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April 16, 2013

Report Pursuant to NRS 690B.360 Regarding the Health of the Market for Medical Professional Liability Insurance (2009-2012)

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Introduction

NRS 690B.360¹ requires the Commissioner of Insurance to collect certain information pertaining to the market for medical professional liability insurance for practitioners licensed pursuant to chapters 630, 631, 632, and 633 of NRS. NRS 690B.360(4) states that the Commissioner shall, on an ongoing basis, analyze and evaluate this information to determine trends in and measure the health of the market for such medical professional liability insurance, and report the Commissioner's findings and recommendations to the Director of the Legislative Counsel Bureau. This report is being prepared pursuant to NRS 690B.360(4) and applies to the time period encompassing the calendar years 2009 through 2012.

Overall, the medical professional liability insurance market in Nevada continues to be extremely stable and competitive. Therefore, the Commissioner does not recommend any material changes to the statutes and regulations governing this line of insurance at this time. In the recent past, significant process improvements at the Nevada Division of Insurance have enabled more efficient and effective regulation within the current legal structure.

Medical Professional Liability Insurance: An Overview

Medical professional liability insurance provides defense and indemnification for claims arising out of alleged errors and omissions or failure to meet the standard of care in the practice of medicine. It is more commonly known as medical malpractice insurance. With few exceptions, medical professional liability insurance is not mandated by the state of Nevada. However, physicians and certain other medical professionals are typically required to show proof of coverage in order to receive hospital privileges or to be included in preferred-provider networks. Since many medical professionals would be unable to practice medicine without medical professional liability insurance and since the public's well-being depends on access to medical care, it is considered an essential insurance product.

There are two basic types of medical professional liability insurance policies:

- **Occurrence-based policies** provide coverage for insured events that occurred during the effective period of the policy, provided that claims arise out of such events within the applicable statute of limitations. In Nevada, pursuant to NRS 41A.097, the statute of limitations expires one year after the alleged medical malpractice has been or should have been discovered, or three years after the date of the occurrence of the incident that gives rise to the claim, whichever is earlier (with some exceptions regarding minors).²
- By contrast, **claims-made policies** provide coverage for any claims made during the policy period, provided that the incident that gave rise to the claim occurred after a certain date, called the retroactive date, specified in the insurance contract. Claims-made

¹ NRS 690B.360: <http://leg.state.nv.us/NRS/NRS-690B.html#NRS690BSec360>

² NRS 41A.097: <http://leg.state.nv.us/NRS/NRS-041A.html#NRS041ASec097>

policies are generally less expensive, because the insurer's obligation is limited to covering incidents that are reported to the insurer during the policy term. However, occurrence-based policies may provide broader coverage.

With regard to claims-made policies, practitioners who move to a different insurer, leave the profession, or experience disability or death may be protected by an extended reporting period (or "tail") which may be offered free of charge or for an additional premium. The extended reporting period allows covered claims to be reported after the policy term ends. However, tail coverage is only provided for claims pertaining to occurrences that took place after the retroactive date and before policy expiration. Occurrences that took place after policy expiration are not covered unless a separate policy applicable to subsequent time periods is purchased. With respect to claims-made policies, NRS 690B.320 requires an insurer to offer the practitioner the *option* to purchase an extended reporting period of unlimited duration.³ Limited durations of extended reporting periods may also be offered by insurers. NRS 690B.290 further specifies that, for practitioners licensed pursuant to Chapters 630, 631, 632, or 633 of NRS (e.g., physicians, physicians' assistants, dentists, dental hygienists, nurses, and osteopathic physicians and physicians' assistants), the cost of the unlimited extended reporting period must not be greater than twice the amount of the premium at the time of the claims-made policy's termination.⁴ Typically, an extended reporting period may not be cancelled by either the insurer or the insured once it is in effect. As a result of this non-cancellable nature, the insurer may consider the premium for the extended reporting period to be fully earned at the period's inception (i.e., upon termination of the claims-made policy).

In Nevada, medical professional liability insurance is offered by admitted insurers (insurers with a Certificate of Authority from the Commissioner), nonadmitted insurers (insurers eligible to write coverage that is difficult to procure in the admitted market and regulated pursuant to Chapter 685A of NRS), and risk-retention groups (RRGs), in which Nevada is a national leader. RRGs are a form of self-insurance authorized by the federal Liability Risk Retention Act of 1986. Risk-retention groups may be formed by a group of insureds, each of whom is engaged in a similar or related business, in order to insure the liability risk exposures of that group. Once an RRG is licensed in its state of domicile, it may operate in any other state, subject to registration requirements and compliance with each state's laws regarding premium taxation, unfair trade practices, and other generally applicable insurance matters. RRGs are particularly significant providers of medical professional liability insurance in Nevada. Three of the top 25 medical professional liability insurers by market share in 2011, were RRGs domiciled in Nevada, including the insurer with the fifth-largest market share.

Market and Rate Trends

In 2008 Nevada experienced a major hepatitis C outbreak resulting from unhygienic practices at several endoscopy centers in southern Nevada. The outbreak has

³ NRS 690B.320: <http://leg.state.nv.us/NRS/NRS-690B.html#NRS690BSec320>

⁴ NRS 690B.290: <http://leg.state.nv.us/NRS/NRS-690B.html#NRS690BSec290>

prompted significant medical malpractice litigation that has been ongoing for several years and may continue for several years to come. The Division has been monitoring closed claims pertaining to the endoscopy-clinic litigation, a matter that will be explored in greater detail later in this article. Despite the recent litigation resulting from the hepatitis cases, the market remains competitive, and the volume of closed claims related to the hepatitis C outbreak has slowed in 2011 and virtually disappeared in 2012, as compared to earlier years. As of April 2013, the Division has not observed any significant constriction in coverages or reductions in affordability due to the litigation in question. Nevada's market for medical professional liability insurance has been stable and competitive during the time period from 2009 through the present.

Exhibits I, II, III, and IV represent Nevada medical professional liability experience reported on the insurers' Annual Statements, filed with the National Association of Insurance Commissioners (NAIC), for calendar years 2012, 2011, 2010, and 2009, respectively. The exhibits show that medical professional liability insurance has been a profitable line of business during the time period in question. The pure direct loss ratio – the proportion of earned premium used to pay for insured losses – was 39.28 percent in 2009, 10.08 percent in 2010, 17.28 percent in 2011, and -5.57 percent in 2012.

The losses and premiums are reported to the NAIC on a calendar-year basis, and losses include increases or decreases in case reserves associated with open claims. The occurrence of "negative" losses for some insurers can be attributed to significant decreases in case reserves, which are estimates of the insurer's ultimate future payments on its known claims. For instance, the negative industry-wide loss ratio in 2012 is indicative of insurers decreasing reserves pertaining to certain medical malpractice claims. A decrease in reserves occurs when an insurer recognizes that its previous estimate of its ultimate payout on a claim was too high, in light of more recent developments.

However, there is another source of loss exposure that is only indirectly reflected in the NAIC data: claims that may arise in the future out of losses that may have occurred during the time period in question but would not be reported to the insurer until subsequent years. This is a particularly significant risk exposure with regard to occurrence-based policies. Insurers do establish reserves for IBNR (incurred but not reported) claims, but IBNR reserves are subject to considerable uncertainty. Calendar-year data reflect paid losses and changes in case and IBNR reserves for the calendar year in question, irrespective of when the underlying insured events occurred. However, favorable calendar-year loss data in current time periods may indicate that earlier years' loss experience was generally favorable, since relatively few losses from those earlier years have emerged more recently. Overall, the extremely low calendar-year loss ratios from the years 2010 through 2012 do corroborate the conclusion that medical professional liability insurance in Nevada is consistently profitable and that insurers collect enough premium to pay all eligible claims.

Claims-made policies are one response by some insurers to the "long-tailed" nature of medical professional liability coverage – i.e., the fact that events giving rise to

claims may be discovered and reported to the insurer many years after those events occurred. Another response enacted in Nevada in 2004 is the statute of limitations on filing a claim. The three-year upper limit from the time of discovery implies (with some specific exceptions relating to minors) that, after three years have elapsed, there is no subsequent exposure to losses that were incurred but have not yet been reported.

Some significant shifts in the relative rankings among the top five Nevada medical professional liability insurers, as measured by direct written premium, occurred between 2010 and 2012. In 2011, the Independent Nevada Doctors Insurance Exchange (IND) attained the largest market share (14.13 percent of written premium) in Nevada. In late 2012, IND was acquired by the ProAssurance Group and was converted into a stock insurance company, now called Independent Nevada Doctors Insurance Company. The market share of IND in 2012 was 13.94 percent of written premium – the second-highest market share for that year. Medicus Insurance Company attained the second-highest market share (12.55 percent) in 2011 and the highest market share (14.48 percent) in 2012.

The company with the former highest market share, Nevada Mutual Insurance Company, moved to third place, with 12.31 percent of the written premium in 2011 and 11.04 percent of the written premium in 2012. The market share of Nevada Mutual Insurance Company was higher in prior years: 16.02 percent in 2009 and 14.26 percent in 2010.

In 2011, the ProAssurance Group transferred its business from ProAssurance Wisconsin Insurance Company to ProAssurance Casualty Insurance Company, while offering identical rates and coverages. After this transfer, ProAssurance continued to have the fourth-highest market share (10.38 percent) in 2011. In 2012, the market share of ProAssurance Casualty Company was 10.27 percent. The combined 2012 market share of the two ProAssurance companies operating in Nevada (IND and ProAssurance Casualty Insurance Company) was 24.21 percent.

The Medical Protective Company's market share declined from the fifth-highest (6.96 percent) in 2010 to the sixth-highest (6.13 percent) in 2012. Premier Physicians Insurance Company, Inc., a Risk-Retention Group, attained the fifth-highest market share (8.19 percent) in 2011 and increased its percentage of the market to 8.62 percent in 2012.

The number of companies offering medical professional liability insurance in Nevada has been stable over the long term. The NAIC Annual Statements show that 69 insurers wrote non-zero premium in Nevada in 2009, compared to 77 in 2010, 82 in 2011, and 77 in 2012. While the top 25 insurers continue to write more than 90 percent of the premium, their combined share of the market declined slightly from 92.92 percent in 2009 to 91.28 percent in 2012.

The Herfindahl-Hirschman Index (HHI) is a measure of market concentration, calculated as the sum of the squares of the market-share percentages of all the firms in the market. The possible values of HHI range from a lower bound of 0 (a number

approached, but never reached, in a situation where the market is characterized by many small competitors) to 1 (a complete monopoly). Higher values of the HHI indicate greater market concentration. The U.S. Department of Justice considers HHI values below 0.15 to reflect a relative lack of market concentration.⁵

The company-based HHI for medical professional liability insurance in Nevada was 0.0820 in 2009, 0.0818 in 2010, 0.0801 in 2011, and 0.0800 in 2012. This suggests that the market has become slightly less concentrated during those years, indicating a healthy level of competition. A company-based calculation of the HHI is particularly informative regarding market concentration, because different companies within the same insurance group often offer different insurance programs in terms of coverage options, underwriting guidelines, rating structures, and targeted segments of the market. The group-based HHI in 2012 was approximately 0.118, which is still significantly below the U.S. Department of Justice threshold of 0.15. This is a number that reflects the common affiliation of certain large insurance companies, such as IND and ProAssurance Casualty Company.

The Nevada Division of Insurance plays a key role in continuing to facilitate a competitive market through reasonable regulation, which includes a prompt but thorough and even-handed review of rate, rule, and form filings, consistent with the Division's dual focus on the interrelated goals of consumer protection and insurer solvency.

Exhibit V summarizes the approved rate and rule filings for medical malpractice insurance covering physicians and surgeons in Nevada during the time period from January 1, 2009, to April 3, 2013. During the time period in question, several new programs of medical malpractice insurance were introduced, and several insurers entered the market. This is indicative of a healthy level of competition and an increasing array of choices for medical practitioners. Of the rate changes with an overall impact, 18 have been decreases and 2 have been increases. The Division approved these changes as reasonable, not excessive, not inadequate, and not unfairly discriminatory, as supported by actuarial justifications provided by insurers. As Exhibits I through IV, along with numerous submissions of company-specific data to the Division, demonstrate, medical professional liability insurers have generally achieved highly favorable experience in Nevada. Therefore, the approved decreases in rates are consistent with the requirement that rates be adequate to pay for insurers' expected future losses and to maintain insurers' minimum required capital and surplus levels.

To summarize, the market for medical professional liability insurance remains favorable in Nevada – with healthy and growing competition, available and affordable coverages, and an undiminished capacity of insurers to pay claims.

⁵ Source: U.S. Department of Justice, Antitrust Division. "Herfindahl-Hirschman Index". Available at <http://www.justice.gov/atr/public/guidelines/hhi.html>.

Closed-Claim Reporting

NRS 679B.144 requires the Commissioner to collect information regarding closed claims for medical malpractice filed against physicians and surgeons in Nevada and to provide a report to the Legislature on the information collected. Prior to October 2012, the Division was collecting closed-claim information in paper format using a form developed in 2002.

Major improvements to the Division's closed-claim reporting system were implemented effective October 18, 2012, with the intent to streamline the reporting process, capture the data elements required by law in a more usable fashion, eliminate data elements that are obsolete (e.g., data regarding medical legal screening panels, which were abolished in 2002), and enable more efficient and effective aggregation, segmentation, and analysis of the closed-claim data for the purpose of drawing meaningful conclusions.⁶ The new reporting system uses technology in a more consistent and integrated fashion and eliminates the submission of hard-copy information to the Division. Insurers have been given until July 1, 2013, to report all closed claims electronically. It is anticipated that these improvements will greatly reduce insurers' compliance burden and costs while increasing the value of the data.

While the 2010-2011 data provided in the current report were gathered using prior methods, some enhancements were possible in analyzing the 2012 data, which were gathered partially using the prior system and partially using the new system. For instance, with respect to 2012 data, it has become possible to present aggregate amounts of allocated loss-adjustment expenses (ALAE) by type of practitioner as a result of improvements in the reporting system. Once all insurers convert to fully electronic reporting, even more enhancements to the presentation of data will become possible.

Exhibit VI provides the closed-claim experience by type of practitioner (e.g., MD, DO, DDS, Other) for claims closed during calendar years 2010 and 2011. Exhibit VII provides the same information for calendar year 2012. The claims are shown in the year that they are closed, regardless of when the incident occurred or when the claim was first reported. It is important to note some limitations of these figures and the fact that they may therefore not reflect the entirety of payments by medical malpractice insurers during those calendar years. These limitations include the following:

- Closed-claim reporting is statutorily mandated for the MD and DO (Doctor of Osteopathic Medicine) claims. The Division has also requested carriers to report dental claims, and Division staff believes that a significant portion of the dental claims are being reported. The Division receives some closed claims for other license types and facilities, but it is likely that some such claims are not being reported, since their reporting is not mandated by law.
- The information in Exhibit VI pertains solely to the indemnity payments made on claims that were closed during the calendar years 2010 and 2011. Partial payments on claims that remained open are excluded. Also excluded are payments of loss-adjustment

⁶ See Division of Insurance Bulletin 12-006: <http://doi.nv.gov/sinfo/bulletin/12-006.pdf>

expenses (LAE), such as the costs of defending the claim or negotiating settlement, which can often comprise a substantial portion of the expenses involved in handling a medical malpractice claim, including claims where the defendant is ultimately found not responsible for any damages. While the Division does collect LAE figures on each claim, the previous paper reporting system made aggregation of such figures impractical. By contrast, the information in Exhibit VII pertaining to 2012 closed claims does include aggregate LAE figures by type of practitioner. This information is included because the Division's new closed-claim reporting format provides an efficient way to aggregate LAE and meaningfully segment LAE by various characteristics of the claim.

- While the Division makes extensive efforts to achieve comprehensive reporting by providers of medical malpractice insurance, it is difficult to obtain complete data from some segments of the market. Admitted traditional medical malpractice insurers have generally complied with all reporting requirements. If any late compliance or failure to comply is observed, the Division is able to follow up with appropriate measures. Voluntary reporting has been requested of insurers in the nonadmitted market and risk-retention groups (RRGs). However, some nonadmitted insurers and RRGs domiciled in other states have made the argument that they are exempt from the reporting requirements pursuant to federal law. Therefore, the data of some such entities may not be available to the Division for inclusion.

- By their nature, the closed-claim totals in Exhibits VI and VII will not reconcile with the annual totals for incurred losses from Exhibits I, II, and III. This is because the data reported by insurers to the NAIC includes changes in case and IBNR reserves – estimates of amounts that the insurer expects to pay out on a given claim (or on claims incurred but not yet reported to the insurer) but has not yet paid – as well as incremental payments on claims that remain open. Including changes in case and IBNR reserves can change the loss amount in either direction. “Negative” losses can occur when insurers revise their case reserves downward in light of emerging favorable information regarding specific claims or revise their IBNR reserves downward in light of a more optimistic expectation regarding the emergence of future claims.

Despite the aforementioned limitations on data, the Division can observe a considerable reduction in closed-claim indemnity payments from 2010 to 2011 and from 2011 to 2012. The major contributing cause of this reduction is the decrease in closed claims arising from the Las Vegas endoscopy-clinic litigation. In 2010, a significant portion of the closed claims resulted from practitioners named in such litigation. In collecting closed-claim data, the Division agreed to keep information regarding the names of individual insurers, claimants, and insured practitioners confidential when presenting the closed-claim summary information. However, a general statement can be made that the closed claims related to the endoscopy-clinic litigation comprised approximately \$2.82 million, or 16.59 percent of the total \$16,965,862.43 in closed-claim payments reported in 2010. By contrast, the closed claims related to the endoscopy-clinic litigation known to the Division comprised approximately \$326,000, or 2.33 percent of the \$13,980,734.11 in closed-claim payments reported in 2011. In 2012, there were no closed claims related to the endoscopy-clinic litigation with payments made to the claimant.

If closed claims related to the endoscopy-clinic litigation were excluded from the data set altogether, there would be a slight decrease in non-endoscopy-clinic-related closed-claim payments of about 3.51 percent from 2010 to 2011, and a further decrease of about 10.14 percent from 2011 to 2012. This suggests that the endoscopy-clinic litigation does not appear to pose a material risk of depleting the claims-paying capacity of Nevada insurers, and the overall amounts paid for other claims continue to decline for reasons independent of the endoscopy-clinic litigation.

EXHIBIT I

Medical Professional Liability Insurance by Premium: Top 25 Insurers - 2012										
(Monetary figures are in thousands of dollars.)										
RANK	NAIC Group Code	NAIC Company Code	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio
1	1282	12754	Medicus Insurance Company	TX	11,890	14.48%	14.48%	11,246	2,518	22.39%
2	2698	12838	Independent Nevada Doctors Insurance Company	NV	11,447	13.94%	28.42%	11,959	601	5.03%
3		11260	Nevada Mutual Insurance Company, Inc.	NV	9,060	11.04%	39.46%	9,358	-684	-7.31%
4	2698	38954	ProAssurance Casualty Company	MI	8,431	10.27%	49.73%	8,780	-6,892	-78.50%
5		12613	Premier Physicians Insurance Company, Inc., a RRG	NV	7,079	8.62%	58.35%	6,706	507	7.56%
6	31	11843	The Medical Protective Company	IN	5,031	6.13%	64.48%	5,228	1,497	28.63%
7	158	25054	Hudson Insurance Company	DE	3,180	3.87%	68.35%	3,752	-323	-8.61%
8	831	34495	The Doctors Company, An Interinsurance Exchange	CA	2,938	3.58%	71.93%	2,893	252	8.71%
9	158	37079	Hudson Specialty Insurance Company	NY	1,787	2.18%	74.11%	2,216	236	10.65%
10		11513	Physicians Specialty Ltd., RRG	SC	1,752	2.13%	76.24%	1,752	1,370	78.20%
11	218	20427	American Casualty Company of Reading, PA	PA	1,285	1.57%	77.81%	1,277	-2,296	-179.80%
12	218	20443	Continental Casualty Company	IL	1,192	1.45%	79.26%	1,319	883	66.94%
13	218	31127	Columbia Casualty Company	IL	1,083	1.32%	80.58%	1,027	452	44.01%
14		44504	California Healthcare Insurance Company, Inc., RRG	HI	1,031	1.26%	81.84%	809	-234	-28.92%
15	98	24856	Admiral Insurance Company	DE	905	1.10%	82.94%	885	235	26.55%
16		35904	Health Care Indemnity, Inc.	CO	849	1.03%	83.97%	849	-23	-2.71%
17		14260	OrthoForum Insurance Company, RRG	SC	834	1.02%	84.99%	512	176	34.38%
18		12539	Nevada Docs Medical RRG, Inc.	NV	789	0.96%	85.95%	847	853	100.71%
19	2638	15865	NCMIC Insurance Company	IA	713	0.87%	86.82%	720	-299	-41.53%
20		44105	Ophthalmic Mutual Insurance Company RRG	VT	685	0.83%	87.65%	694	-130	-18.73%
21	3239	24319	Darwin Select Insurance Company	AR	652	0.79%	88.44%	771	-107	-13.88%
22	2698	14460	Podiatry Insurance Company of America	IL	637	0.78%	89.22%	675	273	40.44%
23	1129	34452	Homeland Insurance Company of New York	NY	604	0.74%	89.96%	479	154	32.15%
24		11714	Emergency Physicians Insurance Company RRG	NV	581	0.71%	90.67%	580	861	148.45%
25	508	44121	OMS National Insurance Company, RRG	IL	502	0.61%	91.28%	473	0	0%
Totals for Top 25 Companies					74,937	91.28%		75,807	-120	-0.16%
Totals for All 105 Companies (77 Active Companies)					82,101	100.00%		82,793	-4,614	-5.57%

EXHIBIT II

Medical Professional Liability Insurance by Premium: Top 25 Insurers - 2011										
(Monetary figures are in thousands of dollars.)										
R A N K	NAIC Group Code	NAIC Company Code	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio
1		12838	Independent Nevada Doctors Insurance Exchange	NV	12,073	14.13%	14.13%	12,751	169	1.33%
2	1282	12754	Medicus Insurance Company	TX	10,717	12.55%	26.68%	10,475	3,719	35.50%
3		11260	Nevada Mutual Insurance Company, Inc.	NV	10,518	12.31%	39.00%	11,404	1,903	16.69%
4	2698	38954	ProAssurance Casualty Company	MI	8,870	10.38%	49.38%	8,380	4,383	52.30%
5		12613	Premier Physicians Insurance Company, Inc., a RRG	NV	6,993	8.19%	57.57%	6,733	788	11.70%
6	31	11843	The Medical Protective Company	IN	5,757	6.74%	64.31%	5,406	548	10.14%
7	158	25054	Hudson Insurance Company	DE	5,050	5.91%	70.22%	4,552	2,797	61.45%
8	831	34495	The Doctors Company, An Interinsurance Exchange	CA	2,564	3.00%	73.22%	2,714	-749	-27.60%
9		11513	Physicians Specialty Ltd RRG	SC	2,107	2.47%	75.69%	2,107	542	25.72%
10	158	37079	Hudson Specialty Insurance Company	NY	1,536	1.80%	77.49%	2,058	343	16.67%
11	218	20443	Continental Casualty Company	IL	1,525	1.79%	79.27%	2,001	828	41.38%
12	218	20427	American Casualty Company of Reading, PA	PA	1,300	1.52%	80.79%	1,296	-2,453	-189.27%
13		44504	California Healthcare Insurance Company, Inc., RRG	HI	1,024	1.20%	81.99%	898	513	57.13%
14	98	24856	Admiral Insurance Company	DE	956	1.12%	83.11%	1,000	677	67.70%
15		12539	Nevada Docs Medical RRG, Inc.	NV	930	1.09%	84.20%	1,117	187	16.74%
16	3239	24319	Darwin Select Insurance Company	AR	904	1.06%	85.26%	1,089	559	51.33%
17	212	26387	Steadfast Insurance Company	DE	864	1.01%	86.27%	912	-383	-42.00%
18		35904	Health Care Indemnity, Inc.	CO	802	0.94%	87.21%	802	910	113.47%
19	2638	15865	NCMIC Insurance Company	IA	729	0.85%	88.06%	744	328	44.09%
20		44105	Ophthalmic Mutual Insurance Company RRG	VT	720	0.84%	88.91%	764	198	25.92%
21	2698	14460	Podiatry Insurance Company Of America	IL	703	0.82%	89.73%	631	294	46.59%
22	12	19437	Lexington Insurance Company	DE	668	0.78%	90.51%	575	-389	-67.65%
23		11714	Emergency Physicians Insurance Company RRG	NV	592	0.69%	91.20%	599	75	12.52%
24	111	19917	Liberty Insurance Underwriters, Inc.	IL	509	0.60%	91.80%	399	447	112.03%
25		44083	Preferred Physicians Medical RRG	MO	480	0.56%	92.36%	483	-1,166	-241.41%
Totals for Top 25 Companies					78,891	92.36%		79,890	15,068	18.86%
Totals for All 104 Companies (82 Active Companies)					85,415	100.00%		86,298	14,913	17.28%

EXHIBIT III

Medical Professional Liability Insurance by Premium: Top 25 Insurers - 2010										
(Monetary figures are in thousands of dollars.)										
R A N K	NAIC Group Code	NAIC Company Code	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio
1		11260	Nevada Mutual Insurance Company, Inc.	NV	12,724	14.26%	14.26%	14,661	6,036	41.17%
2		12838	Independent Nevada Doctors Insurance Exchange	NV	12,608	14.13%	28.39%	12,299	1,184	9.63%
3		12754	Medicus Insurance Company	TX	11,542	12.93%	41.32%	10,563	310	2.93%
4	2698	23400	ProAssurance Wisconsin Insurance Company	WI	8,475	9.50%	50.82%	8,973	1,854	20.66%
5	31	11843	The Medical Protective Company	IN	6,207	6.96%	57.77%	5,355	3,699	69.08%
6		12613	Premier Physicians Insurance Company, Inc., a RRG	NV	6,073	6.81%	64.58%	6,146	1,604	26.10%
7	158	25054	Hudson Insurance Company	DE	3,579	4.01%	68.59%	4,940	-7,443	-150.67%
8	158	37079	Hudson Specialty Insurance Company	NY	2,944	3.30%	71.89%	1,790	872	48.72%
9		11513	Physicians Specialty Ltd., RRG	SC	2,526	2.83%	74.72%	2,526	-687	-27.20%
10	831	34495	The Doctors Company, An Interinsurance Exchange	CA	2,487	2.79%	77.50%	2,606	1,048	40.21%
11	218	20443	Continental Casualty Company	IL	1,622	1.82%	79.32%	1,517	712	46.93%
12	3239	24319	Darwin Select Insurance Company	AR	1,309	1.47%	80.79%	1,274	500	39.25%
13	218	20427	American Casualty Company of Reading, PA	PA	1,301	1.46%	82.25%	1,279	307	24.00%
14	212	26387	Steadfast Insurance Company	DE	1,179	1.32%	83.57%	1,167	120	10.28%
15		12539	Nevada Docs Medical RRG, Inc.	NV	1,132	1.27%	84.84%	925	324	35.03%
16	98	24856	Admiral Insurance Company	DE	986	1.10%	85.94%	940	408	43.40%
17		35904	Health Care Indemnity, Inc.	CO	898	1.01%	86.95%	898	-204	-22.72%
18		11714	Emergency Physicians Insurance Company, RRG	NV	827	0.93%	87.87%	682	0	0%
19		44105	Ophthalmic Mutual Insurance Company, RRG	VT	806	0.90%	88.78%	833	31	3.72%
20	2638	15865	NCMIC Insurance Company	IA	745	0.83%	89.61%	744	65	8.74%
21		44504	California Healthcare Insurance Company, Inc., RRG	HI	676	0.76%	90.37%	666	-1,006	-151.05%
22	2698	14460	Podiatry Insurance Company of America	IL	653	0.73%	91.10%	671	142	21.16%
23	12	19445	National Union Fire Insurance Company Of Pittsburgh, PA	PA	510	0.57%	91.67%	504	181	35.91%
24		11598	Applied Medico Legal Solutions RRG	AZ	474	0.53%	92.20%	521	418	80.23%
25	785	35378	Evanston Insurance Company	IL	466	0.52%	92.73%	493	-79	-16.02%
Totals for Top 25 Companies					82,749	92.73%		82,973	10,396	12.53%
Totals for All 96 Companies (77 Active Companies)					89,240	100.00%		89,775	9,048	10.08%

EXHIBIT IV

Medical Professional Liability Insurance by Premium: Top 25 Insurers - 2009										
(Monetary figures are in thousands of dollars.)										
RANK	NAIC Group Code	NAIC Company Code	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio
1		11260	Nevada Mutual Insurance Company, Inc.	NV	15,302	16.02%	16.02%	16,465	1,502	9.12%
2		12838	Independent Nevada Doctors Insurance Exchange	NV	11,475	12.01%	28.04%	11,786	2,816	23.89%
3		12754	Medicus Insurance Company	TX	11,371	11.91%	39.94%	10,387	4,393	42.29%
4	2698	23400	ProAssurance Wisconsin Insurance Company	WI	9,570	10.02%	49.96%	9,848	6,352	64.50%
5	31	11843	The Medical Protective Company	IN	6,313	6.61%	56.57%	6,211	3,749	60.36%
6		12613	Premier Physicians Insurance Company, Inc., a RRG	NV	6,153	6.44%	63.01%	5,553	2,669	48.06%
7	158	25054	Hudson Insurance Company	DE	5,601	5.86%	68.88%	5,380	11,388	211.67%
8	831	34495	The Doctors Company, An Interinsurance Exchange	CA	5,137	5.38%	74.26%	5,638	-1,280	-22.70%
9		11513	Physicians Specialty Ltd., RRG	SC	3,015	3.16%	77.41%	3,015	498	16.52%
10	218	20443	Continental Casualty Company	IL	1,349	1.41%	78.82%	1,365	66	4.84%
11	158	37079	Hudson Specialty Insurance Company	NY	1,295	1.36%	80.18%	1,801	733	40.70%
12	218	20427	American Casualty Company of Reading, PA	PA	1,286	1.35%	81.53%	1,263	4,748	375.93%
13	3239	24319	Darwin Select Insurance Company	AR	1,242	1.30%	82.83%	1,087	606	55.75%
14		35904	Health Care Indemnity, Inc.	CO	1,104	1.16%	83.98%	1,104	635	57.52%
15	212	26387	Steadfast Insurance Company	DE	1,100	1.15%	85.13%	1,110	-47	-4.23%
16	12	19437	Lexington Insurance Company	DE	901	0.94%	86.08%	930	-695	-74.73%
17		12539	Nevada Docs Medical RRG, Inc.	NV	864	0.90%	86.98%	818	-246	-30.07%
18		44105	Ophthalmic Mutual Insurance Company, RRG	VT	855	0.90%	87.88%	858	-30	-3.50%
19		44504	California Healthcare Insurance Company, Inc., RRG	HI	845	0.88%	88.76%	823	435	52.86%
20	98	24856	Admiral Insurance Company	DE	840	0.88%	89.64%	792	970	122.47%
21	2638	15865	NCMIC Insurance Company	IA	745	0.78%	90.42%	757	123	16.25%
22	2698	14460	Podiatry Insurance Company of America	IL	698	0.73%	91.15%	676	-67	-9.91%
23	785	35378	Evanston Insurance Company	IL	592	0.62%	91.77%	618	-42	-6.80%
24		11714	Emergency Physicians Insurance Company, RRG	NV	561	0.59%	92.36%	723	0	0%
25	12	19445	National Union Fire Insurance Company Of Pittsburgh, PA	PA	531	0.56%	92.92%	547	64	11.70%
Totals for Top 25 Companies					88,745	92.92%		89,555	39,340	43.93%
Totals for All 95 Companies (69 Active Companies)					95,511	100.00%		96,612	37,945	39.28%

**EXHIBIT V – Approved Nevada Rate Filings for Medical Professional Liability Insurance of Physicians and Surgeons
(January 1, 2009 – April 3, 2013) – Page 1**

Company Name	Program/Filing Description	Approved Change	Approved Maximum Change	New-Business Effective Date	Renewal Effective Date	Comments
American Home Assurance Company	Psychoanalysts' Professional Liability	+3.0%	+3.0%	11/23/2009	11/23/2009	Program mostly covers psychologists but can include psychiatrists. There is an additional rate class for counselors/social workers/mental-health professionals that are also psychoanalysts. The program also offers administrative-hearing coverage and identity-protection liability coverage.
		N/A	N/A	5/31/2011	5/31/2011	
Benchmark Insurance Company	Physicians' and Surgeons' Professional Liability	N/A	N/A	6/13/2011	6/13/2011	New program
Capson Physicians Insurance Company	Physicians' and Surgeons' Professional Liability	N/A	N/A	1/20/2011	1/20/2011	New company
		0.0%	0.0%	1/16/2012	1/16/2012	Rules only
		0.0%	0.0%	12/15/2012	12/15/2012	Company added rules and premiums for higher limits of its Medefense coverage. The previously approved basic Medefense coverage is still included at no additional charge, so there is no rate impact to insureds who choose to retain existing coverage levels.
Darwin National Assurance Company	Psychiatrists' Professional and Office Liability	N/A	N/A	7/23/2009	7/23/2009	\$2 million policy-limit option; 1.25 increased-limits factor for this option
		-1.1%	0.0%	9/24/2010	9/24/2010	30% decrease to 1st-year step factor and 13.3% decrease to 2nd-year step factor, as well as miscellaneous changes
Fair American Insurance and Reinsurance Company	Psychiatrists' Professional Liability Insurance Program for Psychiatrists' Purchasing Group, Inc.	0.0%	0.0%	1/1/2013	1/1/2013	New program, with rates and forms based off of National Union's program. National Union has severed its relationship with PRMS, the agency that placed this coverage for some, but not all, of National Union's insureds. National Union is not withdrawing from offering this coverage altogether, but PRMS is now able to obtain similar coverage for these insureds through Fair American.
	Neurologists' Professional Liability Insurance Program	0.0%	0.0%	1/1/2013	1/1/2013	
First Professionals Insurance Company	Medical Professional Liability – Claims Made	N/A	N/A	11/4/2010	N/A	New program (since discontinued, due to acquisition of First Professionals by The Doctors Company)

**EXHIBIT V – Approved Nevada Rate Filings for Medical Professional Liability Insurance of Physicians and Surgeons
(January 1, 2009 – April 3, 2013) – Page 2**

Company Name	Program/Filing Description	Approved Change	Approved Maximum Change	New-Business Effective Date	Renewal Effective Date	Comments
Independent Nevada Doctors Insurance Exchange (<i>Now Independent Nevada Doctors Insurance Company</i>)	Miscellaneous Rates	0.0%	0.0%	9/1/2009	9/1/2009	Rules for phasing in class changes and experience rating
	Medical-Society Discount	N/A	N/A	9/1/2009	9/1/2009	5% discount for members of Nevada State Medical Association
	Underwriting Rules	-3.3%	0.0%	10/2/2009	11/1/2009	Miscellaneous underwriting-rule changes, including a few re-classifications, most notably of non-invasive radiology from class 10 to class 5.
	Urology Class Rate	-20.0%	0.0%	8/18/2010	8/18/2010	Urologists are moving from class 12 to class 11, resulting in a 19.4% rate decrease for urologists. Change is based on analysis of competitor rates.
Insurance Services Office, Inc. (ISO)	Loss Costs for Hospitals/Physicians/Surgeons/Dentists	-2.7%	-2.3%	9/1/2009	9/1/2009	
	Increased-Limits Factors for Hospitals/Physicians/Surgeons/Dentists	+2.4%	-0.7%	9/1/2009	9/1/2009	Revises increased-limits factors for nursing homes, dentists, hospitals, physicians, surgeons, and allied health classes. Change for physicians is -2.3%. Change for surgeons is -3.1%.
	Loss Costs for Hospitals/Physicians/Surgeons/Dentists	-7.7%	-7.5%	3/1/2010	3/1/2010	Loss-cost changes are for physicians and dentists. Hospital loss costs are to be determined by each individual company due to insufficient data to promulgate loss costs.
	Loss Costs for Physicians/Surgeons/Dentists	-10.7%	0.0%	3/1/2011	3/1/2011	The loss costs for most classifications are being decreased by 10.7%. A few minor classifications will be unchanged.
	Loss Costs for Physicians/Surgeons/Dentists	-6.0%	0.0%	3/1/2012	3/1/2012	The loss costs for most classifications are being decreased by 6.0%. A few minor classifications will be unchanged.
Medicus Insurance Company	Medical Professional Liability Insurance	-7.9%	+61.8%	2/27/2009	3/1/2009	Base-rate and class changes. The company agreed to phase in large increases through its amelioration credit.
	Amelioration Credit	N/A	N/A	4/3/2009	4/3/2009	Allows company to phase in rate changes where the change exceeds 20% for a classification.

**EXHIBIT V – Approved Nevada Rate Filings for Medical Professional Liability Insurance of Physicians and Surgeons
(January 1, 2009 – April 3, 2013) – Page 3**

Company Name	Program/Filing Description	Approved Change	Approved Maximum Change	New-Business Effective Date	Renewal Effective Date	Comments
Medicus Insurance Company	Increased- and Decreased-Limits Factors	N/A	N/A	2/11/2010	2/11/2010	Revised increased and decreased limit factors (slightly higher). No rate impact, since no risks are currently using increased limits.
	Secured Protection Program	N/A	N/A	6/29/2010	N/A	New surcharge program for physicians that may not otherwise be eligible for coverage in the admitted market.
	Revised Base Rates and Class Relativities	-9.5%	+29.1%	7/1/2011	7/1/2011	9.9% base-rate decrease plus class-relativity changes.
	Revised Rules	0.0%	0.0%	10/10/2011	10/10/2011	Revised payment-plan options and editorial changes.
	Physicians' Professional Liability	0.0%	0.0%	1/6/2012	1/6/2012	Company added new ILF for \$2M/\$6M limit of liability.
National Union Fire Insurance Company of Pittsburgh, PA	Psychiatrists' Purchasing Group, Inc., Professional Liability	N/A	N/A	5/1/2010	5/1/2010	Minor rule changes. APA membership will no longer be a requirement, though members will receive a 5% rate discount.
	Psychiatrists' Professional Liability Program	N/A	N/A	11/2/2011	11/2/2011	Increase to part-time practitioner credit.
Nevada Mutual Insurance Company, Inc.	Medical Professional Liability	-10.0%	-3.6%	2/27/2011	2/27/2011	13.4% base-rate decrease with miscellaneous rule changes, including changes to class relativities.
ProAssurance Casualty Company	Healthcare Professionals' Liability	N/A	N/A	9/29/2011	9/29/2011	New Company - Same rates and rules as ProAssurance Wisconsin Insurance Company, which was replaced by ProAssurance Casualty.
ProAssurance Wisconsin Insurance Company (Replaced by ProAssurance Casualty Company)	Revised Risk-Management Credit Rules	N/A	N/A	2/15/2010	2/15/2010	
	Revised Excess-Limits Charges	0.0%	0.0%	1/1/2011	1/1/2011	Lower charges for excess limits based on revised reinsurance terms. One Nevada policy is impacted. Also, the company eliminated several options for coverage limits. No Nevada policies used these limit options, so there is no impact.
	Cyber Liability Optional Coverage Rates and Rules	0.0%	0.0%	6/1/2011	6/1/2011	

**EXHIBIT V – Approved Nevada Rate Filings for Medical Professional Liability Insurance of Physicians and Surgeons
(January 1, 2009 – April 3, 2013) – Page 4**

Company Name	Program/Filing Description	Approved Change	Approved Maximum Change	New-Business Effective Date	Renewal Effective Date	Comments
The Doctors Company, An Interinsurance Exchange	Medical Professional Liability - Claims-Made	0.0%	0.0%	10/1/2009	10/1/2009	Miscellaneous rule changes (includes eliminating minimum age requirement for free retirement tail and a higher minimum premium for surgical centers)
The Medical Protective Company	Physician, Dentist, Allied and Comprehensive Liability Coverage for Health-Care Providers	0.0%	0.0%	1/1/2009	1/1/2009	Revised eligibility for free DDR (death, disability, retirement) tail for members of groups. Company will waive 5-year vesting requirement and age requirement under certain circumstances.
	Physicians' and Surgeons' Professional Liability	0.0%	0.0%	8/1/2009	8/1/2009	New rule to convert from claims-made to occurrence coverage
		-3.5%	0.0%	1/1/2010	1/1/2010	Classification-relativity changes
		0.0%	0.0%	4/1/2010	4/1/2010	Miscellaneous rule changes
		0.0%	0.0%	8/1/2011	8/1/2011	Miscellaneous rule changes
	Healthcare Professionals - Podiatrists	N/A	N/A	11/1/2011	11/1/2011	Rule change: Company increased its Risk-Management Credit from 5% to 10%.
	Physicians' & Surgeons' and Comprehensive Liability Coverage for Healthcare Providers	-5.7%	0.0%	11/15/2011	11/15/2011	Company proposed a decrease of -9.09% for Territory 1 (Clark County) based on a competitive comparison.
		-15.0%	-6.0%	1/1/2013	1/1/2013	The company's Nevada experience is favorable and indicates that a major rate decrease is warranted. The overall decrease will be accomplished through a base-rate change of -13.6% and classification relativity changes with an estimated impact of -1.6%.
	Physicians' & Surgeons' and Comprehensive Liability Program	0.0%	0.0%	1/1/2013	1/1/2013	Rule changes only. No material rate impact.

EXHIBIT VI: Nevada Closed-Claim Data by Type of Practitioner (2010-2011)

Indemnity Payments on Nevada Medical Professional Liability Claims Closed in 2010 (With Payments of \$5000 or Greater)			
Source: Nevada Division of Insurance Annual Survey of Medical Professional Liability Insurance, Claims Closed With Indemnity Payments of More Than \$5,000, Calendar Year 2010			
Type of Practitioner	Indemnity Payments on Claims Closed in Year (Only claims with payments of \$5000 or greater are included.)	Number of Claims Closed in Year (With Payments of \$5000 or Greater)	Average Indemnity Payment on Claims Closed in Year (With Payments of \$5000 or Greater)
Doctor of Dental Surgery (DDS)	\$363,142.00	4	\$90,785.50
Doctor of Medicine (MD)	\$13,705,059.70	50	\$274,101.19
Doctor of Osteopathic Medicine (DO)	\$400,000.00	3	\$133,333.33
Other	\$2,497,660.64	51	\$48,973.74
TOTALS FOR 2010	\$16,965,862.34	108	\$157,091.32

Indemnity Payments on Nevada Medical Professional Liability Claims Closed in 2011 (With Payments of \$5000 or Greater)			
Source: Nevada Division of Insurance Annual Survey of Medical Professional Liability Insurance, Claims Closed With Indemnity Payments of More Than \$5,000, Calendar Year 2011			
Type of Practitioner	Indemnity Payments on Claims Closed in Year (Only claims with payments of \$5000 or greater are included.)	Number of Claims Closed in Year (With Payments of \$5000 or Greater)	Average Indemnity Payment on Claims Closed in Year (With Payments of \$5000 or Greater)
Doctor of Dental Medicine (DMD)	\$11,000.00	1	\$11,000.00
Doctor of Dental Surgery (DDS)	\$231,838.91	5	\$46,367.78
Doctor of Medicine (MD)	\$11,104,895.20	55	\$201,907.19
Doctor of Osteopathic Medicine (DO)	\$1,735,000.00	2	\$867,500.00
Other	\$898,000.00	7	\$128,285.71
TOTALS FOR 2011	\$13,980,734.11	70	\$199,724.77

EXHIBIT VII: Nevada Closed-Claim Data by Type of Practitioner (2012)

Indemnity Payments on Nevada Medical Professional Liability Claims Closed in 2012 (With Payments of \$5000 or Greater)				
Source: Compilation of Closed-Claim Reports Submitted to the Nevada Division of Insurance for Calendar Year 2012				
Type of Practitioner	Indemnity Payments on Claims Closed in Year (Only claims with payments of \$5000 or greater are included.)	Number of Claims Closed in Year (With Payments of \$5000 or Greater)	Average Indemnity Payment on Claims Closed in Year (With Payments of \$5000 or Greater)	Total Allocated Loss-Adjustment Expenses (ALAE) on Claims Closed in Year (With Payments of \$5000 or Greater)
Doctor of Dental Medicine (DMD)	\$100,000.00	1	\$100,000.00	\$35,218.53
Doctor of Dental Surgery (DDS)	\$192,756.50	3	\$64,252.17	\$392,334.00
Doctor of Medicine (MD)	\$9,071,918.92	36	\$251,997.75	\$3,388,395.29
Doctor of Osteopathic Medicine (DO)	\$1,235,000.00	2	\$617,500.00	\$126,064.44
Other	\$1,670,000.00	7	\$238,571.43	\$400,338.55
TOTALS FOR 2012	\$12,269,675.42	49	\$250,401.54	\$4,342,350.81