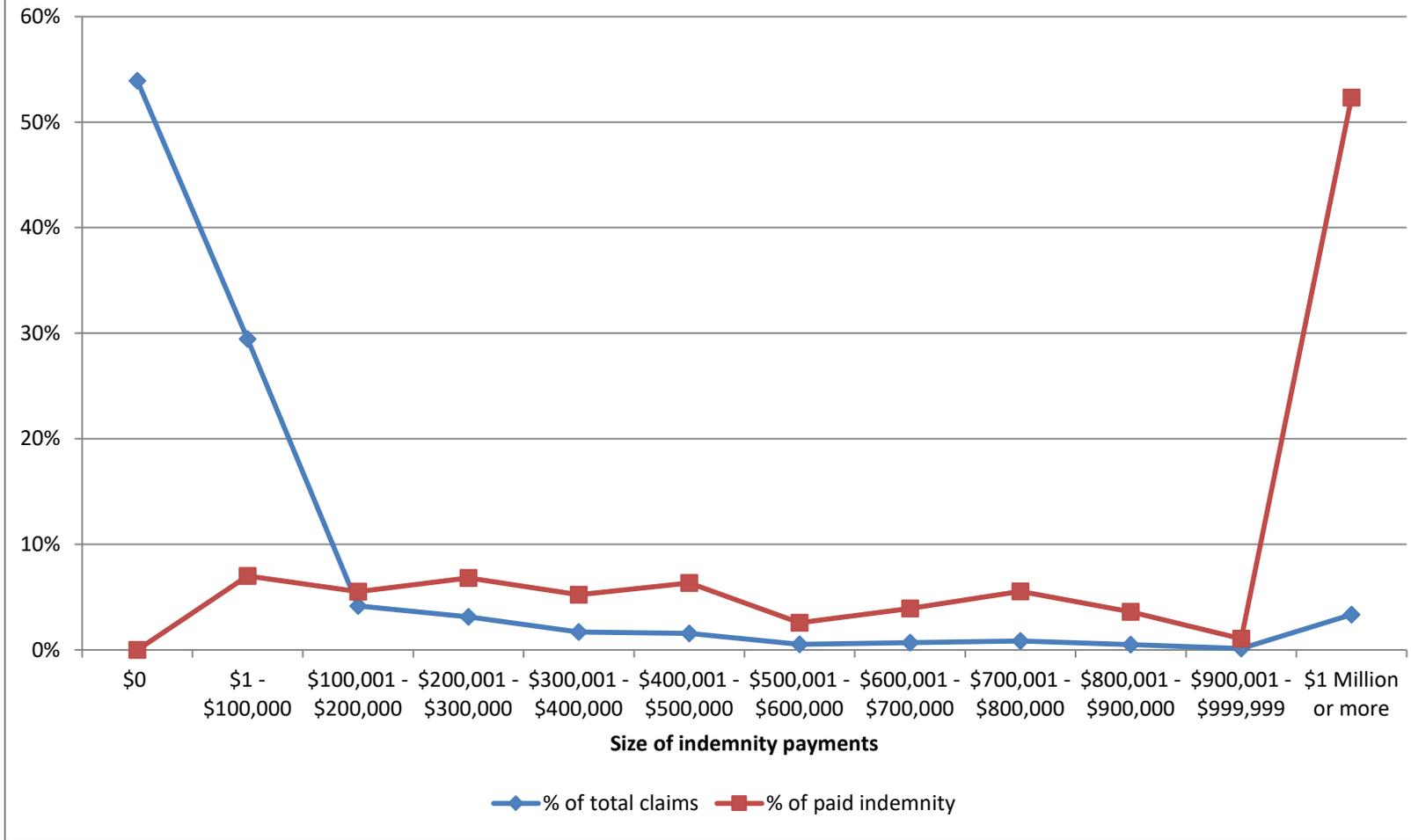
Size of indemnity payments

This table shows that insurers and self-insurers settled 53.9 percent of all claims without making an indemnity payment, and 63.9 percent of the remaining claims had indemnity payments of \$100,000 or less. The average indemnity payment in this range was \$28,073.

There were 175 claims settled for \$1 million or more, and those claims produced 52.3 percent of the total paid indemnity, an average of \$1.8 million per claim.

Five-year period ending December 31, 2016					
<u>Range of paid indemnity</u>	Total number of claims	% of claims	Total paid indemnity	% of paid indemnity	Average paid indemnity
\$0	2,824	53.9%			
\$1 - \$100,000	1,543	29.5%	\$43,316,204	7.0%	\$28,073
\$100,001 - \$200,000	218	4.2%	\$34,217,008	5.5%	\$156,959
\$200,001 - \$300,000	164	3.1%	\$42,135,404	6.8%	\$256,923
\$300,001 - \$400,000	89	1.7%	\$32,397,758	5.2%	\$364,020
\$400,001 - \$500,000	82	1.6%	\$39,258,018	6.3%	\$478,756
\$500,001 - \$600,000	28	0.5%	\$15,969,076	2.6%	\$570,324
\$600,001 - \$700,000	36	0.7%	\$24,274,915	3.9%	\$674,303
\$700,001 - \$800,000	45	0.9%	\$34,355,210	5.6%	\$763,449
\$800,001 - \$900,000	26	0.5%	\$22,387,229	3.6%	\$861,047
\$900,001 - \$999,999	7	0.1%	\$6,635,474	1.1%	\$947,925
\$1 Million or more	175	3.3%	\$323,537,950	52.3%	\$1,848,788
Total	5,237	100.0%	\$618,484,246	100.0%	\$256,313

Indemnity Payment Distribution



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

Most claims were resolved with an indemnity payment of \$500,000 or less; the median paid indemnity for these claims was \$35,000. Insurers and self-insurers paid much more money to settle claims higher than \$500,000, and median paid indemnity for these claims was \$1 million. Many physicians carry malpractice insurance with a policy limit of \$1 million per incident, so many claims, 94, were settled for exactly \$1 million.

Five-year period ending December 31, 2016						
Range of paid indemnity	Total number of claims	% of claims with paid indemnity	Total paid indemnity	% of total paid indemnity	Average paid indemnity	Median paid indemnity
\$500,000 or less	2,096	86.9%	\$191,324,392	30.9%	\$91,281	\$35,000
Over \$500,000	317	13.1%	\$427,159,854	69.1%	\$1,347,507	\$1,000,000
Total	2,413	100.0%	\$618,484,246	100.0%	\$256,313	\$50,000

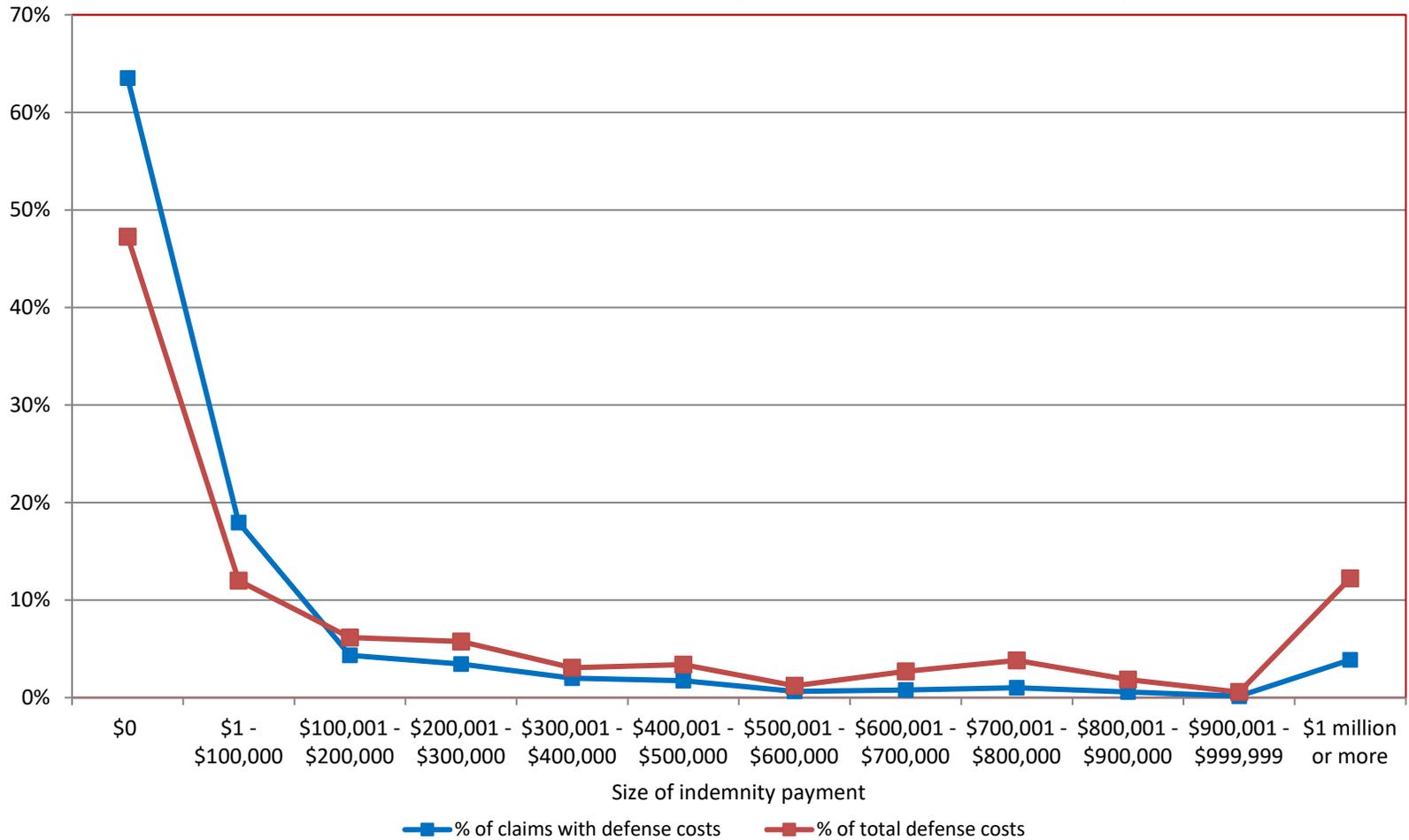
Defense costs by size of indemnity payment

This table shows how defense costs are related to the size of the indemnity payment. Insurers and self-insurers did not make an indemnity payment for 63.5 percent of claims with defense costs, yet these claims accounted for 47.2 percent of all defense costs. Average defense costs for these claims were \$42,107.

There were 172 claims with defense costs that settled for \$1 million or more, and those claims produced 12.2 percent of the total defense costs, or an average of \$178,438 per claim.

Range of paid indemnity	Five-year period ending December 31, 2016				
	Number of claims with defense costs	% of claims with defense costs	Total defense costs	% of total defense costs	Average defense cost
\$0	2,818	63.5%	\$118,657,514	47.2%	\$42,107
\$1 - \$100,000	796	17.9%	\$30,090,948	12.0%	\$37,803
\$100,001 - \$200,000	192	4.3%	\$15,498,933	6.2%	\$80,724
\$200,001 - \$300,000	153	3.4%	\$14,481,633	5.8%	\$94,651
\$300,001 - \$400,000	88	2.0%	\$7,705,904	3.1%	\$87,567
\$400,001 - \$500,000	77	1.7%	\$8,513,091	3.4%	\$110,560
\$500,001 - \$600,000	28	0.6%	\$3,087,786	1.2%	\$110,278
\$600,001 - \$700,000	35	0.8%	\$6,749,564	2.7%	\$192,845
\$700,001 - \$800,000	45	1.0%	\$9,599,443	3.8%	\$213,321
\$800,001 - \$900,000	26	0.6%	\$4,626,599	1.8%	\$177,946
\$900,001 - \$999,999	7	0.2%	\$1,424,711	0.6%	\$203,530
\$1 million or more	172	3.9%	\$30,691,306	12.2%	\$178,438
Total	4,437	100.0%	\$251,127,432	100.0%	\$56,598

Distribution of Defense Costs by Size of Indemnity Payment



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

Most claims with defense costs and the majority of total defense costs were for claims with paid indemnity up to \$500,000. Median defense costs for claims up to \$500,000 were \$11,524, versus \$108,786 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, 2016</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	4,124	92.9%	\$194,948,023	77.6%	\$47,272	\$11,524
Over \$500,000	313	7.1%	\$56,179,409	22.4%	\$179,487	\$108,786
Total	4,437	100.0%	\$251,127,432	100.0%	\$56,598	\$14,043

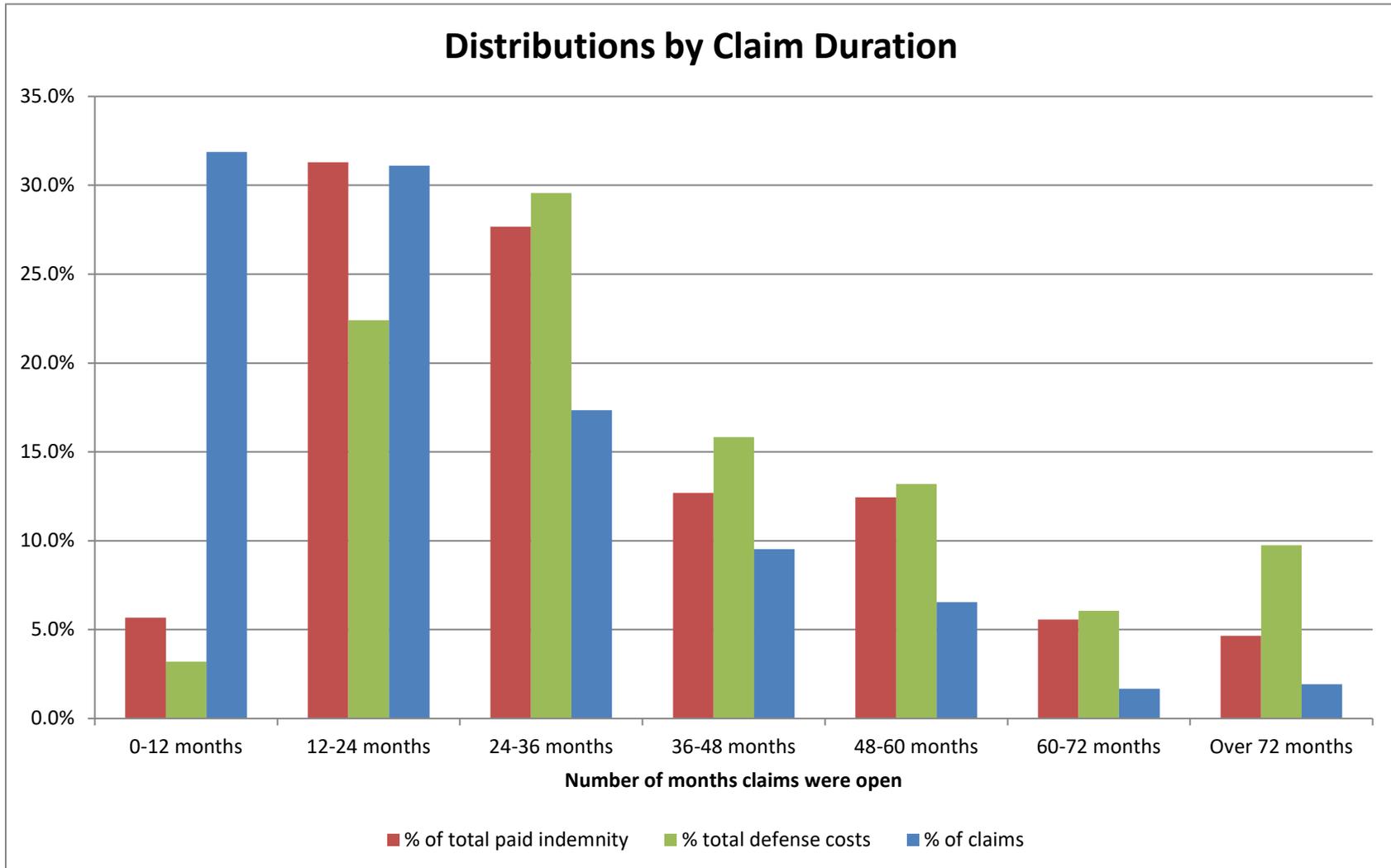
Paid indemnity and defense costs by age of claim

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

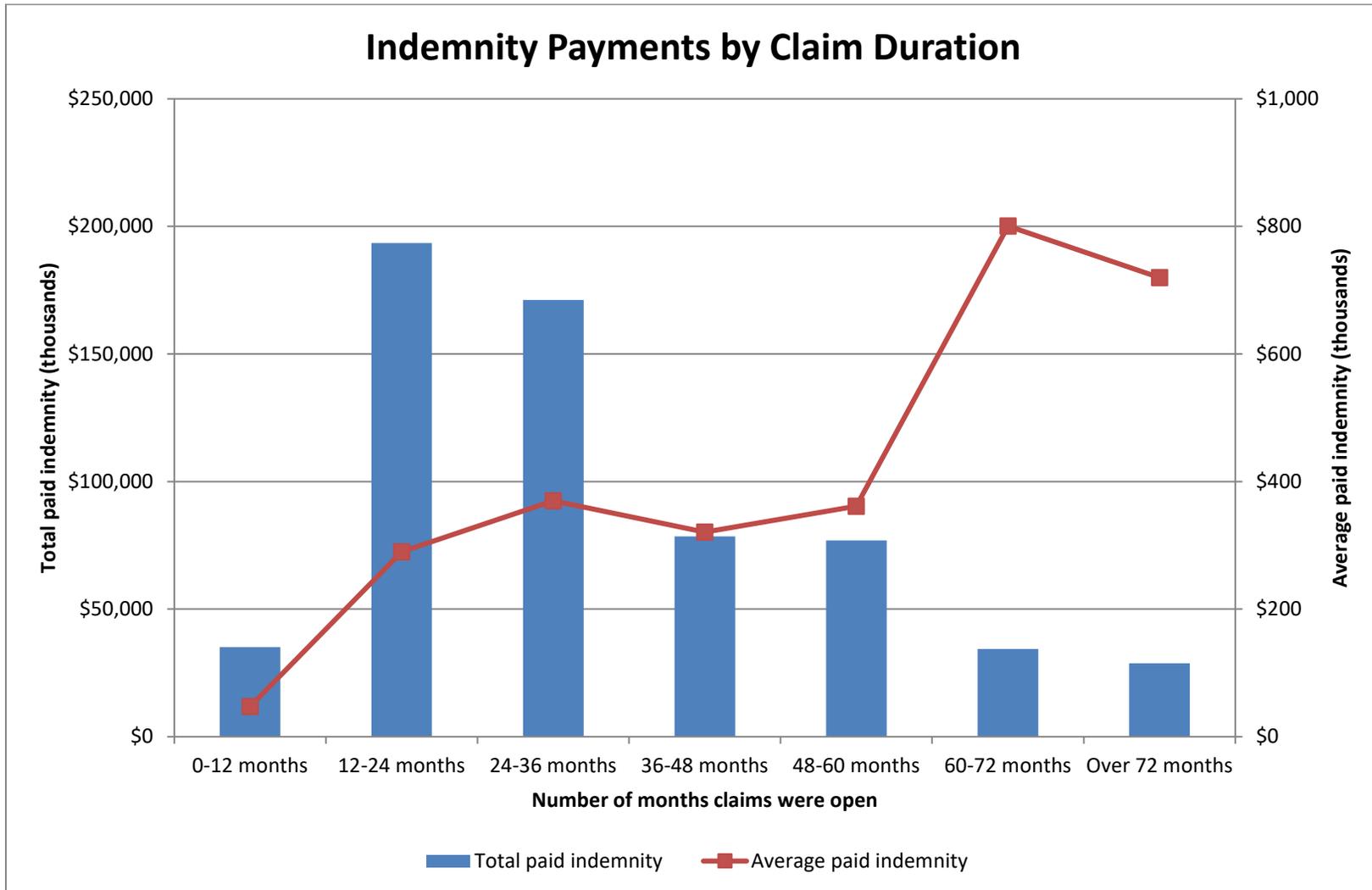
Five-year period ending December 31, 2016								
Notice date to closed date	Total number of claims	% of claims	Claims with paid indemnity	Total paid indemnity	Average paid indemnity	Claims with defense costs	Total defense costs	Average defense costs
0-12 months	1,669	31.9%	741	35,108,311	\$47,380	1,162	8,039,669	\$6,919
12-24 months	1,629	31.1%	668	193,538,364	\$289,728	1,509	56,270,664	\$37,290
24-36 months	908	17.3%	463	171,141,454	\$369,636	865	74,236,944	\$85,823
36-48 months	499	9.5%	245	78,531,382	\$320,536	464	39,746,936	\$85,662
48-60 months	343	6.5%	213	76,951,593	\$361,275	260	33,155,329	\$127,520
60-72 months	88	1.7%	43	34,419,864	\$800,462	80	15,212,875	\$190,161
Over 72 months	101	1.9%	40	28,793,278	\$719,832	97	24,465,015	\$252,217
Total	5,237	100.0%	2,413	\$618,484,246	\$256,313	4,437	\$251,127,432	\$56,598

Claims closed within the first 12 months after the insurer was first notified represented 31.9 percent of total claims and had the lowest average defense costs and average paid indemnity. For the entire group of 5,237 claims, the average length of time between notice date and date closed was 23.3 months and the median length of time was 18.5 months. Insurers and self-insurers closed 80.3 percent of all claims within 36 months after they received notice of the claim. Overall, claims closed within 36 months account for 64.6 percent of total paid indemnity and 55.2 percent of total defense costs.

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



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

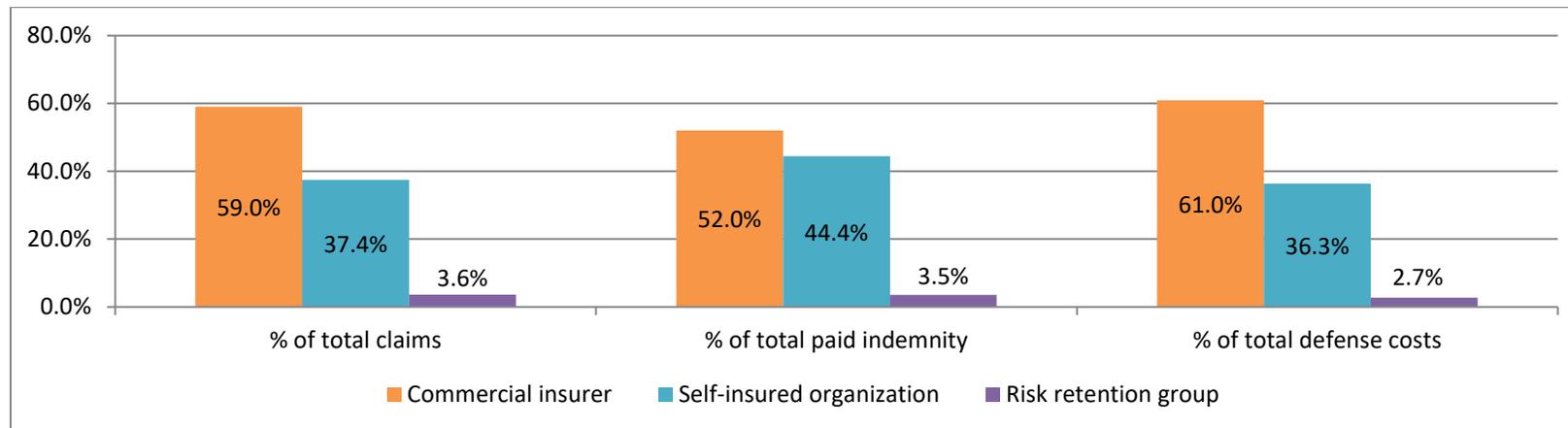


Type of insuring entity

Commercial insurers reported the highest number of claims and had the highest average paid indemnity.⁴² Self-insured organizations reported the second-highest number of claims and had the highest average defense costs.

Reporting entity	Five-year period ending December 31, 2016						
	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	3,091	1,221	\$321,873,314	\$263,615	2,813	\$153,066,830	\$54,414
Self-insured organization	1,958	1,101	\$274,831,486	\$249,620	1,459	\$91,247,365	\$62,541
Risk retention group	188	91	\$21,779,446	\$239,335	165	\$6,813,237	\$41,292
Total	5,237	2,413	\$618,484,246	\$256,313	4,437	\$251,127,432	\$56,598

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



⁴² Commercial insurers include admitted (licensed) and surplus lines insurers.

Severity of injury

This table shows compensation by severity of injury.⁴³ Insurers and self-insurers most often classified injuries as minor and temporary. Minor temporary injuries comprised 30.6 percent of total claims, 7.4 percent of total paid indemnity and 11 percent of defense costs.

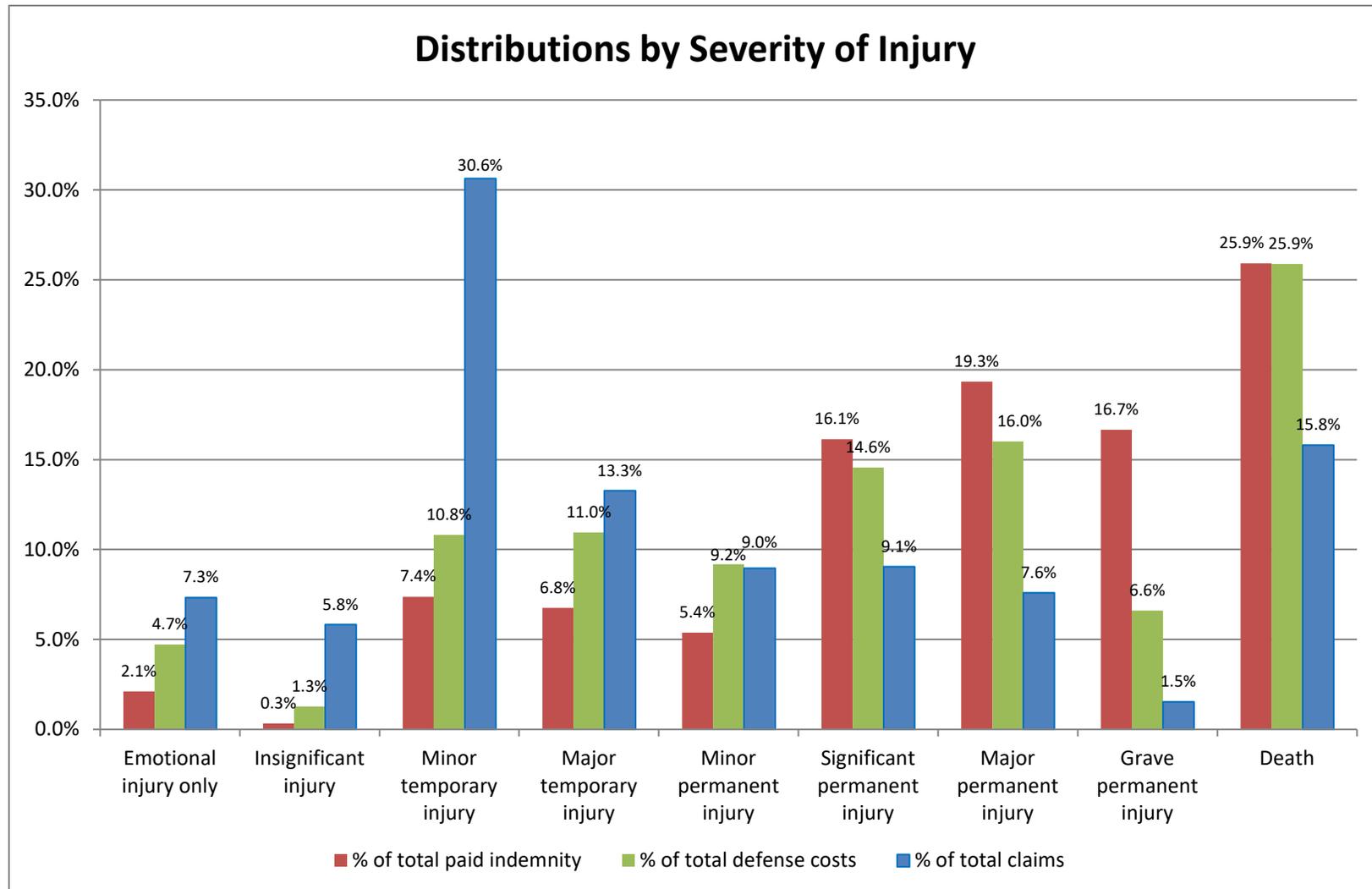
Five-year period ending December 31, 2016									
Injury outcome	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Median paid indemnity	Claims with defense costs	Defense costs	Average defense costs	Median defense costs
Emotional injury only	384	136	\$13,035,186	\$95,847	\$21,750	332	\$11,850,275	\$35,694	\$5,850
Insignificant injury	305	150	\$2,069,661	\$13,798	\$1,475	192	\$3,204,712	\$16,691	\$2,995
Minor temporary injury	1,604	821	\$45,623,584	\$55,571	\$12,500	1,149	\$27,157,382	\$23,636	\$4,337
Major temporary injury	695	331	\$41,807,425	\$126,306	\$50,000	592	\$27,505,494	\$46,462	\$10,790
Minor permanent injury	469	192	\$33,250,213	\$173,178	\$75,000	431	\$23,055,773	\$53,494	\$15,885
Significant permanent injury	474	194	\$99,820,683	\$514,540	\$350,000	468	\$36,568,087	\$78,137	\$36,164
Major permanent injury	398	195	\$119,582,165	\$613,242	\$450,000	392	\$40,196,773	\$102,543	\$45,591
Grave permanent injury	80	46	\$103,005,428	\$2,239,248	\$1,000,000	77	\$16,587,806	\$215,426	\$117,386
Death	828	348	\$160,289,901	\$460,603	\$275,000	804	\$65,001,130	\$80,847	\$33,086
Total	5,237	2,413	\$618,484,246	\$256,313	\$50,000	4,437	\$251,127,432	\$56,598	\$14,043

Grave permanent injuries had the highest average paid indemnity at \$2.2 million and median paid indemnity at \$1 million.⁴⁴ Major permanent injuries had the second-highest average paid indemnity at \$613,242 and median paid indemnity at \$450,000. Death of the patient had the fourth-highest average paid indemnity at \$460,603 and median paid indemnity at \$275,000.

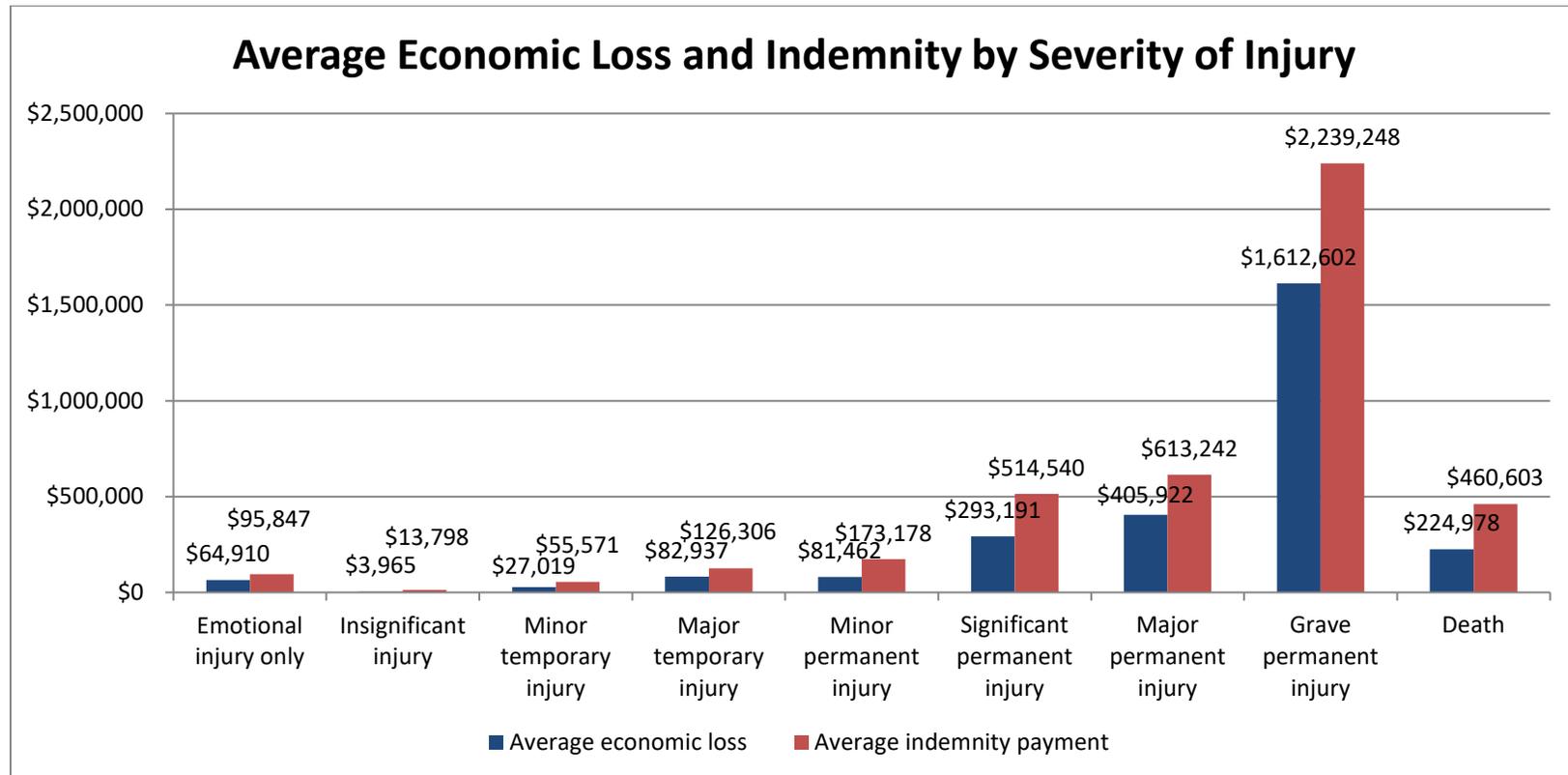
⁴³ For a description of each type of injury outcome, see [WAC 284-24D-220](#).

⁴⁴ 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.⁴⁵ 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, grave permanent injury, or significant permanent injury. If a person dies, compensation for economic loss is largely calculated based on lost income and services the deceased would have provided. This chart shows the relationship between injury outcome, average paid indemnity and average economic loss.



⁴⁵ 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

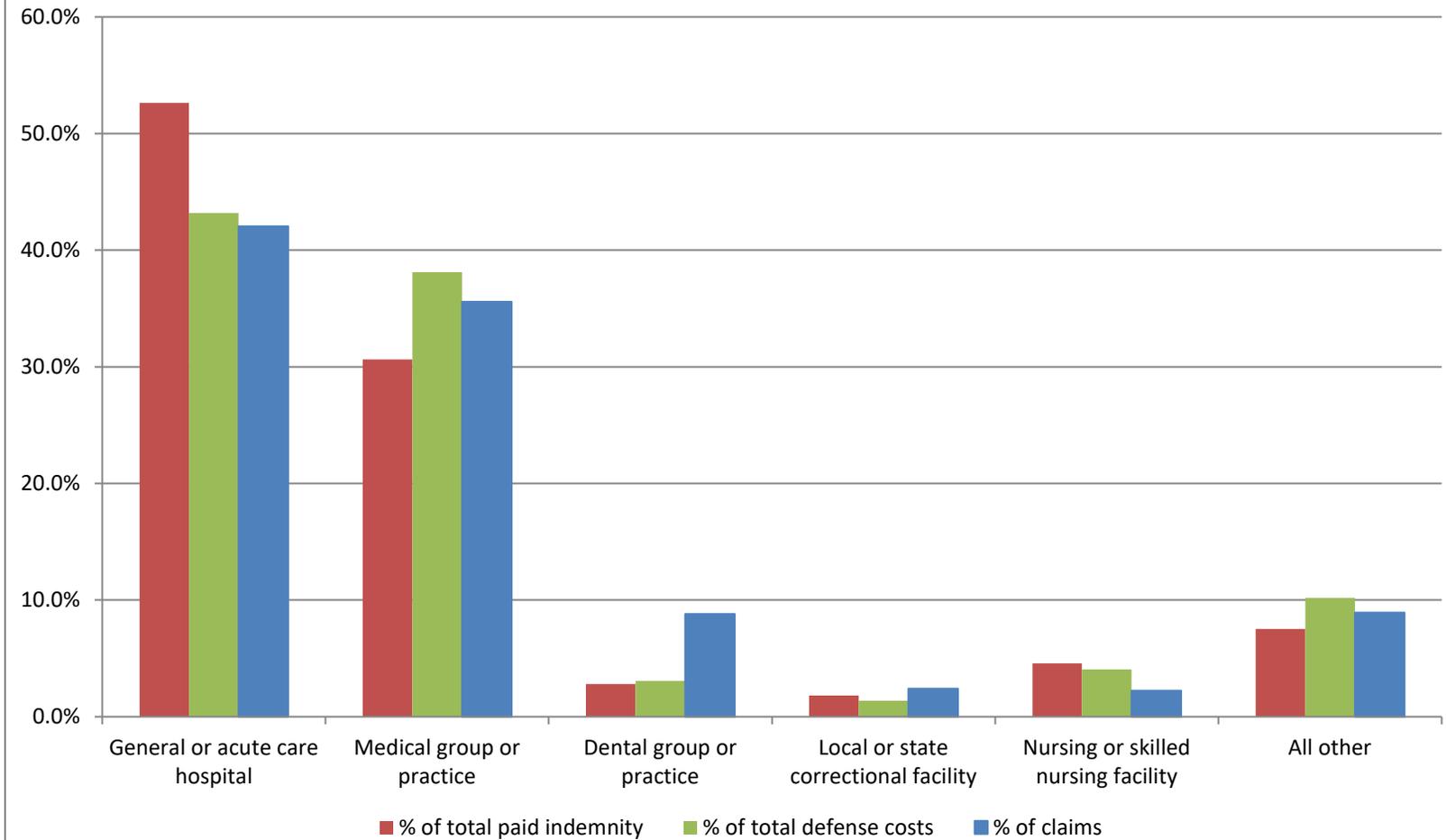
This exhibit shows data segmented by the type of health care organization or provider group.⁴⁶

Health care organization	Five-year period ending December 31, 2016									
	Total number of claims	Claims with paid indemnity	Total paid indemnity	% of total paid indemnity	Average paid indemnity	Median paid indemnity	Claims with defense costs	Total defense costs	% of total defense costs	Average defense costs
General or acute care hospital	2,202	1,012	\$325,561,525	52.6%	\$321,701	\$50,000	1,837	\$108,473,942	43.2%	\$59,050
Medical group or practice	1,863	767	\$189,492,950	30.6%	\$247,057	\$80,000	1,643	\$95,710,408	38.1%	\$58,253
Dental group or practice	461	290	\$17,322,477	2.8%	\$59,733	\$18,300	313	\$7,687,151	3.1%	\$24,560
Local or state correctional facility	126	28	\$11,274,629	1.8%	\$402,665	\$30,000	113	\$3,452,119	1.4%	\$30,550
Nursing or skilled nursing facility	117	89	\$28,348,141	4.6%	\$318,518	\$150,000	110	\$10,201,207	4.1%	\$92,738
Chiropractic group or practice	62	23	\$4,860,000	0.8%	\$211,304	\$130,000	61	\$3,821,956	1.5%	\$62,655
Podiatric group or practice	45	11	\$1,509,990	0.2%	\$137,272	\$50,000	45	\$2,901,451	1.2%	\$64,477
Physical/occupational therapy	35	17	\$1,322,316	0.2%	\$77,783	\$40,000	33	\$840,860	0.3%	\$25,481
Ambulatory clinic or center	34	22	\$4,099,606	0.7%	\$186,346	\$15,825	25	\$933,651	0.4%	\$37,346
Ambulatory surgical center	23	10	\$2,122,500	0.3%	\$212,250	\$175,000	22	\$1,163,926	0.5%	\$52,906
Pharmacy	19	17	\$559,043	0.1%	\$32,885	\$20,500	10	\$222,949	0.1%	\$22,295
All other organizations	250	127	\$32,011,069	5.2%	\$252,056		225	\$15,717,812	6.3%	\$69,857
Total	5,237	2,413	\$618,484,246	100.0%	\$256,313	\$50,000	4,437	\$251,127,432	100.0%	\$56,598

General or acute-care hospitals had the largest number of total claims and claims with indemnity payments. Correctional facilities had the highest average paid indemnity at \$402,665. Nursing and skilled nursing facilities had the highest average defense costs at \$92,738.

⁴⁶ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), the commissioner must protect the identify of each insuring entity, self-insurer, claimant, health care provider, or health care facility involved in a particular claim or collection of claims. For this reason, types of organizations with few claims are grouped together.

Distributions by Type of Health Care Organization



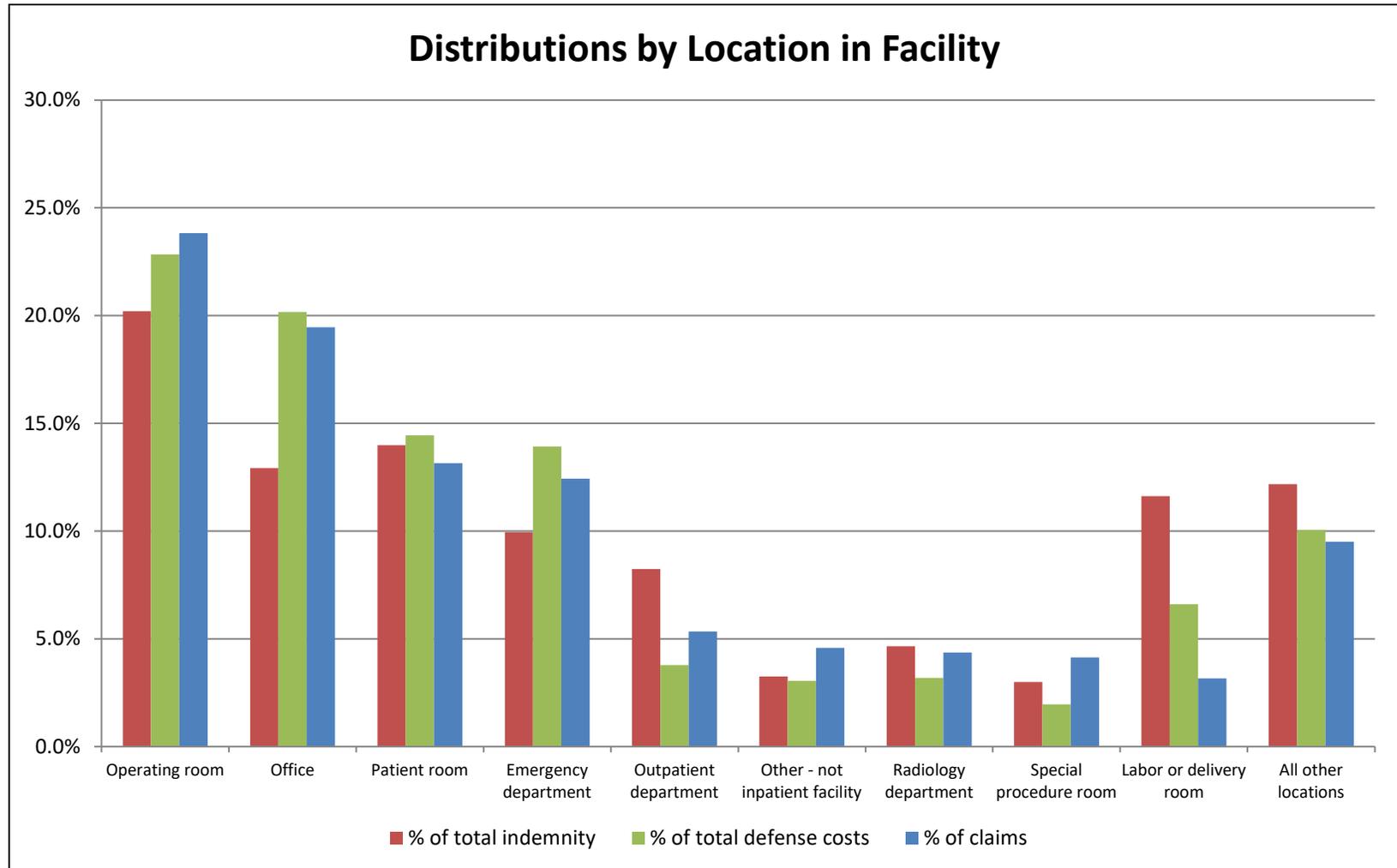
Location in the facility

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

Five-year period ending December 31, 2016											
Location within facility	Total number of claims	% of total claims	Claims with paid indemnity	Total paid indemnity	% of total paid indemnity	Average paid indemnity	Median paid indemnity	Claims with defense costs	Total defense costs	% of total defense costs	Average defense costs
Operating room	1,248	23.8%	491	\$124,973,229	20.2%	\$254,528	\$65,000	1,101	\$57,341,561	22.8%	\$52,081
Office	1,019	19.5%	497	\$79,911,960	12.9%	\$160,789	\$39,000	834	\$50,645,645	20.2%	\$60,726
Patient room	689	13.2%	374	\$86,483,397	14.0%	\$231,239	\$50,000	563	\$36,264,551	14.4%	\$64,413
Emergency department	651	12.4%	233	\$61,506,666	9.9%	\$263,977	\$92,500	597	\$34,969,168	13.9%	\$58,575
Outpatient department	280	5.3%	160	\$50,973,906	8.2%	\$318,587	\$19,250	206	\$9,503,075	3.8%	\$46,131
Other - not inpatient facility	240	4.6%	62	\$20,094,130	3.2%	\$324,099	\$42,500	221	\$7,662,801	3.1%	\$34,673
Radiology department	229	4.4%	109	\$28,783,138	4.7%	\$264,065	\$45,000	186	\$7,998,363	3.2%	\$43,002
Special procedure room	217	4.1%	111	\$18,568,932	3.0%	\$167,288	\$50,000	185	\$4,912,463	2.0%	\$26,554
Labor or delivery room	166	3.2%	69	\$71,859,103	11.6%	\$1,041,436	\$298,255	154	\$16,591,593	6.6%	\$107,738
Walk-in clinic	73	1.4%	42	\$12,971,501	2.1%	\$308,845	\$77,500	56	\$3,455,989	1.4%	\$61,714
Laboratory	54	1.0%	34	\$3,098,281	0.5%	\$91,126	\$3,707	34	\$1,576,039	0.6%	\$46,354
Critical care unit	50	1.0%	26	\$21,192,474	3.4%	\$815,095	\$86,000	45	\$3,873,167	1.5%	\$86,070
Facility support areas	42	0.8%	32	\$3,951,601	0.6%	\$123,488	\$33,972	29	\$1,897,099	0.8%	\$65,417
Physical therapy department	40	0.8%	25	\$4,019,236	0.6%	\$160,769	\$25,000	36	\$1,332,556	0.5%	\$37,015
Rehabilitation center	33	0.6%	25	\$3,391,528	0.5%	\$135,661	\$85,000	26	\$2,772,883	1.1%	\$106,649
Pharmacy	29	0.6%	25	\$2,089,793	0.3%	\$83,592	\$25,000	18	\$829,865	0.3%	\$46,104
Recovery room	28	0.5%	18	\$4,560,365	0.7%	\$253,354	\$72,500	23	\$1,290,231	0.5%	\$56,097
Catheterization lab	24	0.5%	14	\$4,985,122	0.8%	\$356,080	\$225,000	22	\$1,261,039	0.5%	\$57,320
Nursery	23	0.4%	9	\$3,852,835	0.6%	\$428,093	\$50,000	19	\$2,180,357	0.9%	\$114,756
All other locations	102	1.9%	57	\$11,217,049	1.8%	\$196,790		82	\$4,768,987	1.9%	\$58,158
Total	5,237	100.0%	2,413	\$618,484,246	100.0%	\$256,313	\$50,000	4,437	\$251,127,432	100.0%	\$56,598

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 43.3 percent of reported claims.

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

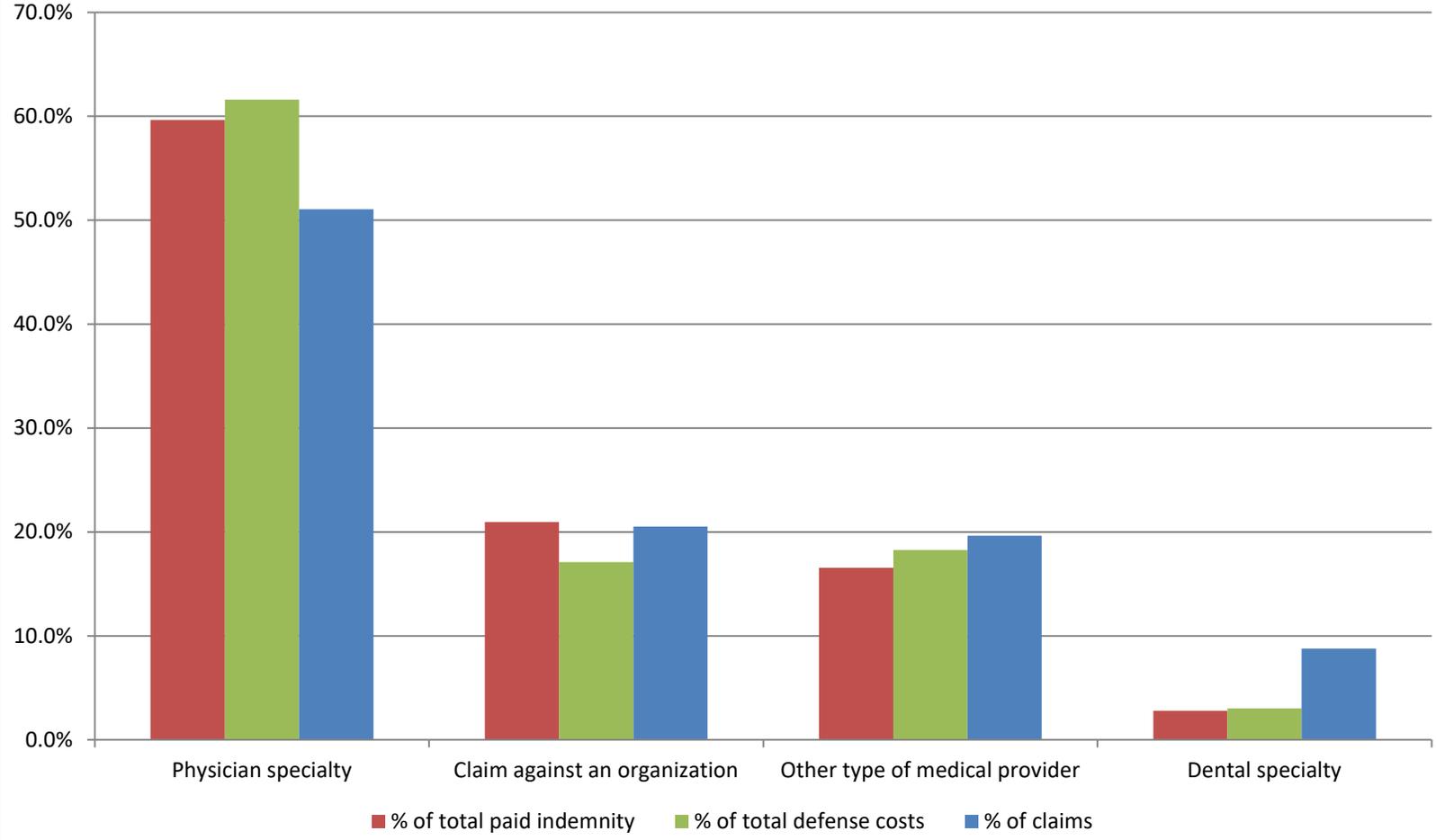


Type of medical provider

Five-year period ending December 31, 2016											
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	2,674	978	\$369,015,941	59.7%	\$377,317	\$100,000	2,469	\$154,694,358	61.6%	\$62,655	\$15,759
Claim against an organization	1,074	489	\$129,682,302	21.0%	\$265,199	\$60,000	922	\$42,978,532	17.1%	\$46,614	\$12,897
Other type of medical provider	1,029	656	\$102,432,121	16.6%	\$156,147	\$27,250	735	\$45,841,080	18.3%	\$62,369	\$16,607
Dental specialty	460	290	\$17,353,882	2.8%	\$59,841	\$18,300	311	\$7,613,462	3.0%	\$24,481	\$2,838
Total	5,237	2,413	\$618,484,246	100.0%	\$256,313	\$50,000	4,437	251,127,432	100.0%	\$56,598	\$14,043

The providers with the highest percentage of claims, 51.1 percent, were physician specialties, which includes surgeons, general practice physicians, radiologists, neurologists, psychiatrists, and many more. These claims had the highest average defense cost at \$62,655, the highest average indemnity payment at \$377,317 and the highest median indemnity payment at \$100,000. The “other type of medical provider” category includes nursing, physician assistants, technicians, pharmacy, podiatry, and psychology, among others.

Distributions by Type of Provider



This table shows claim data for physician specialties that had the largest number of claims.⁴⁷

Five-year period ending December 31, 2016											
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 surgery	296	125	\$50,058,665	13.6%	\$400,469	\$100,000	267	\$15,581,562	10.1%	\$58,358	\$14,152
Emergency medicine	294	87	\$27,044,769	7.3%	\$310,859	\$150,000	280	\$16,217,346	10.5%	\$57,919	\$22,107
Orthopedic surgery	276	90	\$24,102,007	6.5%	\$267,800	\$75,000	255	\$16,437,320	10.6%	\$64,460	\$9,500
General practice-family practice	271	110	\$30,330,717	8.2%	\$275,734	\$100,000	246	\$14,407,281	9.3%	\$58,566	\$13,341
Obstetrics and gynecology	262	112	\$60,894,708	16.5%	\$543,703	\$86,750	235	\$16,127,160	10.4%	\$68,626	\$9,790
Radiology	208	75	\$26,805,004	7.3%	\$357,400	\$125,000	195	\$10,711,684	6.9%	\$54,932	\$21,318
Internal medicine	151	43	\$13,010,810	3.5%	\$302,577	\$187,500	143	\$9,724,891	6.3%	\$68,006	\$20,714
Anesthesiology	111	44	\$3,905,320	1.1%	\$88,757	\$15,000	91	\$3,650,576	2.4%	\$40,116	\$8,523
Cardiovascular diseases	79	29	\$10,917,068	3.0%	\$376,451	\$168,000	76	\$5,651,172	3.7%	\$74,358	\$28,856
Plastic surgery	76	23	\$4,282,829	1.2%	\$186,210	\$50,000	69	\$2,763,029	1.8%	\$40,044	\$5,267
Otolaryngology	71	31	\$10,450,258	2.8%	\$337,105	\$200,000	68	\$2,803,828	1.8%	\$41,233	\$5,078
Neurological surgery	66	21	\$11,954,900	3.2%	\$569,281	\$302,400	65	\$5,540,737	3.6%	\$85,242	\$43,728
Gastroenterology	66	18	\$3,633,628	1.0%	\$201,868	\$8,277	57	\$2,897,265	1.9%	\$50,829	\$12,350
Pediatrics	63	29	\$36,091,253	9.8%	\$1,244,526	\$300,000	56	\$8,645,865	5.6%	\$154,390	\$61,160
Urological surgery	61	25	\$5,526,789	1.5%	\$221,072	\$90,000	55	\$3,694,859	2.4%	\$67,179	\$23,347
Hospitalist	57	20	\$13,799,504	3.7%	\$689,975	\$500,000	55	\$4,355,257	2.8%	\$79,186	\$45,807
Ophthalmology	38	13	\$3,748,268	1.0%	\$288,328	\$236,158	36	\$1,483,131	1.0%	\$41,198	\$20,780
Dermatology	38	13	\$1,496,283	0.4%	\$115,099	\$20,000	35	\$1,320,033	0.9%	\$37,715	\$5,825
Radiation oncology	26	9	\$4,188,481	1.1%	\$465,387	\$250,000	25	\$1,236,724	0.8%	\$49,469	\$18,560
Physical medicine and rehab	24	14	\$8,263,892	2.2%	\$590,278	\$225,000	23	\$1,244,937	0.8%	\$54,128	\$23,735
Neurology	22	9	\$4,102,000	1.1%	\$455,778	\$300,000	22	\$2,484,115	1.6%	\$112,914	\$46,139
All other physician types	118	38	\$14,408,788	3.9%	\$379,179		115	\$7,715,586	5.0%	\$67,092	
Total	2,674	978	\$369,015,941	100.0%	\$377,317	\$100,000	2,469	\$154,694,358	100.0%	\$62,655	\$15,759

⁴⁷ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), some specialties are grouped together to maintain confidentiality.

The largest number of claims reported against physician specialties were for general surgery and emergency medicine. The most common allegations against emergency medicine physicians were failure to diagnose with 139 claims, delay in diagnosis with 27 claims, and improper performance with 22 claims. For general surgery, common allegations were improper performance with 117 claims and improper technique with 70 claims.

Pediatrics was the specialty ranked highest in average paid indemnity and average defense costs. The most common allegations against this physician specialty was failure to diagnose with 16 claims.

This table shows claim data for other types of medical providers.⁴⁸ Nursing staff accounted for 655 claims, resulting in 477 indemnity payments averaging \$156,697. The most common allegations against nursing staff were failure to ensure patient safety with 88 claims, followed by failure to monitor with 86 claims and improper performance with 49 claims. Physician assistants had the second-highest number of claims at 72 and the most common allegation against this type of medical provider was failure to diagnose with 16 claims.

Five-year period ending December 31, 2016										
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	655	477	\$74,744,684	73.0%	\$156,697	\$25,000	422	\$27,648,777	60.3%	\$65,518
Physician assistant	72	29	\$5,102,597	5.0%	\$175,952	\$65,000	64	\$3,922,318	8.6%	\$61,286
Podiatry	70	16	\$2,341,638	2.3%	\$146,352	\$140,000	69	\$3,466,949	7.6%	\$50,246
Chiropractic	58	22	\$4,835,000	4.7%	\$219,773	\$42,000	57	\$3,669,789	8.0%	\$64,382
Physical therapy	30	16	\$3,015,820	2.9%	\$188,489	\$22,000	26	\$1,072,027	2.3%	\$41,232
Laboratory technician	30	22	\$1,441,674	1.4%	\$65,531	\$5,369	14	\$688,050	1.5%	\$49,146
Pharmacy	26	22	\$744,752	0.7%	\$33,852	\$19,750	14	\$453,338	1.0%	\$32,381
Psychology	15	8	\$1,741,532	1.7%	\$217,692	\$30,000	13	\$1,024,691	2.2%	\$78,822
Emergency medicine	13	8	\$341,215	0.3%	\$42,652	\$150,000	9	\$186,036	0.4%	\$20,671
All other types	60	36	8,123,209	7.9%	\$225,645		47	\$3,709,105	8.1%	\$78,917
Total	1,029	656	\$102,432,121	100.0%	\$156,147	\$27,250	735	\$45,841,080	100.0%	\$62,369

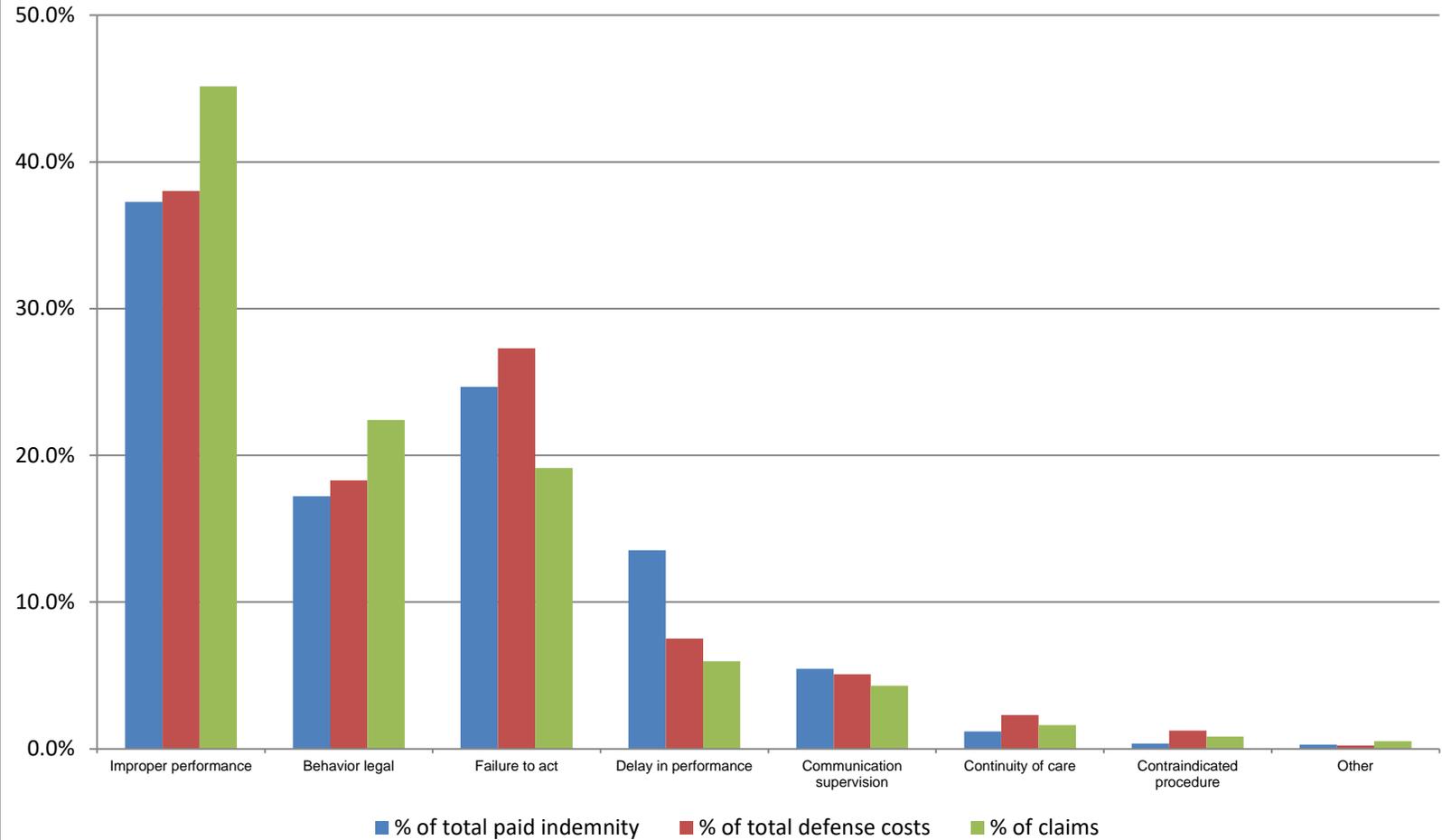
⁴⁸ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), some types of providers are grouped together to maintain confidentiality.

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, 2016</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	2,365	1,175	\$230,547,876	37.3%	\$196,211	1,912	\$95,451,092	38.0%	\$49,922
Behavior/legal	1,174	524	\$106,490,867	17.2%	\$203,227	983	\$45,951,876	18.3%	\$46,747
Failure to take appropriate action	1,003	413	\$152,561,372	24.7%	\$369,398	916	\$68,569,040	27.3%	\$74,857
Delay in performance	313	121	\$83,673,948	13.5%	\$691,520	301	\$18,871,016	7.5%	\$62,694
Communication/supervision	226	127	\$33,740,801	5.5%	\$265,676	185	\$12,788,638	5.1%	\$69,128
Continuity of care/care management	85	36	\$7,380,067	1.2%	\$205,002	74	\$5,770,790	2.3%	\$77,984
Unnecessary/contraindicated procedure	44	11	\$2,272,315	0.4%	\$206,574	39	\$3,154,365	1.3%	\$80,881
Other class of allegation	27	6	\$1,817,000	0.3%	\$302,833	27	\$570,615	0.2%	\$21,134
Total	5,237	2,413	\$618,484,246	100.0%	\$256,313	4,437	\$251,127,432	100.0%	\$56,598

Distributions by Allegation Group



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

Five-year period ending December 31, 2016							
<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	1,004	470	\$69,200,916	\$147,236	873	\$34,616,390	\$39,652
Improper technique	332	151	\$36,808,832	\$243,767	318	\$10,638,900	\$33,456
Improper management	212	81	\$18,880,441	\$233,092	207	\$14,169,809	\$68,453
Surgical or other foreign body retained	97	52	\$3,912,373	\$75,238	95	\$1,678,677	\$17,670
Patient monitoring problem	62	43	\$12,267,035	\$285,280	60	\$5,003,996	\$83,400
Equipment utilization problem	54	37	\$6,288,185	\$169,951	52	\$3,228,185	\$62,080
Wrong dosage ordered of correct medication	39	32	\$3,398,928	\$106,217	18	\$230,512	\$12,806
Wrong medication administered	42	29	\$6,215,290	\$214,320	41	\$1,747,680	\$42,626
Wrong body part	37	27	\$2,893,452	\$107,165	36	\$1,301,343	\$36,148
Intubation problem	39	20	\$808,028	\$40,401	32	\$584,794	\$18,275
Wrong diagnosis or misdiagnosis	51	20	\$10,394,115	\$519,706	50	\$3,341,777	\$66,836
Wrong dosage administered	38	20	\$12,561,669	\$628,083	38	\$1,980,881	\$52,128
Wrong medication ordered	39	19	\$18,431,166	\$970,061	37	\$3,078,212	\$83,195
Patient positioning problem	27	18	\$3,051,238	\$169,513	26	\$1,131,992	\$43,538
Wrong medication dispensed	21	18	\$2,234,762	\$124,153	19	\$729,845	\$38,413
Wrong procedure or treatment	38	18	\$3,834,067	\$213,004	37	\$3,936,608	\$106,395
Radiology or imaging error	30	15	\$5,761,740	\$384,116	29	\$877,679	\$30,265
Problem w/ appliance, prostheses, orthotic, or device	34	13	\$1,660,220	\$127,709	33	\$943,842	\$28,601
Wrong dosage dispensed	17	13	\$858,646	\$66,050	16	\$172,055	\$10,753
Laboratory error	16	12	\$492,862	\$41,072	14	\$75,477	\$5,391
Patient history, exam, or workup problem	32	12	\$675,861	\$56,322	31	\$1,446,663	\$46,667
Improperly performed test	16	11	\$836,674	\$76,061	14	\$896,317	\$64,023

Five-year period ending December 31, 2016

	Total number of claims	Claims with paid indemnity	Total paid indemnity	Average paid indemnity	Claims with defense costs	Total defense costs	Average defense cost
<u>Communication/supervision</u>							
Failure to instruct or communicate w/ patient/family	82	40	\$4,977,373	\$124,434	80	\$3,246,711	\$40,584
Communication problem between practitioners	60	29	\$15,258,162	\$526,144	59	\$4,384,838	\$74,319
Failure to supervise	25	18	\$2,788,242	\$154,902	22	\$2,664,609	\$121,119
Failure to report on patient condition	21	15	\$6,417,674	\$427,845	21	\$1,140,751	\$54,321
Improper supervision	24	14	\$2,982,941	\$213,067	23	\$1,106,691	\$48,117
Failure to respond to patient	14	11	\$1,316,409	\$119,674	13	\$245,038	\$18,849
<u>Failure to take appropriate action</u>							
Failure to diagnose	532	178	\$82,260,453	\$462,137	527	\$34,624,173	\$65,701
Failure to monitor	172	106	\$24,701,316	\$233,031	149	\$12,857,231	\$86,290
Failure to treat	98	34	\$10,842,115	\$318,886	97	\$5,991,946	\$61,773
Failure to recognize a complication	58	27	\$13,899,466	\$514,795	58	\$6,037,021	\$104,087
Failure to order appropriate test	34	20	\$5,663,387	\$283,169	34	\$2,893,182	\$85,094
Failure to use aseptic technique	25	17	\$2,221,332	\$130,667	23	\$462,087	\$20,091
Failure to perform procedure	27	11	\$2,978,028	\$270,730	27	\$938,813	\$34,771
Failure to identify fetal distress	14	10	\$6,822,724	\$682,272	14	\$2,599,779	\$185,699
<u>Delay in performance</u>							
Delay in diagnosis	195	77	\$46,685,974	\$606,311	193	\$12,294,906	\$63,704
Delay in treatment	79	25	\$8,632,974	\$345,319	79	\$3,452,826	\$43,707
Delay in performance	23	16	\$26,860,000	\$1,678,750	23	\$2,507,722	\$109,031

Five-year period ending December 31, 2016

	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	771	271	\$81,827,910	\$301,948	755	\$31,521,571	\$41,750
Failure to ensure patient safety	197	154	\$10,931,542	\$70,984	190	\$3,357,543	\$17,671
Sexual misconduct	42	24	\$3,067,720	\$127,822	42	\$2,047,685	\$48,754
Equipment malfunction	20	16	\$1,695,697	\$105,981	20	\$536,514	\$26,826
Lack of informed consent	39	14	\$1,494,414	\$106,744	39	\$1,690,737	\$43,352
Failure to protect a third party	13	11	\$1,306,661	\$118,787	13	\$825,250	\$63,481
<u>Continuity of care/care management</u>							
Failure or delay in referral or consultation	52	20	\$5,677,373	\$283,869	51	\$3,114,484	\$61,068
Premature discharge from institution	23	13	\$1,514,461	\$116,497	20	\$2,254,044	\$112,702

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, 2016</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	195	\$48,649,470	\$249,484	529	\$23,725,753	\$44,850
Failure to diagnose	473	156	\$66,597,251	\$426,905	468	\$31,827,237	\$68,007
Improper technique	209	80	\$29,241,533	\$365,519	202	\$8,187,065	\$40,530
Delay in diagnosis	153	56	\$40,330,572	\$720,189	151	\$9,655,062	\$63,941
Improper management	159	50	\$16,201,643	\$324,033	158	\$11,605,035	\$73,450
Surgical or other foreign body retained	78	36	\$2,458,913	\$68,303	77	\$1,092,870	\$14,193
Failure to instruct or communicate with patient or family	53	22	\$3,019,459	\$137,248	51	\$2,242,690	\$43,974
Failure to monitor	58	19	\$9,648,900	\$507,837	57	\$4,633,416	\$81,288
Failure to recognize a complication	42	19	\$11,742,360	\$618,019	42	\$5,057,256	\$120,411
Communication problem between practitioners	39	16	\$2,139,494	\$133,718	39	\$2,377,541	\$60,963
Failure to order appropriate test	28	16	\$5,107,995	\$319,250	28	\$2,501,964	\$89,356
Wrong body part	22	16	\$2,728,964	\$170,560	21	\$1,195,686	\$56,937
Wrong diagnosis or misdiagnosis (original diagnosis is incorrect)	42	15	\$8,984,255	\$598,950	41	\$2,996,618	\$73,088
Wrong medication ordered	32	14	\$18,348,219	\$1,310,587	31	\$2,547,399	\$82,174
Equipment utilization problem	24	14	\$4,887,108	\$349,079	23	\$2,308,560	\$100,372
Intubation problem	30	13	\$541,897	\$41,684	27	\$578,300	\$21,419
Radiology or imaging error	27	13	\$5,654,165	\$434,936	26	\$855,660	\$32,910
Delay in treatment	55	12	\$2,185,000	\$182,083	55	\$2,437,381	\$44,316
Failure to treat	50	12	\$5,536,976	\$461,415	49	\$2,576,477	\$52,581
Failure or delay in referral or consultation	34	10	\$3,915,304	\$391,530	33	\$1,925,891	\$58,360

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

Five-year period ending December 31, 2016							
<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	314	216	\$11,041,727	\$51,119	197	\$4,363,776	\$22,151
Improper technique	47	21	\$1,168,753	\$55,655	45	\$441,633	\$9,814

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

<u>Allegation made against other type of medical provider</u>	Five-year period ending December 31, 2016						
	Total number of claims	Claims with paid indemnity	Total paid indemnity	Average paid indemnity	Claims with defense costs	Total defense costs	Average defense cost
Failure to ensure patient safety	99	81	\$2,458,315	\$30,350	96	\$879,907	\$9,166
Failure to monitor	89	69	\$9,313,412	\$134,977	68	\$6,613,419	\$97,256
Improper performance	142	52	\$7,931,357	\$152,526	139	\$6,391,387	\$45,981
Improper technique	74	48	\$5,938,546	\$123,720	69	\$1,996,971	\$28,942
Patient monitoring problem	38	30	\$5,460,247	\$182,008	36	\$2,409,495	\$66,930
Wrong dosage ordered of correct medication	29	27	\$3,252,000	\$120,444	9	\$5,287	\$587
Equipment utilization problem	25	19	\$531,639	\$27,981	24	\$847,576	\$35,316
Failure to treat	34	17	\$4,407,639	\$259,273	34	\$2,973,997	\$87,471
Delay in diagnosis	30	16	\$5,914,653	\$369,666	30	\$2,371,023	\$79,034
Improper management	26	16	\$1,364,162	\$85,260	25	\$2,084,019	\$83,361
Failure to diagnose	43	15	\$4,955,541	\$330,369	43	\$2,042,220	\$47,493
Wrong medication administered	20	15	\$1,253,407	\$83,560	19	\$539,296	\$28,384
Sexual misconduct	20	14	\$1,380,220	\$98,587	20	\$710,457	\$35,523
Wrong medication dispensed	13	13	\$1,206,762	\$92,828	11	\$281,513	\$25,592
Patient positioning problem	15	11	\$2,584,405	\$234,946	14	\$672,326	\$48,023
Surgical or other foreign body retained	12	11	\$1,322,555	\$120,232	11	\$449,155	\$40,832
Delay in treatment	14	10	\$5,427,317	\$542,732	14	\$968,197	\$69,157

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

Five-year period ending December 31, 2016							
<u>Allegation made against an organization</u>	Total number of claims	Claims with paid indemnity	Total paid indemnity	Average paid indemnity	Claims with defense costs	Total defense costs	Average defense cost
Vicarious liability	741	263	\$81,232,353	\$308,868	727	\$30,921,673	\$42,533
Failure to ensure patient safety	81	64	\$8,042,152	\$125,659	77	\$2,257,935	\$29,324
Failure to monitor	21	16	\$5,574,004	\$348,375	20	\$1,389,976	\$69,499
Improper supervision	13	10	\$2,770,388	\$277,039	12	\$609,294	\$50,775
Failure to supervise	12	10	\$1,339,773	\$133,977	11	\$910,284	\$82,753
Failure to instruct or communicate w/ patient/family	11	10	\$1,880,631	\$188,063	11	\$648,824	\$58,984

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

County statistics

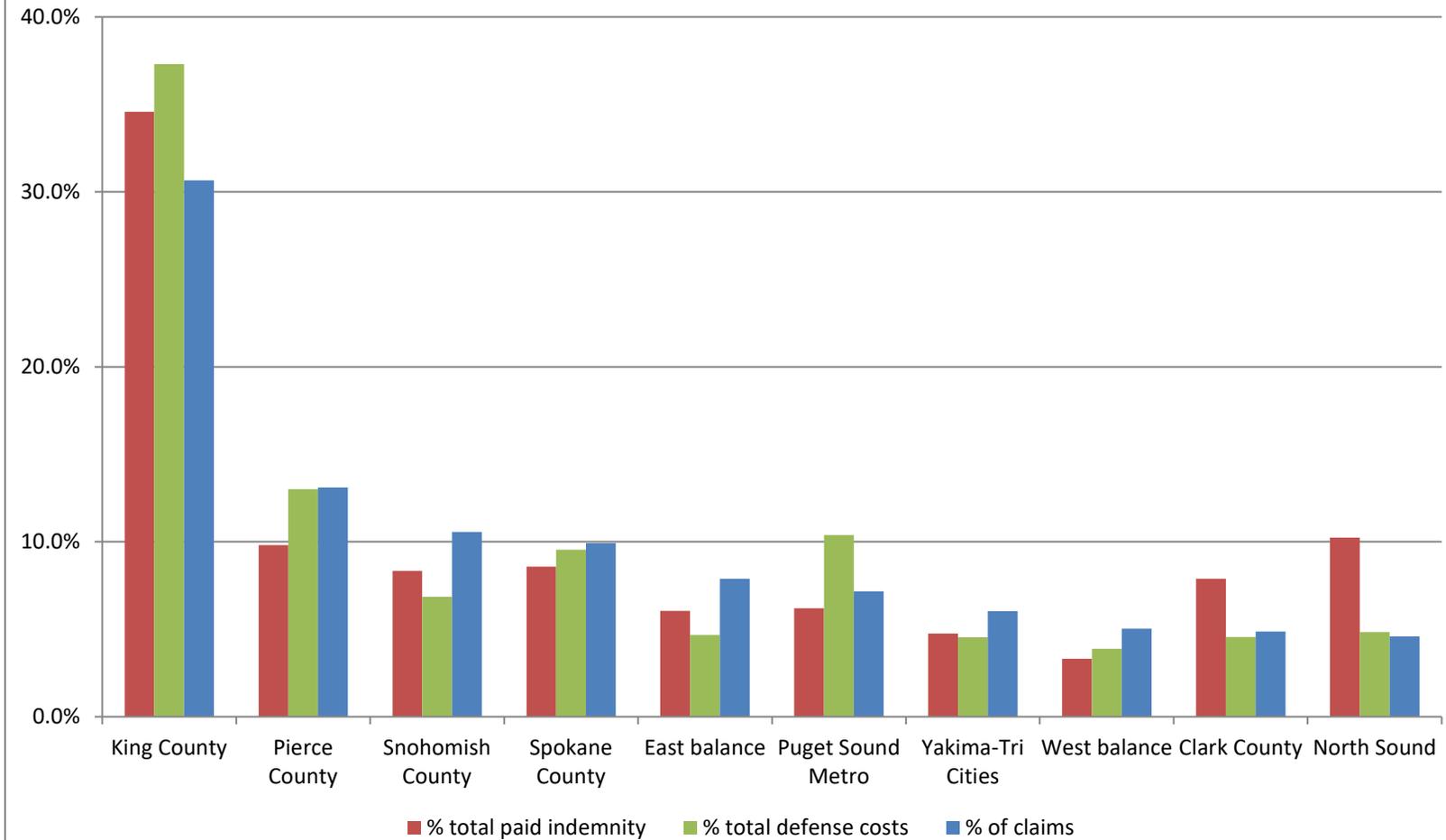
Insurers and self-insurers reported the county where the medical incident occurred.⁴⁹ To provide information about differences by location, we divided the state into nine regions.⁵⁰ King County had the highest total paid indemnity and total defense costs, while average indemnity payments were highest in the North Sound. A few claims were reported as occurring out of state (not shown).

Region	Five-year period ending December 31, 2016									
	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	1,606	772	\$213,831,674	\$45,000	\$276,984	\$182,251	1,317	\$93,683,714	\$71,134	\$19,827
Pierce County	686	267	\$60,670,325	\$65,000	\$227,230	\$103,891	614	\$32,645,661	\$53,169	\$17,642
Snohomish County	553	344	\$51,525,339	\$5,541	\$149,783	\$100,142	364	\$17,196,883	\$47,244	\$13,473
Spokane County	520	202	\$53,058,940	\$70,000	\$262,668	\$152,348	468	\$23,978,859	\$51,237	\$8,316
East balance	413	176	\$37,459,090	\$87,500	\$212,836	\$154,244	369	\$11,746,444	\$31,833	\$8,320
Puget Sound Metro	375	184	\$38,334,056	\$86,305	\$208,337	\$118,235	335	\$26,079,259	\$77,849	\$24,816
Yakima-Tri Cities	316	134	\$29,452,837	\$74,500	\$219,797	\$106,191	293	\$11,401,012	\$38,911	\$12,262
West balance	264	108	\$20,489,511	\$62,500	\$189,718	\$87,277	240	\$9,752,995	\$40,637	\$19,223
Clark County	255	122	\$48,781,665	\$77,500	\$399,850	\$255,321	207	\$11,430,057	\$55,218	\$14,221
North Sound	240	100	\$63,305,809	\$96,569	\$633,058	\$249,627	221	\$12,150,848	\$54,981	\$11,245

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

⁵⁰ **Yakima-Tri Cities** includes Benton, Franklin and Yakima counties. **East balance** includes Adams, Asotin, Chelan, Columbia, Douglas, Ferry, Garfield, Grant, Kittitas, Lincoln, Okanogan, Pend Oreille, Stevens, Walla Walla and Whitman counties. **Puget Sound Metro** includes Kitsap and Thurston counties. **West balance** includes Clallam, Cowlitz, Grays Harbor, Jefferson, Klickitat, Lewis, Mason, Pacific, Skamania and Wahkiakum counties. **North Sound** includes Island, San Juan, Skagit and Whatcom counties.

Distributions by Region

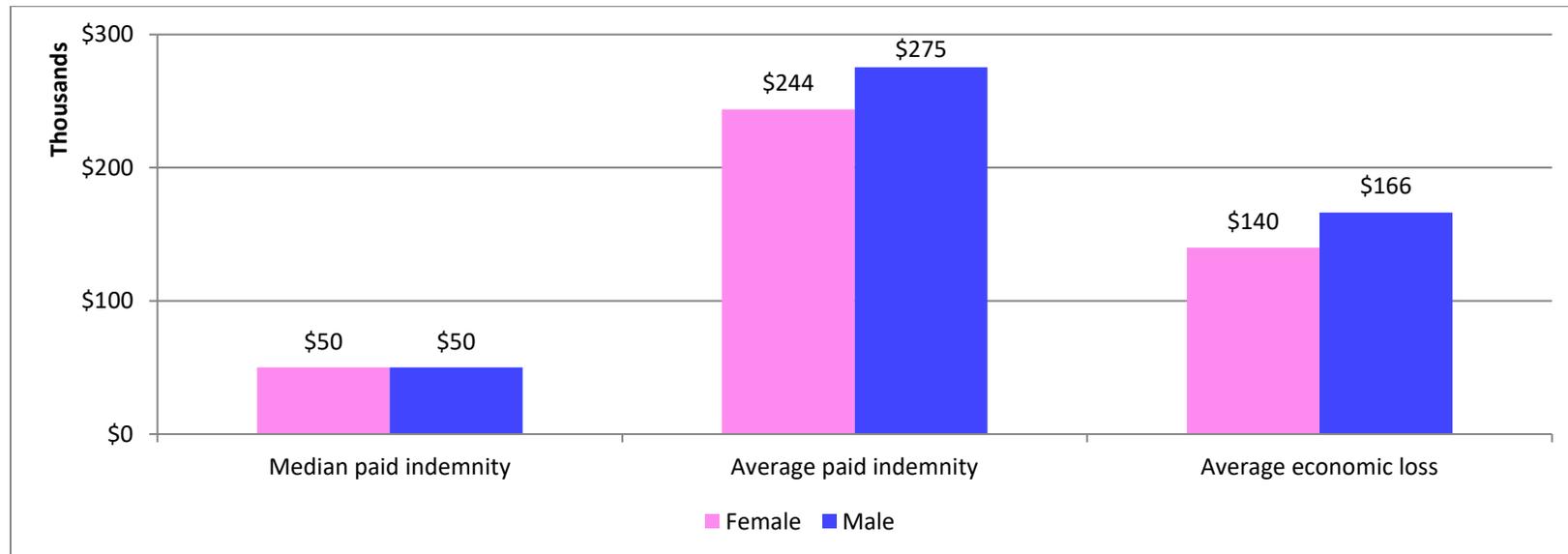


Gender statistics

Of the 5,237 claims closed, 57.9 percent of the claims reported the injured party was female and 42 percent of the claims reported the injured party was male. For a few claims, the gender was reported as unknown (not shown).

Five-year period ending December 31, 2016									
Gender	Total number of claims	Claims with paid indemnity	Total paid indemnity	Median paid indemnity	Average paid indemnity	Average economic loss	Claims with defense costs	Total defense costs	Average defense costs
Female	3,032	1,441	\$351,329,326	\$50,000	\$243,809	\$140,049	2,574	\$138,192,928	\$53,688
Male	2,198	969	\$266,797,922	\$50,000	\$275,333	\$166,446	1,858	\$112,456,175	\$60,525

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

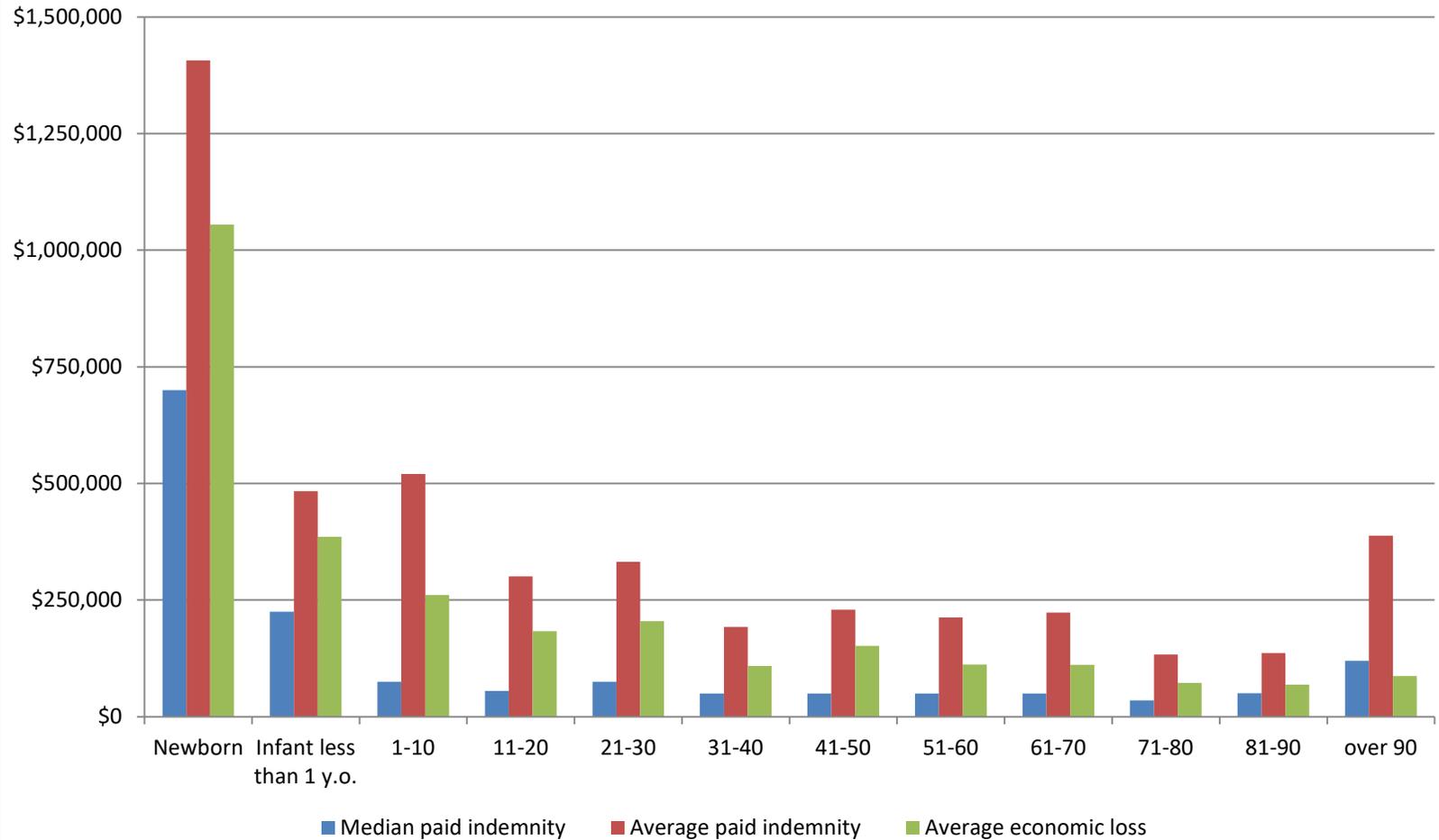


Age statistics

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

<u>Age group</u>	<u>Five-year period ending December 31, 2016</u>									
	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	126	51	\$71,750,450	\$53,806,694	\$1,406,872	\$1,055,033	\$700,000	116	\$18,604,979	\$160,388
Infant less than 1 y.o.	46	24	\$11,605,574	\$9,253,501	\$483,566	\$385,563	\$225,000	39	\$3,771,461	\$96,704
1-10	120	59	\$30,713,502	\$15,376,624	\$520,568	\$260,621	\$75,000	107	\$6,269,521	\$58,594
11-20	171	82	\$24,665,802	\$15,017,014	\$300,802	\$183,134	\$55,000	148	\$9,806,070	\$66,257
21-30	469	215	\$71,379,475	\$44,036,482	\$331,998	\$204,821	\$75,000	410	\$24,475,588	\$59,697
31-40	699	308	\$59,366,542	\$33,435,376	\$192,749	\$108,556	\$50,000	610	\$30,210,731	\$49,526
41-50	1,065	455	\$104,258,778	\$69,216,888	\$229,140	\$152,125	\$50,000	914	\$46,393,338	\$50,759
51-60	1,119	507	\$107,727,636	\$56,833,536	\$212,481	\$112,098	\$50,000	931	\$51,371,018	\$55,178
61-70	787	377	\$84,039,840	\$41,928,046	\$222,917	\$111,215	\$50,000	654	\$32,707,188	\$50,011
71-80	387	184	\$24,601,777	\$13,327,499	\$133,705	\$72,432	\$35,000	319	\$14,053,754	\$44,056
81-90	211	120	\$16,348,057	\$8,265,135	\$136,234	\$68,876	\$50,550	166	\$9,673,322	\$58,273
over 90	37	31	\$12,026,813	\$2,707,457	\$387,962	\$87,337	\$120,000	23	\$3,790,462	\$164,803
Total	5,237	2,413	\$618,484,246	\$363,204,252	\$256,313	\$150,520	\$50,000	4,437	\$251,127,432	\$56,598

Payment Averages by Age Group



Trends

This chart shows estimates of trends in frequency and severity.⁵¹ Average claim costs and the number of reported claims have been increasing.

Year closed	Average paid indemnity	Average limited indemnity	Average defense costs	Average of limited indemnity + defense costs	Number of claims closed
2008	\$235,067	\$186,013	\$49,307	\$139,607	886
2009	\$244,140	\$179,567	\$43,460	\$124,289	868
2010	\$212,851	\$167,484	\$37,641	\$115,023	928
2011	\$215,145	\$174,386	\$40,930	\$113,385	1,207
2012	\$169,887	\$144,012	\$50,081	\$112,904	1,182
2013	\$231,072	\$179,247	\$47,464	\$126,840	1,130
2014	\$267,644	\$234,865	\$57,383	\$155,892	1,036
2015	\$378,525	\$221,620	\$64,326	\$146,109	1,026
2016	\$286,160	\$220,897	\$65,481	\$153,975	863
Annual trend	4.5%	3.4%	5.7%	2.7%	0.9%

Average limited indemnity amounts were calculated by restricting individual claims to a maximum of \$1 million, which is a way to reduce volatility in the trend estimate. The estimated trend in the number of claims closed is biased low due to late reported claims; there will likely be more than 863 claims reported for 2016 as additional reports come in. Excluding 2016, the annual trend in the number of claims is 3.0 percent.

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

⁵¹ 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.

in claims settlement rates. The trend in the number of claims closed is a poor estimate of frequency trend. A frequency is calculated as the number of claims per exposure (e.g., per policy or per physician). Since insurers do not report policy counts, physician counts, or other exposure data, we cannot calculate a true frequency trend. These trend estimates could also be distorted by changes in data reporting compliance over time.

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>					<u>Five-year total</u>
	2012	2013	2014	2015	2016	
Settlements reported by attorneys	60	58	53	46	33	250
Number of settlements with paid indemnity	59	57	52	43	31	242
Total paid indemnity	\$44,247,074	\$72,113,776	\$70,617,961	\$73,752,000	\$52,208,662	\$312,939,473
Average payment to claimant	\$749,950	\$1,265,154	\$1,358,038	\$1,715,163	\$1,684,150	\$1,293,138
Median payment to claimant	\$212,500	\$390,000	\$550,000	\$795,000	\$500,000	\$400,000
Total legal expenses	\$18,109,028	\$31,971,142	\$27,209,251	\$28,932,607	\$21,740,455	\$127,962,483
Total attorney fees	\$15,853,136	\$26,706,371	\$23,910,626	\$25,713,603	\$19,708,154	\$111,891,890
Average legal expense	\$301,817	\$551,227	\$513,382	\$628,970	\$658,802	\$511,850
Average fee paid to attorney	\$268,697	\$468,533	\$459,820	\$597,991	\$635,747	\$462,363

Indemnity payments to claimants: Over the five-year period ending December 31, 2016, claimants received total compensation of \$312.9 million on 242 settlements, averaging \$1.3 million per settlement. Median paid indemnity was \$400,000 over the same period.

Claimants paid \$128 million for legal expenses, averaging \$511,850 per lawsuit. Claimants paid \$111.9 million in attorney fees, or an average of \$462,363 per settlement.⁵² On average, the attorney fee was 35.8 percent of the total compensation paid to the claimant.

The average indemnity payment per settlement reported by attorneys was five times the average indemnity payment reported by insurers on a per-defendant basis. Per-lawsuit averages are expected to be higher than per-defendant averages, since settlements

⁵² Attorneys in this area of litigation typically work on a contingency basis, and receive fees if one or more defendants compensate the claimant.

reported by attorneys can involve multiple defendants. Averages reported by attorneys may be biased high; attorneys might be less likely to report data to the OIC for lawsuits resulting in small indemnity payments.

How lawsuits were settled

Very few settlements were the result of a judgment or verdict, but these settlements resulted in the highest average indemnity payment at \$2.9 million. The average attorney fee for lawsuits resolved in court was \$1.2 million, or 39.8 percent of the total judgment or verdict. Lawsuits resolved by alternative dispute resolution or by negotiation between the parties were much more common, with average indemnity payments and attorney fees being about 12 percent lower for alternative dispute resolution.

Five-year period ending December 31, 2016								
<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	13	\$8,371,713	\$643,978	6	\$17,385,942	\$2,897,657	\$6,918,717	\$1,153,120
Alternative dispute resolution	109	\$51,725,792	\$474,549	108	\$125,737,369	\$1,164,235	\$44,763,831	\$414,480
Settled by parties	128	\$67,864,978	\$530,195	128	\$169,816,162	\$1,326,689	\$60,209,342	\$470,385
Total	250	\$127,962,483	\$511,850	242	\$312,939,473	\$1,293,138	\$111,891,890	\$462,363

Of the 109 settlements resolved by alternative dispute resolution, 100 were resolved in mediation, resulting in \$123 million in indemnity payments. The average mediated settlement resulted in an indemnity payment of \$1.2 million. The average attorney fee for settlements resolved in mediation was \$439,453, or 35.6 percent of the total settlement. When other legal expenses are added, such as expert witnesses, claimants paid an average of \$504,509 for total legal expenses – or 40.9 percent of the total mediated settlement.

Settlements by county

Region	Five-year period ending December 31, 2016						
	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	124	\$64,784,747	\$522,458	120	\$161,468,640	\$1,345,572	\$487,500
Pierce County	23	\$8,756,040	\$380,697	22	\$21,014,730	\$955,215	\$575,000
Clark County	22	\$4,830,977	\$219,590	22	\$10,734,420	\$487,928	\$145,000
Puget Sound Metro	19	\$10,473,277	\$551,225	18	\$24,340,000	\$1,352,222	\$500,000
Yakima-Tri Cities	14	\$4,464,742	\$318,910	14	\$9,245,000	\$660,357	\$387,500
North Sound	12	\$13,490,128	\$1,124,177	11	\$32,518,000	\$2,956,182	\$850,000
East balance	12	\$10,519,320	\$876,610	12	\$25,959,000	\$2,163,250	\$275,000
Spokane County	11	\$8,138,488	\$739,863	10	\$21,727,183	\$2,172,718	\$304,092
East Balance	9	\$1,668,712	\$185,412	9	\$3,872,500	\$430,278	\$275,000
West balance	4	\$836,052	\$209,013	4	\$2,060,000	\$515,000	\$142,500
Total	250	\$127,962,483	\$511,850	242	\$312,939,473	\$1,293,138	\$400,000

Attorneys reported settlement data by county where the medical incident occurred. To provide meaningful information regarding differences by location, we divided the state into nine regions.⁵³ King County had the highest total paid indemnity, but only the fifth-highest average paid indemnity. A few extremely large settlements in 2015 pushed the North Sound region into the top spot for average paid indemnity at \$3.0 million. The North Sound also had the highest median payment at \$850,000.

⁵³ Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), some counties are grouped together to maintain confidentiality. **Yakima-Tri Cities** includes Benton, Franklin and Yakima counties. **East balance** includes Adams, Asotin, Chelan, Columbia, Douglas, Ferry, Garfield, Grant, Kittitas, Lincoln, Okanogan, Pend Oreille, Stevens, Walla Walla and Whitman counties. **Puget Sound Metro** includes Kitsap and Thurston counties. **West balance** includes Clallam, Cowlitz, Grays Harbor, Jefferson, Klickitat, Lewis, Mason, Pacific, Skamania and Wahkiakum counties. **North Sound** includes Island, San Juan, Skagit and Whatcom counties.

Gender of claimant

Five-year period ending December 31, 2016							
Gender	Settlements with legal fees	Total legal fees	Average legal expense paid by claimant	Settlements with paid indemnity	Total paid indemnity	Average indemnity paid to claimant	Median paid indemnity
Female	147	\$65,516,050	\$445,687	141	\$154,707,560	\$1,097,217	\$375,000
Male	103	\$62,446,433	\$606,276	101	\$158,231,913	\$1,566,653	\$500,000
Total	250	\$127,962,483	\$511,850	242	\$312,939,473	\$1,293,138	\$400,000

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

Age of claimant

Attorneys reported the age group of the claimant. This table shows that the settlements with the highest average indemnity payments involved the youngest claimants. Claimants between 21 and 30 years old had the highest median indemnity payment.

<u>Age group</u>	<u>Five-year period ending December 31, 2016</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	15	\$14,532,055	\$968,804	15	\$36,966,633	\$2,464,442	\$1,000,000
Ages 1-10	4	\$7,487,488	\$1,871,872	4	\$17,562,691	\$4,390,673	\$1,137,500
Ages 11-20	9	\$2,864,334	\$318,259	9	\$7,215,000	\$801,667	\$250,000
Ages 21-30	16	\$12,080,692	\$755,043	14	\$28,337,500	\$2,024,107	\$1,227,500
Ages 31-40	33	\$11,235,727	\$340,477	32	\$29,176,393	\$911,762	\$575,000
Ages 41-50	48	\$28,039,971	\$584,166	47	\$64,880,598	\$1,380,438	\$350,000
Ages 51-60	54	\$34,755,612	\$643,622	54	\$90,118,768	\$1,668,866	\$350,000
Ages 61-70	42	\$11,981,571	\$285,276	42	\$27,842,890	\$662,926	\$462,500
Ages 71-80	23	\$3,835,716	\$166,770	19	\$7,934,000	\$417,579	\$300,000
Ages 81 and over	6	\$1,149,317	\$191,552.83	6	\$2,905,000	\$484,167	\$237,500
Total	250	\$127,962,483	\$511,850	242	\$312,939,473	\$1,293,138	\$400,000

Report limitations

Analysis based on historical closed claim data has limitations:

1. There is a natural mismatch between premiums and losses used to calculate loss ratios and profitability ratios for commercial insurers. Premiums used for loss ratios are earned during the calendar year, but the amounts booked as incurred loss during the same calendar year are from claims from various accident years. As a result, most losses do not correspond to the same policies that the premium comes from.
2. Claims are reported based on the year in which they reach final resolution. Some arose from recent medical incidents, but many arose from incidents that occurred several years ago.
3. This report contains claims that closed during a limited period.
4. The OIC cannot use data in this report to evaluate past or current medical professional liability insurance rates. Insurers develop medical malpractice rates using an analysis of open and closed claims, and develop rates based on an estimate of expected future claim costs and expenses.
5. In producing this report, the OIC has relied upon data submitted by insurers, self-insurers, and attorneys. Data may contain anomalies. The OIC audits data to improve the accuracy, consistency, and completeness of these data. OIC adopted administrative rules that contain data definitions and reporting instructions, but the accuracy of the report still depends largely on the accuracy of the data reported by insurers and self-insurers and attorneys. People who report data may interpret data fields differently or make errors.
6. The OIC has not adjusted these data for economic differences occurring during the report period, such as inflation and the cost of medical care.
7. These data do not distinguish between policies and coverage amounts. Insurers and self-insurers do not report policy limits, so the report does not analyze the data by type of policy, whether coverage is primary or excess, limits of coverage, or size of deductibles or retentions to determine if coverage limits affect the frequency or severity of claims.

8. Insurers and self-insurers reported data separately for each defendant. This reporting method may overstate the frequency of “incidents” and understate the severity of an “incident,” but it keeps inconsistencies and inaccuracies to a minimum by limiting the amount of incomplete reporting by insurers and self-insurers.
9. This report analyzes only closed claims data. Any claims that are still open, such as claims that are in settlement negotiations or on trial, are not included in this study. The analysis of closed claim information is valuable; however, open claims information may be more indicative of the current claims environment. For example, the impact of recent legislation or judicial decisions will not be reflected in a closed claim database.
10. Although insurers and self-insurers report data only after the claim has been closed, they occasionally re-open claims that were previously closed. Amounts reported may not be the true, ultimate amounts.

Appendices

Appendix A: Profitability

Physicians Insurance, a Mutual Company												
Year	(a) Net premium written	(b) Underwriting expenses incurred	(c) Expense ratio [b/a]	(d) Net premiums earned	(e) Losses and loss adjustment expenses	(f) Loss ratio [e/d]	(g) Policyholder dividends	(h) Dividend ratio [g/d]	(i) Combined ratio	(j) Net investment income	(k) Net investment income ratio [j/d]	(l) Operating ratio [i-k]
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%
2014	76,701,101	12,732,714	16.6%	75,121,138	61,689,384	82.1%	5,070,027	6.7%	105.5%	14,861,343	19.8%	85.7%
2015	76,301,471	14,408,108	18.9%	71,271,073	60,145,162	84.4%	5,013,655	7.0%	110.3%	14,821,719	20.8%	89.5%
2016	78,240,313	16,313,878	20.9%	78,437,989	64,504,225	82.2%	5,021,643	6.4%	109.5%	14,780,030	18.8%	90.6%
Total	734,372,956	118,956,367	16.2%	715,365,255	530,092,519	74.1%	45,457,992	6.4%	96.7%	139,213,460	19.5%	77.2%
Five-year period-to-period results												
2007-2011	362,474,893	51,077,149	14.1%	355,223,733	231,859,123	65.3%	20,217,574	5.7%	85.1%	68,345,944	19.2%	65.8%
2012-2016	371,898,063	67,879,218	18.3%	360,141,522	298,233,396	82.8%	25,240,418	7.0%	108.1%	70,867,516	19.7%	88.4%

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]
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%
2014	644,037,543	148,922,813	23.1%	659,903,069	516,688,550	78.3%	18,211,496	2.8%	104.2%	9,510,008	1.4%	102.7%
2015	622,861,093	150,717,918	24.2%	628,266,492	468,212,747	74.5%	23,709,837	3.8%	102.5%	27,685,904	4.4%	98.1%
2016	602,359,134	150,875,395	25.0%	610,408,597	474,058,358	77.7%	28,051,262	4.6%	107.3%	35,060,286	5.7%	101.6%
Total	5,806,213,995	1,267,562,123	21.8%	5,756,229,333	3,789,649,984	65.8%	176,946,676	3.1%	90.7%	778,826,311	13.5%	77.2%
Five-year period-to-period results												
2007-2011	2,664,697,927	555,951,860	20.9%	2,631,471,998	1,444,902,541	54.9%	67,963,446	2.6%	78.4%	517,260,748	19.7%	58.7%
2012-2016	3,141,516,068	711,610,263	22.7%	3,124,757,335	2,344,747,443	75.0%	108,983,230	3.5%	101.2%	261,565,563	8.4%	92.8%

The Medical Protective Company												
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Year	Net premium written	Underwriting expenses incurred	Expense ratio [b/a]	Net premiums earned	Losses and loss adjustment expenses	Loss ratio [e/d]	Policyholder dividends	Dividend ratio [g/d]	Combined ratio	Net investment income	Net investment income ratio [j/d]	Operating ratio [i-k]
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%
2014	-680,001,929	20,854,006	-3.1%	-575,282,426	-658,979,231	114.5%	0	0.0%	111.5%	97,914,323	-17.0%	128.5%
2015	226,451,495	53,586,777	23.7%	214,665,128	127,807,468	59.5%	0	0.0%	83.2%	98,853,894	46.1%	37.2%
2016	255,837,377	60,686,074	23.7%	228,980,322	148,917,208	65.0%	0	0.0%	88.8%	90,412,011	39.5%	49.3%
Total	2,495,199,191	633,273,873	25.4%	2,503,837,801	1,361,578,459	54.4%	0	0.0%	79.8%	931,282,269	37.2%	42.6%
Five-year period-to-period results												
2007-2011	1,682,187,337	313,844,696	18.7%	1,646,780,485	1,111,178,808	67.5%	0	0.0%	86.1%	394,026,656	23.9%	62.2%
2012-2016	813,011,854	319,429,177	39.3%	857,057,316	250,399,651	29.2%	0	0.0%	68.5%	537,255,613	62.7%	5.8%

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

Appendix B: Reserve development

Physicians Insurance, a Mutual Company													
Incurred net losses and defense and cost containment expenses (\$000 omitted)													
Amounts reported at year-end													
Year in which losses occurred	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One year development	Two year development	Cumulative development
Prior	124,044	100,874	98,184	81,079	68,288	63,083	61,308	59,405	59,902	61,488	1,586	2,083	-62,556
2007	51,458	43,568	37,383	35,768	36,921	34,514	33,247	32,838	31,857	31,758	-99	-1,080	-19,700
2008		57,137	44,684	38,672	36,794	33,629	30,644	29,637	28,587	29,672	1,085	35	-27,465
2009			55,629	54,621	51,841	50,073	51,595	49,254	48,952	48,152	-800	-1,102	-7,477
2010				61,648	52,493	48,490	46,159	45,100	39,208	38,096	-1,112	-7,004	-23,552
2011					68,571	61,519	54,457	50,314	48,425	47,268	-1,157	-3,046	-21,303
2012						64,479	58,836	60,309	54,902	49,046	-5,856	-11,263	-15,433
2013							65,630	56,757	49,966	44,418	-5,548	-12,339	-21,212
2014								65,379	63,625	59,703	-3,922	-5,676	-5,676
2015									67,830	64,651	-3,179		-3,179
2016										66,696			
										Total	-19,002	-39,392	-207,553

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One year development	Two year development	Cumulative Development
Prior	530,986	469,213	353,872	301,905	274,958	269,595	279,150	275,837	271,870	271,278	-592	-4,559	-259,708
2007	309,812	293,210	286,848	221,388	194,708	193,339	192,063	189,798	189,836	189,987	151	189	-119,825
2008		282,251	286,591	286,186	294,745	245,867	243,268	241,550	236,329	235,019	-1,310	-6,531	-47,232
2009			382,196	359,494	327,778	323,624	288,348	284,449	284,041	284,077	36	-372	-98,119
2010				384,936	360,284	358,923	352,613	312,559	303,470	301,084	-2,386	-11,475	-83,852
2011					402,382	401,470	401,593	398,810	359,691	350,613	-9,078	-48,197	-51,769
2012						437,363	421,491	420,738	407,422	369,422	-38,000	-51,316	-67,941
2013							478,868	479,267	475,791	475,791	0	-3,476	-3,077
2014								523,776	523,475	523,475	0	-301	-301
2015									499,160	499,644	484		484
2016										467,527			
										Total	-50,695	-126,038	-731,340

The Medical Protective Company

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

Amounts reported at year-end

Year in which losses occurred	Amounts reported at year-end										One year development	Two year development	Cumulative Development
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016			
Prior	604,414	581,730	552,306	483,801	433,115	439,354	407,535	340,955	338,736	335,984	-2,752	-4,971	-268,430
2007	278,967	265,104	251,428	237,911	187,241	180,017	164,520	126,922	119,842	116,269	-3,573	-10,653	-162,698
2008		285,000	271,527	257,782	244,108	222,419	197,674	145,576	138,356	133,231	-5,125	-12,345	-151,769
2009			291,750	278,022	264,576	287,984	253,520	170,649	159,108	151,294	-7,814	-19,355	-140,456
2010				293,913	279,180	305,693	293,658	175,727	160,459	151,892	-8,567	-23,835	-142,021
2011					282,074	314,451	301,159	169,322	154,949	146,890	-8,059	-22,432	-135,184
2012						322,195	315,585	163,486	159,471	152,546	-6,925	-10,940	-169,649
2013							322,225	157,295	155,514	149,149	-6,365	-8,146	-173,076
2014								174,469	177,627	172,179	-5,448	-2,290	-2,290
2015									186,030	183,767	-2,263		-2,263
2016										185,285			
										Total	-56,891	-114,967	-1,347,836

Appendix C: Rate filing information

<u>NAIC Code</u>	<u>Company</u>	<u>Description</u>	<u>Approved Change</u>	<u>Effective Date</u>
11843	Medical Protective Company	Multi-Specialty Health Care Providers	28.0%	8/15/2017
15865	NCMIC Insurance Company	Naturopathic	-4.1%	8/1/2017
	Insurance Services Office Inc.	Hospitals and Physicians, Surgeons and Dentists	5.0%	8/1/2017
	Insurance Services Office Inc.	Hospitals, Physicians and Surgeons	-0.6%	8/1/2017
11843	Medical Protective Company	Podiatrists	10.0%	7/1/2017
11843	Medical Protective Company	Nurses	-5.0%	2/1/2017
23280	Cincinnati Indemnity Co.	Optometrists	-4.4%	1/1/2017
13714	Pharmacists Mutual Ins. Co.	Dental Hygienists	New Program	12/31/2016
34495	Doctors Company An Interinsurance Exchange	Dentists	New Program	10/1/2016
20443	Continental Casualty Co.	Dentists	10.1%	9/1/2016
23280	Cincinnati Indemnity Co.	Allied Health	33.0%	9/1/2016
10677	Cincinnati Insurance Co.	Allied Health	28.7%	9/1/2016
22276	Berkshire Hathaway Specialty Ins. Co.	Allied Health	New Program	8/25/2016
10472	Capitol Indemnity Corporation	Oncologists	New Program	5/15/2016
20427	American Casualty Co. of Reading, PA	Healthcare Providers Services Organization	5.3%	2/1/2016

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

Physicians Insurance			
Rate filing selections	2008 filing	2009 filing	Difference
Selected frequency:	5.6%	5.2%	-0.4%
Selected severity:	\$82,500	\$80,000	-\$2,500
Selected pure premium:	\$4,300	\$3,980	-\$320
Selected annual trend:	4.0%	4.0%	0.0%

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

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

Physicians Insurance									
Year	2008 filing	2009 filing	Difference						
1990	\$11,243	\$11,243	\$0						
1991	\$21,466	\$21,466	\$0						
1992	\$23,299	\$24,594	\$1,295						
1993	\$22,281	\$22,281	\$0						
1994	\$25,950	\$25,950	\$0						
1995	\$34,470	\$34,436	-\$34						
1996	\$27,234	\$27,207	-\$27						
1997	\$33,050	\$32,984	-\$66						
1998	\$33,971	\$33,760	-\$211						
1999	\$29,259	\$29,322	\$63						
2000	\$33,791	\$33,331	-\$460						
2001	\$35,098	\$34,715	-\$383						
2002	\$29,413	\$29,891	\$478	The Doctors Co.					
				2012 filing	2013 filing	Difference			
2003	\$27,765	\$26,938	-\$827	\$14,328	\$14,328	\$0	Medical Protective		
2004	\$28,954	\$28,782	-\$172	\$7,955	\$7,954	-\$1	2013 filing	2015 filing	Difference
2005	\$29,498	\$28,706	-\$792	\$8,262	\$8,262	\$0	\$7,569	\$5,204	-\$2,365
2006	\$28,842	\$26,899	-\$1,943	\$10,114	\$9,947	-\$167	\$6,059	\$5,635	-\$424
2007		\$23,987		\$5,670	\$5,685	\$15	\$4,783	\$4,541	-\$242
2008				\$11,700	\$11,550	-\$150	\$1,317	\$1,576	\$259
2009				\$10,500	\$10,150	-\$350	\$4,031	\$4,094	\$63
2010				\$6,850	\$7,900	\$1,050	\$3,374	\$3,644	\$270
2011				\$12,400	\$12,600	\$200	\$3,994	\$2,157	-\$1,837
2012								\$1,808	
Total			-\$3,079			\$597			-\$4,276

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

Appendix D: 2015 NAIC profitability report - medical professional liability insurance

State	Direct premiums earned (000s)	Percent of direct premiums earned										Percent of net worth			
		Losses incurred	Loss adjust expense	General expense	Selling expense	Taxes license fees	Dividend to plcyhdr	Underwriting profit	Invest gain on ins. trans.	Tax on ins. trans.	Profit on ins. trans.	Earned prem. to net worth	Inv. gain on net worth	Tax on inv. gain on net worth	Return on net worth
Alabama	116,526	21.6	31.1	8.1	9.4	2.2	0.9	26.6	12.4	12.6	26.5	38.8	4.1	1.1	13.3
Alaska	23,148	11.7	22.5	8.1	10.4	2.1	12.8	32.4	5.7	12.8	25.2	57.3	4.1	1.1	17.5
Arizona	222,013	35.2	21.8	8.1	12.7	1.6	12.0	8.6	9.6	5.5	12.7	43.4	4.1	1.1	8.5
Arkansas	63,172	62.0	39.9	8.1	14.9	2.6	1.5	-28.9	13.6	-6.6	-8.8	37.2	4.2	1.1	-0.2
California	764,849	38.6	33.5	8.1	13.6	1.8	2.9	1.4	8.4	2.7	7.2	48.4	4.1	1.1	6.5
Colorado	157,571	32.3	24.1	8.1	10.7	1.2	15.3	8.3	7.8	4.9	11.1	49.9	4.1	1.1	8.6
Connecticut	166,060	66.5	23.8	8.1	12.4	2.6	1.4	-14.8	12.9	-1.8	0.0	38.6	4.1	1.1	3.0
Delaware	34,422	28.5	19.3	8.1	13.7	1.9	0.5	28.1	11.4	12.8	26.7	40.0	4.1	1.1	13.7
District of Columbia	27,552	5.8	-10.2	8.1	16.1	4.2	0.7	75.2	14.6	30.1	59.7	35.2	4.2	1.1	24.1
Florida	567,888	47.6	29.9	8.1	14.7	2.4	1.6	-4.3	9.0	0.8	3.9	46.7	4.2	1.1	4.9
Georgia	251,869	41.6	30.9	8.1	12.8	3.1	3.3	0.1	11.8	3.1	8.8	39.7	4.1	1.1	6.6
Hawaii	27,388	54.6	29.5	8.1	11.4	3.4	13.9	-20.9	9.3	-4.9	-6.6	45.2	4.1	1.1	0.1
Idaho	30,006	19.0	24.1	8.1	13.9	2.0	6.7	26.2	9.4	11.6	24.0	45.5	4.1	1.1	14.0
Illinois	512,231	43.9	29.1	8.1	15.0	0.8	5.9	-2.8	15.4	3.1	9.6	34.0	4.1	1.1	6.3
Indiana	117,509	30.9	26.9	8.1	10.8	1.7	0.3	21.3	16.5	11.7	26.0	33.0	4.1	1.1	11.6
Iowa	67,145	42.3	19.4	8.1	14.9	1.3	1.3	12.7	8.9	6.8	14.8	47.7	4.1	1.1	10.1
Kansas	60,865	15.3	26.2	8.1	13.7	1.5	2.9	32.2	11.4	14.2	29.3	42.2	4.1	1.1	15.4
Kentucky	105,607	45.8	13.6	8.1	13.1	2.0	1.1	16.3	18.0	10.4	23.9	30.9	4.1	1.1	10.4
Louisiana	101,341	11.0	31.9	8.1	12.1	2.7	2.7	31.4	12.0	14.1	29.3	40.4	4.1	1.1	14.9
Maine	42,664	43.1	16.3	8.1	11.3	1.9	4.1	15.2	9.4	7.8	16.8	45.0	4.1	1.1	10.6

State	Direct premiums earned (000s)	Percent of direct premiums earned										Percent of net worth			
		Losses incurred	Loss adjust expense	General expense	Selling expense	Taxes license fees	Dividend to plcyhdr	Underwriting profit	Invest gain on ins. trans.	Tax on ins. trans.	Profit on ins. trans.	Earned prem. to net worth	Inv. gain on net worth	Tax on inv.gain on net worth	Return on net worth
Maryland	280,213	29.5	24.4	8.1	12.2	1.8	13.7	10.3	9.8	6.2	14.0	45.1	4.1	1.1	9.3
Massachusetts	303,810	41.0	17.5	8.1	10.9	2.2	0.8	19.6	17.2	11.3	25.4	32.5	4.1	1.1	11.3
Michigan	191,257	27.6	13.7	8.1	15.1	1.4	0.4	33.8	11.1	14.7	30.2	41.5	4.1	1.1	15.6
Minnesota	78,381	18.0	17.5	8.1	13.6	1.9	1.1	39.8	7.7	16.0	31.6	52.3	4.1	1.1	19.6
Mississippi	49,760	26.3	19.2	8.1	19.2	1.7	0.7	24.9	10.7	11.5	24.1	42.5	4.2	1.1	13.3
Missouri	143,482	18.5	24.8	8.1	13.1	1.5	9.3	24.8	9.1	11.1	22.9	46.8	4.1	1.1	13.8
Montana	40,078	51.5	27.0	8.1	13.6	2.6	1.0	-3.9	8.5	0.8	3.8	49.4	4.1	1.1	4.9
Nebraska	33,686	52.7	30.7	8.1	13.2	2.1	1.5	-8.3	11.7	0.1	3.3	40.7	4.1	1.1	4.4
Nevada	70,659	39.8	53.1	8.1	12.4	3.2	1.0	-17.7	10.4	-3.5	-3.8	42.9	4.1	1.1	1.4
New Hampshire	37,770	48.6	31.8	8.1	15.1	2.3	1.3	-7.2	12.2	0.7	4.4	39.1	4.2	1.1	4.8
New Jersey	440,318	52.4	27.3	8.1	15.3	1.2	0.2	-4.5	17.5	3.0	10.1	31.3	4.1	1.1	6.2
New Mexico	52,821	90.8	38.6	8.1	13.3	2.6	0.3	-53.6	11.5	-15.8	-26.3	41.6	4.1	1.1	-7.9
New York	1,709,929	58.9	32.8	8.1	9.0	2.3	3.3	-14.4	20.2	0.2	5.6	28.8	4.1	1.1	4.7
North Carolina	177,187	21.9	21.1	8.1	12.7	2.0	2.9	31.2	9.9	13.5	27.6	44.2	4.1	1.1	15.3
North Dakota	10,118	85.6	27.0	8.1	16.9	2.2	1.3	-41.1	9.7	-11.8	-19.5	45.2	4.2	1.1	-5.7
Ohio	278,483	10.6	7.6	8.1	14.6	1.7	1.6	55.8	14.6	23.3	47.0	35.3	4.1	1.1	19.7
Oklahoma	89,812	37.3	41.6	8.1	15.1	1.2	0.3	-3.5	12.1	1.9	6.7	39.8	4.1	1.1	5.7
Oregon	91,776	64.0	32.7	8.1	12.0	1.6	2.5	-20.8	8.8	-5.0	-7.0	47.3	4.1	1.1	-0.3
Pennsylvania	665,508	45.1	26.8	8.1	10.1	1.7	1.0	7.2	12.5	5.8	14.0	39.5	4.1	1.1	8.6
Rhode Island	34,357	113.2	26.6	8.1	14.3	2.1	0.2	-64.5	28.3	-15.2	-21.0	22.1	4.1	1.1	-1.6
South Carolina	65,258	77.7	43.0	8.1	14.4	3.2	2.7	-49.1	11.2	-14.3	-23.6	41.5	4.2	1.1	-6.7
South Dakota	16,973	23.3	34.4	8.1	16.4	2.6	0.2	15.1	10.6	8.0	17.6	43.6	4.2	1.1	10.8
Tennessee	231,002	51.1	35.9	8.1	8.7	0.7	2.3	-6.7	15.8	1.8	7.3	33.8	4.1	1.1	5.5

State	Direct premiums earned (000s)	Percent of direct premiums earned										Percent of net worth			
		Losses incurred	Loss adjust expense	General expense	Selling expense	Taxes license fees	Dividend to plcyhdr	Underwriting profit	Invest gain on ins. trans.	Tax on ins. trans.	Profit on ins. trans.	Earned prem. to net worth	Inv. gain on net worth	Tax on inv.gain on net worth	Return on net worth
Texas	293,964	29.2	23.8	8.1	16.2	1.3	1.7	19.8	10.5	9.7	20.7	42.9	4.2	1.1	11.9
Utah	62,821	17.1	16.6	8.1	10.5	3.4	1.9	42.6	9.3	17.3	34.6	47.4	4.1	1.1	19.4
Vermont	17,198	-23.3	-2.1	8.1	15.9	11.7	3.0	86.7	11.6	33.4	65.0	39.3	4.3	1.1	28.7
Virginia	194,272	26.4	21.8	8.1	15.0	1.9	3.2	23.6	8.0	10.4	21.3	49.3	4.2	1.1	13.6
Washington	164,617	43.4	27.8	8.1	11.3	1.9	4.0	3.5	11.1	4.1	10.5	42.1	4.1	1.1	7.5
West Virginia	63,493	93.4	35.4	8.1	15.1	3.4	0.3	-55.7	11.6	-16.5	-27.6	40.2	4.2	1.1	-8.0
Wisconsin	80,286	5.1	10.9	8.1	11.7	1.3	0.6	62.4	12.7	25.2	50.0	38.9	4.1	1.1	22.5
Wyoming	23,760	5.3	24.3	8.1	14.0	3.7	2.6	42.0	7.4	16.6	32.8	52.8	4.2	1.1	20.4
Guam	878	-31.7	-14.8	8.1	11.9	2.4	0.1	124.0	1.9	43.9	82.0	80.2	4.1	1.1	68.8
Puerto Rico	68,165	34.4	25.7	8.1	34.8	0.6	0.0	-3.6	8.1	0.8	3.6	49.0	4.3	1.1	5.0
U.S. Virgin Islands	243	6.8	1.9	8.1	21.4	3.1	1.0	57.7	6.1	21.8	42.0	54.5	4.3	1.1	26.0
N Mariana Islands	9	-175.9	-17.8	8.1	9.3	2.6	0.0	273.7	6.7	97.6	182.9	55.3	4.1	1.1	104.2
Countrywide	9,522,172	42.6	27.5	8.1	12.6	1.9	3.2	4.2	13.4	4.9	12.6	37.5	4.1	1.1	7.8
Average	173,130	33.0	23.5	8.1	13.7	2.3	2.9	16.5	11.3	8.7	19.1	42.9	4.1	1.1	12.2
Median	78,381	35.2	25.7	8.1	13.6	2.0	1.5	12.7	11.1	6.8	14.8	42.2	4.1	1.1	10.1