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November 4, 2016

Report Pursuant to NRS 690B.360 Regarding the Health of the Market for Medical Professional Liability Insurance (2015)

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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 year 2015, as well as relevant subsequent events.

Overall, the medical professional liability insurance market in Nevada continues to be extremely stable and competitive. The market has remained unconcentrated, with the number of competitors increasing and the offering of new products by insurers accelerating in 2015. Continued monitoring of the market has not given rise to any material issues of concern regarding traditional admitted and nonadmitted insurers, although some risk-retention groups (RRGs) have struggled financially.

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 policies are generally less expensive, because the insurer's obligation is limited to

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>

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). Nevada-domiciled RRGs are licensed as association captive insurers pursuant to Chapter 694C of NRS.⁵ 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. Seven of the top 25 medical professional liability insurers by market share in 2015 were RRGs, including the insurer with the fifth-largest market share.

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>

⁵ The term “association captive insurer” is defined in NRS 694C.050: <http://leg.state.nv.us/NRS/NRS-694C.html#NRS694CSec050>. While all Nevada-domiciled RRGs are association captive insurers, there also exist other association captive insurers that are not RRGs.

Market and Rate Trends

Exhibits I and II represent Nevada medical professional liability experience reported on the insurers' Annual Statements, filed with the National Association of Insurance Commissioners (NAIC), for calendar years 2015 and 2014, respectively. The exhibits show that medical professional liability insurance has been a profitable line of business during the time period in question. Historically, 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, -5.57 percent in 2012,⁶ 45.08 percent in 2013, 13.22 percent in 2014, and 39.84 percent in 2015. While the loss ratios have fluctuated throughout the previous seven years, none exceeded 50%, and over half of the years exhibited loss ratios below 20%. Losses remain sufficiently low that less than half of the premiums earned by medical professional liability insurers – and, in four of the past seven years, less than a fifth of those premiums – were used to pay claims.

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 to medical professional liability insurers: 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 low calendar-year loss ratios from the years 2009 through 2015 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

⁶ The loss ratio in 2012 was negative because insurers' total reductions in carried loss reserves pertaining to prior loss years exceeded incremental payments on claims during the year.

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.

The relative rankings among the largest five Nevada medical professional liability insurers, as measured by direct written premium, remained the same between 2015 and 2014. The market share of the largest insurer, ProAssurance Casualty Company, increased slightly from 18.19 percent in 2014 to 18.42 percent in 2015 – still a net decrease from its 20.44 percent market share in 2013. The second-largest insurer, NORCAL Mutual Insurance Company, experienced a significant increase in market share, from 10.80 percent in 2014 to 15.71 percent in 2015, due to the completion of the transition of business to NORCAL Mutual Insurance Company from its affiliate Medicus Insurance Company. The transition between the two companies was implemented in such a manner as not to effectuate any mid-term policy termination. Rather, a policy previously written by Medicus would, upon its annual renewal, be rewritten in NORCAL Mutual with the same rates and coverages. The 2015 market share of NORCAL Mutual Insurance Company was a 1.24 percentage-point increase over the 14.47 percent combined 2014 market share of NORCAL Mutual Insurance Company and Medicus Insurance Company.

Nevada Mutual Insurance Company continued to hold the third-highest market share with 10.23 percent of written premium in 2015, compared to 10.80 percent of the written premium in 2014, 9.94 percent of the written premium in 2013, 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, 14.26 percent in 2010, and 12.31 percent in 2011.

The Medical Protective Company continued to hold the fourth-highest market share (8.66 percent) in 2015, slightly below its 2014 market share of 9.03 percent. The company's percentage market share, however, remains significantly higher as compared to 2013, when it was 6.80 percent, and to 2012, when it was 6.13 percent. Premier Physicians Insurance Company, Inc., a Risk-Retention Group, continued to hold the fifth-highest market share (7.04 percent) in 2015, a slight increase from its 6.67 percent market share in 2014 and its 6.42 percent market share in 2013.

Since 2012, the number of companies offering medical professional liability insurance in Nevada has been on a gradual upward trend. The NAIC Annual Statements show that 69 insurers wrote non-zero premium in Nevada in 2009, compared to 77 in 2010, 82 in 2011, 77 in 2012, 81 in 2013, 87 in 2014, and 93 in 2015. As discussed in greater detail in the section "New Medical Professional Liability Products" below, the Division has observed an acceleration of this trend in 2015 and early 2016, as new programs of medical professional liability insurance were filed with and approved by the Division, including several programs from first-time entrants into Nevada for this line of business.

The combined 2015 market share of the largest 25 medical professional liability insurers – 89.76 percent – remained below 90 percent for the second year in recent history. 2014 was the first recent year for which the largest 25 insurers’ market share declined below 90 percent, to 89.41 percent. By contrast, the 2009 Nevada market share of the largest 25 medical professional liability insurers was 92.92 percent.

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.⁷

The company-based HHI for medical professional liability insurance in Nevada was 0.0820 in 2009, 0.0818 in 2010, 0.0801 in 2011, 0.0800 in 2012, 0.0866 in 2013, 0.0764 in 2014, and 0.0879 in 2015. This suggests that the market has remained unconcentrated during those years. The modest 0.0115 increase in the HHI from 2014 to 2015 is primarily explained by the completion of the aforementioned transition of business from Medicus Insurance Company to NORCAL Mutual Insurance Company, such that one company now writes the business previously written by two affiliated companies. Overall, a healthy and increasing level of competition is observed in the market, especially as new programs targeted toward specific medical specialties are being implemented and gradually gaining insureds.

The group-based HHI is also useful to examine as a measure of concentration that takes into account the common affiliations of some insurers. This measure is unaffected by transactions among affiliated companies – such as mergers among affiliates or transfers of business from one affiliate to another. In 2015, the group-based HHI for the medical professional liability market in Nevada was 0.0995, compared to its 2014 value of 0.0960, its 2013 value of 0.0991 and its 2012 value of 0.118 – all of which are significantly below the U.S. Department of Justice threshold of 0.15.

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.

New Medical Professional Liability Products

Exhibit III summarizes the approved rate and rule filings for medical malpractice insurance covering physicians and surgeons in Nevada during the time period from January 1, 2015, to August 12, 2016. During the time period in question, the Division experienced a large influx of filings for new products by medical professional liability

⁷ Source: U.S. Department of Justice, Antitrust Division. “Herfindahl-Hirschman Index”. Available at <http://www.justice.gov/atr/public/guidelines/hhi.html>.

insurers, beginning in 2015 and accelerating significantly in early 2016. Contributing to this development was both an increase in insurers expanding their operations to Nevada for the first time, as well as existing Nevada insurers broadening their product offerings and custom-tailoring coverage forms and rates to certain medical specialties. Below are some examples of recently approved new programs in chronological order of their effective dates.

Insurer	New Program	Program Effective Date
Preferred Professional Insurance Company	Physicians' and Surgeons' Professional Liability	1/1/2015
Allied World Insurance Company	Psychiatrists' Professional and General Liability	6/17/2015
Zurich American Insurance Company	Veterinary Student Professional Liability	3/1/2016
Berkshire Hathaway Specialty Insurance Company	Professional Protection Healthcare Program (for nurse practitioners, nurse anesthetists, physician assistants, optometrists, and other allied healthcare professionals)	4/11/2016
ProSelect Insurance Company	Allied Healthcare Providers' Professional Liability	6/1/2016
Capitol Indemnity Corporation	Oncology Professional Liability	6/2/2016
Pharmacists Mutual Insurance Company	Dental Hygienist Professional Liability Program	7/1/2016
QBE Insurance Corporation	Nevada Medical Malpractice Claims-Made Program	7/1/2016
ProAssurance Indemnity Company, Inc.	Healthcare Professional Liability Program - HCP Indemnity Program	9/1/2016
The Doctors' Company, an Interinsurance Exchange	Dental Healthcare Providers' Professional Liability Program	9/1/2016

The offering of diverse new medical malpractice insurance products by both incumbent carriers and new entrants is another indicator of a vibrant and competitive market, as well as a reasonable and balanced regulatory climate in Nevada.

Rates have largely remained stable, and most filings submitted during this time period had no rate impact. Among the largest insurers, NORCAL Mutual Insurance Company received approval for an overall neutral rate filing, effective October 1, 2015, with a spread of individual impacts from -14.5 percent to 34.1 percent. The majority of insureds received modest decreases of between -5 percent and 0 percent. The Medical Protective Company decreased its rates by 5.7 percent overall, effective June 1, 2016, by increasing its Claim-Free Credit and New-to-Practice Credit for certain categories of practitioners. This filing resulted in no premium increases for any practitioner, and the most substantial individual decrease was -22.3 percent. The Insurance Services Office – a

rate-service organization that files loss costs that its client insurers have the option to adopt – filed and received approval for two overall decreases in loss costs effective October 1, 2015, and October 1, 2016, respectively. The Division approved these changes as reasonable, not excessive, not inadequate, and not unfairly discriminatory, as supported by actuarial justifications provided by the filing entities. As Exhibits I and II, 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, all of the approved decreases in rates and loss costs 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.

Risk-Retention Groups

Overall, the medical professional liability insurance market in Nevada continues to be extremely stable and competitive. However, the Division has observed significant differences between the experience of traditional medical professional liability insurers and that of risk-retention groups (RRGs) during the past several years.

The Division has observed that, in spite of a favorable medical malpractice insurance market generally, many risk-retention groups – particularly those domiciled in Nevada, which has historically been a domicile for smaller RRGs – have struggled financially. Reasons for this vary by insurer but generally include the following:

- RRGs tend to have fewer assets and lower premium volume compared to traditional insurers while offering comparable limits of coverage – often reaching or exceeding \$1,000,000 of coverage per occurrence and a \$3,000,000 annual aggregate limit *per policy*. This results in greater volatility of experience. Even in a generally favorable market, a single anomalously large claim can often substantially erode a small RRG’s assets and surplus. For this reason, the Division considers it crucial for an RRG to have a low ratio of largest single net retained risk to surplus, also known as the risk-retention ratio. An RRG with a low risk-retention ratio (achieved via higher surplus or lower policy limits) is more resilient to the emergence of one or several unexpected full-limit claims.
- RRGs often have minimal in-house staff and rely on contracts with numerous external service providers – e.g., captive managers, program managers, third-party claim administrators, attorneys, consulting actuaries, and certified public accountants – to conduct daily operations. The fixed costs of these contracts are often high relative to the assets and premiums of a small RRG. Thus, many RRGs may have loss ratios comparable to those of traditional insurers but may experience significantly higher expense ratios.
- Small RRGs are at a negotiating disadvantage when procuring reinsurance to limit exposure on a given claim or set of policies. Excess-of-loss reinsurance treaties available to RRGs often contain clauses that severely limit transfer of substantive risk to the reinsurer. Risk transfer is limited by means of provisions such as

annual aggregate deductibles and swing rating, which effectively require the RRG to absorb the financial consequences of many losses that would otherwise have been ceded to the reinsurer. Some swing-rating provisions will even result in an RRG ceding more than a dollar of *additional* premium to the reinsurer for every dollar of losses that the reinsurer pays within a specified corridor. Many RRGs relinquish a considerable fraction of their premium income to reinsurers, while receiving the benefit of the reinsurance protection only in the most catastrophic of possible situations. Many such RRGs, however, would be financially imperiled by more moderately adverse loss experience, where the net financial effect of a reinsurance treaty might still be unfavorable to the RRG.

- Many RRGs domiciled in Nevada write most of their business in other states. While Nevada’s medical professional liability insurance market remains favorable, Nevada-domiciled RRGs that have written significant business in other states – such as Florida, New York, and Michigan – have experienced more adverse results due to experience in such states.

In response to difficult conditions, several RRGs have made the decision to cease or significantly transform their operations. After paying a large claim that consumed most of its assets, a prominent Nevada-domiciled RRG, Nevada Docs Medical Risk Retention Group, Inc. (“Nevada Docs Medical RRG”), made the decision to dissolve effective December 21, 2015. Prior to dissolution, Nevada Docs Medical RRG transferred its liabilities to external insurers that have fully accepted the obligations for all outstanding losses. The Division worked closely with the principals of Nevada Docs Medical RRG to ensure that the dissolution did not adversely affect any insureds or claimants. The Division considers the transition of business accompanying the dissolution to have been a success since no legitimate claims will remain unpaid as a result, and all affected insureds will have coverage from financially strong traditional insurers going forward.

Nevada’s fifth-largest writer of medical professional liability insurance business, Premier Physicians Insurance Company, a Risk Retention Group (“Premier Physicians Insurance Company RRG”), made the decision in 2016 to convert to a single-state, non-RRG association captive insurer by the end of the year. Premier Physicians Insurance Company RRG has initiated withdrawals of its registrations from other states and has indicated that it will transfer policies written in those states to a traditional insurer. Operating as a non-RRG association captive insurer will enable the company to continue insuring medical practitioners in Nevada while substantially reducing operational and compliance costs and enabling more assets to be devoted toward payment of valid claims.

Despite the challenges faced by many RRGs, the overall market for medical professional liability insurance remains favorable in Nevada – with healthy and growing competition, available and affordable coverages, and an undiminished capacity of most insurers to pay claims.

Closed-Claim Reporting and Trends

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. Significant improvements in the quality of information collected were achieved as a result of the Division's implementation of a fully electronic closed-claim reporting system, effective October 18, 2012.⁸ As of July 1, 2013, all insurers were required to use solely electronic submission of closed-claim reports. The electronic reporting system has fulfilled the Division's expectations: it has streamlined the reporting process, captured the data elements required by law in a more usable fashion, eliminated data elements that are obsolete (e.g., data regarding medical legal screening panels, which were abolished in 2002), and enabled more efficient and effective aggregation, segmentation, and analysis of the closed-claim data for the purpose of drawing meaningful conclusions.

Exhibit IV provides the closed-claim experience by type of practitioner (e.g., MD, DO, DDS, Other) for claims closed during calendar year 2015. Exhibit V provides the same information for calendar year 2014. 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.
- Partial payments on claims that remained open are excluded.
- 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 IV and V will not reconcile with the annual totals for incurred losses from Exhibits I and II. 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

⁸ See Division of Insurance Bulletin 12-006: <http://doi.nv.gov/sinfo/bulletin/12-006.pdf>

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 that total closed-claim indemnity payments increased from \$14,762,384.75 in 2014 to \$26,500,982.25 in 2015. Prior to the recent two years, the indemnity payments on closed claims have also tended to fluctuate considerably from year to year, reaching a historical low of \$12,269,675.42 in 2012 and then rebounding to \$21,050,837.26 in 2013. The number of closed claims has, too, fluctuated from 108 in 2010 to 70 in 2011 to 49 in 2012 to 77 in 2013 to 68 in 2014 to 83 in 2015. Closed claims pertaining to DDS insureds, nurses, and other practitioners were more numerous in 2015 than in the preceding years of this decade. However, these claims still comprise a minority of the total. Given the relatively small volume of Nevada closed claims each year and the influence of a small number of large claims on the total figures and averages by specialty, the observed variability in closed claims from year to year is not surprising to the Division.

During 2015, closed claims pertaining to MD insureds (42 claims) remained almost constant in number relative to 2014 (41 claims), but the average dollar indemnity payment increased from \$206,695.56 in 2014 to \$327,315.42 in 2015 – slightly higher than the 2013 average of \$304,486.24. Among practitioner types, the most noteworthy change between 2014 and 2015 has been the increase in indemnity payments pertaining to DO insureds, from \$1,508,065.02 for 8 claims in 2014 to \$4,988,000.00 for 6 claims in 2015. The majority of this increase can be explained by a single large claim that closed at an amount of \$2,750,000.

Total allocated loss-adjustment expenses (ALAE) on claims closed in 2015 were \$7,777,098.50, compared to \$6,135,604.26 in 2014, \$9,582,983.02 in 2013 and \$4,342,350.81 in 2012. While ALAE on closed claims increased in 2015, they comprised a smaller proportion of the insurers’ total claim-related payments, as compared to 2014.

**EXHIBIT I: Medical Professional Liability Insurance by Premium
Largest 25 Insurers – 2015 (Monetary figures are in thousands of dollars.)**

R A N K	NAIC Group Code	NAIC Company Code	Company Name	State of Domicile	Direct Premium Written	Direct Premium Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Market Share
1	2698	38954	ProAssurance Casualty Company	MI	13,145	13,562	4,076	30.05%	18.42%
2	1282	33200	NORCAL Mutual Insurance Company	CA	11,209	9,033	5,404	59.83%	15.71%
3	4789	11260	Nevada Mutual Insurance Company, Inc.	NV	7,299	7,557	1,521	20.13%	10.23%
4	31	11843	Medical Protective Company	IN	6,180	6,359	671	10.55%	8.66%
5		12613	Premier Physicians Insurance Company, Inc., a RRG	NV	5,023	5,019	2,987	59.51%	7.04%
6	158	25054	Hudson Insurance Company	DE	2,679	2,603	-198	-7.61%	3.76%
7	831	34495	Doctors Company, An Interinsurance Exchange	CA	2,677	2,578	1,379	53.49%	3.75%
8	158	37079	Hudson Specialty Insurance Company	NY	1,629	2,133	3,645	170.89%	2.28%
9	218	20427	American Casualty Company of Reading, PA	PA	1,508	1,482	510	34.41%	2.11%
10	218	31127	Columbia Casualty Company	IL	1,365	1,348	161	11.94%	1.91%
11	218	20443	Continental Casualty Company	IL	1,168	1,124	251	22.33%	1.64%
12		44504	California Healthcare Insurance Company, Inc., RRG	HI	983	998	179	17.94%	1.38%
13		12180	California Medical Group Insurance Company, RRG	AZ	963	916	70	7.64%	1.35%
14		14260	OrthoForum Insurance Company, RRG	SC	898	881	631	71.62%	1.26%
15	831	14347	The Doctors Company RRG, a Reciprocal Exchange	DC	896	896	559	62.39%	1.26%
16		19348	Capson Physicians Insurance Company	TX	879	864	541	62.62%	1.23%
17		44105	Ophthalmic Mutual Insurance Company, RRG	VT	752	726	35	4.82%	1.05%
18	98	24856	Admiral Insurance Company	DE	750	777	11	1.42%	1.05%
19	2638	15865	NCMIC Insurance Company	IA	718	721	144	19.97%	1.01%
20	12	19437	Lexington Insurance Company	DE	690	616	83	13.47%	0.97%
21	2698	14460	Podiatry Insurance Company Of America	IL	593	579	206	35.58%	0.83%
22		40975	Dentists Insurance Company	CA	558	544	-96	-17.65%	0.78%
23		35904	Health Care Indemnity, Inc.	CO	546	546	-1,402	-256.78%	0.77%
24	508	44121	OMS National Insurance Company, RRG	IL	475	505	0	0%	0.67%
25	111	19917	Liberty Insurance Underwriters, Inc.	IL	458	446	129	28.92%	0.64%
Totals for Largest 25 Companies					64,041	62,813	21,497	34.22%	89.76%
Totals for All 113 Companies (93 Active Companies)					71,344	70,664	28,151	39.84%	100%

Source: NAIC I-SITE – Market Share and Loss Ratio Summary Report, Calendar Year 2015

**EXHIBIT II: Medical Professional Liability Insurance by Premium
Largest 25 Insurers – 2014 (Monetary figures are in thousands of dollars.)**

R A N K	NAIC Group Code	NAIC Company Code	Company Name	State of Domicile	Direct Premium Written	Direct Premium Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Market Share
1	2698	38954	ProAssurance Casualty Company	MI	13,465	16,627	3,216	19.34%	18.19%
2	1282	33200	NORCAL Mutual Insurance Company	CA	7,998	2,933	1,387	47.29%	10.80%
3	4789	11260	Nevada Mutual Insurance Company, Inc.	NV	7,668	7,861	1,000	12.72%	10.36%
4	31	11843	Medical Protective Company	IN	6,687	6,529	2,548	39.03%	9.03%
5		12613	Premier Physicians Insurance Company, Inc., a RRG	NV	4,937	5,244	975	18.59%	6.67%
6	158	37079	Hudson Insurance Company	NY	2,972	2,322	2,451	105.56%	4.01%
7	1282	12754	Medicus Insurance Company	TX	2,719	8,104	7,857	96.95%	3.67%
8	831	34495	Doctors Company, An Interinsurance Exchange	CA	2,626	2,609	-3,729	-142.93%	3.55%
9	158	25054	Hudson Insurance Company	DE	2,285	3,237	872	26.94%	3.09%
10		35904	Health Care Indemnity, Inc.	CO	1,615	1,615	-5,396	-334.12%	2.18%
11	218	20427	American Casualty Company Of Reading, PA	PA	1,429	1,385	25	1.81%	1.93%
12	12	19437	Lexington Insurance Company	DE	1,343	1,334	-4,432	-332.23%	1.81%
13	218	31127	Columbia Casualty Company	IL	1,167	1,143	29	2.54%	1.58%
14	218	20443	Continental Casualty Company	IL	1,070	1,116	-1,803	-161.56%	1.45%
15		12180	California Medical Group Insurance Company, RRG	AZ	941	0	288	0%	1.27%
16		14260	OrthoForum Insurance Company, RRG	SC	906	901	785	87.13%	1.22%
17		19348	Capson Physicians Insurance Company	TX	815	768	167	21.74%	1.10%
18	98	24856	Admiral Insurance Company	DE	810	703	343	48.79%	1.09%
19		44504	California Medical Group Insurance Company, RRG	HI	798	783	-277	-35.38%	1.08%
20		12539	Nevada Docs Medical RRG, Inc.	NV	742	763	145	19.00%	1.00%
21	2638	15865	NCMIC Insurance Company	IA	720	731	109	14.91%	0.97%
22		44105	Ophthalmic Mutual Insurance Company RRG	VT	698	717	7	0.98%	0.94%
23		11513	Physicians Specialty Ltd., RRG	SC	663	663	-1,047	-157.92%	0.90%
24	2698	14460	Podiatry Insurance Company Of America	IL	574	624	-286	-45.83%	0.78%
25		11714	Emergency Physicians Insurance Company, RRG	NV	547	534	277	51.87%	0.74%
Totals for Largest 25 Companies					66,195	69,246	5,511	7.96%	89.41%
Totals for All 108 Companies (87 Active Companies)					74,039	77,437	10,241	13.22%	100%

Source: NAIC I-SITE – Market Share and Loss Ratio Summary Report, Calendar Year 2014

**EXHIBIT III – Approved Nevada Rate Filings for Medical Professional Liability Insurance of Physicians and Surgeons
(January 1, 2015 – August 12, 2016) – Page 1**

Company Name	Program/Filing Description	Approved Change	Approved Maximum Change	New-Business Effective Date	Renewal Effective Date	Comments
ALLIED WORLD INSURANCE COMPANY	Psychiatrists' Professional and General Liability Program	N/A	N/A	6/17/2015	6/17/2015	New program
CAPITOL INDEMNITY CORPORATION	Oncology Professional Liability	N/A	N/A	6/2/2016	6/2/2016	New program
DOCTORS COMPANY, AN INTERINSURANCE EXCHANGE	Physicians', Surgeons' and Ancillary Healthcare Providers' Professional Liability Insurance Program	N/A	N/A	9/1/2015	9/1/2015	Rule revision to add optional coverages. Also, rates were added for some new and more granular classifications of practitioners - but there is no impact on existing business.
		N/A	N/A	1/1/2016	1/1/2016	Rule revision to remove American College of Physicians from list of associations receiving a National Medical Association Discount. There is no impact on existing business, as no insureds are members of the American College of Physicians.
INSURANCE SERVICES OFFICE, INC. (ISO)	Loss Costs for Physicians / Surgeons / Dentists	-15.5	0.0	10/1/2015	10/1/2015	Most classifications received a 15.5% decrease. A small minority of lower-premium classifications received no change.
		-13.7	74.8	10/1/2016	10/1/2016	Across-the-board decrease in loss costs, based on an indicated decrease of -13.7%. Most classifications will be receiving impacts of -13.7%. Some impacts are as low as -14.1%. A small minority of classifications will be receiving no change. Only one classification (Class Code 80962 - Midwives) would receive an increase of +74.8%.
MEDICAL PROTECTIVE COMPANY	Physicians' & Surgeons' and Comprehensive Liability Coverage for Healthcare Providers	-5.7	0.0	6/1/2016	6/1/2016	The company is increasing its Claim-Free Credit and New-to-Practice Credit for certain categories. This filing will result in no premium increases for any practitioner. The most substantial individual decrease is -22.3%.

**EXHIBIT III – Approved Nevada Rate Filings for Medical Professional Liability Insurance of Physicians and Surgeons
(January 1, 2015 – August 12, 2016) – Page 2**

Company Name	Program/Filing Description	Approved Change	Approved Maximum Change	New-Business Effective Date	Renewal Effective Date	Comments
MUTUAL INSURANCE COMPANY OF ARIZONA	Physicians' and Surgeons' Professional Liability	N/A	N/A	8/1/2015	8/1/2015	Rule filing to revise the Small Group Risk-Management Discount rule to apply, in addition to physician members, to ancillary members to recognize the additional responsibilities that ancillary members are assuming in physician medical group practices.
		N/A	N/A	9/1/2015	9/1/2015	This is a rule filing to add another aggregate deductible option of \$200,000/\$600,000. No impact on existing business.
NORCAL MUTUAL INSURANCE COMPANY	Physicians' and Surgeons' Professional Liability	0.0	34.1	10/1/2015	10/1/2015	Overall neutral impact for this book of business, with individual changes ranging from -14.5% to 34.1%. The majority of insureds would receive modest decreases in the interval of [-5%,0%).
		N/A	N/A	1/1/2017	1/1/2017	Minor rule revision providing that separate limits of coverage are now available for entities/organizations with only one associated health care professional and shared limits of coverage are now available for entities/organizations with more than one associated health care professional. No rate impact to existing business.
PREFERRED PROFESSIONAL INSURANCE COMPANY	Physicians' and Surgeons' Professional Liability	N/A	N/A	1/1/2015	N/A	New program
		N/A	N/A	6/1/2015	N/A	Downward revision to several base rates that were submitted in error. No impact on existing insureds (none at that time).
		N/A	N/A	12/16/2015	12/16/2015	Addition of new options for increased-limits factors (ILFs). No impact on premiums of existing business.
		N/A	N/A	8/1/2016	8/1/2016	The company provides at no cost to the insured a Medefense endorsement which was previously filed. There have been requests for increased limits; thus the company has made available for purchase an additional \$950,000 of limits for a total of \$1 million in limits. No rate impact on existing business.

**EXHIBIT III – Approved Nevada Rate Filings for Medical Professional Liability Insurance of Physicians and Surgeons
(January 1, 2015 – August 12, 2016) – Page 3**

Company Name	Program/Filing Description	Approved Change	Approved Maximum Change	New-Business Effective Date	Renewal Effective Date	Comments
PROASSURANCE CASUALTY COMPANY	Healthcare Professional Liability	N/A	N/A	4/1/2016	4/1/2016	Rule revisions to accommodate additional optional coverages. No rate impact on existing business.
	Healthcare Professional Liability Program - Ob-Gyn Risk Alliance Rules	N/A	N/A	6/1/2015	6/1/2015	Minor rule revisions; no rate impact.
		N/A	N/A	4/1/2016	4/1/2016	Rule revisions to accommodate additional optional coverages. No rate impact on existing business.
		N/A	N/A	7/1/2016	7/1/2016	Rule revisions to specify requirements for sixth-year risk-management discount. No rate impact on existing business.
PROASSURANCE INDEMNITY COMPANY, INC.	Healthcare Professional Liability Program - HCP Indemnity Program	N/A	N/A	9/1/2016	9/1/2016	The purpose of this new-program filing is to have on file for ProAssurance Indemnity Company, Inc. the same policy forms, rates and rules that are currently being used in Nevada for ProAssurance Casualty Company. ProAssurance will use these forms, rates and rules for ProAssurance Indemnity Company, Inc. when writing a national account by ProAssurance's National Healthcare Underwriting Team, which only writes through one company.
PROSELECT INSURANCE COMPANY	Allied Healthcare Providers	N/A	N/A	6/1/2016	6/1/2016	Initial form and rule filing for the company's Individual Professional Liability, Multiple Practitioner Group Professional Liability, Partnership & Corporation Professional Liability, and Partnership & Corporation Group Professional Liability programs. These products include coverage for Physicians and Surgeons, Certified Nurse Midwives, Dentists and Allied Healthcare Providers, as well as practitioners who desire partnership and corporation coverage. ProSelect Insurance Company also filed rates applicable to the company's Allied Healthcare Provider Professional Liability Program.
QBE INSURANCE CORPORATION	Nevada Medical Malpractice Claims-Made Program	N/A	N/A	7/1/2016	7/1/2016	New program for the purpose of providing professional liability coverage to physicians, surgeons, their professional associations and employed health care providers. Many of the underwriting and acquisition functions will be performed by Altor, a managing general agent. The filing was given a stipulated approval requiring the company to decrease its rates if, after the first year, the incurred loss and LAE ratio in Nevada for this program is materially less than the permissible loss and LAE ratio of 53.83%.

EXHIBIT IV: Nevada Closed-Claim Data by Type of Practitioner (2015)

Indemnity Payments on Nevada Medical Professional Liability Claims Closed in 2015 (With Payments of \$5000 or Greater)				
Source: Compilation of Closed-Claim Reports Submitted to the Nevada Division of Insurance for Calendar Year 2015				
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)	\$256,100.00	6	\$42,683.33	\$84,749.02
Doctor of Dental Surgery (DDS)	\$425,000.00	5	\$85,000.00	\$141,939.00
Doctor of Medicine (MD)	\$13,747,247.59	42	\$327,315.42	\$6,109,175.46
Doctor of Osteopathic Medicine (DO)	\$4,988,000.00	6	\$831,333.33	\$865,984.46
Nurse	\$319,000.00	4	\$79,750.00	\$137,656.25
Other	\$6,765,634.66	20	\$338,281.73	\$437,594.31
TOTALS FOR 2015	\$26,500,982.25	83	\$319,288.94	\$7,777,098.50

EXHIBIT V: Nevada Closed-Claim Data by Type of Practitioner (2014)

Indemnity Payments on Nevada Medical Professional Liability Claims Closed in 2014 (With Payments of \$5000 or Greater)				
Source: Compilation of Closed-Claim Reports Submitted to the Nevada Division of Insurance for Calendar Year 2014				
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)	\$60,000.00	1	\$60,000.00	\$41,352.26
Doctor of Dental Surgery (DDS)	\$225,000.00	6	\$37,500.00	\$118,513.67
Doctor of Medicine (MD)	\$8,474,518.15	41	\$206,695.56	\$4,357,743.74
Doctor of Osteopathic Medicine (DO)	\$1,508,065.02	8	\$188,508.13	\$611,112.02
Other	\$4,494,801.58	12	\$374,566.80	\$1,006,882.57
TOTALS FOR 2014	\$14,762,384.75	68	\$217,093.89	\$6,135,604.26