

# 2019 Medical Malpractice Annual Report

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Claims closed from Jan. 1, 2014 through Dec. 31, 2018  
Sept. 1, 2019

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[www.insurance.wa.gov](http://www.insurance.wa.gov)

# About this report

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

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

This is the 10th 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.<sup>1</sup>
3. Summarized lawsuit-resolution data reported by attorneys.

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

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# Key statistics

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## About the medical professional liability insurance market

- The pure loss ratio<sup>2</sup> for 2018 was 52.8%. This is similar to recent ratios. Since 2013, the average pure loss ratio has been 55.0%.
- Defense costs were 15.8% of premium for 2018. This is the lowest such ratio since 2010.
- Annual written premiums totaled \$161.6 million in 2018. This is similar to recent totals. Since 2015, the average annual written premium has been \$160.6 million.
- 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.<sup>3</sup> For example, Physicians Insurance has lowered reserves by \$190 million over its original estimates. Reserves released from prior years translate into profit for the current year.
- Profitability remains strong. The operating ratio for Physicians Insurance, the admitted insurer with the largest market share in Washington, was 90.8% in 2018, compared to 88.9% for the prior five years.<sup>4</sup>
- Medical professional liability rates are stable or declining. The most recent physicians and surgeons rate change filing submitted to the insurance commissioner was a 0.7% reduction by Medical Protective Co. for policies effective on or after January 1, 2019. Physicians Insurance has not filed to change its rates since 2009.

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<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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 2014 through 2018:
  - Insurers and self-insurers paid \$41.1 million for plaintiff verdicts or judgments. Judgments and verdicts were few in number. Of the 30 plaintiff verdicts or judgments, 26 had a payment<sup>5</sup> averaging \$1.6 million.
  - Attorneys reported that defendants paid \$2.6 million to plaintiffs when a lawsuit led to a plaintiff verdict or judgment. Judgments and verdicts were few in number, only four, and resulted in an average payment of \$643,767.<sup>6</sup>
- Most claims resolved by the courts end in favor of the defendant. Insurers and self-insurers reported that 146 claims were resolved by the courts in their favor in 2018, compared to 182 per year on average for the previous four years.
- Defending lawsuits is costly to insurers and self-insurers. Both groups spent \$68.6 million defending lawsuits in which they ultimately prevailed—1.7 times the total indemnity payments for plaintiff judgments or verdicts.

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

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

## About claim data submitted by insurers and self-insurers

**Total claims:** Insurers and self-insurers reported closing 4,581 claims between 2014 and 2018 with an indemnity payment, defense costs, or both types of payments.<sup>7</sup> <sup>8</sup> Commercial insurers reported 2,644 claims, self-insured entities reported 1,793 claims, and risk retention groups reported 144 claims.<sup>9</sup>

**Payments to claimants:** Insurers and self-insurers paid \$691 million on 2,018 claims over the five-year period, or \$342,325 per paid claim.

- Average indemnity payments over the five-year period varied, from a low of \$268,992 in 2014 to a high of \$466,978 in 2018. The median indemnity payment for the five-year period was \$74,500.
- Economic loss payments totaled \$430 million, an average of \$213,051 per paid claim. On average, insurers and self-insurers attributed 62.2% of each claim payment to economic loss.
- Insurers and self-insurers closed 44.1% 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, 9.8% closed with a payment of \$1 million or more. These claims account for 61% of total paid indemnity over the five-year period.

**Defense costs:** Insurers and self-insurers paid \$257 million to defend 3,996 claims, an average of \$64,235 per claim. After being fairly steady between 2014 and 2017, the average defense cost increased to \$72,605 in 2018.

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<sup>7</sup> This report includes claims data reported and edited through March 19, 2019.

<sup>8</sup> 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.

<sup>9</sup> Commercial insurers include both admitted and surplus line insurers.

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

- 69.8% of claims by negotiation, and these settlements comprised 58.8% of the total paid indemnity.
- 20.5% of claims by alternative dispute resolution (arbitration, mediation, or private trial). These settlements comprised 34.6% 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 76.7% of the closed claim reports.<sup>10</sup> Claimants made the remaining claims against an organization, not an individual medical provider.

- Nursing resulted in the most closed claims at 521. Of these claims, 359 resulted in paid indemnity averaging \$202,853. Median paid indemnity was \$35,000.
- For physician specialties, emergency medicine had the most claims at 259, with 81 resulting in paid indemnity averaging \$371,571. Median paid indemnity was \$92,500. Pediatrics had the highest average paid indemnity of \$1.1 million, with median paid indemnity of \$250,000.

**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 \$75,821. Claims that took at least four years to settle had average indemnity payments of \$926,589.
- The amount paid for defense costs also increased with the age of the claim. For the 1,097 claims with defense costs closed within one year after report date, average defense costs were \$9,377. That figure rose to \$43,752 for 1,317 claims that closed in the second year. The 188 claims with defense costs that closed five or more years after report date had average defense costs of \$266,132.

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<sup>10</sup> Physician specialties, dental specialties and other types of medical providers.  
Medical Malpractice Annual Report | Sept. 1, 2019



**Regional comparisons:** About one-third of the claims, or 1,410 claims, were in King County. Of these, 48.4% resulted in indemnity payments totaling \$230 million, an average of \$336,914 per claim.

**Allegations:**

- Vicarious liability was the most common allegation, with 827 claims and 302 indemnity payments that averaged \$508,613.
- Improper performance was the second-most common allegation, with 790 claims and 300 indemnity payments that averaged \$188,317.

## About lawsuits filed and settled by attorneys

If an attorney files a lawsuit to resolve a medical malpractice incident, he or she should report data about the lawsuit to the insurance commissioner once the litigation is resolved. For settlements resolved between 2014 and 2018<sup>11</sup>:

**Compensation to claimants:** Attorneys reported that claimants received total compensation of \$249.4 million on 179 claims, an average of \$1.4 million per settlement. Attorney fees were \$87.8 million, an average of \$490,699 per reported settlement. On average, the attorney fees were 35.2% of the total compensation paid to the claimant.

**How lawsuits settled:** When an indemnity payment was made, 36.3% of lawsuits were settled in mediation. Mediated settlements had an average indemnity payment of \$1.2 million and an average legal expense of \$498,828. Only four lawsuits were reported as resolved by jury verdicts in favor of the plaintiff. These verdicts resulted in total paid indemnity of \$2.6 million, an average of \$643,767 per case.

**Regional comparisons:** The largest number of lawsuits were filed in King County, with 89 lawsuits, or 47.3% of the statewide total. Average paid indemnity in King County was \$1.4 million. A few extremely large settlements in the North Sound region in 2015 resulted in the highest average paid indemnity for any region of \$4.4 million.

**Settlement by age of claimant:** The most expensive settlements involved patients 51-60 years old. In cases involving these patients, there were 31 settlements averaging \$2.2 million in paid indemnity and \$760,902 in legal expenses.

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<sup>11</sup> This report includes data reported by attorneys through May 8, 2019.

# Introduction

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Under [chapter 48.140 RCW](#), insurers, risk retention groups (collectively “insurers”) and self-insurers must submit a report to the insurance commissioner every time they close a medical malpractice claim.<sup>12</sup> 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.<sup>13</sup>

Insurers, self-insurers and attorneys must report claim data for the prior year to the insurance commissioner by March 1 each year.<sup>14</sup> Attorneys’ compliance with the reporting law has been low, and the insurance commissioner does not have enforcement mechanisms to improve compliance.<sup>15</sup> As a result, this report provides very few summary exhibits for settlement data reported by attorneys, since the data is incomplete. Most of the exhibits in this report focus on data reported by insurers and self-insurers.<sup>16</sup>

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:

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<sup>12</sup> 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.

<sup>13</sup> [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.

<sup>14</sup> See [RCW 48.140.020](#)(2) and [WAC 284-24E-090](#).

<sup>15</sup> 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](#).

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

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

## 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.<sup>17 18</sup> Each closed claim report is associated with one defendant.<sup>19</sup>

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.<sup>20</sup>
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.<sup>21</sup> 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.

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<sup>17</sup> [RCW 48.140.010](#)(1) defines a claim.

<sup>18</sup> 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.

<sup>19</sup> [RCW 48.140.010](#)(3) defines a closed claim.

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

<sup>21</sup> See [RCW 4.56.250](#)(1)(a), [WAC 284-24D-350](#), [WAC 284-24D-360](#), [WAC 284-24D-362](#), [WAC 284-24D-364](#), and [WAC 284-24D-370](#).

### 3) Lawsuit statistics reported by attorneys

If an attorney files a lawsuit alleging medical malpractice, the attorney must report data after the lawsuit is resolved. Many attorneys, however, do not comply with RCW 7.70.140, so data in this report are incomplete. Therefore, the section of the report containing data submitted by attorneys is less detailed than the closed claim section.

Attorneys report two primary types of settlement data:

1. **Total paid indemnity:** Total compensation paid by all defendants to the claimant as the result of the lawsuit. Indemnity payments may come from several defendants if a lawsuit named more than one party.<sup>22</sup>
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.<sup>23 24</sup>

#### Closed claim and lawsuit statistics are different

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

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

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

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

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<sup>22</sup> [WAC 284-24E-150](#).

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

<sup>24</sup> [RCW 7.70.140\(2\)\(b\)\(v\)](#).

# Snapshot of the medical professional liability insurance market

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

## **Market participants**

The medical professional liability insurance market has three primary participants:

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

In 2000, admitted insurers wrote 95.4% of medical professional liability insurance premiums in Washington. Physicians Insurance Group led the market with 52.7% of the admitted market share and 50.3% of total market share.<sup>25</sup> By 2018, the admitted market wrote only 63.5% of premium, and the remainder of the market belonged to surplus line insurers and risk retention groups. Physicians Insurance still had more than half of the admitted market share at 58.4%, but its share of the overall market was much lower, at 37.4%.

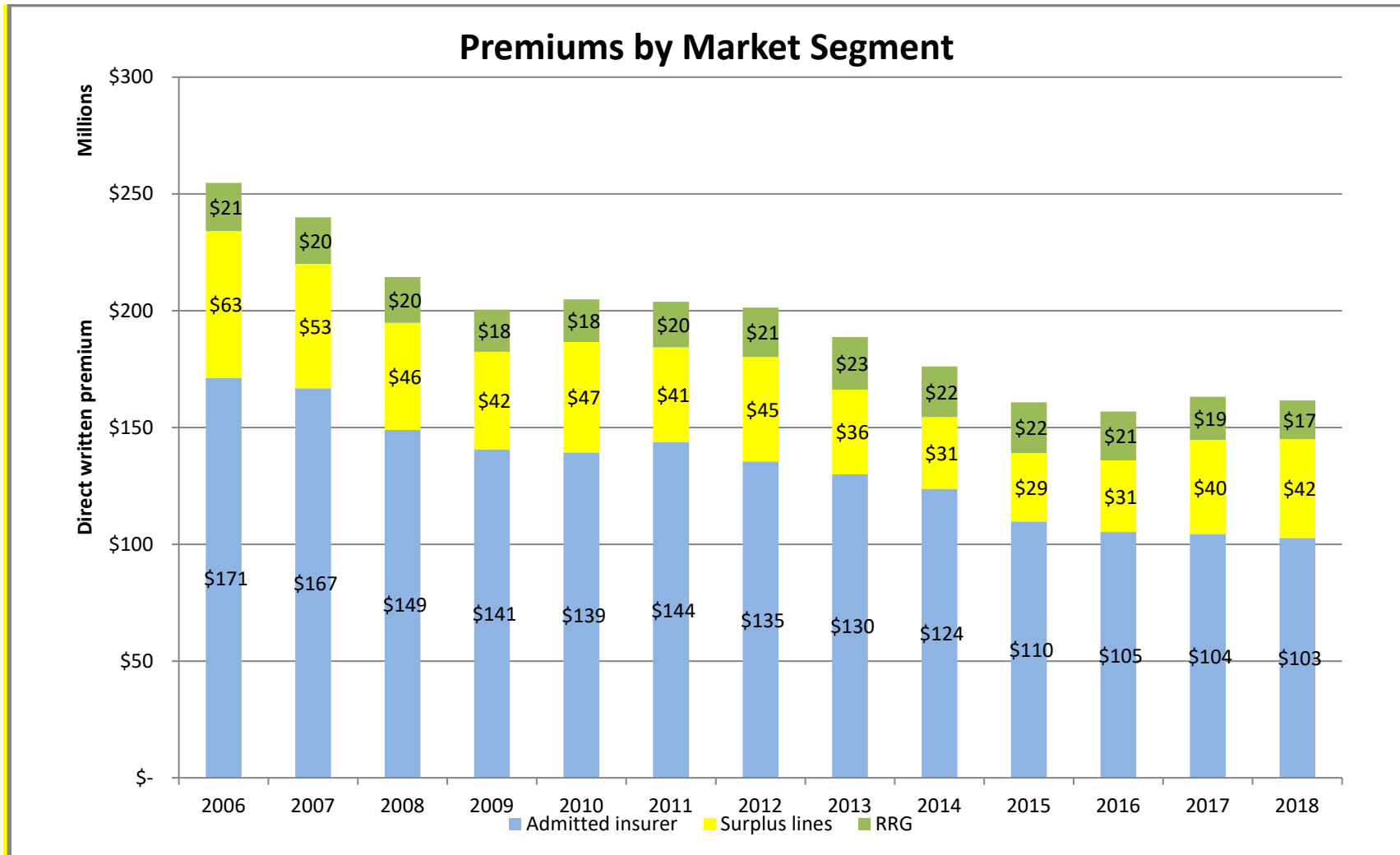
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<sup>25</sup> In 2000, Physicians Insurance Group sold insurance through three companies: Physicians Insurance, A Mutual Company; Western Professional Insurance Company; and Northwest Dentists Insurance Company. Western Professional Insurance Company is no longer actively writing insurance, and a group including the ODS Companies and the Washington State Dental Association purchased Northwest Dentists Insurance Company in 2007.

Medical professional liability insurance has been a profitable line of business for insurers in Washington for some time. While recent profit margins have been good, they have declined in the past several years. For Physicians Insurance, the operating ratio for 2009-2013 was 81.1%, compared to its 2014-2018 ratio of 89.2%.

Written premiums in the state have fallen 36.6% since 2006. Though written premiums appear to be stabilizing, physicians, particularly younger physicians, continue to move away from independent practice and seek employment in large groups and hospitals. A shrinking malpractice insurance market has led to highly competitive conditions.

This chart shows the distribution of written premiums for each segment of the medical professional liability insurance market. Premiums for admitted insurers have declined significantly since 2006.



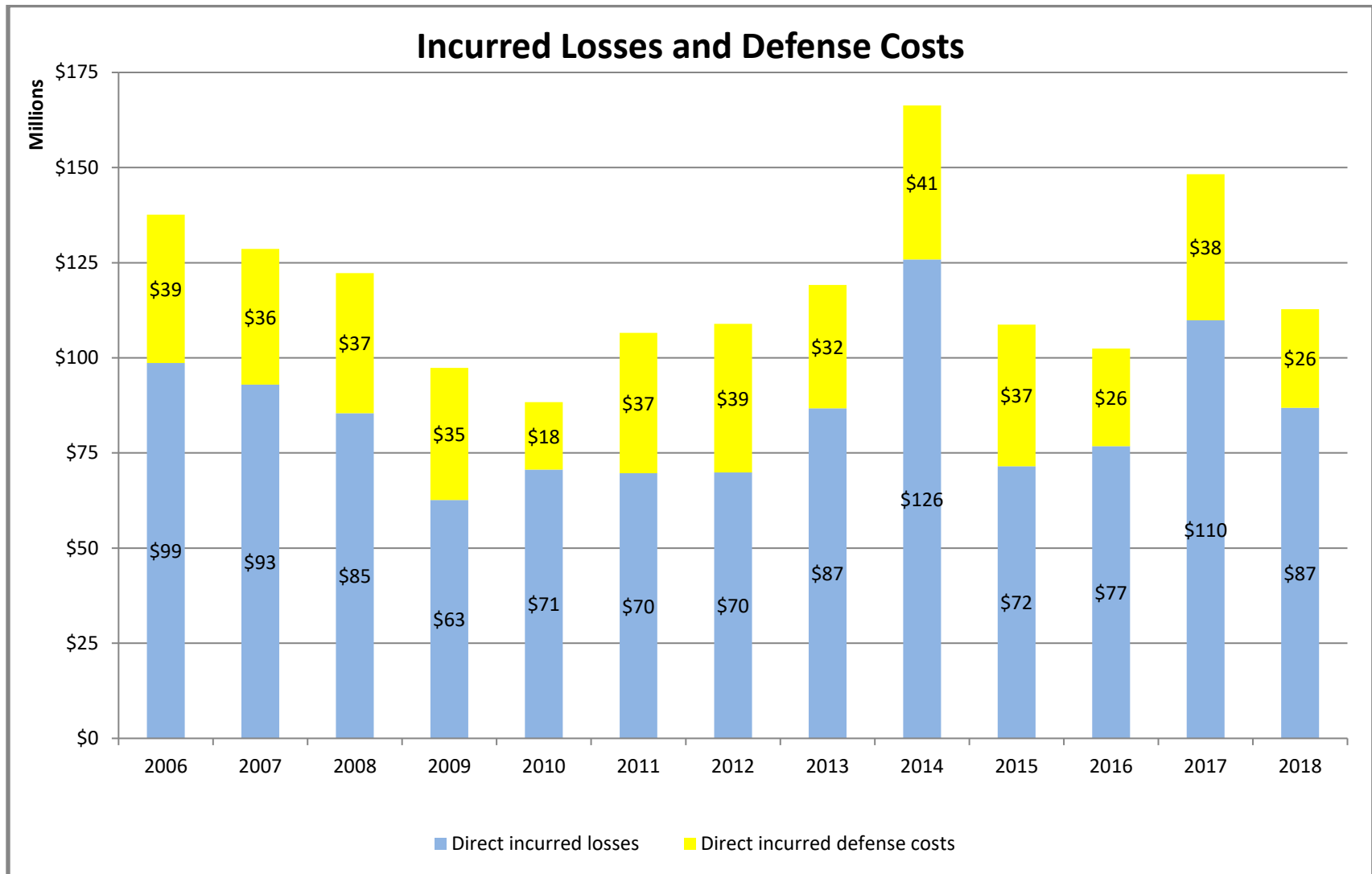


## Loss history

After increasing significantly in 2017, the overall loss and defense cost ratio for medical professional liability insurance in Washington decreased to a more typical level in 2018. Defense costs were 15.8% of earned premium in 2018, the lowest such ratio since 2010. The following table shows data for the total market, which includes admitted insurers, surplus line insurers and risk retention groups.

Year	Direct written premium	Direct earned premiums	Direct incurred losses	Pure loss ratio	Direct incurred defense costs	Incurred losses & defense costs	Incurred loss & defense cost ratio
2006	\$254,759,071	\$253,104,467	\$98,628,303	39.0%	\$39,005,295	\$137,633,598	54.4%
2007	\$239,959,432	\$241,654,054	\$92,960,987	38.5%	\$35,676,308	\$128,637,295	53.2%
2008	\$214,357,164	\$218,726,595	\$85,445,904	39.1%	\$36,841,513	\$122,287,417	55.9%
2009	\$200,445,437	\$202,466,303	\$62,633,183	30.9%	\$34,721,641	\$97,354,824	48.1%
2010	\$204,786,151	\$199,165,328	\$70,634,175	35.5%	\$17,701,695	\$88,335,870	44.4%
2011	\$203,869,400	\$201,195,699	\$69,646,648	34.6%	\$36,923,847	\$106,570,495	53.0%
2012	\$201,288,240	\$193,926,182	\$69,871,999	36.0%	\$39,070,682	\$108,942,681	56.2%
2013	\$188,761,301	\$187,007,042	\$86,745,683	46.4%	\$32,432,507	\$119,178,190	63.7%
2014	\$176,091,879	\$182,705,913	\$125,854,675	68.9%	\$40,501,079	\$166,355,754	91.1%
2015	\$160,752,756	\$164,616,659	\$71,518,739	43.4%	\$37,195,911	\$108,714,650	66.0%
2016	\$156,825,836	\$158,126,354	\$76,761,700	48.5%	\$25,678,427	\$102,440,127	64.8%
2017	\$163,187,482	\$157,522,013	\$109,863,807	69.7%	\$38,378,783	\$148,242,590	94.1%
2018	\$161,555,183	\$164,509,127	\$86,874,146	52.8%	\$25,923,934	\$112,798,080	68.6%
<b>Total</b>	<b>\$2,526,639,332</b>	<b>\$2,524,725,736</b>	<b>\$1,107,439,949</b>	<b>43.9%</b>	<b>\$440,051,622</b>	<b>\$1,547,491,571</b>	<b>61.3%</b>

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



## 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.<sup>26</sup>

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.

The first page of Appendix B shows data from Physicians Insurance's 2018 annual statement.<sup>27</sup> 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 \$36.6 million, and cumulative development over the entire period was a decrease of \$189.9 million. Physicians Insurance has returned some of these profits to policyholders in the form of dividends totaling \$50.4 million from 2009 to 2018.

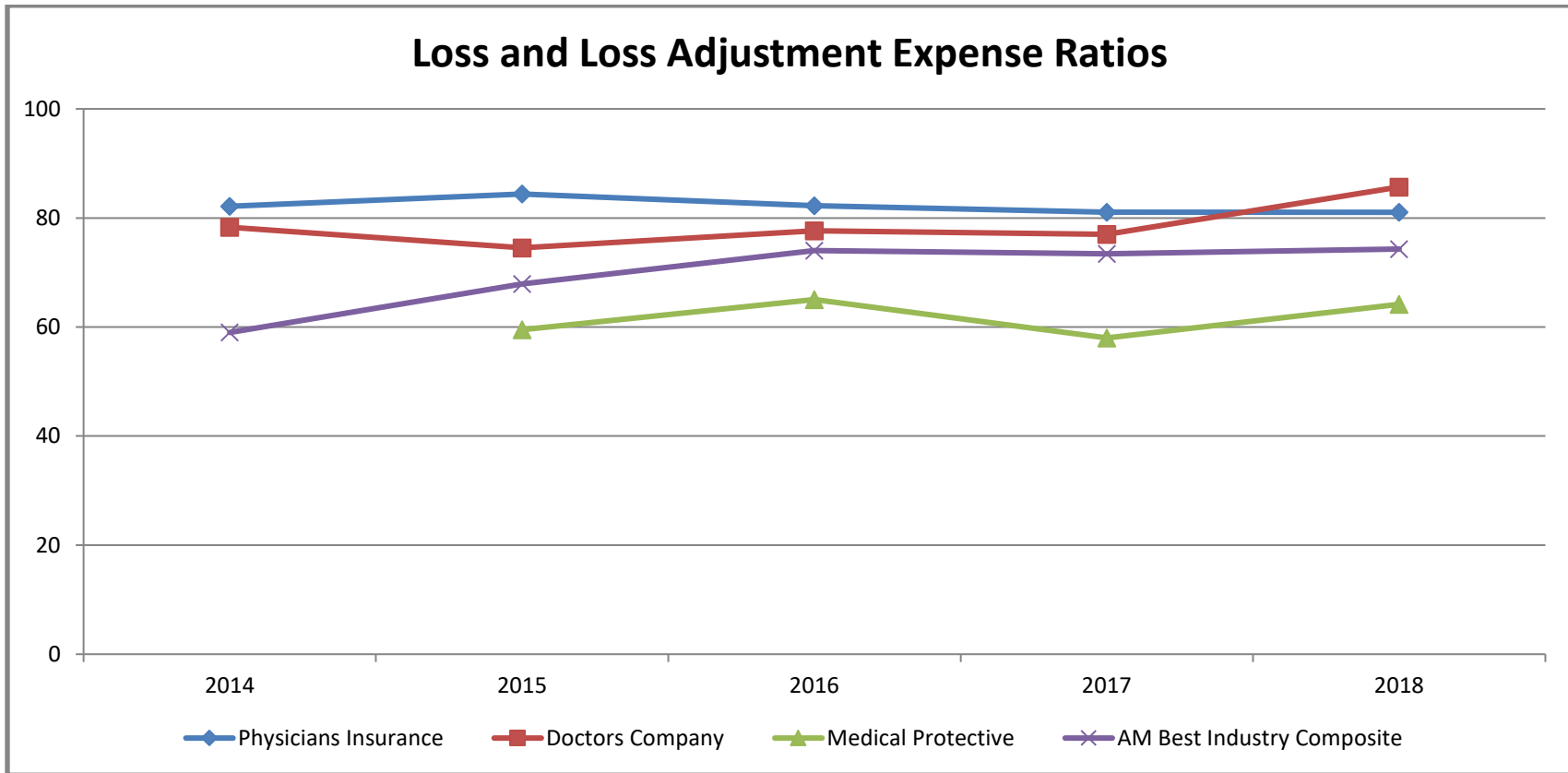
Appendix B also shows development for The Doctors Co., which is one of the top writers of medical professional liability insurance in the United States, with \$624 million in direct written premium in 2018. Loss development has been generally favorable for The Doctors Co., with a total decrease of \$606 million of the entire period. Only 1.9% 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.

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<sup>26</sup> 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.

<sup>27</sup> Consolidated data from Schedule P, part 2, sections 1 and 2 for medical professional liability occurrence and claims made policies. These data are for policies written in all states. Washington-specific data are not available.

This chart compares loss and defense cost ratios for Physicians Insurance, The Doctors Co. and Medical Protective<sup>28</sup> to industry-wide data obtained from A.M. Best.<sup>29</sup> Loss ratios for Physicians Insurance and The Doctors Co. continue to be higher than for the market overall.



<sup>28</sup> 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.

<sup>29</sup> Best's Special Report – MPL Industry Results Improved in 2018 but Challenges Remain, May 6, 2019.

## Washington state market in 2018

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>	2018 direct written premiums (millions)		
	Washington	Nationwide	WA % of nationwide
Physicians Insurance	\$60.0	\$78.0	76.9%
The Doctors Company	\$11.6	\$624.4	1.9%
Medical Protective Company	\$5.6	\$570.4	1.0%

<u>Admitted insurer</u>	Washington direct written premiums (millions)	Admitted market share
Physicians Insurance	\$60.0	58.4%
The Doctors Company	\$11.6	11.3%
Medical Protective Company	\$5.6	5.5%
Dentists Insurance Company	\$5.0	4.8%
ProSelect Insurance Company	\$4.5	4.3%
American Casualty Co. of Reading, PA	\$4.3	4.2%
NCMIC Insurance Company	\$2.6	2.5%
All other admitted insurers	\$9.05	8.8%
<b>Total</b>	<b>\$102.6</b>	<b>100.0%</b>

## National market in 2018

Appendix A shows the profitability for these insurers for the 10-year period ending December 31, 2018 using two ratios:

- The operating ratio, which is the combined ratio minus the net investment income ratio.<sup>30 31</sup>
- The combined ratio, which is the sum of the expense ratio, loss ratio, and dividend ratio.<sup>32 33 34</sup>

This table summarizes overall profitability by operating ratios.<sup>35</sup> Operating ratios for Physicians Insurance were very low through 2010, but increased to higher but still profitable levels in the last eight years. For The Doctors Co., the operating ratio increased from 69.2% in 2009-2013 to 98.4% in 2014-2018.

Year	Operating ratio		
	Physicians Insurance	Doctors Company	Medical Protective
2009	69.3%	67.4%	65.8%
2010	74.1%	52.5%	51.9%
2011	86.2%	61.6%	41.9%
2012	86.2%	76.8%	65.8%
2013	89.7%	83.8%	42.6%
2014	85.7%	102.7%	128.5%
2015	89.5%	98.1%	37.2%
2016	90.6%	101.6%	49.3%
2017	88.7%	93.6%	46.7%
2018	90.8%	95.7%	47.9%

<sup>30</sup> 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.

<sup>31</sup> The net investment income ratio is calculated by dividing net investment income by net earned premiums.

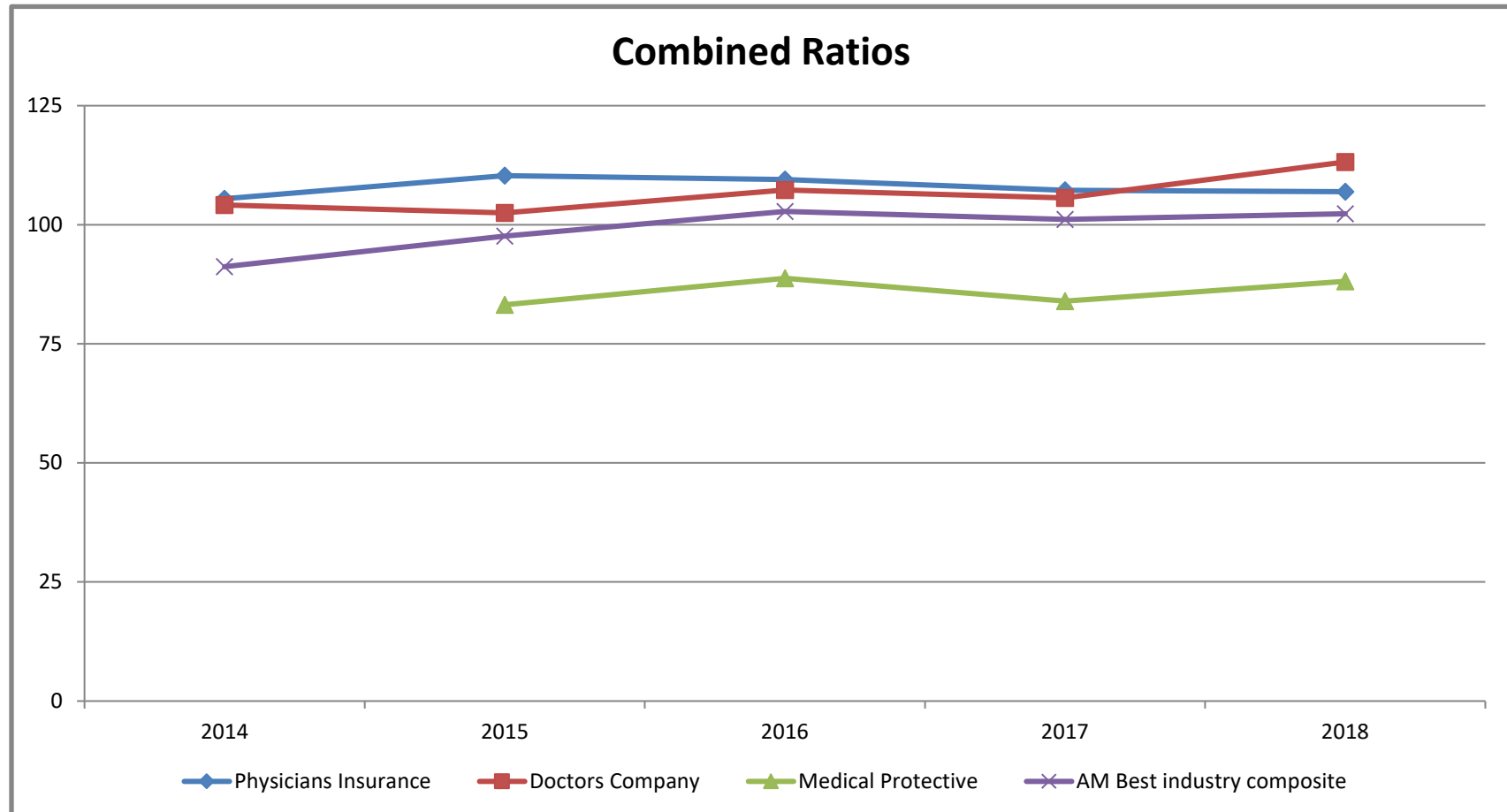
<sup>32</sup> The expense ratio is calculated by dividing incurred underwriting expenses by net written premiums.

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

<sup>34</sup> The dividend ratio is calculated by dividing dividend policyholder dividends by net earned premiums.

<sup>35</sup> 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.<sup>36 37</sup>



<sup>36</sup> Best's Special Report – MPL Industry Results Improved in 2018 but Challenges Remain, May 6, 2019.

<sup>37</sup> The combined ratio measures how well an insurance company is performing in its daily operations. A ratio below 100% means the company is making an underwriting profit. A company can make an operating profit if the combined ratio is above 100%, because the ratio does not include investment income.

# Information about medical malpractice claims

	<u>Year closed</u>					<b>Five-year total</b>
	2014	2015	2016	2017	2018	
Claims closed	1,045	1,021	899	809	807	<b>4,581</b>
Number of indemnity payments	469	412	391	356	390	<b>2,018</b>
Paid indemnity	\$126,157,297	\$155,952,164	\$110,088,350	\$116,493,182	\$182,121,379	<b>\$690,812,372</b>
Average indemnity payment	\$268,992	\$378,525	\$281,556	\$327,228	\$466,978	<b>\$342,325</b>
Median indemnity payment	\$75,000	\$75,000	\$75,000	\$35,000	\$100,000	<b>\$74,500</b>
Economic loss	\$79,943,041	\$84,156,304	\$76,913,851	\$82,045,340	\$106,877,514	<b>\$429,936,050</b>
Average economic loss	\$170,454	\$204,263	\$196,711	\$230,464	\$274,045	<b>\$213,051</b>
Median economic loss	\$26,500	\$32,000	\$45,000	\$20,000	\$45,000	<b>\$33,996</b>
Number of claims with defense costs	908	906	805	677	700	<b>3,996</b>
Defense costs	\$52,546,087	\$59,125,476	\$52,598,342	\$41,589,907	\$50,823,368	<b>\$256,683,180</b>
Average defense cost	\$57,870	\$65,260	\$65,340	\$61,433	\$72,605	<b>\$64,235</b>
Median defense cost	\$15,742	\$15,726	\$16,622	\$13,594	\$13,958	<b>\$15,344</b>

## Payments to claimants

Over the five-year period, insurers and self-insurers paid \$690.8 million on 2,018 claims, or \$342,325 per paid claim.<sup>38</sup>

Over the five-year period, total economic loss was \$429.9 million, or an average of \$213,051 per paid claim. On average, insurers and self-insurers attributed 62.2% of indemnity payments to economic loss.

<sup>38</sup> These data differ from what we reported in prior reports, because reporting entities can edit their data. For example, a reporting entity can re-open a claim, make additional payments, and edit the report to show it closed a year later than earlier reported.



## **Defense costs**

Insurers and self-insurers paid \$256.7 million to defend 3,996 claims, or an average of \$64,235 per claim with defense costs. Claims reported by insurers and self-insurers included defense costs 87.2% 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. About half of the 1,187 reported multi-claim incidents resulted in indemnity payments. The aggregate average indemnity payment per incident was \$594,758, which is 2.2 times the average per claim indemnity payment of \$271,499 for the 11-year period.<sup>39</sup>

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.

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<sup>39</sup> 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 2014 and 2018.

## Lawsuit summary

This table summarizes litigation data.<sup>40</sup>

<b>Five-year period ending December 31, 2018</b>							
	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense cost
No lawsuit filed	2,126	1,039	\$123,734,185	\$119,090	1,568	\$18,285,794	\$11,662
Lawsuit filed	2,455	979	\$567,078,187	\$579,242	2,428	\$238,397,386	\$98,187
<b>Total</b>	<b>4,581</b>	<b>2,018</b>	<b>\$690,812,372</b>	<b>\$342,325</b>	<b>3,996</b>	<b>\$256,683,180</b>	<b>\$64,235</b>

Of the 4,581 claims reported, claimants filed lawsuits 53.6% of the time. Insurers and self-insurers incurred defense costs in 98.9% of the claims in which the plaintiff filed a lawsuit, averaging \$98,187. Lawsuits resulted in indemnity payments 39.9% of the time, averaging \$579,242. For claims without litigation, claimants were compensated 48.9% of the time, with an average indemnity payment of \$119,090.

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<sup>40</sup> These data are not comparable to lawsuit settlement data reported by attorneys. Insurers and self-insurers report data separately for each defendant. Attorneys submit one settlement report that includes payments made by all defendants named in the lawsuit.

## Method of settlement

This table summarizes settlement data.

<b>Five-year period ending December 31, 2018</b>									
<u>Method of claim resolution</u>	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Median paid indemnity	Claims with defense costs	Defense costs	Average defense costs	Median defense costs
Abandoned by claimant	1,614	165	\$675,563	\$4,094	\$1,317	1,473	\$34,517,469	\$23,433	\$3,605
Settled by parties	1,570	1,408	\$406,401,087	\$288,637	\$50,000	1,133	\$88,148,424	\$77,801	\$30,058
Court disposed claim	903	32	\$44,501,187	\$1,390,662	\$661,326	902	\$81,201,426	\$90,024	\$25,265
Alternative dispute resolution	494	413	\$239,234,535	\$579,260	\$300,000	488	\$52,815,861	\$108,229	\$62,322
<b>Total</b>	<b>4,581</b>	<b>2,018</b>	<b>\$690,812,372</b>	<b>\$342,325</b>	<b>\$74,500</b>	<b>3,996</b>	<b>\$256,683,180</b>	<b>\$64,235</b>	<b>\$15,344</b>

Plaintiff verdicts or judgments were few in number. Insurers and self-insurers reported 30 claims resolved by plaintiff verdict or judgment, of which 26 claims resulted in an indemnity payment averaging \$1.6 million.<sup>41</sup> These claims comprised 0.7% of total claims and 3.3% all claims resolved by the courts. The courts ruled in favor of defendants in the vast majority of cases.

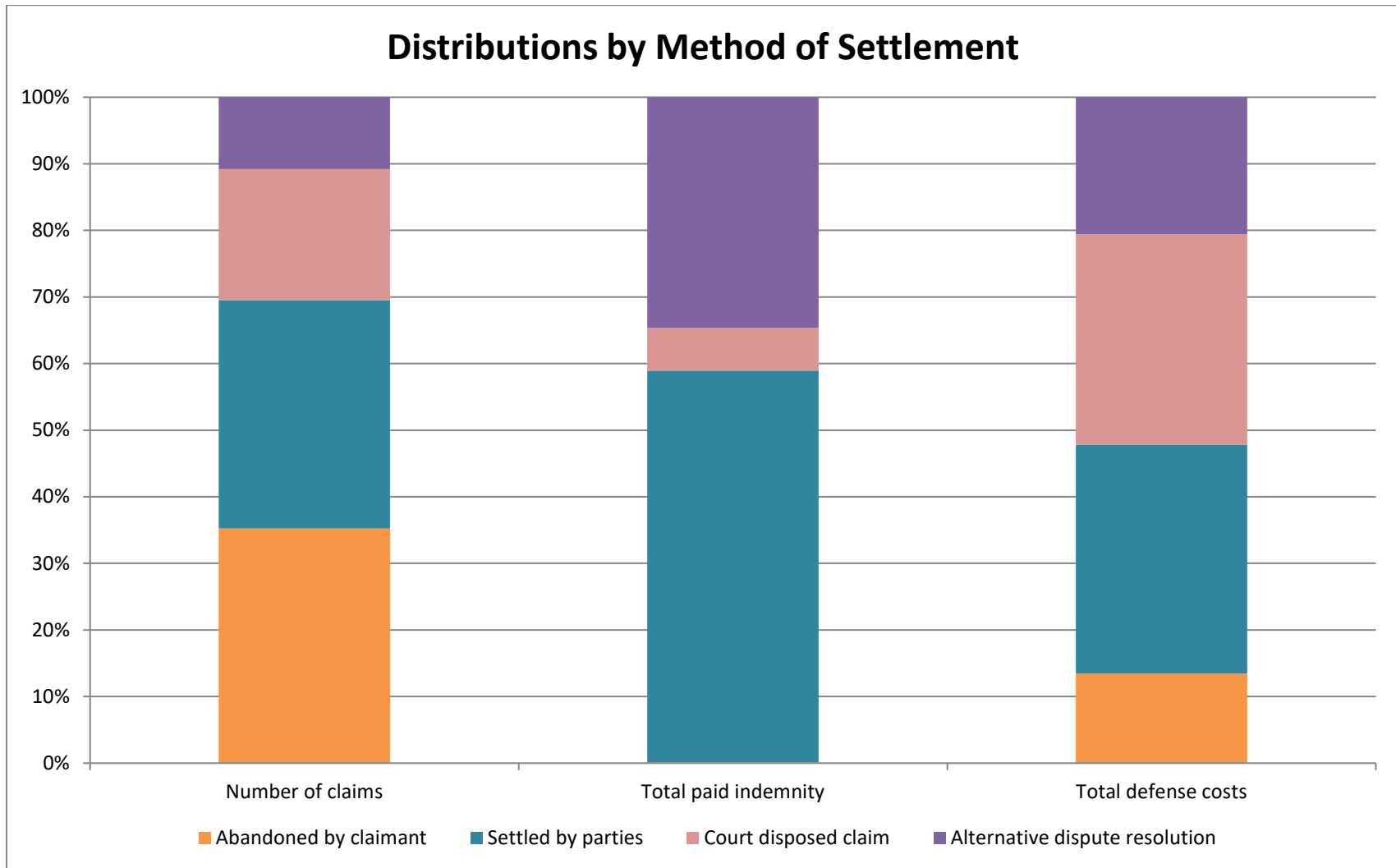
Of the 1,570 claims settled by the parties, insurers and self-insurers resolved most through informal negotiation. These settlements occurred before either party requested arbitration, mediation, or a private trial 47.1% of the time, and only 3.1% of claims settled after the start of a trial or hearing.

Of the 1,614 claims abandoned by the claimant, 98.3% of these were abandoned before a trial or hearing.

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<sup>41</sup> In cases where a lawsuit has more than one defendant, some defendants may not be responsible to compensate the claimant.  
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## Distributions by Method of Settlement



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

Insurers and self-insurers used alternative dispute resolution to settle 494 claims. Mediation was used to resolve 92.1% of these claims. Mediation led to the second-highest average paid indemnity. Private trials were the most costly form of alternative dispute resolution for both average paid indemnity and average defense costs.<sup>42</sup>

<b>Five-year period ending December 31, 2018</b>							
<u>Method of alternative dispute resolution</u>	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense cost
Mediation	455	392	\$232,241,749	\$592,453	449	\$47,218,516	\$105,164
Private trial	15	10	\$6,321,676	\$632,168	15	\$3,657,600	\$243,840
Arbitration award for plaintiff	12	11	\$671,110	\$61,010	12	\$813,243	\$67,770
Arbitration decision for defense	12	0	\$0	\$0	12	\$1,126,502	\$93,875
<b>Total</b>	<b>494</b>	<b>413</b>	<b>\$239,234,535</b>	<b>\$579,260</b>	<b>488</b>	<b>\$52,815,861</b>	<b>\$108,229</b>

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<sup>42</sup> A private trial most closely resembles an actual court trial and the procedures used are almost identical. The main difference is that the parties must agree to an individual, usually a retired judge, to sit as a "judge pro tempore" (temporary judge) and render a decision. As its title suggests, the trial is held in private and may be confidential.

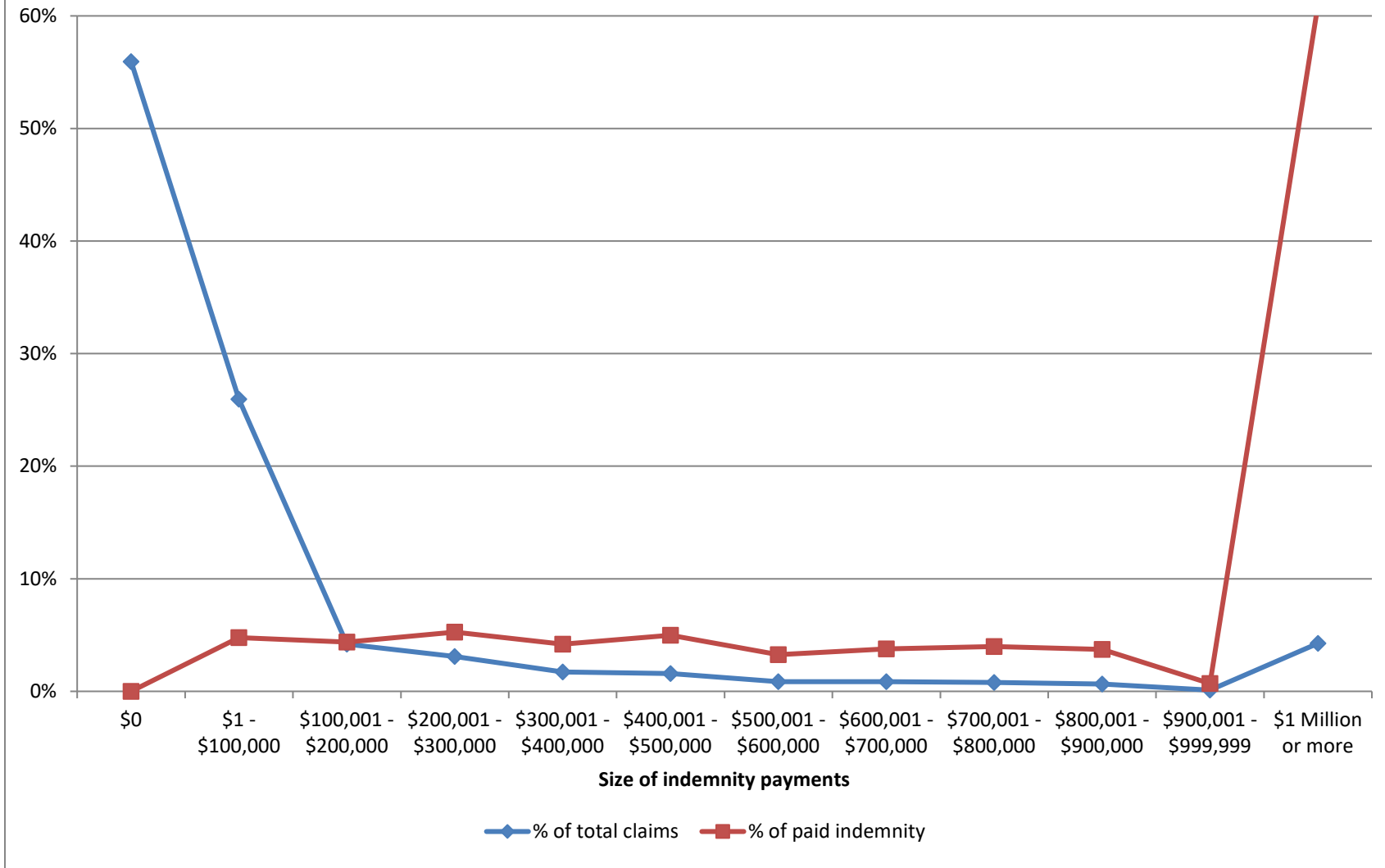
## Size of indemnity payments

This table shows that insurers and self-insurers settled 55.9% of all claims without making an indemnity payment, and 58.9% of the remaining claims had indemnity payments of \$100,000 or less. The average indemnity payment in this range was \$27,801.

There were 195 claims settled for \$1 million or more, and those claims produced 61% of the total paid indemnity, an average of \$2.2 million per claim.

<b>Five-year period ending December 31, 2018</b>					
<u>Range of paid indemnity</u>	Number of claims	% of claims	Paid indemnity	% of paid indemnity	Average paid indemnity
\$0	2,563	55.9%			
\$1 - \$100,000	1,189	26.0%	\$33,055,001	4.8%	\$27,801
\$100,001 - \$200,000	192	4.2%	\$30,299,998	4.4%	\$157,812
\$200,001 - \$300,000	142	3.1%	\$36,386,953	5.3%	\$256,246
\$300,001 - \$400,000	79	1.7%	\$28,941,188	4.2%	\$366,344
\$400,001 - \$500,000	72	1.6%	\$34,351,942	5.0%	\$477,110
\$500,001 - \$600,000	39	0.9%	\$22,445,410	3.2%	\$575,523
\$600,001 - \$700,000	39	0.9%	\$25,994,036	3.8%	\$666,514
\$700,001 - \$800,000	36	0.8%	\$27,526,855	4.0%	\$764,635
\$800,001 - \$900,000	30	0.7%	\$25,812,510	3.7%	\$860,417
\$900,001 - \$999,999	5	0.1%	\$4,790,000	0.7%	\$958,000
\$1 Million or more	195	4.3%	\$421,208,479	61.0%	\$2,160,043
<b>Total</b>	<b>4,581</b>	<b>100.0%</b>	<b>\$690,812,372</b>	<b>100.0%</b>	<b>\$342,325</b>

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

<b>Five-year period ending December 31, 2018</b>						
<u>Range of paid indemnity</u>	Number of claims with paid indemnity	% of total claims with paid indemnity	Paid indemnity	% of total paid indemnity	Average paid indemnity	Median paid indemnity
\$500,000 or less	1,674	83.0%	\$163,035,082	23.6%	\$97,393	\$40,000
Over \$500,000	344	17.0%	\$527,777,290	76.4%	\$1,534,236	\$1,000,000
<b>Total</b>	<b>2,018</b>	<b>100.0%</b>	<b>\$690,812,372</b>	<b>100.0%</b>	<b>\$342,325</b>	<b>\$74,500</b>



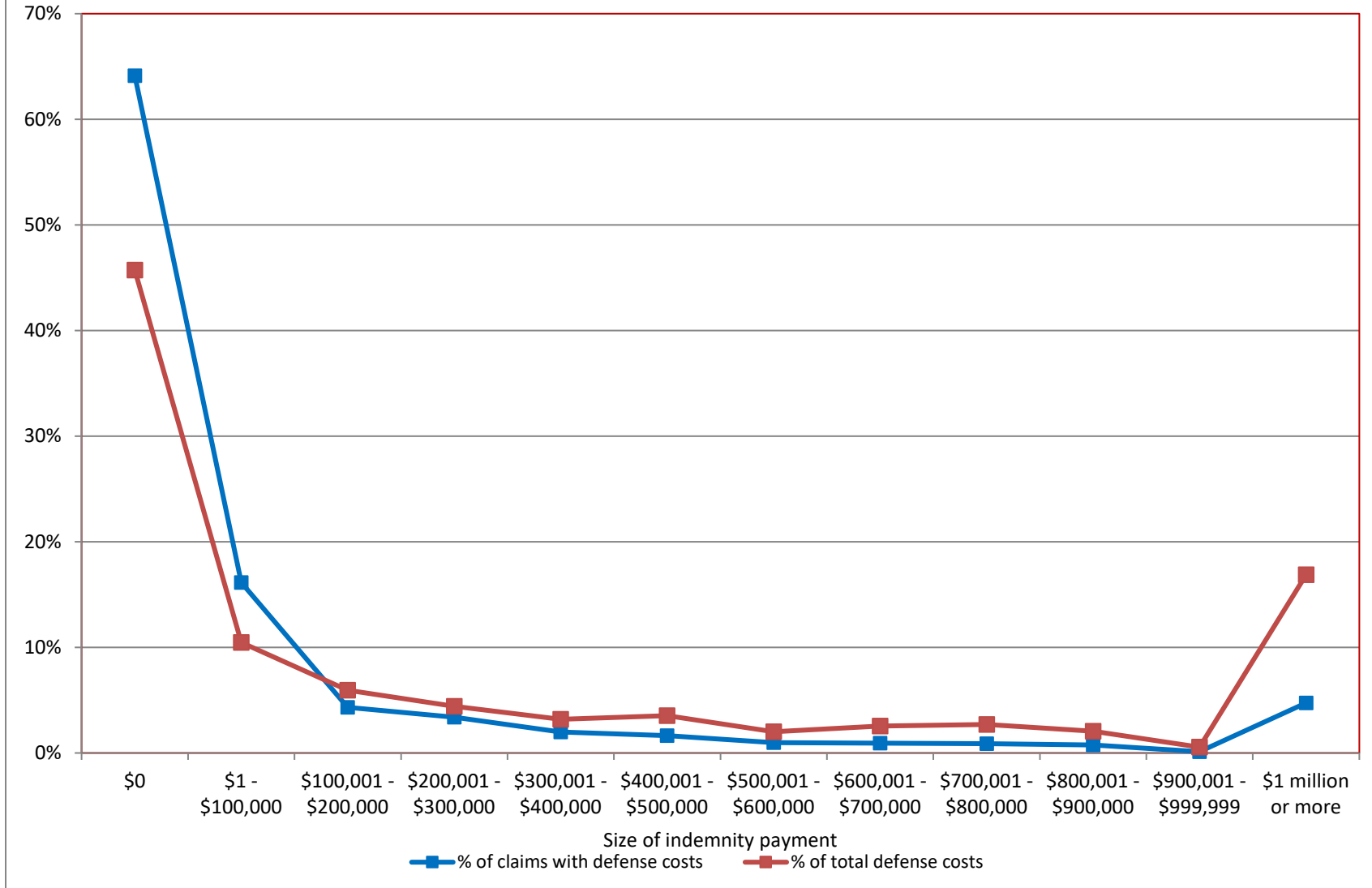
## Defense costs by size of indemnity payment

This table shows how defense costs are related to the size of the indemnity payment. Insurers and self-insurers did not make an indemnity payment for 64.1% of claims with defense costs, yet these claims accounted for 45.7% of all defense costs. Average defense costs for these claims were \$45,786.

There were 189 claims with defense costs that settled for \$1 million or more, and those claims produced 16.9% of the total defense costs, or an average of \$229,328 per claim.

Range of paid indemnity	Five-year period ending December 31, 2018				
	Number of claims with defense costs	% of total claims with defense costs	Defense costs	% of total defense costs	Average defense cost
\$0	2,563	64.1%	\$117,350,413	45.7%	\$45,786
\$1 - \$100,000	645	16.1%	\$26,828,386	10.5%	\$41,594
\$100,001 - \$200,000	173	4.3%	\$15,264,007	5.9%	\$88,231
\$200,001 - \$300,000	135	3.4%	\$11,321,452	4.4%	\$83,863
\$300,001 - \$400,000	79	2.0%	\$8,188,970	3.2%	\$103,658
\$400,001 - \$500,000	66	1.7%	\$9,086,157	3.5%	\$137,669
\$500,001 - \$600,000	39	1.0%	\$5,151,858	2.0%	\$132,099
\$600,001 - \$700,000	37	0.9%	\$6,531,132	2.5%	\$176,517
\$700,001 - \$800,000	35	0.9%	\$6,913,425	2.7%	\$197,526
\$800,001 - \$900,000	30	0.8%	\$5,282,925	2.1%	\$176,098
\$900,001 - \$999,999	5	0.1%	\$1,421,468	0.6%	\$284,294
\$1 million or more	189	4.7%	\$43,342,987	16.9%	\$229,328
<b>Total</b>	<b>3,996</b>	<b>100.0%</b>	<b>\$256,683,180</b>	<b>100.0%</b>	<b>\$64,235</b>

## 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 \$11,919, versus \$107,648 for claims settled for more than \$500,000. Many medical malpractice claims have relatively small amounts paid for defense costs.

<b>Five-year period ending December 31, 2018</b>						
<u>Range of paid indemnity</u>	Number of claims with defense costs	% of total claims with defense costs	Defense costs	% of total defense costs	Average defense cost	Median defense cost
\$0 to \$500,000	3,661	91.6%	\$188,039,385	73.3%	\$51,363	\$11,919
Over \$500,000	335	8.4%	\$68,643,795	26.7%	\$204,907	\$107,648
<b>Total</b>	<b>3,996</b>	<b>100.0%</b>	<b>\$256,683,180</b>	<b>100.0%</b>	<b>\$64,235</b>	<b>\$15,344</b>

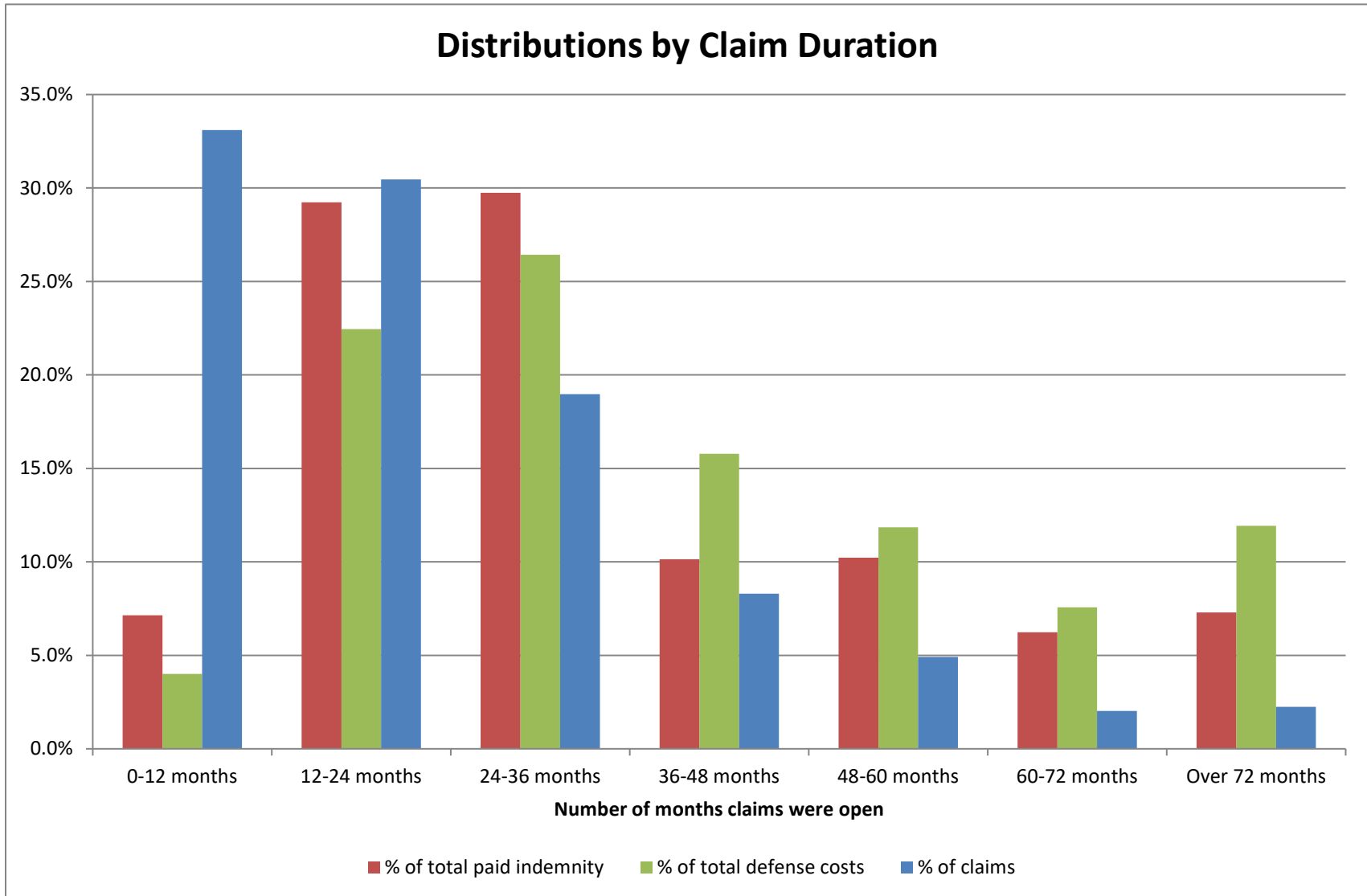
## Paid indemnity and defense costs by age of claim

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.

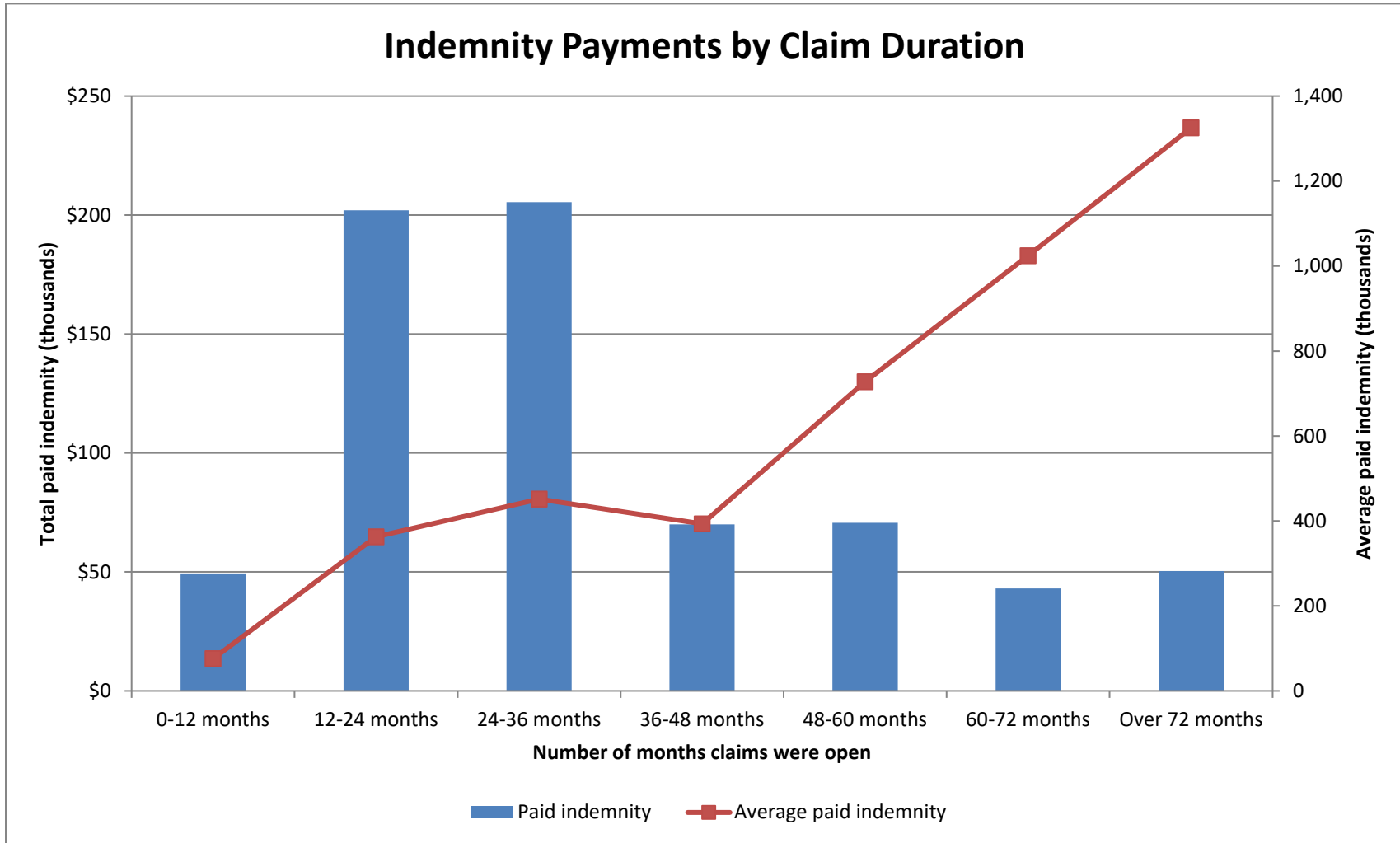
Five-year period ending December 31, 2018								
Notice date to closed date	Number of claims	% of total claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense costs
0-12 months	1,516	33.1%	651	\$49,359,450	\$75,821	1,097	\$10,286,558	\$9,377
12-24 months	1,395	30.5%	557	\$201,951,928	\$362,571	1,317	\$57,621,943	\$43,752
24-36 months	869	19.0%	455	\$205,460,739	\$451,562	798	\$67,828,810	\$84,999
36-48 months	380	8.3%	178	\$70,033,935	\$393,449	373	\$40,515,999	\$108,622
48-60 months	225	4.9%	97	\$70,610,798	\$727,946	223	\$30,396,971	\$136,309
60-72 months	93	2.0%	42	\$43,031,199	\$1,024,552	89	\$19,427,356	\$218,285
Over 72 months	103	2.2%	38	\$50,364,323	\$1,325,377	99	\$30,605,543	\$309,147
<b>Total</b>	<b>4,581</b>	<b>100.0%</b>	<b>2,018</b>	<b>\$690,812,372</b>	<b>\$342,325</b>	<b>3,996</b>	<b>\$256,683,180</b>	<b>\$64,235</b>

Claims closed within the first 12 months after the insurer was first notified represented 33.1% of total claims and had the lowest average defense costs and average paid indemnity. For the entire group of 4,581 claims, the average length of time between notice date and date closed was 22.7 months and the median length of time was 17.8 months. Insurers and self-insurers closed 82.5% of all claims within 36 months after they received notice of the claim. Overall, claims closed within 36 months account for 66.1% of total paid indemnity and 52.9% 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.

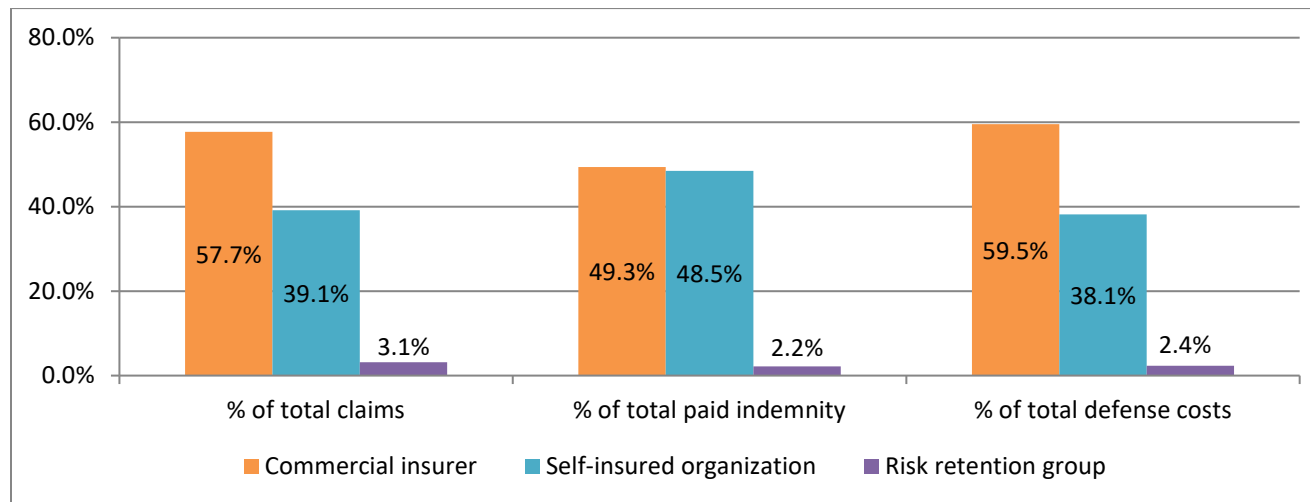


## Type of insuring entity

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

Five-year period ending December 31, 2018							
Reporting entity	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	Average defense costs
Commercial insurer	2,644	947	\$340,860,217	\$359,937	2,499	\$152,713,606	\$61,110
Self-insured organization	1,793	994	\$334,721,309	\$336,742	1,395	\$97,914,093	\$70,189
Risk retention group	144	77	\$15,230,846	\$197,803	102	\$6,055,481	\$59,367
<b>Total</b>	<b>4,581</b>	<b>2,018</b>	<b>\$690,812,372</b>	<b>\$342,325</b>	<b>3,996</b>	<b>\$256,683,180</b>	<b>\$64,235</b>

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



<sup>43</sup> Commercial insurers include admitted (licensed) and surplus line insurers.  
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## Severity of injury

This table shows compensation by severity of injury.<sup>44</sup> Insurers and self-insurers most often classified injuries as minor and temporary. Minor temporary injuries comprised 28.3% of total claims, 4.6% of total paid indemnity and 10.4% of defense costs.

<b>Five-year period ending December 31, 2018</b>									
<u>Injury outcome</u>	Number of claims	Claims with paid indemnity	Paid indemnity	Average paid indemnity	Median paid indemnity	Claims with defense costs	Defense costs	Average defense costs	Median defense costs
Emotional injury only	353	122	\$11,894,573	\$97,496	\$24,900	303	\$10,341,012	\$34,129	\$10,278
Insignificant injury	252	110	\$2,009,133	\$18,265	\$2,125	176	\$2,690,245	\$15,285	\$3,028
Minor temporary injury	1,295	615	\$31,516,904	\$51,247	\$10,000	982	\$26,796,832	\$27,288	\$5,344
Major temporary injury	665	305	\$50,553,285	\$165,748	\$75,000	582	\$24,858,191	\$42,712	\$11,370
Minor permanent injury	433	157	\$40,975,743	\$260,992	\$75,000	402	\$22,377,699	\$55,666	\$13,354
Significant permanent injury	429	180	\$98,730,628	\$548,503	\$357,500	425	\$36,643,391	\$86,220	\$37,235
Major permanent injury	317	158	\$116,828,784	\$739,423	\$500,000	312	\$39,399,468	\$126,280	\$50,680
Grave permanent injury	111	60	\$144,686,419	\$2,411,440	\$1,000,000	107	\$24,246,734	\$226,605	\$70,707
Death	726	311	\$193,616,903	\$622,562	\$325,000	707	\$69,329,608	\$98,062	\$38,760
<b>Total</b>	<b>4,581</b>	<b>2,018</b>	<b>\$690,812,372</b>	<b>\$342,325</b>	<b>\$74,500</b>	<b>3,996</b>	<b>\$256,683,180</b>	<b>\$64,235</b>	<b>\$15,344</b>

Grave permanent injuries had the highest average paid indemnity at \$2.4 million and median paid indemnity at \$1 million.<sup>45</sup>

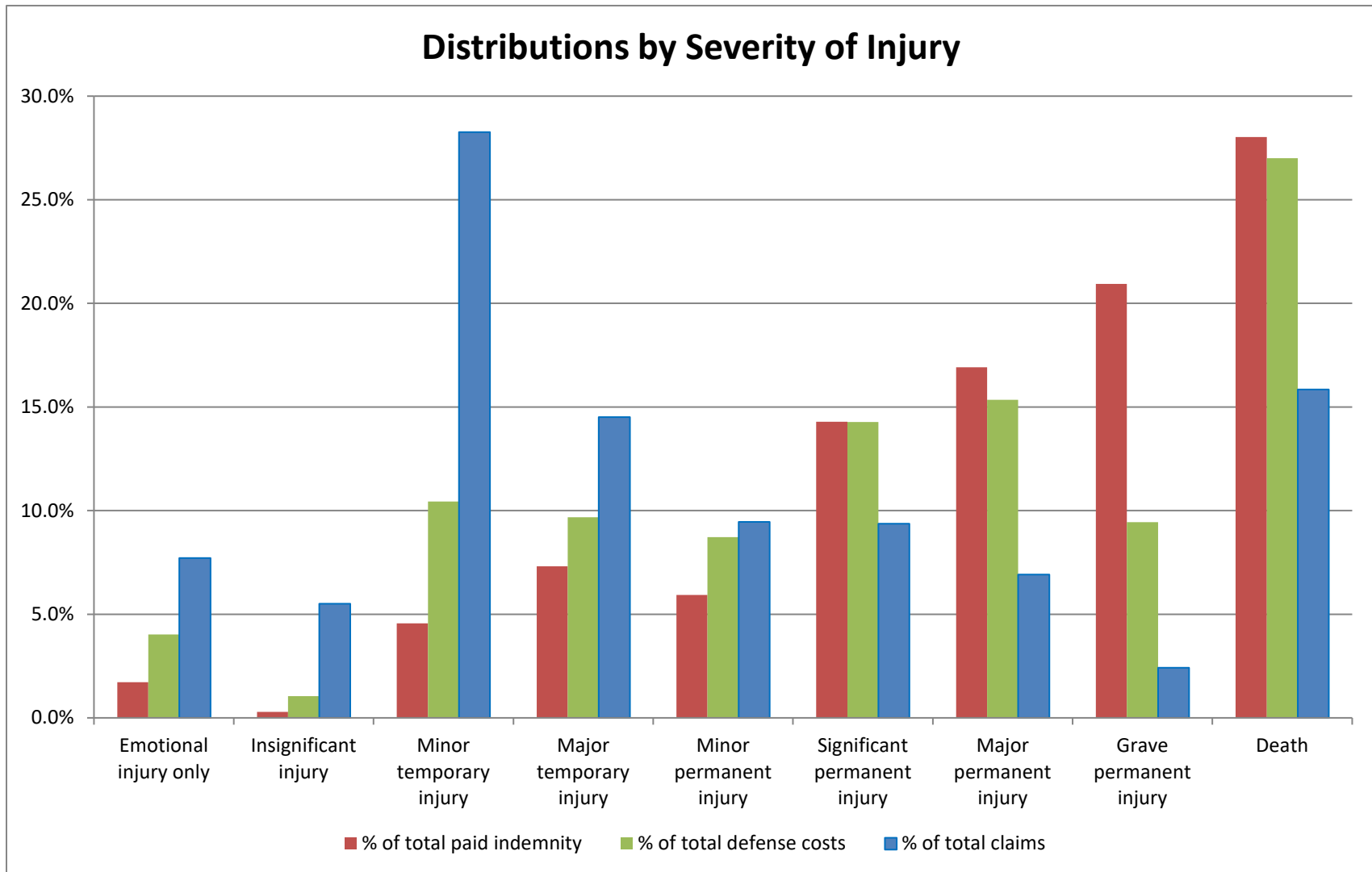
Major permanent injuries had the second-highest average paid indemnity at \$739,423 and median paid indemnity at \$500,000.

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

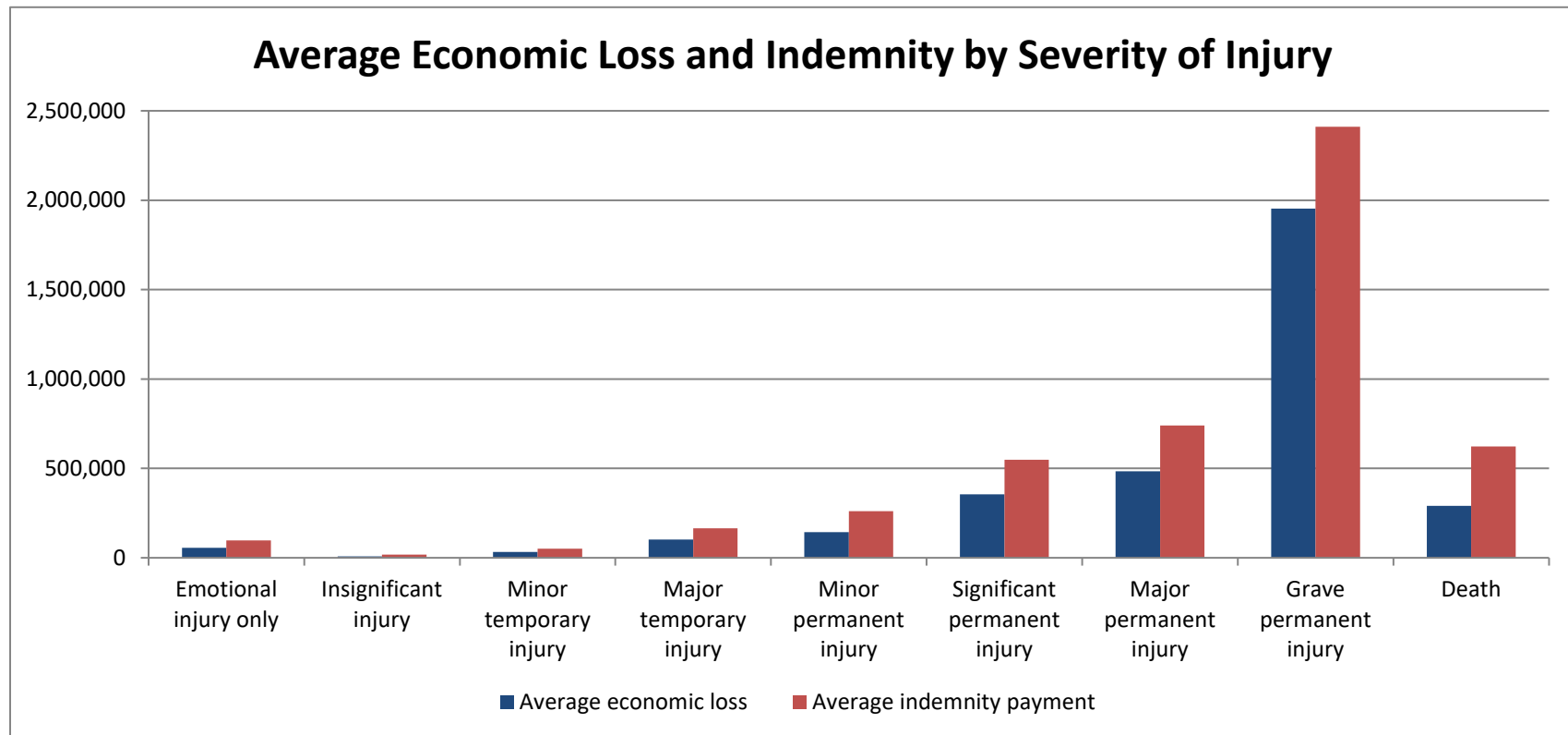
<sup>45</sup> Grave permanent injuries include quadriplegia and severe brain damage, requiring lifelong dependent care.



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.<sup>46</sup> The insurer or self-insurer either estimated the economic losses or reported the amount of economic loss awarded by a court. Claims involving death of the patient had lower average economic loss than claims for major permanent injury, grave permanent injury, or significant permanent injury. If a person dies, compensation for economic loss is largely calculated based on lost income and services the deceased would have provided. This chart shows the relationship between injury outcome, average paid indemnity and average economic loss.



<sup>46</sup> Economic damages are defined in [RCW 4.56.250](#), and the components of economic losses are described in [WAC 284-24D-360](#).  
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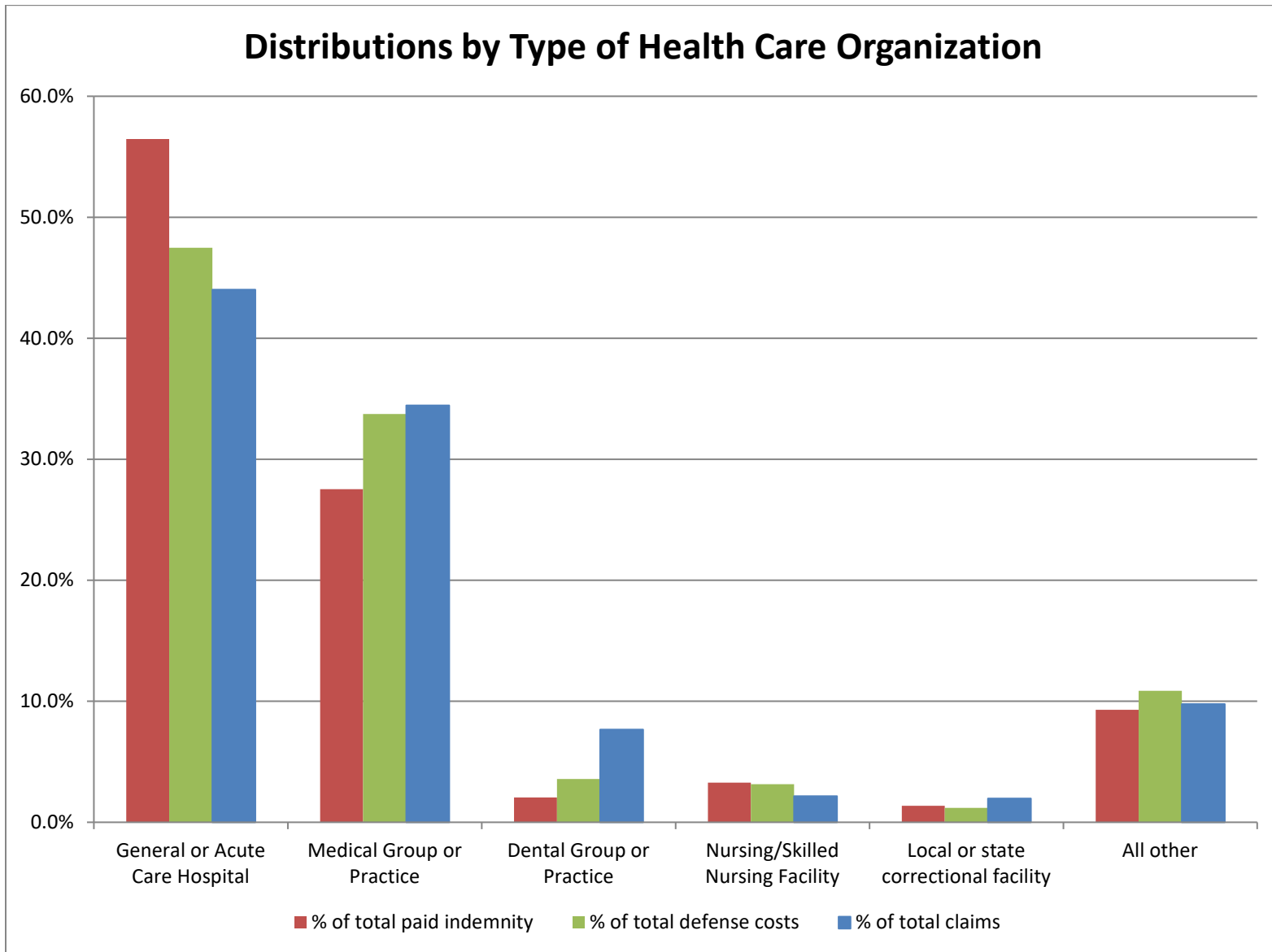
## Type of health care organization

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

<b>Five-year period ending December 31, 2018</b>										
<u>Health care organization</u>	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 costs
General or acute care hospital	2,016	942	\$390,044,976	56.5%	\$414,060	\$50,000	1,694	\$121,896,237	47.5%	\$71,958
Medical group or practice	1,578	582	\$190,235,445	27.5%	\$326,865	\$107,938	1,434	\$86,615,450	33.7%	\$60,401
Dental group or practice	351	196	\$14,126,546	2.0%	\$72,074	\$19,740	287	\$9,170,450	3.6%	\$31,953
Nursing/skilled nursing facility	99	73	\$22,694,276	3.3%	\$310,880	\$250,000	88	\$8,063,361	3.1%	\$91,629
Local or state correctional facility	90	26	\$9,451,450	1.4%	\$363,517	\$24,500	82	\$3,050,537	1.2%	\$37,202
Chiropractic group or practice	52	21	\$6,257,000	0.9%	\$297,952	\$175,000	52	\$4,458,372	1.7%	\$85,738
Podiatric group or practice	46	11	\$2,644,990	0.4%	\$240,454	\$185,000	46	\$3,127,362	1.2%	\$67,986
Ambulatory surgical center	35	14	\$3,927,500	0.6%	\$280,536	\$175,000	33	\$1,569,419	0.6%	\$47,558
Physical/occupational therapy	33	12	\$1,282,891	0.2%	\$106,908	\$78,750	31	\$652,673	0.3%	\$21,054
Health center	21	10	\$2,118,602	0.3%	\$211,860	\$13,750	19	\$860,771	0.3%	\$45,304
Ambulatory clinic or center	19	13	\$6,248,098	0.9%	\$480,623	\$75,000	15	\$932,962	0.4%	\$62,197
All other organizations	241	118	\$41,780,598	6.0%	\$354,073	\$75,000	215	\$16,285,586	6.3%	\$75,747
<b>Total</b>	<b>4,581</b>	<b>2,018</b>	<b>\$690,812,372</b>	<b>100.0%</b>	<b>\$342,325</b>	<b>\$74,500</b>	<b>3,996</b>	<b>\$256,683,180</b>	<b>100.0%</b>	<b>\$64,235</b>

General or acute-care hospitals had the largest number of total claims and claims with indemnity payments. Ambulatory clinics had the highest average paid indemnity at \$480,623. Nursing and skilled nursing facilities had the highest average defense costs at \$91,629.

<sup>47</sup> Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), the commissioner must protect the identify of each insuring entity, self-insurer, claimant, health care provider, or health care facility involved in a particular claim or collection of claims. For this reason, types of organizations with few claims are grouped together.

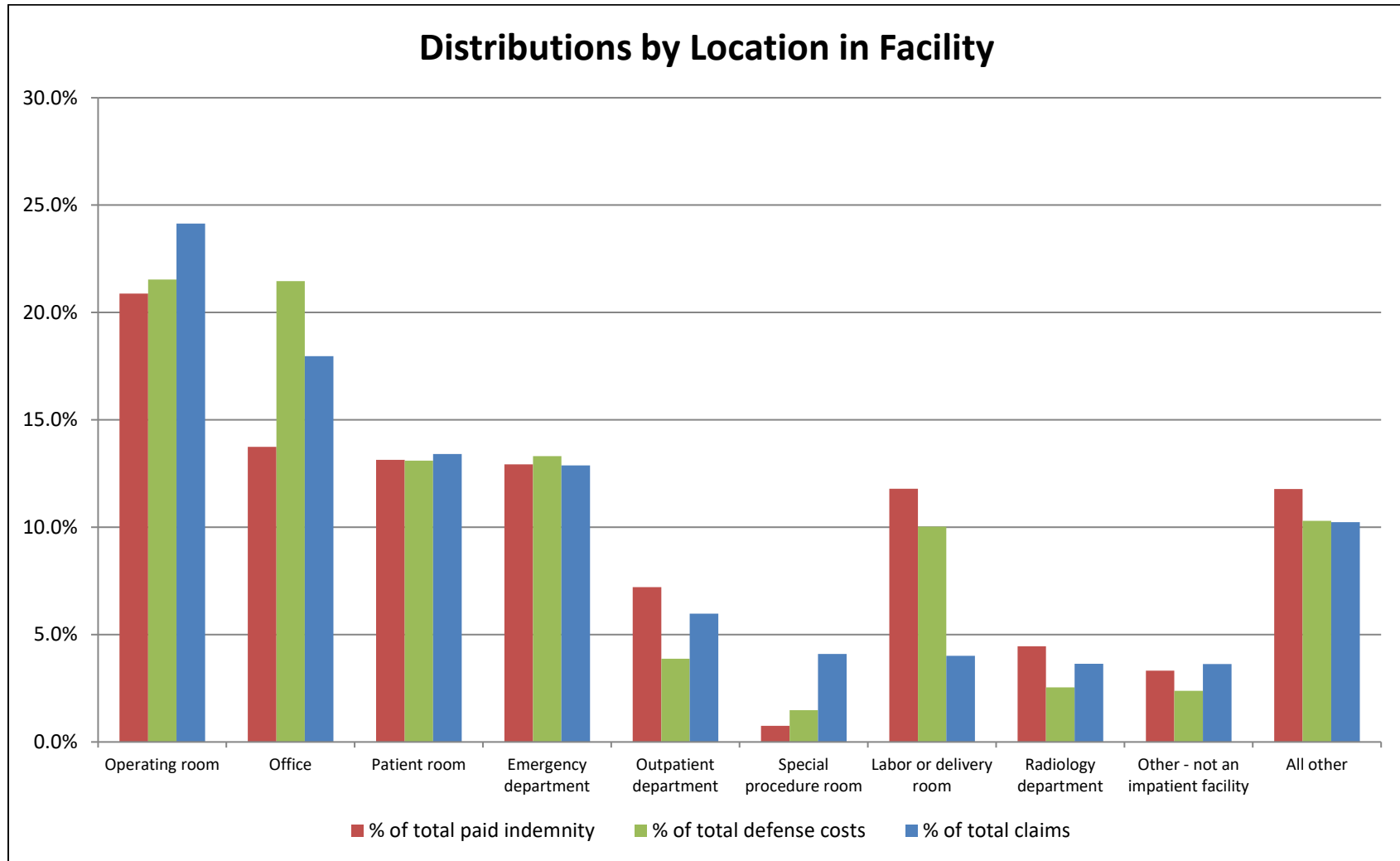


## Location in the facility

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

<b>Five-year period ending December 31, 2018</b>											
<b>Location within facility</b>	<b>Number of claims</b>	<b>% of total claims</b>	<b>Claims with paid indemnity</b>	<b>Paid indemnity</b>	<b>% of total paid indemnity</b>	<b>Average paid indemnity</b>	<b>Median paid indemnity</b>	<b>Claims with defense costs</b>	<b>Defense costs</b>	<b>% of total defense costs</b>	<b>Average defense costs</b>
Operating room	1,106	24.1%	443	\$144,231,426	20.9%	\$325,579	\$75,000	970	\$55,262,316	21.5%	\$56,971
Office	823	18.0%	325	\$94,948,591	13.7%	\$292,150	\$75,000	775	\$55,093,535	21.5%	\$71,088
Patient room	614	13.4%	325	\$90,774,278	13.1%	\$279,305	\$75,000	526	\$33,637,797	13.1%	\$63,950
Emergency department	590	12.9%	221	\$89,335,257	12.9%	\$404,232	\$80,000	539	\$34,172,138	13.3%	\$63,399
Outpatient department	274	6.0%	151	\$49,843,298	7.2%	\$330,088	\$35,000	207	\$9,952,077	3.9%	\$48,078
Special procedure room	188	4.1%	93	\$5,172,211	0.7%	\$55,615	\$11,500	139	\$3,790,205	1.5%	\$27,268
Labor or delivery room	184	4.0%	79	\$81,430,324	11.8%	\$1,030,764	\$250,000	169	\$25,723,087	10.0%	\$152,208
Radiology department	167	3.6%	78	\$30,759,258	4.5%	\$394,349	\$85,000	136	\$6,511,852	2.5%	\$47,881
Other - not an inpatient facility	166	3.6%	50	\$22,917,797	3.3%	\$458,356	\$50,000	154	\$6,118,229	2.4%	\$39,729
Walk-in clinic	55	1.2%	30	\$11,404,541	1.7%	\$380,151	\$107,500	42	\$3,718,635	1.4%	\$88,539
Laboratory	55	1.2%	36	\$2,786,663	0.4%	\$77,407	\$2,024	33	\$1,985,231	0.8%	\$60,159
Critical care unit	45	1.0%	25	\$23,043,105	3.3%	\$921,724	\$229,188	41	\$3,076,638	1.2%	\$75,040
Rehabilitation center	33	0.7%	22	\$2,338,392	0.3%	\$106,291	\$90,000	28	\$1,195,004	0.5%	\$42,679
Physical therapy department	30	0.7%	13	\$1,500,628	0.2%	\$115,433	\$80,000	28	\$1,217,045	0.5%	\$43,466
Facility support areas	25	0.5%	17	\$2,048,226	0.3%	\$120,484	\$33,972	15	\$621,962	0.2%	\$41,464
Pharmacy	25	0.5%	21	\$2,012,973	0.3%	\$95,856	\$32,500	15	\$784,298	0.3%	\$52,287
All other locations	201	4.4%	89	\$36,265,404	5.2%	\$407,476	\$100,000	179	\$13,823,131	5.4%	\$77,224
<b>Total</b>	<b>4,581</b>	<b>100.0%</b>	<b>2,018</b>	<b>\$690,812,372</b>	<b>100.0%</b>	<b>\$342,325</b>	<b>\$74,500</b>	<b>3,996</b>	<b>\$256,683,180</b>	<b>100.0%</b>	<b>\$64,235</b>

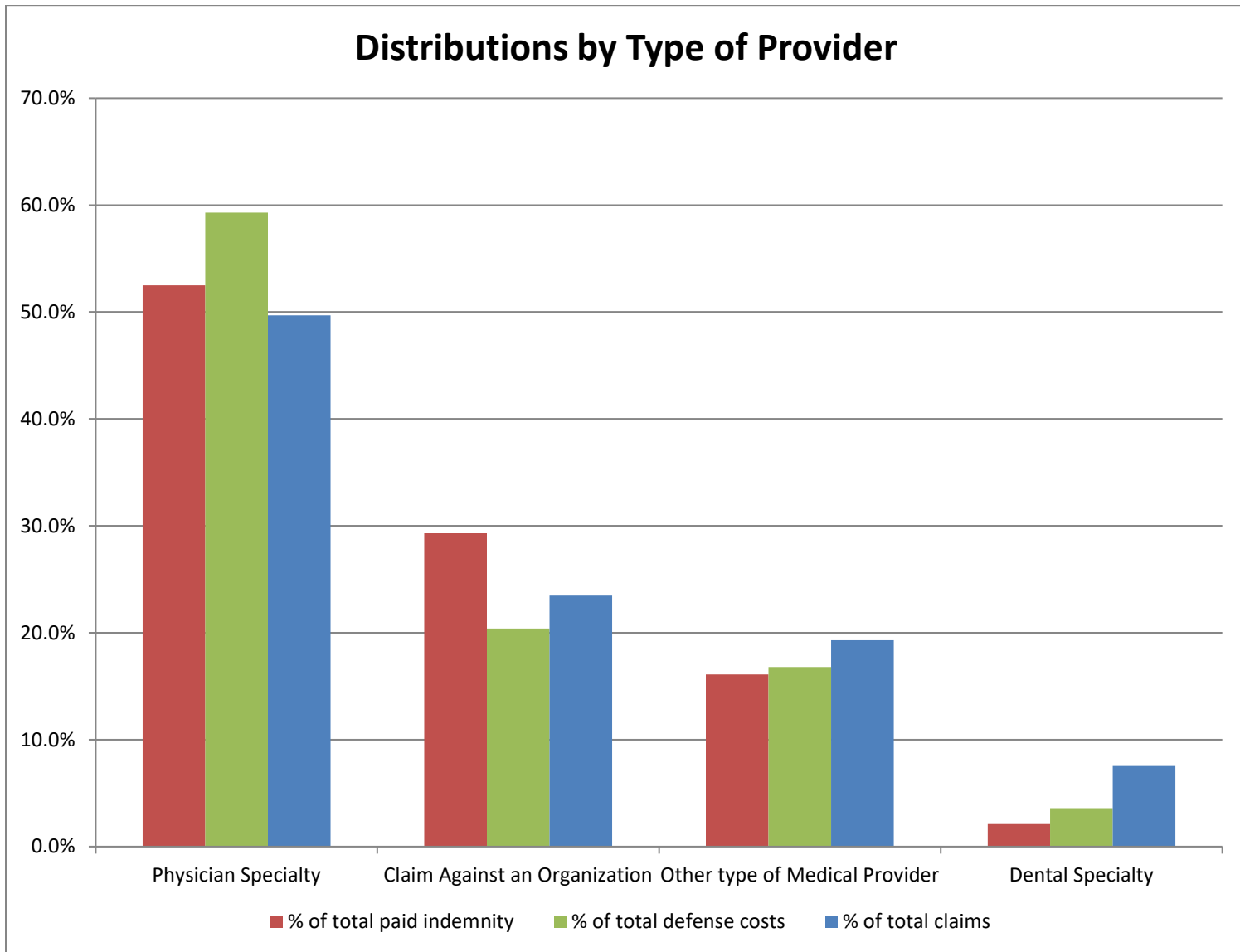
This chart shows the distribution of claims, indemnity payments and defense costs by location within the facility for the nine locations with the largest number of claims.



## Type of medical provider

<b>Five-year period ending December 31, 2018</b>											
<b>Provider group</b>	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
Physician specialty	2,276	833	\$362,718,402	52.5%	\$435,436	\$125,000	2,100	\$152,085,629	59.3%	\$72,422	\$16,648
Claim against an organization	1,075	470	\$202,339,210	29.3%	\$430,509	\$75,000	932	\$52,256,315	20.4%	\$56,069	\$16,606
Other type of medical provider	884	518	\$111,445,694	16.1%	\$215,146	\$40,000	681	\$43,009,792	16.8%	\$63,157	\$15,145
Dental specialty	346	197	\$14,309,066	2.1%	\$72,635	\$20,000	283	\$9,331,444	3.6%	\$32,973	\$4,684
<b>Total</b>	<b>4,581</b>	<b>2,018</b>	<b>\$690,812,372</b>	<b>100.0%</b>	<b>\$342,325</b>	<b>\$74,500</b>	<b>3,996</b>	<b>\$256,683,180</b>	<b>100.0%</b>	<b>\$64,235</b>	<b>\$15,344</b>

The providers with the highest percentage of claims, 49.7%, were physician specialties, which includes surgeons, general practice physicians, radiologists, neurologists, psychiatrists, and many more. These claims had the highest average defense cost at \$72,422, the highest average indemnity payment at \$435,436 and the highest median indemnity payment at \$125,000. The “other type of medical provider” category includes nursing, physician assistants, technicians, pharmacy, podiatry, and psychology, among others.





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

<b>Five-year period ending December 31, 2018</b>											
<b>Provider specialty</b>	Number of claims	Claims with paid indemnity	Paid indemnity	% of total paid indemnity	Average paid indemnity	Median paid indemnity	Claims with defense costs	Defense costs	% of total defense costs	Average defense cost	Median defense cost
Emergency medicine	259	81	\$30,097,267	8.3%	\$371,571	\$92,500	241	\$14,517,434	9.5%	\$60,238	\$19,359
Obstetrics and gynecology	255	109	\$65,373,908	18.0%	\$599,761	\$181,250	234	\$23,579,927	15.5%	\$100,769	\$11,341
General surgery	254	99	\$50,125,591	13.8%	\$506,319	\$104,107	235	\$15,150,928	10.0%	\$64,472	\$21,794
General practice-family practice	245	109	\$28,089,081	7.7%	\$257,698	\$85,000	217	\$16,550,144	10.9%	\$76,268	\$15,822
Orthopedic surgery	217	60	\$18,131,127	5.0%	\$302,185	\$92,500	201	\$15,694,437	10.3%	\$78,082	\$11,962
Radiology	141	51	\$27,655,058	7.6%	\$542,256	\$250,000	138	\$9,515,793	6.3%	\$68,955	\$27,306
Internal medicine	118	31	\$10,434,897	2.9%	\$336,610	\$115,000	113	\$7,889,435	5.2%	\$69,818	\$22,679
Anesthesiology	111	59	\$8,373,544	2.3%	\$141,924	\$7,000	78	\$3,854,035	2.5%	\$49,411	\$8,252
Neurological surgery	73	28	\$21,733,161	6.0%	\$776,184	\$338,700	71	\$5,593,029	3.7%	\$78,775	\$31,098
Urological surgery	63	25	\$7,694,629	2.1%	\$307,785	\$200,000	60	\$2,643,484	1.7%	\$44,058	\$21,551
Cardiovascular diseases	61	25	\$11,224,562	3.1%	\$448,982	\$350,000	58	\$5,023,764	3.3%	\$86,617	\$21,838
Plastic surgery	60	14	\$3,036,603	0.8%	\$216,900	\$51,250	58	\$2,880,122	1.9%	\$49,657	\$8,703
Gastroenterology	59	11	\$1,348,894	0.4%	\$122,627	\$10,000	54	\$1,970,051	1.3%	\$36,482	\$6,786
Hospitalist	57	23	\$17,820,000	4.9%	\$774,783	\$700,000	57	\$4,396,495	2.9%	\$77,131	\$42,371
Otolaryngology	52	24	\$10,580,145	2.9%	\$440,839	\$263,750	51	\$4,050,344	2.7%	\$79,419	\$7,787
Pediatrics	45	17	\$18,489,151	5.1%	\$1,087,597	\$250,000	38	\$6,846,671	4.5%	\$180,176	\$17,649
All other physician types	206	67	\$32,510,784	9.0%	\$485,236	\$250,000	196	\$11,929,536	7.8%	\$60,865	\$15,000
<b>Total</b>	<b>2,276</b>	<b>833</b>	<b>\$362,718,402</b>	<b>100.0%</b>	<b>\$435,436</b>	<b>\$125,000</b>	<b>2,100</b>	<b>\$152,085,629</b>	<b>100.0%</b>	<b>\$72,422</b>	<b>\$31,519</b>

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

The largest number of claims reported against physician specialties were for emergency medicine. The most common allegations against emergency medicine physicians were failure to diagnose with 130 claims, delay in diagnosis with 18 claims, and incorrect diagnosis with 14 claims.

Pediatrics was the specialty ranked highest in average paid indemnity and average defense costs. The most common allegation against this physician specialty was failure to diagnose with 13 claims.

This table shows claim data for other types of medical providers.<sup>49</sup> Nursing staff accounted for 521 claims, resulting in 359 indemnity payments averaging \$202,853. The most common allegations against nursing staff were failure to ensure patient safety with 77 claims, followed by failure to monitor with 53 claims and improper performance with 35 claims. Physician assistants had the second-highest number of claims at 81 and the most common allegation against this type of medical provider was failure to diagnose with 16 claims.

<b>Five-year period ending December 31, 2018</b>										
<b>Provider type</b>	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
Nursing	521	359	\$72,824,075	65.3%	\$202,853	\$35,000	370	\$23,172,644	53.9%	\$62,629
Physician assistant	81	29	\$7,870,070	7.1%	\$271,382	\$100,000	74	\$4,544,868	10.6%	\$61,417
Podiatry	66	15	\$3,514,990	3.2%	\$234,333	\$100,000	66	\$3,737,017	8.7%	\$56,621
Chiropractic	51	20	\$6,232,000	5.6%	\$311,600	\$187,500	51	\$4,355,813	10.1%	\$85,408
Laboratory technician	31	25	\$1,359,953	1.2%	\$54,398	\$2,728	12	\$663,980	1.5%	\$55,332
All other types	134	70	\$19,644,606	17.6%	\$280,637	\$40,000	108	\$6,535,470	15.2%	\$60,514
<b>Total</b>	<b>884</b>	<b>518</b>	<b>\$111,445,694</b>	<b>100.0%</b>	<b>\$215,146</b>	<b>\$40,000</b>	<b>681</b>	<b>\$43,009,792</b>	<b>100.0%</b>	<b>\$63,157</b>

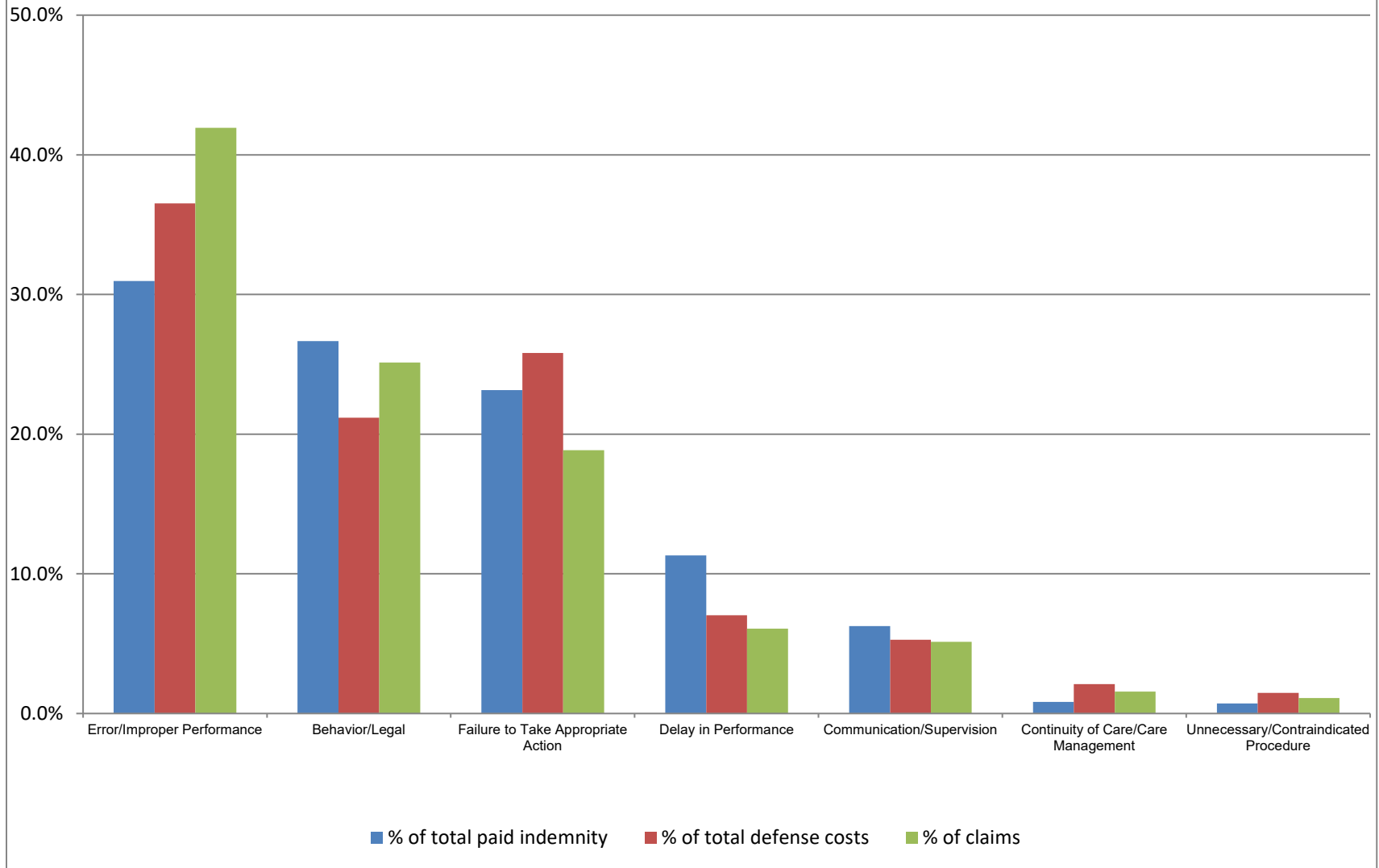
<sup>49</sup> Under [RCW 48.140.060](#) and [RCW 42.56.400](#)(10), some types of providers are grouped together to maintain confidentiality.  
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## Claim allegations

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

<b>Five-year period ending December 31, 2018</b>									
<b><u>Allegation group</u></b>	Number of claims	Claims with paid indemnity	Paid indemnity	% of total paid indemnity	Average paid indemnity	Claims with defense costs	Defense costs	% of total defense costs	Average defense cost
Error/improper performance	1,921	878	\$213,932,077	31.0%	\$243,658	1,639	\$93,745,699	36.5%	\$57,197
Behavior/legal	1,151	499	\$184,234,941	26.7%	\$369,208	989	\$54,382,952	21.2%	\$54,988
Failure to take appropriate action	864	360	\$159,915,002	23.1%	\$444,208	813	\$66,237,367	25.8%	\$81,473
Delay in performance	278	112	\$78,158,613	11.3%	\$697,845	250	\$18,048,693	7.0%	\$72,195
Communication/supervision	235	121	\$43,176,519	6.3%	\$356,831	191	\$13,576,905	5.3%	\$71,083
Continuity of care/care management	72	25	\$5,778,126	0.8%	\$231,125	61	\$5,405,328	2.1%	\$88,612
Unnecessary/contraindicated procedure	51	22	\$5,033,696	0.7%	\$228,804	44	\$3,792,965	1.5%	\$86,204

## Distributions by Allegation Group



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

<b>Five-year period ending December 31, 2018</b>							
<b><u>Error/improper performance</u></b>	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	790	300	\$56,494,958	\$188,317	723	\$33,439,215	\$46,251
Improper technique	254	138	\$36,357,456	\$263,460	192	\$10,061,919	\$52,406
Improper management	215	84	\$26,453,528	\$314,923	193	\$15,592,550	\$80,790
Surgical or other foreign body retained	76	40	\$2,920,587	\$73,015	63	\$1,181,937	\$18,761
Patient monitoring problem	56	40	\$14,403,745	\$360,094	46	\$5,016,651	\$109,058
Patient history, exam, or workup problem	54	17	\$4,594,372	\$270,257	49	\$2,299,049	\$46,919
Wrong dosage administered	41	20	\$23,462,437	\$1,173,122	37	\$3,460,192	\$93,519
Wrong medication administered	41	24	\$5,155,092	\$214,796	31	\$1,604,486	\$51,758
Wrong medication ordered	38	14	\$4,398,857	\$314,204	35	\$2,677,368	\$76,496
Equipment utilization problem	36	27	\$2,426,349	\$89,865	22	\$1,780,745	\$80,943
Wrong diagnosis or misdiagnosis	35	12	\$4,911,273	\$409,273	33	\$1,326,291	\$40,191
Intubation problem	34	16	\$2,809,750	\$175,609	26	\$1,301,247	\$50,048
Wrong body part	30	21	\$3,457,737	\$164,654	24	\$1,143,721	\$47,655
Wrong procedure or treatment	22	12	\$3,032,298	\$252,692	18	\$4,425,632	\$245,868
Wrong medication dispensed	21	17	\$1,344,821	\$79,107	12	\$538,231	\$44,853
Patient positioning problem	17	11	\$2,780,753	\$252,796	14	\$773,833	\$55,274

<b>Five-year period ending December 31, 2018</b>							
	Total number of claims	Claims with paid indemnity	Total paid indemnity	Average paid indemnity	Claims with defense costs	Total defense costs	Average defense cost
<b><u>Communication/supervision</u></b>							
Failure to instruct or communicate with patient/family	87	38	\$4,784,224	\$125,901	72	\$3,897,378	\$54,130
Communication problem between practitioners	68	37	\$20,315,211	\$549,060	49	\$4,902,376	\$100,048
Improper supervision	32	19	\$8,318,427	\$437,812	29	\$2,320,087	\$80,003
Failure to supervise	19	11	\$1,193,347	\$108,486	16	\$896,082	\$56,005
<b><u>Failure to take appropriate action</u></b>							
Failure to diagnose	464	171	\$76,585,337	\$447,867	445	\$34,182,830	\$76,815
Failure to monitor	122	76	\$26,546,668	\$349,298	108	\$9,129,288	\$84,530
Failure to treat	108	37	\$10,665,158	\$288,248	106	\$5,219,817	\$49,244
Failure to recognize a complication	46	19	\$7,970,126	\$419,480	45	\$4,722,792	\$104,951
Failure to order appropriate test	36	19	\$6,038,387	\$317,810	29	\$3,189,904	\$109,997
<b><u>Delay in performance</u></b>							
Delay in diagnosis	160	60	\$41,676,407	\$694,607	156	\$11,621,694	\$74,498
Delay in treatment	78	35	\$10,440,162	\$298,290	56	\$3,128,296	\$55,862
Delay in performance	25	11	\$23,404,544	\$2,127,686	24	\$1,733,520	\$72,230

<b>Five-year period ending December 31, 2018</b>							
	Total number of claims	Claims with paid indemnity	Total paid indemnity	Average paid indemnity	Claims with defense costs	Total defense costs	Average defense cost
<b><u>Behavior/legal</u></b>							
Vicarious liability	827	302	\$153,601,121	\$508,613	739	\$41,796,121	\$56,558
Failure to ensure patient safety	166	122	\$18,594,679	\$152,415	112	\$4,062,975	\$36,277
Sexual misconduct	33	17	\$2,548,220	\$149,895	32	\$1,602,672	\$50,084
Lack of informed consent	28	12	\$1,291,844	\$107,654	22	\$1,336,757	\$60,762
Equipment malfunction	18	14	\$1,578,462	\$112,747	12	\$491,309	\$40,942
<b><u>Continuity of care/care management</u></b>							
Premature discharge from institution	21	13	\$2,109,004	\$162,231	14	\$2,325,214	\$166,087
<b><u>Unnecessary/contraindicated procedure</u></b>							
Unnecessary procedure	28	13	\$4,492,782	\$345,599	27	\$2,795,084	\$103,522

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

<b><u>Allegation made against physician specialty</u></b>	<b><u>Five-year period ending December 31, 2018</u></b>						
	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	447	139	\$41,222,636	\$296,566	422	\$21,287,346	\$50,444
Failure to diagnose	413	154	\$70,563,769	\$458,206	395	\$31,835,539	\$80,596
Improper technique	165	79	\$29,505,413	\$373,486	127	\$6,508,422	\$51,247
Improper management	145	42	\$22,879,476	\$544,749	141	\$12,993,006	\$92,149
Delay in diagnosis	127	44	\$37,311,407	\$847,987	123	\$9,199,416	\$74,792
Failure to instruct or communicate with patient or family	64	25	\$3,799,931	\$151,997	55	\$3,002,114	\$54,584
Surgical or other foreign body retained	61	27	\$2,132,413	\$78,978	55	\$1,000,224	\$18,186
Failure to treat	52	15	\$5,437,879	\$362,525	51	\$2,654,451	\$52,048
Communication problem between practitioners	38	16	\$6,472,716	\$404,545	30	\$2,465,932	\$82,198
Failure to monitor	37	15	\$6,285,000	\$419,000	37	\$3,370,628	\$91,098
Wrong medication ordered	34	12	\$3,397,660	\$283,138	32	\$2,156,143	\$67,379
Failure to recognize a complication	31	12	\$5,026,275	\$418,856	30	\$3,665,400	\$122,180
Failure to order appropriate test	31	15	\$4,722,995	\$314,866	26	\$2,812,478	\$108,172
Intubation problem	27	12	\$2,403,529	\$200,294	21	\$1,197,801	\$57,038
Wrong dosage administered	26	12	\$18,432,843	\$1,536,070	25	\$2,823,709	\$112,948
Unnecessary procedure	25	12	\$4,292,782	\$357,732	24	\$2,073,347	\$86,389
Patient monitoring problem	20	13	\$7,146,788	\$549,753	16	\$1,854,821	\$115,926
Wrong body part	16	11	\$3,298,949	\$299,904	14	\$1,027,998	\$73,428
Equipment utilization problem	16	11	\$1,999,293	\$181,754	12	\$971,425	\$80,952



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

<b>Five-year period ending December 31, 2018</b>							
<b><u>Allegation made against dental provider</u></b>	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	219	120	\$9,319,084	\$77,659	193	\$6,170,510	\$31,972
Improper technique	24	16	\$1,509,249	\$94,328	23	\$1,026,064	\$44,611
Improper management	19	11	\$353,496	\$32,136	12	\$310,519	\$25,877

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

<u><b>Allegation made against other type of provider</b></u>	<u><b>Five-year period ending December 31, 2018</b></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	122	39	\$5,879,876	\$150,766	107	\$5,964,277	\$55,741
Failure to ensure patient safety	88	65	\$5,937,509	\$91,346	54	\$1,312,562	\$24,307
Improper technique	65	43	\$5,342,794	\$124,251	42	\$2,527,433	\$60,177
Failure to monitor	57	41	\$14,493,908	\$353,510	47	\$4,089,677	\$87,014
Failure to diagnose	43	15	\$6,015,568	\$401,038	43	\$2,069,070	\$48,118
Failure to treat	39	16	\$3,779,779	\$236,236	38	\$2,102,258	\$55,323
Improper management	32	21	\$1,867,725	\$88,939	26	\$1,882,834	\$72,417
Patient monitoring problem	31	23	\$6,641,957	\$288,781	27	\$2,760,694	\$102,248
Delay in diagnosis	26	14	\$4,040,000	\$288,571	26	\$2,298,982	\$88,422
Communication problem between practitioners	23	18	\$13,291,240	\$738,402	13	\$1,924,698	\$148,054
Wrong medication administered	19	13	\$218,874	\$16,836	12	\$390,164	\$32,514

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

<b>Five-year period ending December 31, 2018</b>							
<b><u>Allegation made against an organization</u></b>	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	804	298	\$153,907,091	\$516,467	717	\$41,023,941	\$57,216
Failure to ensure patient safety	63	48	\$12,256,410	\$255,342	47	\$2,638,269	\$56,133
Failure to monitor	25	19	\$5,677,760	\$298,829	21	\$1,598,859	\$76,136
Improper supervision	19	14	\$7,405,874	\$528,991	17	\$1,664,080	\$97,887
Improper management	19	10	\$1,352,831	\$135,283	14	\$406,191	\$29,014

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

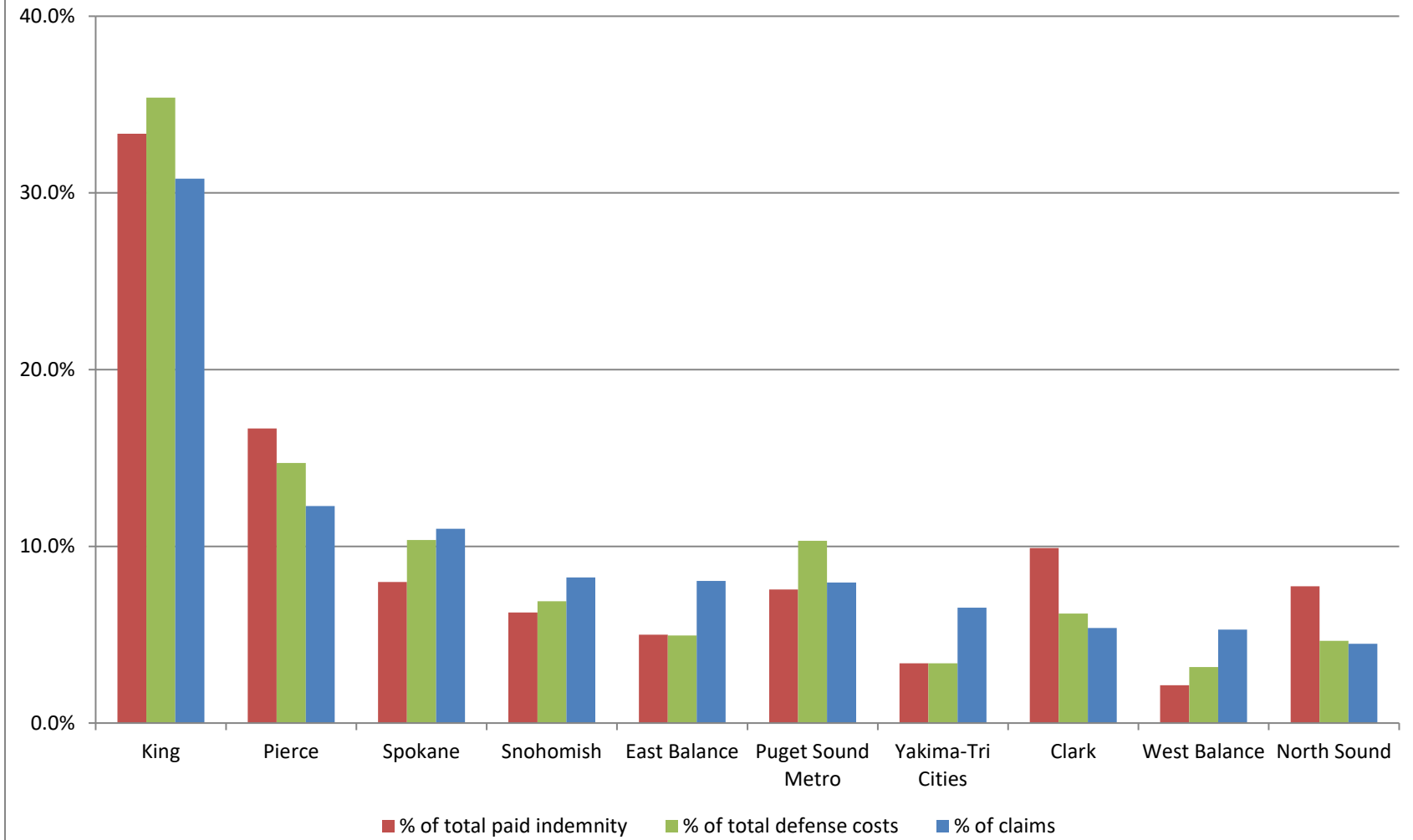
Insurers and self-insurers reported the county where the medical incident occurred.<sup>50</sup> To provide information about differences by location, we divided the state into 10 regions.<sup>51</sup> King County had the highest total paid indemnity and total defense costs, while average indemnity payments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

Five-year period ending December 31, 2018										
Region	Number of claims	Claims with paid indemnity	Paid indemnity	Median paid indemnity	Average paid indemnity	Average economic loss	Claims with defense costs	Defense costs	Average defense costs	Median defense costs
King	1,410	683	\$230,112,460	\$40,000	\$336,914	\$224,535	1,162	\$90,482,315	\$77,868	\$22,620
Pierce	562	242	\$115,028,586	\$95,000	\$475,325	\$242,203	499	\$37,617,598	\$75,386	\$19,854
Spokane	503	188	\$55,049,199	\$50,000	\$292,815	\$200,038	439	\$26,473,797	\$60,305	\$8,622
Snohomish	377	177	\$43,187,686	\$30,000	\$243,998	\$168,000	308	\$17,629,865	\$57,240	\$15,677
East balance	368	152	\$34,478,626	\$97,500	\$226,833	\$165,913	336	\$12,665,575	\$37,695	\$10,094
Puget Sound Metro	364	171	\$52,158,617	\$85,000	\$305,021	\$225,308	325	\$26,351,277	\$81,081	\$19,858
Yakima-Tri Cities	299	117	\$23,332,493	\$85,000	\$199,423	\$108,898	280	\$8,627,449	\$30,812	\$10,913
Clark	246	116	\$68,340,479	\$120,000	\$589,142	\$387,531	224	\$15,855,663	\$70,784	\$15,260
West balance	242	88	\$14,730,708	\$70,000	\$167,394	\$75,502	224	\$8,095,793	\$36,142	\$15,044
North Sound	205	82	\$53,443,518	\$180,000	\$651,750	\$263,259	194	\$11,885,231	\$61,264	\$11,245

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

<sup>51</sup> **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

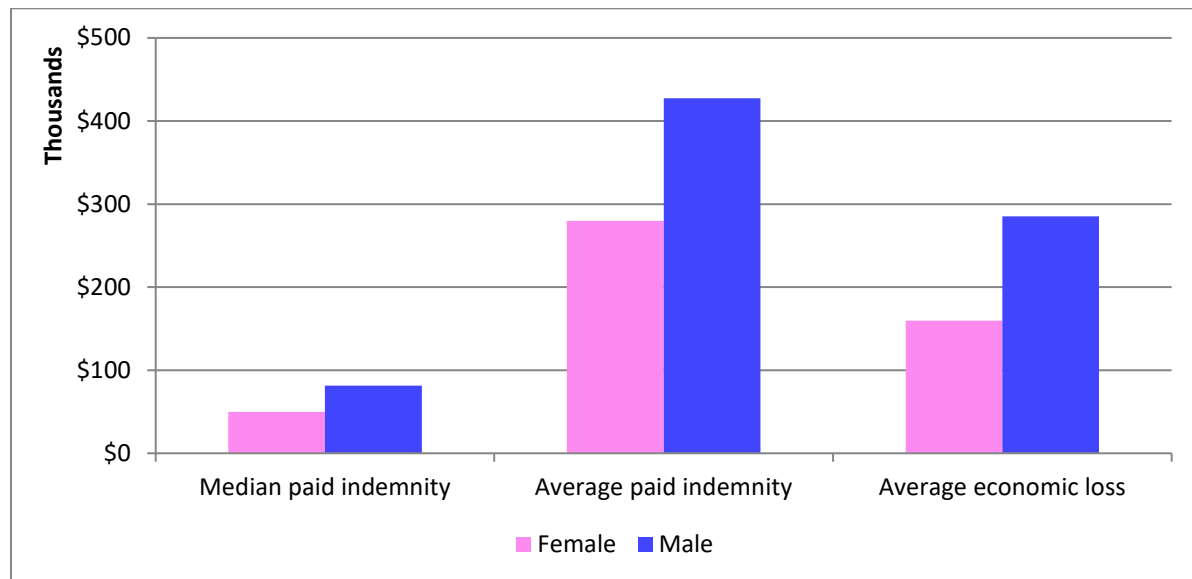


## Gender statistics

56.8% of the claims reported the injured party was female and 43.2% 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, 2018									
Gender	Total number of claims	Claims with paid indemnity	Total paid indemnity	Median paid indemnity	Average paid indemnity	Average economic loss	Claims with defense costs	Total defense costs	Average defense costs
Female	2,602	1,156	\$323,433,973	\$50,000	\$279,787	\$159,743	2,260	\$136,220,086	\$60,274
Male	1,976	859	\$367,071,401	\$81,275	\$427,324	\$285,176	1,735	\$119,908,780	\$69,112

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

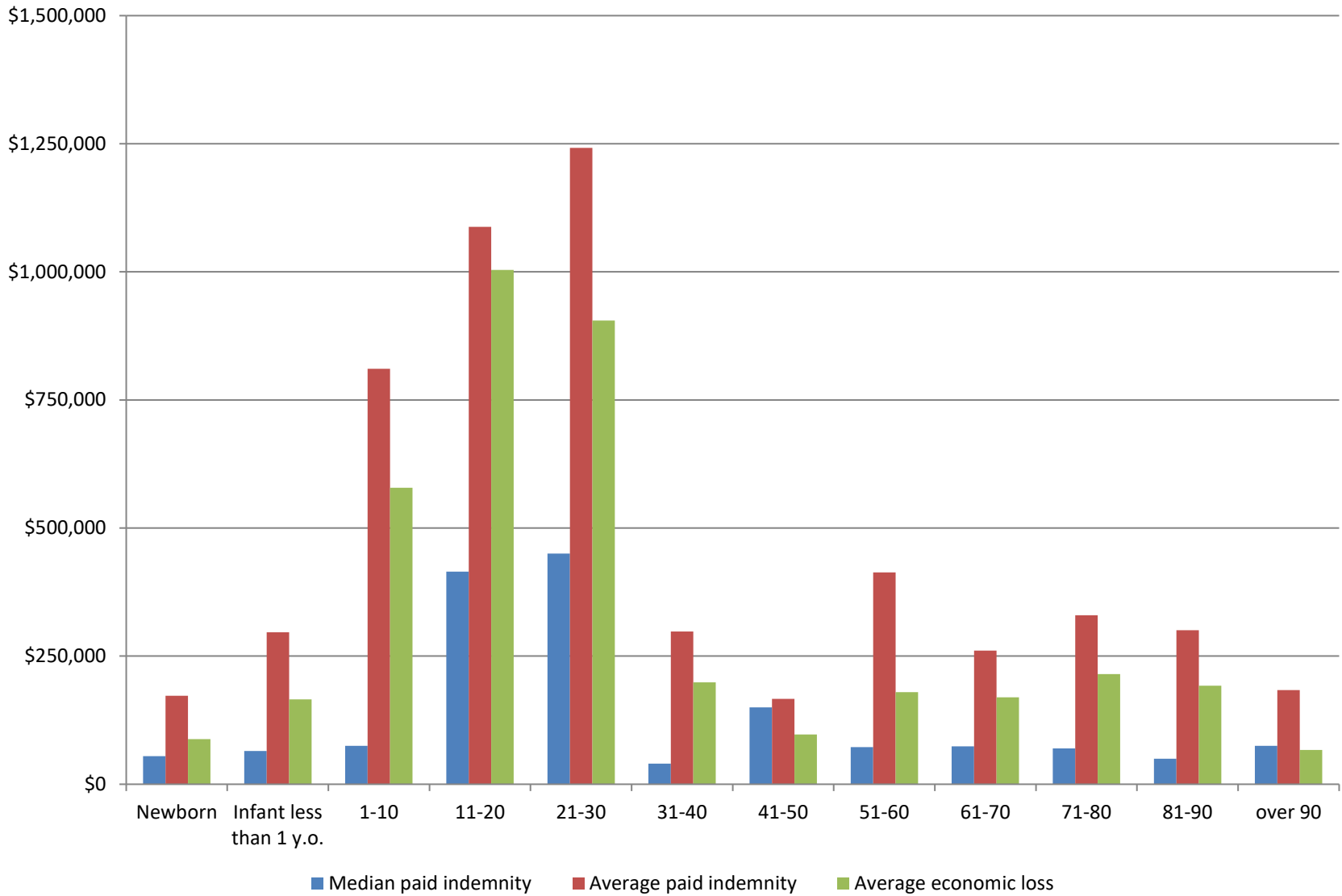


## Age statistics

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

<u>Age group</u>	<u>Five-year period ending December 31, 2018</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	352	164	\$28,304,431	\$14,438,661	\$172,588	\$88,041	\$55,000	303	\$13,414,485	\$44,272
Infant less than 1 y.o.	745	344	\$101,978,292	\$56,949,286	\$296,449	\$165,550	\$65,000	647	\$31,475,318	\$48,648
1-10	85	46	\$37,307,651	\$26,622,795	\$811,036	\$578,756	\$75,000	68	\$3,809,187	\$56,017
11-20	41	26	\$28,280,726	\$26,101,726	\$1,087,720	\$1,003,913	\$415,000	35	\$6,079,884	\$173,711
21-30	147	62	\$76,985,174	\$56,113,020	\$1,241,696	\$905,049	\$450,000	134	\$27,372,646	\$204,273
31-40	157	83	\$24,732,427	\$16,485,625	\$297,981	\$198,622	\$40,000	128	\$7,199,917	\$56,249
41-50	26	20	\$3,334,318	\$1,945,129	\$166,716	\$97,256	\$150,000	18	\$688,883	\$38,271
51-60	410	178	\$73,563,103	\$31,978,347	\$413,276	\$179,654	\$72,500	355	\$25,850,880	\$72,819
61-70	641	264	\$68,919,616	\$44,837,863	\$261,059	\$169,840	\$73,755	575	\$34,262,923	\$59,588
71-80	841	335	\$110,564,776	\$72,076,281	\$330,044	\$215,153	\$69,851	755	\$42,166,865	\$55,850
81-90	948	392	\$117,753,650	\$75,404,605	\$300,392	\$192,359	\$50,000	826	\$53,958,600	\$65,325
over 90	188	104	\$19,088,208	\$6,982,712	\$183,540	\$67,141	\$75,000	152	\$10,403,592	\$68,445
<b>Total</b>	<b>4,581</b>	<b>2,018</b>	<b>\$690,812,372</b>	<b>\$429,936,050</b>	<b>\$342,325</b>	<b>\$213,051</b>	<b>\$74,500</b>	<b>3,996</b>	<b>\$256,683,180</b>	<b>\$64,235</b>

## Payment Averages by Age Group





## Trends

This chart shows estimates of trends in frequency and severity.<sup>52</sup> Average claim costs have been increasing.

<b>Year closed</b>	<b>Average paid indemnity</b>	<b>Average limited indemnity</b>	<b>Average defense costs</b>	<b>Average of limited indemnity + defense costs</b>	<b>Number of claims closed</b>
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	\$113,480	1,182
2013	\$231,292	\$179,372	\$47,563	\$127,078	1,127
2014	\$268,992	\$236,284	\$57,870	\$156,328	1,045
2015	\$378,525	\$221,620	\$65,260	\$147,339	1,021
2016	\$281,556	\$219,297	\$65,340	\$153,886	899
2017	\$327,228	\$191,683	\$61,433	\$135,759	809
2018	\$466,978	\$278,193	\$72,605	\$197,421	807
<b>Annual trend</b>	8.0%	4.7%	7.1%	4.9%	-2.2%

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 807 claims reported for 2018 as additional reports come in.

These trends should not be considered reliable estimates of changes in medical malpractice insurance costs over time for several reasons. For example, since medical malpractice claims can take several years to close, the averages shown for each year closed include data from incidents that occurred over many years. Thus trends estimated using closed-year data can be distorted by changes

<sup>52</sup> 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.  
 Medical Malpractice Annual Report | Sept. 1, 2019

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>					<b>Five-year total</b>
	2014	2015	2016	2017	2018	
Settlements reported by attorneys	53	47	37	32	19	<b>188</b>
Number of settlements with paid indemnity	52	44	35	29	19	<b>179</b>
Total paid indemnity	\$70,617,961	\$74,402,000	\$61,303,662	\$26,514,000	\$16,577,870	<b>\$249,415,493</b>
Average payment to claimant	\$1,358,038	\$1,690,955	\$1,751,533	\$914,276	\$872,519	<b>\$1,393,383</b>
Median payment to claimant	\$550,000	\$772,500	\$600,000	\$475,000	\$450,000	<b>\$550,000</b>
Total legal expenses	\$27,209,251	\$29,348,515	\$25,170,702	\$10,952,767	\$6,763,079	<b>\$99,444,314</b>
Total attorney fees	\$23,910,626	\$25,973,603	\$22,798,754	\$9,282,988	\$5,869,130	<b>\$87,835,101</b>
Average legal expense	\$513,382	\$624,436	\$680,289	\$342,274	\$355,952	<b>\$528,959</b>
Average fee paid to attorney	\$459,820	\$590,309	\$651,393	\$320,103	\$308,902	<b>\$490,699</b>

**Indemnity payments to claimants:** Over the five-year period ending December 31, 2018, claimants received total compensation of \$249.4 million on 179 settlements, averaging \$1.4 million per settlement. Median paid indemnity was \$550,000 over the same period.

Claimants paid \$99.4 million for legal expenses, averaging \$528,959 per lawsuit. Claimants paid \$87.8 million in attorney fees, or an average of \$490,699 per settlement.<sup>53</sup> On average, the attorney fee was 35.2% of the total compensation paid to the claimant.

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

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

## How lawsuits were settled

Very few settlements were the result of a judgment or verdict, and these settlements resulted in the lowest average indemnity payment at \$643,767. The average attorney fee for lawsuits resolved in court was \$254,188, or 39.5% of the total judgment or verdict.

<b>Five-year period ending December 31, 2018</b>								
<b><u>Lawsuit settlement method</u></b>	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
Settled by parties	108	\$64,354,182	\$595,872	108	\$164,967,532	\$1,527,477	\$57,134,871	\$529,027
Alternative dispute resolution	67	\$32,901,883	\$491,073	67	\$81,872,893	\$1,221,983	\$29,683,477	\$443,037
Verdicts	12	\$2,174,838	\$181,236	4	\$2,575,068	\$643,767	\$1,016,753	\$254,188

Of the 67 settlements resolved by alternative dispute resolution, 65 were resolved in mediation, resulting in \$81 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 \$452,574, or 36.3% of the total settlement. When other legal expenses are added, such as expert witnesses, claimants paid an average of \$498,828 for total legal expenses, or 40% of the total mediated settlement.

## Settlements by county

Five-year period ending December 31, 2018							
Region	Settlements with legal expenses	Total legal expenses	Average legal expense	Settlements with paid indemnity	Total paid indemnity	Average paid indemnity	Median paid indemnity
King	89	\$45,441,141	\$510,575	84	\$119,371,763	\$1,421,092	\$675,000
Puget Sound Metro	21	\$11,770,434	\$560,497	20	\$27,895,000	\$1,394,750	\$350,000
Pierce	15	\$5,912,876	\$394,192	15	\$13,632,230	\$908,815	\$800,000
Snohomish	12	\$10,118,799	\$843,233	12	\$24,111,500	\$2,009,292	\$754,500
Clark	12	\$6,066,337	\$505,528	12	\$14,604,000	\$1,217,000	\$237,500
Spokane	12	\$3,865,900	\$322,158	11	\$10,609,000	\$964,455	\$475,000
Yakima-Tri Cities	11	\$1,767,142	\$160,649	11	\$4,092,000	\$372,000	\$250,000
North Sound	8	\$12,579,841	\$1,572,480	7	\$30,550,000	\$4,364,286	\$2,150,000
East balance	5	\$857,802	\$171,560	4	\$2,025,000	\$506,250	\$287,500
West balance	3	\$1,064,042	\$354,681	3	\$2,525,000	\$841,667	\$425,000
<b>Total</b>	<b>188</b>	<b>\$99,444,314</b>	<b>\$528,959</b>	<b>179</b>	<b>\$249,415,493</b>	<b>\$1,393,383</b>	<b>\$550,000</b>

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.<sup>54</sup> King County had the highest total paid indemnity, but only the third-highest average paid indemnity. A few extremely large settlements in 2015 pushed the North Sound region into the top spot for average paid indemnity at \$4.4 million.

<sup>54</sup> 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

<b>Five-year period ending December 31, 2018</b>							
<b>Gender</b>	Settlements with legal expenses	Total legal expenses	Average legal expense paid by claimant	Settlements with paid indemnity	Total paid indemnity	Average indemnity paid to claimant	Median paid indemnity
Female	104	\$36,596,541	\$351,890	96	\$90,487,425	\$942,577	\$400,000
Male	84	\$62,847,773	\$748,188	83	\$158,928,068	\$1,914,796	\$750,000
<b>Total</b>	<b>188</b>	<b>\$99,444,314</b>	<b>\$528,959</b>	<b>179</b>	<b>\$249,415,493</b>	<b>\$1,393,383</b>	<b>\$550,000</b>

Significantly more settlements involved female claimants: 55.3% compared to 44.7% with male claimants.

## Age of claimant

Attorneys reported the age group of the claimant. This table shows that the settlements involving younger claimants tended to have higher average indemnity payments.

<b>Five-year period ending December 31, 2018</b>							
<b>Age group</b>	Settlements with legal expenses	Total legal expenses	Average legal expenses	Settlements with paid indemnity	Total paid indemnity	Average paid indemnity	Median paid indemnity
Ages 0-10	15	13,505,786	\$900,386	15	32,575,000	\$2,171,667	\$800,000
Ages 11-20	7	2,821,163	\$403,023	7	6,985,000	\$997,857	\$350,000
Ages 21-30	11	8,831,584	\$802,871	10	21,100,000	\$2,110,000	\$600,000
Ages 31-40	27	8,761,039	\$324,483	26	22,366,393	\$860,246	\$450,000
Ages 41-50	38	22,951,384	\$603,984	36	53,879,662	\$1,496,657	\$575,000
Ages 51-60	31	23,587,947	\$760,902	30	67,266,568	\$2,242,219	\$610,000
Ages 61-70	31	12,732,937	\$410,740	31	30,283,870	\$976,899	\$600,000
Ages 71-80	23	5,112,640	\$222,289	19	12,084,000	\$636,000	\$300,000
Ages 81 and over	5	1,139,834	\$227,967	5	2,875,000	\$575,000	\$350,000
<b>Total</b>	<b>188</b>	<b>\$99,444,314</b>	<b>\$528,959</b>	<b>179</b>	<b>\$249,415,493</b>	<b>\$1,393,383</b>	<b>\$550,000</b>

# Report limitations

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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

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## Appendix A: Profitability

<b>Physicians Insurance, a Mutual Company</b>												
	(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]
2009	71,177,910	10,940,954	15.4%	70,577,910	46,775,240	66.3%	5,055,023	7.2%	88.8%	13,781,265	19.5%	69.3%
2010	69,704,876	11,304,529	16.2%	65,704,876	46,581,041	70.9%	5,064,296	7.7%	94.8%	13,636,915	20.8%	74.1%
2011	73,321,941	11,206,238	15.3%	70,370,781	58,164,474	82.7%	5,050,240	7.2%	105.1%	13,338,762	19.0%	86.2%
2012	67,765,626	12,136,167	17.9%	65,640,184	52,544,310	80.0%	5,069,039	7.7%	105.7%	12,759,941	19.4%	86.2%
2013	72,889,552	12,288,351	16.9%	69,671,138	59,350,315	85.2%	5,066,054	7.3%	109.3%	13,644,483	19.6%	89.7%
2014	76,701,101	12,732,714	16.6%	75,121,138	61,689,384	82.1%	5,070,027	6.7%	105.5%	14,861,343	19.8%	85.7%
2015	76,301,471	14,408,108	18.9%	71,271,073	60,145,162	84.4%	5,013,655	7.0%	110.3%	14,821,719	20.8%	89.5%
2016	78,240,313	16,313,878	20.9%	78,437,989	64,504,225	82.2%	5,021,643	6.4%	109.5%	14,780,030	18.8%	90.6%
2017	81,130,272	16,142,043	19.9%	79,275,075	64,249,016	81.0%	5,001,216	6.3%	107.3%	14,669,396	18.5%	88.7%
2018	94,256,910	19,367,402	20.5%	93,442,936	75,722,036	81.0%	5,002,475	5.4%	106.9%	15,070,505	16.1%	90.8%
<b>Total</b>	<b>761,489,972</b>	<b>136,840,384</b>	<b>18.0%</b>	<b>739,513,100</b>	<b>589,725,203</b>	<b>79.7%</b>	<b>50,413,668</b>	<b>6.8%</b>	<b>104.5%</b>	<b>141,364,359</b>	<b>19.1%</b>	<b>85.4%</b>
<b>Five-year period-to-period results</b>												
2009-2013	354,859,905	57,876,239	16.3%	341,964,889	263,415,380	77.0%	25,304,652	7.4%	100.7%	67,161,366	19.6%	81.1%
2014-2018	406,630,067	78,964,145	19.4%	397,548,211	326,309,823	82.1%	25,109,016	6.3%	107.8%	74,202,993	18.7%	89.2%

**The 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]
2009	555,108,478	110,584,657	19.9%	547,603,861	318,310,083	58.1%	12,976,400	2.4%	80.4%	71,312,564	13.0%	67.4%
2010	527,973,477	118,217,900	22.4%	525,540,006	293,984,096	55.9%	13,838,518	2.6%	81.0%	149,742,807	28.5%	52.5%
2011	564,467,114	120,861,889	21.4%	536,671,691	338,084,016	63.0%	17,898,564	3.3%	87.7%	140,035,865	26.1%	61.6%
2012	596,528,843	118,162,349	19.8%	584,386,263	403,909,176	69.1%	18,824,501	3.2%	92.1%	89,575,627	15.3%	76.8%
2013	675,729,455	142,931,788	21.2%	641,792,914	481,878,612	75.1%	20,186,134	3.1%	99.4%	99,733,738	15.5%	83.8%
2014	644,037,543	148,922,813	23.1%	659,903,069	516,688,550	78.3%	18,211,496	2.8%	104.2%	9,510,008	1.4%	102.7%
2015	622,861,093	150,717,918	24.2%	628,266,492	468,212,747	74.5%	23,709,837	3.8%	102.5%	27,685,904	4.4%	98.1%
2016	602,359,134	150,875,395	25.0%	610,408,597	474,058,358	77.7%	28,051,262	4.6%	107.3%	35,060,286	5.7%	101.6%
2017	595,891,924	148,129,051	24.9%	600,702,260	462,498,558	77.0%	22,870,519	3.8%	105.7%	72,325,032	12.0%	93.6%
2018	620,395,036	157,103,164	25.3%	620,335,603	531,486,867	85.7%	13,542,410	2.2%	113.2%	108,384,467	17.5%	95.7%
<b>Total</b>	<b>6,005,352,097</b>	<b>1,366,506,924</b>	<b>22.8%</b>	<b>5,955,610,756</b>	<b>4,289,111,063</b>	<b>72.0%</b>	<b>190,109,641</b>	<b>3.2%</b>	<b>98.0%</b>	<b>803,366,298</b>	<b>13.5%</b>	<b>84.5%</b>
<b>Five-year period-to-period results</b>												
2009-2013	2,919,807,367	610,758,583	20.9%	2,835,994,735	1,836,165,983	64.7%	83,724,117	3.0%	88.6%	550,400,601	19.4%	69.2%
2014-2018	3,085,544,730	755,748,341	24.5%	3,119,616,021	2,452,945,080	78.6%	106,385,524	3.4%	106.5%	252,965,697	8.1%	98.4%

<b>The Medical Protective Company</b>												
	(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]
2009	333,975,622	62,412,706	18.7%	332,499,778	240,630,531	72.4%	0	0.0%	91.1%	83,892,685	25.2%	65.8%
2010	334,684,035	64,039,347	19.1%	322,277,708	190,873,450	59.2%	0	0.0%	78.4%	85,414,752	26.5%	51.9%
2011	327,172,569	80,572,831	24.6%	302,854,289	147,482,689	48.7%	0	0.0%	73.3%	95,314,696	31.5%	41.9%
2012	643,824,861	96,030,575	14.9%	616,894,746	442,008,223	71.7%	0	0.0%	86.6%	128,234,185	20.8%	65.8%
2013	366,900,050	88,271,745	24.1%	371,799,546	190,645,983	51.3%	0	0.0%	75.3%	121,841,200	32.8%	42.6%
2014	-680,001,929	20,854,006	-3.1%	-575,282,426	-658,979,231	114.5%	0	0.0%	111.5%	97,914,323	-17.0%	128.5%
2015	226,451,495	53,586,777	23.7%	214,665,128	127,807,468	59.5%	0	0.0%	83.2%	98,853,894	46.1%	37.2%
2016	255,837,377	60,686,074	23.7%	228,980,322	148,917,208	65.0%	0	0.0%	88.8%	90,412,011	39.5%	49.3%
2017	239,978,122	62,282,587	26.0%	251,862,659	146,081,715	58.0%	0	0.0%	84.0%	93,755,335	37.2%	46.7%
2018	260,421,768	62,405,786	24.0%	260,308,096	167,056,835	64.2%	0	0.0%	88.1%	104,682,583	40.2%	47.9%
<b>Total</b>	<b>2,309,243,970</b>	<b>651,142,434</b>	<b>28.2%</b>	<b>2,326,859,846</b>	<b>1,142,524,871</b>	<b>49.1%</b>	<b>0</b>	<b>0.0%</b>	<b>77.3%</b>	<b>1,000,315,664</b>	<b>43.0%</b>	<b>34.3%</b>
<b>Five-year period-to-period results</b>												
2009-2013	2,006,557,137	391,327,204	19.5%	1,946,326,067	1,211,640,876	62.3%	0	0.0%	81.8%	514,697,518	26.4%	55.3%
2014-2018	302,686,833	259,815,230	85.8%	380,533,779	-69,116,005	-18.2%	0	0.0%	67.7%	485,618,146	127.6%	-59.9%

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

<b>Physicians Insurance, a Mutual Company</b>													
Incurred net losses and defense and cost containment expenses (\$000 omitted)													
Year in which losses occurred	Amounts reported at year-end										One year development	Two year development	Cumulative development
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018			
Prior	115,755	91,021	77,507	66,729	60,702	57,383	55,850	58,421	57,808	58,044	236	-377	-57,711
2009	55,629	54,621	51,841	50,073	51,595	49,254	48,952	48,152	46,065	46,037	-28	-2,115	-9,592
2010		61,648	52,493	48,490	46,159	45,100	39,208	38,096	37,630	38,646	1,016	550	-23,002
2011			68,571	61,519	54,457	50,314	48,425	47,268	46,997	46,497	-500	-771	-22,074
2012				64,479	58,836	60,309	54,902	49,046	48,009	47,525	-484	-1,521	-16,954
2013					65,630	56,757	49,966	44,418	37,641	36,266	-1,375	-8,152	-29,364
2014						65,379	63,625	59,703	55,647	49,941	-5,706	-9,762	-15,438
2015							67,830	64,651	65,694	62,944	-2,750	-1,707	-4,886
2016								66,696	62,982	53,921	-9,061	-12,775	-12,775
2017									66,331	68,246	1,915		1,915
2018										72,676			
										<b>Total</b>	<b>-16,737</b>	<b>-36,630</b>	<b>-189,881</b>

**The Doctors Company, an Interinsurance Exchange**

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

Amounts reported at year-end

Year in which losses occurred	Amounts reported at year-end										One year development	Two year development	Cumulative Development
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018			
Prior	529,003	411,171	366,103	310,493	316,174	308,878	299,726	297,976	292,879	294,245	1,366	-3,731	-234,758
2009	382,196	359,494	327,778	323,624	288,348	284,449	284,041	284,077	287,986	285,707	-2,279	1,630	-96,489
2010		384,936	360,284	358,923	352,613	312,559	303,470	301,084	298,970	299,656	686	-1,428	-85,280
2011			402,382	401,470	401,593	398,810	359,691	350,613	350,850	350,954	104	341	-51,428
2012				437,363	421,491	420,738	407,422	369,422	332,719	327,824	-4,895	-41,598	-109,539
2013					478,868	479,267	475,791	475,791	458,008	457,972	-36	-17,819	-20,896
2014						523,776	523,475	523,475	520,327	519,162	-1,165	-4,313	-4,614
2015							499,160	499,644	498,925	495,904	-3,021	-3,740	-3,256
2016								467,527	465,811	467,528	1,717	1	1
2017									466,642	466,886	244		244
2018										474,260			
										<b>Total</b>	<b>-7,279</b>	<b>-70,657</b>	<b>-606,015</b>

**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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	One year development	Two year development	Cumulative Development
Prior	851,431	755,664	640,634	617,960	545,899	389,623	373,104	361,654	351,385	344,135	-7,250	-17,519	-507,296
2009	291,750	278,022	264,576	287,984	253,520	170,649	159,108	151,294	147,482	145,267	-2,215	-6,027	-146,483
2010		293,913	279,180	305,693	293,658	175,727	160,459	151,892	143,426	137,797	-5,629	-14,095	-156,116
2011			282,074	314,451	301,159	169,322	154,949	146,890	136,678	129,861	-6,817	-17,029	-152,213
2012				322,195	315,585	163,486	159,471	152,546	135,840	127,642	-8,198	-24,904	-194,553
2013					322,225	157,295	155,514	149,149	139,670	129,103	-10,567	-20,046	-193,122
2014						174,469	177,627	172,179	162,275	153,700	-8,575	-18,479	-20,769
2015							186,030	183,767	175,535	168,667	-6,868	-15,100	-17,363
2016								185,285	184,199	180,654	-3,545	-4,631	-4,631
2017									187,661	185,686	-1,975		-1,975
2018										193,274			
										<b>Total</b>	<b>-61,639</b>	<b>-137,830</b>	<b>-1,394,521</b>



## Appendix C: Rate filing information

<u>NAIC Code</u>	<u>Company</u>	<u>Description</u>	<u>Approved Change</u>	<u>Effective Date</u>
33200	NORCAL Mutual Insurance Company	Multi-Specialty Health Care Providers	-0.8%	7/1/2019
12260	Campmed Casualty & Indemnity Company Inc	Physicians and Surgeons	New Program	6/25/2019
35157	Fair American Ins. And Reinsurance Co.	Psychiatrists	-0.7%	6/1/2019
11127	Professional Solutions Insurance Co.	Dentists	5.0%	3/1/2019
40975	Dentists Insurance Company	Dentists	New Program	1/1/2019
40975	Dentists Insurance Company	Dental Hygienists	New Program	1/1/2019
11843	Medical Protective Company	Multi-Specialty Health Care Providers	0.0%	1/1/2019
15865	NCMIC Insurance Company	Chiropractors	-2.4%	1/1/2019
111843	Medical Protective Company	Physicians and Surgeons	-0.7%	1/1/2019
28665	Cincinnati Casualty Co.	Dentists	6.1%	1/1/2019
23280	Cincinnati Indemnity Co.	Dentists	0.0%	1/1/2019
10677	Cincinnati Insurance Co.	Dentists	3.4%	1/1/2019
10801	Fortress Insurance Co.	Dentists	4.2%	10/1/2018
36676	UMIA Insurance, Inc.	Physicians and Surgeons	New Program	8/17/2018
36676	UMIA Insurance, Inc.	Hospitals	New Program	8/17/2018
11843	Medical Protective Company	Multi-Specialty Health Care Providers	-4.7%	8/1/2018
	Insurance Services Office Inc.	Hospitals and Physicians, Surgeons and Dentists	10.0%	5/1/2018
35408	Imperium Insurance Company	Allied Health	New Program	4/1/2018
10222	PACO Assurance Company Inc.	Chiropractors	2.7%	4/1/2018
13714	Pharmacists Mutual Ins. Co.	Pharmacists	0.0%	3/5/2018
12260	Campmed Casualty & Indemnity Company Inc	Allied Health	New Program	2/1/2018
20427	American Casualty Co. of Reading, PA	Healthcare Providers Services Organization	0.0%	1/22/2018

## Appendix D: 2017 NAIC profitability of medical professional liability insurance

State	Direct premiums earned (000s)	Percentage of direct premiums earned										Percentage of net worth			
		Losses incurred	Loss adjust expense	General expense	Selling expense	Taxes license fees	Dividend to pcyhdr	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	119,717	47.4	18.8	8.5	9.7	1.8	1.4	12.5	12.8	8.1	17.2	40.6	4.2	1.2	10.0
Alaska	23,890	58.3	29.3	8.5	11.4	2.1	9.1	-18.6	7.7	-4.3	-6.6	54.5	4.3	1.2	-0.6
Arizona	207,487	40.3	22.8	8.5	13.1	1.6	12.3	1.5	12.2	4.1	9.7	40.3	4.3	1.2	7.0
Arkansas	61,859	66.5	24.9	8.5	16.0	2.5	1.6	-19.9	13.2	-3.2	-3.6	40.1	4.3	1.2	1.6
California	747,157	46.8	32.6	8.5	14.1	1.9	1.9	-5.6	10.6	1.1	3.9	45.7	4.3	1.2	4.8
Colorado	153,159	48.7	23.3	8.5	11.4	1.2	12.2	-5.1	10.1	1.1	3.9	46.7	4.2	1.2	4.8
Connecticut	176,644	87.0	23.8	8.5	11.2	2.2	1.1	-33.6	13.6	-7.8	-12.1	40.1	4.3	1.2	-1.8
Delaware	31,079	44.3	34.4	8.5	14.7	2.5	0.4	-4.7	12.8	2.0	6.0	39.8	4.3	1.2	5.5
District of Columbia	27,147	23.9	9.7	8.5	14.6	4.0	0.6	38.8	13.2	17.4	34.6	40.1	4.3	1.2	16.9
Florida	584,598	64.3	27.7	8.5	15.4	1.6	2.0	-19.5	10.6	-3.8	-5.2	45.8	4.3	1.2	0.7
Georgia	245,791	86.1	24.4	8.5	13.8	2.5	4.4	-39.7	14.0	-9.8	-15.8	38.1	4.3	1.2	-3.0
Hawaii	32,807	43.6	24.5	8.5	10.5	3.2	9.0	0.7	10.5	3.3	7.9	46.2	4.3	1.2	6.7
Idaho	30,811	46.0	29.2	8.5	13.9	2.2	5.7	-5.4	10.7	1.2	4.1	45.6	4.3	1.2	4.9
Illinois	458,669	55.4	24.0	8.5	16.1	1.5	4.2	-9.7	17.7	1.7	6.3	32.5	4.3	1.2	5.1
Indiana	117,049	10.7	19.0	8.5	10.8	1.5	0.3	49.3	17.4	22.3	44.4	33.4	4.3	1.2	17.9
Iowa	62,961	32.7	22.3	8.5	14.3	1.3	2.2	18.8	11.7	9.9	20.5	43.7	4.3	1.2	12.0
Kansas	61,903	18.7	28.0	8.5	13.5	1.6	0.8	29.0	11.7	13.5	27.2	44.1	4.3	1.2	15.0
Kentucky	106,652	43.2	39.5	8.5	13.6	1.7	1.7	-8.0	18.7	2.6	8.1	31.5	4.3	1.2	5.6
Louisiana	93,648	17.3	38.8	8.5	13.2	2.3	2.4	17.7	14.4	10.3	21.7	38.1	4.3	1.2	11.3
Maine	45,186	82.6	14.7	8.5	11.1	2.0	3.2	-21.9	12.0	-4.2	-5.7	42.1	4.3	1.2	0.6

State	Direct premiums earned (000s)	Percentage of direct premiums earned										Percentage of net worth			
		Losses incurred	Loss adjust expense	General expense	Selling expense	Taxes license fees	Dividend to plcyhdr	Under-writing profit	Invest gain on ins. trans.	Tax on ins. trans.	Profit on ins. trans.	Earned prem. to net worth	Inv. gain on net worth	Tax on inv.gain on net worth	Return on net worth
Maryland	290,716	31.5	20.0	8.5	11.7	1.8	12.4	14.2	8.5	7.4	15.3	52.8	4.3	1.2	11.1
Massachusetts	315,770	56.0	25.6	8.5	10.5	2.2	3.4	-6.0	17.3	2.9	8.4	34.1	4.3	1.2	5.9
Michigan	184,545	101.3	38.2	8.5	14.9	0.8	1.1	-64.6	13.1	-18.9	-32.7	40.1	4.3	1.2	-10.1
Minnesota	76,874	20.3	1.7	8.5	15.1	1.7	2.9	49.9	9.3	20.2	39.1	50.7	4.3	1.2	22.9
Mississippi	48,909	18.7	17.6	8.5	17.4	1.9	0.9	35.0	10.6	15.3	30.3	46.1	4.3	1.2	17.0
Missouri	137,406	58.0	30.6	8.5	13.2	1.3	10.6	-22.2	11.3	-4.5	-6.4	44.2	4.3	1.2	0.2
Montana	42,334	89.7	35.8	8.5	13.7	1.7	0.9	-50.3	10.4	-14.6	-25.3	47.3	4.3	1.2	-8.9
Nebraska	31,903	52.2	49.5	8.5	14.0	2.0	0.6	-26.7	15.1	-5.0	-6.6	36.6	4.3	1.2	0.6
Nevada	65,458	35.8	31.8	8.5	13.0	3.5	1.0	6.5	11.1	5.5	12.1	44.0	4.3	1.2	8.4
New Hampshire	45,765	118.2	39.7	8.5	17.2	1.5	1.0	-86.0	12.7	-26.4	-46.8	40.5	4.3	1.2	-15.9
New Jersey	409,726	29.7	16.3	8.5	15.8	1.0	0.3	28.5	19.5	15.6	32.4	30.4	4.3	1.2	12.9
New Mexico	53,710	76.3	61.1	8.5	14.0	2.0	2.0	-63.8	11.7	-19.0	-33.1	43.8	4.3	1.2	-11.5
New York	1,568,973	57.2	27.5	8.5	9.5	2.5	4.7	-9.8	24.5	3.6	11.1	25.9	4.3	1.2	5.9
North Carolina	166,228	12.0	16.2	8.5	12.7	1.5	4.0	45.3	10.2	18.8	36.7	46.5	4.3	1.2	20.1
North Dakota	9,079	-324.6	-54.8	8.5	17.9	2.2	2.1	448.7	13.7	161.0	301.5	38.8	4.3	1.2	120.0
Ohio	233,039	2.4	35.6	8.5	15.8	1.6	1.7	34.5	16.5	16.8	34.2	34.1	4.3	1.2	14.7
Oklahoma	96,191	46.5	9.1	8.5	15.5	1.4	0.3	18.7	12.9	10.3	21.3	40.6	4.3	1.2	11.7
Oregon	90,751	33.8	11.6	8.5	11.8	1.8	1.9	30.6	11.0	13.9	27.7	44.9	4.3	1.2	15.5
Pennsylvania	654,430	66.9	27.3	8.5	10.2	1.5	1.6	-15.9	14.9	-1.3	0.3	37.5	4.2	1.2	3.1
Rhode Island	31,745	66.4	15.1	8.5	13.5	2.0	0.3	-5.7	28.3	6.2	16.4	22.9	4.3	1.2	6.8
South Carolina	68,724	76.2	40.8	8.5	13.7	3.2	3.8	-46.1	14.3	-12.0	-19.8	37.8	4.3	1.2	-4.4
South Dakota	15,309	-5.1	7.3	8.5	15.2	2.5	0.2	71.4	11.8	28.4	54.8	43.3	4.3	1.2	26.8
Tennessee	212,977	47.1	26.0	8.5	9.3	0.9	2.6	5.7	18.1	7.2	16.5	32.3	4.2	1.2	8.4

State	Direct premiums earned (000s)	Percentage of direct premiums earned										Percentage 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	314,367	10.5	13.7	8.5	16.7	1.2	1.1	48.4	10.4	19.9	38.9	46.1	4.3	1.2	21.0
Utah	58,360	43.6	30.1	8.5	12.8	1.8	2.3	1.0	11.0	3.5	8.5	45.8	4.3	1.2	6.9
Vermont	17,103	60.5	18.5	8.5	15.0	12.5	2.0	-17.0	11.4	-2.7	-2.9	42.5	4.4	1.3	1.9
Virginia	184,695	36.3	18.5	8.5	15.7	2.2	3.4	15.6	10.6	8.5	17.6	45.6	4.3	1.2	11.1
<b>Washington</b>	<b>157,522</b>	<b>69.7</b>	<b>31.2</b>	<b>8.5</b>	<b>12.8</b>	<b>1.7</b>	<b>3.6</b>	<b>-27.4</b>	<b>12.0</b>	<b>-6.1</b>	<b>-9.3</b>	<b>42.7</b>	<b>4.3</b>	<b>1.2</b>	<b>-0.9</b>
West Virginia	62,114	10.5	14.0	8.5	16.4	3.1	0.5	47.1	14.0	20.5	40.6	38.0	4.3	1.2	18.5
Wisconsin	82,266	0.8	13.7	8.5	11.6	1.3	1.2	63.0	11.4	25.3	49.1	44.1	4.3	1.2	24.7
Wyoming	22,719	61.2	35.7	8.5	15.4	2.2	2.8	-25.6	9.5	-6.2	-9.9	49.7	4.3	1.2	-1.9
Guam	943	28.7	7.0	8.5	16.1	153.7	0.1	-113.9	0.7	-39.7	-73.5	71.0	6.8	2.0	-47.3
Puerto Rico	67,433	30.8	25.9	8.5	15.0	0.6	0.0	19.2	10.5	9.7	20.0	46.9	4.3	1.2	12.4
U.S. Virgin Islands	407	6.4	4.1	8.5	23.6	5.1	0.6	51.9	3.3	19.1	36.1	80.0	4.4	1.3	32.0
N Mariana Islands	6	104.1	3.4	8.5	22.0	0.0	0.0	-37.9	9.5	-10.5	-17.9	50.1	4.3	1.2	-5.9
<b>Countrywide</b>	<b>9,206,711</b>	<b>49.2</b>	<b>25.6</b>	<b>8.5</b>	<b>12.9</b>	<b>1.9</b>	<b>3.4</b>	<b>-1.4</b>	<b>15.2</b>	<b>3.9</b>	<b>9.9</b>	<b>36.5</b>	<b>4.3</b>	<b>1.2</b>	<b>6.7</b>
<b>Average</b>	<b>167,395</b>	<b>39.9</b>	<b>22.9</b>	<b>8.5</b>	<b>14.0</b>	<b>4.9</b>	<b>2.8</b>	<b>7.1</b>	<b>12.7</b>	<b>6.1</b>	<b>13.7</b>	<b>42.7</b>	<b>4.3</b>	<b>1.2</b>	<b>8.3</b>
<b>Median</b>	<b>76,874</b>	<b>46.0</b>	<b>24.4</b>	<b>8.5</b>	<b>13.9</b>	<b>1.8</b>	<b>1.9</b>	<b>-4.7</b>	<b>11.8</b>	<b>3.5</b>	<b>8.5</b>	<b>42.7</b>	<b>4.3</b>	<b>1.2</b>	<b>6.7</b>