



## **NEW HAMPSHIRE INSURANCE DEPARTMENT**

### **INFORMATIONAL PACKET ACCOMPANYING**

### **THE ANNUAL REPORT TO THE MEDICAL MALPRACTICE PANEL AND INSURANCE OVERSIGHT COMMITTEE November 1, 2012**

This report is divided into two sections, with commentary and perspectives included at the end of the narrative. The first portion of the report focuses on medical injury liability claim activity, providing frequency and severity information as well as resolution time frames from first notice to the closing of the claim by the insurer. Much of the information presented was obtained from the reports submitted by insurers as required under Ins 3800 and RSA 519-B:12, Laws of 2005. The data shown on the exhibits reflects only those claims which have been closed (settled) during the reporting period which commenced in the 4<sup>th</sup> quarter of 2006. Results reflect information submitted through the most recent reporting period – the 3<sup>rd</sup> quarter of 2012. The second portion of the report focuses on medical malpractice premium trends observed in New Hampshire as well as nationally.

#### **Medical Injury Liability Claim Activity**

Exhibits 1 (1-A through 1-F), 2 (2-A through 2-G), 3 (3-A through 3-G), 4 (4-A and 4-B), 5, 6, 7, 8 and 9 (9-A through 9-F) provide various kinds of data associated with claim activity as reported by insurers in accordance with Ins 3800. After Exhibit 9-F, please note that an Appendix has been provided. This Appendix provides general information about the data received, definitions and coding terminology, and formulas for the calculations included on the exhibits.

With respect to the above exhibits, a few general comments are necessary. As noted in the Appendix, the department received 1,795 claim reports during the 2006 to 2012 reporting period. Of these, 1,283 were closed or settled between the 4<sup>th</sup> quarter, 2006 and the end of the 3<sup>rd</sup> quarter, 2012. When comparing years remember that 2006 contains only one quarter of reporting and 2012 contains three quarters of reported claims data. Unless otherwise labeled, “year” is the year in which the claim was closed. On certain exhibits we have shaded the years 2007 – 2011 in order to highlight the years we view as “complete” in that they are most comparable to each other from a data reported, collected and claims maturity standpoint with regard to the implementation and use of the screening panel process.

It’s important to understand what constitutes a “claim”. In many cases, an injured party will file multiple claims with respect to a given medical event; for example a claim may be made against an individual doctor or against multiple doctors, and against the hospital or facility as well. In general, each claim is counted separately, for example, a suit involving a hospital and 2 physicians would be counted as 3 claims since it involves 3 defendants. Most providers report claims in this manner. However, some providers report an occurrence involving multiple defendants as a single claim. This method of reporting claims introduces some distortion into the data: since the count of claims is lower, the average indemnity or expense dollars associated with each claim would appear higher for these providers.

“Indemnity Paid” as used in this report means the amount paid to indemnify the claimant on behalf of the insured health care provider. Such amounts do not include expense dollars incurred by the insurer to handle the claim. Non-zero paid claims are just that – claims where a settlement of at least \$1 was paid to the claimant.

Claim expenses have been divided into two categories in accordance with the reporting requirements of Ins 3800. They are labeled as “Defense Counsel Expense” and Allocated Loss Adjustment Expense or “ALAE”. In order to provide a framework by which expense dollars should have been assigned to one or the other, we can look at statistical reporting requirements for insurance companies. In insurance accounting terms, insurers under the general statistical reporting requirements established by the National Association of Insurance Commissioners (NAIC), categorize defense counsel expense as part of “defense and cost containment” (DCC) and ALAE as “adjusting and other” (AO). For your information:

DCC includes defense, litigation, and medical cost containment expense; it includes, but is not limited to:

- a. surveillance
- b. litigation management
- c. fees or salaries for appraisers, private investigators, hearing reps, fraud investigators
- d. attorney fees incurred owing a duty to defend, even if coverage does not exist
- e. cost of engaging experts

AO are those expenses not included in DCC and include, but are not limited to:

- a. fees and expenses of adjusters
- b. attorney fees incurred in the determination of coverage
- c. adjusters fees and salaries

Finally, 1,283 closed claims, reported in a 6 year period (20 calendar quarters), collectively provide sufficient volume to draw credible conclusions. However, as the data base is divided into smaller and smaller subsets for part of any analysis, the conclusions reached should be viewed with some degree of caution.

### **Exhibit 1 – Indemnity Paid and Expenses Paid**

#### **1A: Indemnity Paid**

- Only 35% of the claims (448 out of 1,283) were closed with an indemnity payment while 74% (946 out of 1,283) were closed with a payment covering defense counsel expenses.
- For non-zero paid claims, average indemnity payments fluctuate year-to-year, but over the last 5 years appear to be trending downward very slightly (about -1% per year).
- Average indemnity for claims with defense counsel expenditures also show fluctuation from year-to-year, but also appear to be trending downward over the last 5 years, although at a steeper rate (about -4% per year).

#### **1B: Expense Paid**

- Average defense costs for all closed claims appear to be increasing at about 2% / year. Average ALAE is flat or slightly increasing.
- For claims closed with an indemnity payment, average expense costs are much higher than the overall average (52k vs. 32k). Average defense costs for these claims are increasing more quickly as well, at about 5% / yr. Average ALAE is flat or slightly increasing. (Exh. 1-B)

- For claims closed without an indemnity payment, average expense costs are much lower than the overall average (22k vs. 32k). Average defense costs are quite volatile, and overall appear to be flat.

### **1C: Ratios of Expense to Indemnity**

An alternative means by which to examine expense costs is to look at the proportional relationship between indemnity \$ and expense \$ based on the total average cost of each claim (indemnity paid plus expense paid) and the proportional relationship between Defense Counsel and ALAE based on total expenses paid.

- The boxes and columns labeled “Distribution” shows the proportion of total \$ which are indemnity payments vs. all expense payments
- The boxes and columns labeled “Expense Distribution” shows how the total expense payments are divided between “defense counsel” and “ALAE”
- The boxes and columns labeled “Expenses as a % of Indemnity” related expense dollars to indemnity dollars and is simply a different way of looking at the relationship between those two items

The various distributions are relatively consistent over time. This is important because the relationship between indemnity and expense costs is ultimately a significant influence on the premium levels charged in NH.

### **1D – 1F: Size of Payments**

These exhibits are provided to show how payments are distributed by the size of each claim. Payments are split into indemnity payment categories (\$100,000 increments). 44% of closed claims had an indemnity payment less than \$100,000, and 71% had an indemnity payment less than \$300,000. Less than 3% of claims were closed for more than \$1 million.

Approximately \$5 million / year was spent on defense. 45% of that (an average of \$23,000 per claim) was spent on claims which closed without an indemnity payment. Another \$1.8 million / year was spent on other loss adjustment expenses. 41% of that (an average of \$8,000 per claim) was spent on these zero-value claims.

## **Exhibit 2 – Indemnity Paid and Expenses Paid by Severity Code**

Exhibit 2 is a set of charts similar to what is provided in Exhibit 1 but in finer detail based on Severity Codes. The list of severity codes is shown in the Appendix, and range from Emotional Only (01) to Death (09). These are the same codes used by the National Practitioner Data Bank Reporting system as “Outcome” codes.

Exhibits 2-A through 2-G show differences in average indemnity payments and expenses between claims of varying severity levels. The data for each “cell” is relatively small; therefore the reliability and consistency of the results is more uncertain. Even so, there is some value to look at relationships between and among different severity categories; most relationships seem intuitive: costs rise as the severity of the claim rises, but indemnity vs. expense not necessarily in the same proportion. For example compare the overall ratio for all closed claims of “Expenses as a % of Indemnity” from Exhibit 1-C to corresponding ratios for severity code groupings from Exhibit 2-E:

**Expenses as a % of Indemnity**

	<b>All Closed Claims</b>	<b>Closed Claims with Indemnity</b>
Severity 01 – 03	75.1%	31.6%
Severity 04 – 05	43.1%	23.2%
Severity 06 – 08	25.4%	15.1%
Severity 09	33.2%	19.3%
Total	32.8%	18.4%

Exhibit 2-G provides a summary chart where all the years have been combined from Exhibits 2-B through 2-F.

**Exhibit 3- Resolution Time Horizon**

Exhibits 3-A through 3-C show claim count distributions for “all closed claims”, “closed claims with indemnity paid”, and “closed claims with defense counsel expense paid” for the following time horizons relating to claim resolution:

- Injury Date to Date Reported (Exhibit 3-A)
- Date Reported to Date of Closure (Exhibit 3-B)
- Injury Date to Date of Closure (Exhibit 3-C)

Exhibits 3-D through 3-F show, for the same time horizons, average indemnity and expense paid amounts.

A few notes about these exhibits:

- The average length of time between date reported to the insurer and date closed by the insurer is 1.9 yrs; 44 % percent of claims have a time line exceeding this amount (Exh. 3-B)
- The number of cases reported to us by providers as having been heard by the screening panel is 222. This is consistent with the data supplied by Chief Justice Nadeau by letter dated August 30, 2011, which says that 105 cases have been heard, resulting in 221 decisions, due to multiple defendants.
- In nearly all instances, average indemnity paid, defense counsel expense, and ALAE increase in amount as the “travel time” increases (Exh. 3-E)
- Expense payments account for a larger proportion of total payments (indemnity plus expense) as “travel time” increases (Exh. 3-E)

Exhibit 3-G is provided to show for each of the closure years in the data base, what the report year distribution is. It is based on this exhibit that we offer the perspective that closure years 2008 through 2011 are most comparable as they are full years (in terms of reporting by insurers) and most of the claims in each were reported 2006 and subsequent.

**Exhibit 4 - Claim Activity Involving Screening Panels**

The exhibits in this section examine the usefulness and effectiveness of the screening panel process.

**4A: Screening Panel Usage and Costs**

- Only about 1 in 5 claims reported since 10/1/2006 utilized the screening panel. The percentage of claims using the screening panel process has been declining steadily since 2009.
- For claims that used the screening panel, the proportion of claims settled prior to trial did not appear to increase as was hoped. For claims identified as having a lawsuit filed, 90% were settled prior to trial when the screening panel was used vs. 95% settled prior to trial when the screening panel was bypassed.
- Average Indemnity Payments were 26% higher when the screening panel was used (\$118k vs. \$93k).
- Average Defense Costs were more than double when the screening panel was used (\$41k vs. \$20k). Average Other ALAE costs also more than doubled when the screening panel was used (\$15k vs. \$7k).
- Defense and ALAE represented 48% of the indemnity cost for screening panel claims vs. 28% of indemnity cost for claims which bypassed the screening panel.
- In total, the cost of a claim was 46% higher when the screening panel was used (\$175k vs. \$120).

**4B: Screening Panel Time from Claim Report to Closure**

- When we look at all closed claims, only 11% of claims involving the screening panel closed during the first year, versus a 31% of claims that did not go to the screening panel. By the end of the second year, 36% of claims involving the screening panel had closed, versus a 66% of claims that did not go to the screening panel.
- For claims that had indemnity payments, in the first year, only 2% of claims involving the screening panel closed, versus 22% of claims that did not go to the screening panel. By the end of the second year, 18% of claims involving the screening panel had closed, versus over half of claims that did not go to the screening panel.
- On average, a claim took 29 months to close when the screening panel was used, vs. 21 months when it was bypassed. For claims with indemnity payments, the timeframes were extended. A claim took 35 months to close when the screening panel was used, vs. 24 months when it was bypassed.

**4C: Screening Panel Usage by Claim Severity**

- It appears that the screening panel heard a greater proportion of Permanent and Serious claims, and far fewer Temporary/Minor claims.

**4D: Screening Panel Usage for Permanent and Serious Claims**

- For claims identified as having a lawsuit filed, 91% were settled prior to trial when the screening panel was used vs. 95% settled prior to trial when the screening panel was bypassed.
- Average Indemnity Payments were 11% lower when the screening panel was used (\$173k vs. \$193k).

- Average Defense Costs were 37% higher when the screening panel was used (\$48k vs. \$35k). Average ALAE was 42% higher when the screening panel was used (\$19k vs. \$14k).
- In total, the cost of a claim was 1% lower when the screening panel was used (\$240k vs. \$242k).
- On average, a claim took 36 months to close when the screening panel was used, vs. 29 months when it was bypassed.

#### **4E: Screening Panel Usage for Temporary and Minor Claims**

- For claims identified as having a lawsuit filed, 87% were settled prior to trial when the screening panel was used vs. 95% settled prior to trial when the screening panel was bypassed.
- Average Indemnity Payments were 5% lower when the screening panel was used (\$30k vs. \$31k).
- Average Defense Costs were more than triple when the screening panel was used (\$31k vs. \$10k). Average ALAE was also more than triple when the screening panel was used (\$8k vs. 3k).
- In total, the cost of a claim was 217% higher when the screening panel was used (\$39k vs. \$12k).
- For claims that went to the screening panel, average defense and claim expenses cost more than the claim itself.
- On average, a claim took 33 months to close when the screening panel was used, vs. 20 months when it was bypassed.

#### **Exhibits 5 through 8 - Other Information**

- We have provided distributions of claim counts and average indemnity, defense counsel expense and ALAE payments for:
  - o Exhibit 5 – Location of Injury
  - o Exhibit 6 – Profession
- Exhibit 7 provides distributions of reported counts and closed counts for all entities reporting under Ins 3800 to the Department since 2006.
- Exhibit 8 shows the distribution of reserve values established by the insurer and characterized by whether or not a suit has been filed.

#### **Exhibit 9 – Summary Statistics of the Data**

Exhibit 9-A shows some information about the data, the most interesting being the relationship between the mean (straight average of all the data points) and the median (middle value of all data values). Because the mean is much larger than the median this implies that the data is influenced by the existence of a relatively small number of larger valued claims.

Exhibits 9-B, 9-C and 9-D provide histograms showing counts by size of indemnity payments, defense counsel payments and ALAE payments. On each graph the mean and median values are also plotted. The “Payments” shown on the x-axis are actually value ranges; for example for indemnity payments: \$1 to \$100,000; \$100,001 to \$200,000; \$200,001 to \$300,000; etc.

Exhibit 9-E presents the data shown on Exhibit 9-B – Indemnity Paid, in a different fashion. The ranges (x-axis) have been established in a uniformly increasing way (each range is 65% larger than the prior

range). By doing this we can more easily see how the smaller claims are distributed and how relatively few higher valued claims drive the averages. Exhibit 9-F shows the same kind of data as taken from the National Practitioner's Data Bank, using the same uniform change in ranges. This allows for a direct comparison between NH and what has occurred countrywide. The interesting thing to note is how closely the shapes of the distribution curves are between the two sets of data.

### **Medical Malpractice Insurance Premiums**

Exhibit 10 is included which shows the most recent price comparison for the leading regulated insurance carriers, Medical Mutual of Maine and ProSelect, as well as the NH Medical Malpractice JUA. You will note that there continues to be variability between the carriers and also that the frequency and level of rate revisions is substantially reduced compared to earlier time periods. This phenomenon is more easily observed by reviewing Exhibit 11. You can see how, in the past six years, the amount of change associated with pricing activity has changed from very aggressive rate action in the first half of the decade to more limited rate action since 2005. The pace of rate change activity appears to be accelerating, as both ProSelect and the JUA have filed double digit increases in rate level over the past 2 years. Most rate revisions implemented over time have been "across-the-board" changes and not focused on specific classes or categories of risk. This has continued to be the case with recent changes filed, although not uniformly so.

Medical Malpractice insurance is in many ways national in scope and what happens around the country in various legislatures, courts, and in the insurance marketplace can influence New Hampshire trends in claims, expenses and premiums. Exhibit 12 is an article published in recent editions of the Medical Liability Monitor which shows that Medical Malpractice rates continue to be somewhat soft on a countrywide basis, and are expected to continue to be so for several more years. The Northeast was the only area of the country which saw an average increase in rates. The average rate increase for New Hampshire in 2012 was 3.11%, versus a rate decrease of 1.7% countrywide. New Hampshire had the highest rate of increase in 2011 and was second only to Vermont in 2012. It's important to note that rates are only one component of the final premiums charged for Medical Malpractice. Schedule Rating is widely used to modify premiums based on the specific risk characteristics of a hospital or medical group, and typically can result in credits or debits up to 40% premium.

This will be covered in greater detail in the report presented at the November 7 hearing on the New Hampshire medical malpractice market and competition. The Committee will be provided copies of this report as well as any additional testimony provided during the hearing which would be of interest and material to the Committee's oversight responsibilities.

### **Conclusion**

At this point, we feel that we have collected enough data regarding the screening panel to draw some conclusions regarding the impact of the screening panel system in New Hampshire on medical malpractice liability claim and expense costs, and applicable insurance premiums. The results do not appear to be favorable:

- The screening panel is only used about 20% of the time and utilization appears to be declining.
- The majority of claims heard by the panel are Permanent and Serious. Utilization of the panel for minor claims appears to be quite low.

- Indemnity costs of claims heard by the panel are 26% higher than claims for which the panel was bypassed.
- The expense cost to settle a screening panel claim is more than double the cost to settle a claim for which the panel was bypassed. To some extent, the screening panel has caused dollars paid to shift from injured people to defense lawyers.
- The higher indemnity and expense costs of screening panel claims are partially driven by the fact that the screening panel hears more claims of a serious nature, which result in larger indemnity amounts and higher expense costs. However, when average costs are analyzed separately based on claim severity, total costs for claims using the screening panel are only 1% lower for Serious/Permanent/Fatal claims, and are 57% higher for Temporary/Minor claims.
- Claims which are heard by the screening panel take a lot longer to be resolved. The average time from report to resolution is 42% longer when the screening panel process is used.
- To the extent that there is an increase in Medical Malpractice costs, there should ultimately be a corresponding increase to premiums charged to providers for Medical Malpractice Insurance. While it's not possible to determine whether the screening panel has contributed to recent increases in rates or to quantify the amount, it is a possible contributing factor.

The information presented here is designed to provide the committee and other interested parties with a compilation of data related to the use of screening panels in New Hampshire, and an identification of any impacts from that process on medical malpractice insurance premiums charged to healthcare providers by insurers. The collection of this data was authorized under provisions of RSA 519-B and Ins 3800.

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**New Hampshire Insurance Department**



**New Hampshire Insurance Department**  
 Medical Malpractice Data Received Under INS 3800  
 Fourth Quarter 2006- Third Quarter 2012

**Exhibit 1-A**  
**Closed Claim Summary**  
**Indemnity Paid**

Closed Claims					
Year Closed	Total Number of Closed Claims	Number of Claims with No Indemnity Paid	Number of Claims with Indemnity Paid	Number of Claims without Defense Counsel Expenses	Number of Claims with Defense Counsel Expenses
2006	51	35	16	16	35
2007	159	112	47	38	121
2008	210	124	86	45	165
2009	209	132	77	51	158
2010	221	152	69	64	157
2011	222	142	80	55	167
2012	211	138	73	68	143
<b>Total Closed</b>	<b>1283</b>	<b>835</b>	<b>448</b>	<b>337</b>	<b>946</b>

Closed Claims				
Year Closed	Total Indemnity Paid	Average Indemnity For All Closed Claims	Average Indemnity For Claims with Indemnity Paid	Average Indemnity for Claims with Defense Counsel Expense
2006	\$6,333,637	\$124,189	\$395,852	\$180,857
2007	\$8,864,979	\$55,755	\$188,617	\$72,827
2008	\$25,608,994	\$121,948	\$297,779	\$151,888
2009	\$21,971,895	\$105,129	\$285,349	\$133,511
2010	\$20,003,325	\$90,513	\$289,903	\$117,323
2011	\$22,812,427	\$102,759	\$285,155	\$135,246
2012	\$20,432,840	\$96,838	\$279,902	\$125,920
<b>Total Closed</b>	<b>\$126,028,097</b>	<b>\$98,229</b>	<b>\$281,313</b>	<b>\$127,178</b>

Average Indemnity = (Indemnity Paid) / (Number of Claims)

**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
**Fourth Quarter 2006- Third Quarter 2012**

**Exhibit 1-B**  
**Closed Claim Summary**  
**Expenses Paid**

<b>All Closed Claims</b>					
<b>Year Closed</b>	<b># of Closed Claims</b>	<b>Total Defense Counsel Expense</b>	<b>Average Defense Counsel Expense</b>	<b>Total ALAE</b>	<b>Average ALAE</b>
2006	51	\$987,383	\$19,360	\$525,327	\$10,301
2007	159	\$2,992,214	\$18,819	\$1,095,996	\$6,893
2008	210	\$5,454,995	\$25,976	\$2,074,587	\$9,879
2009	209	\$4,703,590	\$22,505	\$1,690,977	\$8,091
2010	221	\$5,049,682	\$22,849	\$1,744,834	\$7,895
2011	222	\$5,587,245	\$25,168	\$1,841,961	\$8,297
2012	211	\$5,769,411	\$27,343	\$1,821,780	\$8,634
<b>Total Closed</b>	<b>1283</b>	<b>\$30,544,520</b>	<b>\$23,807</b>	<b>\$10,795,461</b>	<b>\$8,414</b>

<b>Closed Claims with Indemnity Paid</b>					
<b>Year Closed</b>	<b># of Closed Claims</b>	<b>Total Defense Counsel Expense</b>	<b>Average Defense Counsel Expense</b>	<b>Total ALAE</b>	<b>Average ALAE</b>
2006	16	\$624,392	\$39,024	\$357,205	\$22,325
2007	47	\$1,382,333	\$29,411	\$528,828	\$11,252
2008	86	\$2,996,279	\$34,840	\$1,257,352	\$14,620
2009	77	\$2,622,439	\$34,058	\$932,818	\$12,115
2010	69	\$2,993,724	\$43,387	\$1,093,143	\$15,843
2011	80	\$3,260,991	\$40,762	\$1,167,284	\$14,591
2012	73	\$2,931,572	\$40,159	\$986,831	\$13,518
<b>Total Closed</b>	<b>448</b>	<b>\$16,811,729</b>	<b>\$37,526</b>	<b>\$6,323,461</b>	<b>\$14,115</b>

<b>Closed Claims No Indemnity Paid</b>					
<b>Year Closed</b>	<b># of Closed Claims</b>	<b>Total Defense Counsel Expense</b>	<b>Average Defense Counsel Expense</b>	<b>Total ALAE</b>	<b>Average ALAE</b>
2006	35	\$362,991	\$10,371	\$168,122	\$4,803
2007	112	\$1,609,882	\$14,374	\$567,168	\$5,064
2008	124	\$2,458,716	\$19,828	\$817,235	\$6,591
2009	132	\$2,081,151	\$15,766	\$758,159	\$5,744
2010	152	\$2,055,958	\$13,526	\$651,691	\$4,287
2011	142	\$2,326,254	\$16,382	\$674,677	\$4,751
2012	138	\$2,837,839	\$20,564	\$834,949	\$6,050
<b>Total Closed</b>	<b>835</b>	<b>\$13,732,791</b>	<b>\$16,446</b>	<b>\$4,472,000</b>	<b>\$5,356</b>

<b>Closed Claims with Defense Counsel Expenses</b>					
<b>Year Closed</b>	<b># of Closed Claims</b>	<b>Total Defense Counsel Expense</b>	<b>Average Defense Counsel Expense</b>	<b>Total ALAE</b>	<b>Average ALAE</b>
2006	35	\$987,383	\$28,211	\$520,203	\$14,863
2007	121	\$2,992,214	\$24,729	\$1,082,431	\$8,946
2008	165	\$5,454,995	\$33,061	\$1,890,495	\$11,458
2009	158	\$4,703,590	\$29,770	\$1,646,481	\$10,421
2010	157	\$5,049,682	\$32,164	\$1,716,892	\$10,936
2011	167	\$5,587,245	\$33,457	\$1,803,991	\$10,802
2012	143	\$5,769,411	\$40,346	\$1,663,110	\$11,630
<b>Total Closed</b>	<b>946</b>	<b>\$30,544,520</b>	<b>\$32,288</b>	<b>\$10,323,603</b>	<b>\$10,913</b>

Average Defense Counsel Expense = (Total Defense Counsel Expense) / (# of Closed Claims)

Average ALAE = (Total ALAE) / (# of Closed Claims)

**New Hampshire Insurance Department**  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

**Exhibit 1-C**  
**Closed Claim Summary**  
**Ratios**

All Closed Claims						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	51	80.7%	19.3%	12.6%	6.7%	23.9%
2007	159	68.4%	31.6%	23.1%	8.5%	46.1%
2008	210	77.3%	22.7%	16.5%	6.3%	29.4%
2009	209	77.5%	22.5%	16.6%	6.0%	29.1%
2010	221	74.6%	25.4%	18.8%	6.5%	34.0%
2011	222	75.4%	24.6%	18.5%	6.1%	32.6%
2012	211	72.9%	27.1%	20.6%	6.5%	37.2%
<b>Total Closed</b>	<b>1283</b>	<b>75.3%</b>	<b>24.7%</b>	<b>18.2%</b>	<b>6.5%</b>	<b>32.8%</b>

Closed Claims with Indemnity Paid						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	16	86.6%	13.4%	8.5%	4.9%	15.5%
2007	47	82.3%	17.7%	12.8%	4.9%	21.6%
2008	86	85.8%	14.2%	10.0%	4.2%	16.6%
2009	77	86.1%	13.9%	10.3%	3.7%	16.2%
2010	69	83.0%	17.0%	12.4%	4.5%	20.4%
2011	80	83.7%	16.3%	12.0%	4.3%	19.4%
2012	73	83.9%	16.1%	12.0%	4.1%	19.2%
<b>Total Closed</b>	<b>448</b>	<b>84.5%</b>	<b>15.5%</b>	<b>11.3%</b>	<b>4.2%</b>	<b>18.4%</b>

Closed Claims with Defense Counsel Expenses						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	35	80.8%	19.2%	12.6%	6.6%	23.8%
2007	121	68.4%	31.6%	23.2%	8.4%	46.2%
2008	165	77.3%	22.7%	16.8%	5.8%	29.3%
2009	158	76.9%	23.1%	17.1%	6.0%	30.1%
2010	157	73.1%	26.9%	20.0%	6.8%	36.7%
2011	167	75.3%	24.7%	18.6%	6.0%	32.7%
2012	143	70.8%	29.2%	22.7%	6.5%	41.3%
<b>Total Closed</b>	<b>946</b>	<b>74.6%</b>	<b>25.4%</b>	<b>19.0%</b>	<b>6.4%</b>	<b>34.0%</b>

Indemnity Distribution=(Indemnity Paid) / (Indemnity Paid +Defense Counsel Expense+ALAE)  
Expense Distribution=(Defense Counsel Expense + ALAE) / (Indemnity Paid + Defense Counsel Expense + ALAE)  
Defense Counsel Distribution=(Defense Counsel Expense) / (Indemnity Paid + Defense Counsel Expense + ALAE)  
ALAE Distribution=(ALAE) / (Indemnity Paid + Defense Counsel Expense + ALAE)  
Expenses as a % of Indemnity=(Defense Counsel Expense + ALAE) / (Indemnity Paid)

**New Hampshire Insurance Department**  
Medical Malpractice Data Received Under INS 3800  
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**Exhibit 1-D**  
**Closed Claim Summary**  
**Size of Indemnity Payments**

<b>Closed Claims Aggregate</b>					
<b>Indemnity Payment</b>	<b># of Claims with Indemnity Payments</b>	<b>% of Claims with Indemnity Payments</b>	<b>Total Indemnity Paid</b>	<b>Average Indemnity</b>	<b>% of Total Indemnity Payments</b>
\$1-\$100,000	197	44.0%	\$7,390,578	\$37,516	5.9%
\$100,001-\$200,000	57	12.7%	\$8,805,226	\$154,478	7.0%
\$200,001-\$300,000	63	14.1%	\$16,034,539	\$254,516	12.7%
\$300,001-\$400,000	28	6.3%	\$10,065,917	\$359,497	8.0%
\$400,001-\$500,000	23	5.1%	\$11,122,500	\$483,587	8.8%
\$500,001-\$600,000	10	2.2%	\$5,900,000	\$590,000	4.7%
\$600,001-\$700,000	15	3.3%	\$10,125,000	\$675,000	8.0%
\$700,001-\$800,000	22	4.9%	\$16,763,337	\$761,970	13.3%
\$800,001-\$900,000	2	0.4%	\$1,658,000	\$829,000	1.3%
\$900,001-\$1,000,000	18	4.0%	\$17,950,000	\$997,222	14.2%
Over \$1,000,000	13	2.9%	\$20,213,000	\$1,554,846	16.0%
<b>Total Closed</b>	<b>448</b>	<b>100.0%</b>	<b>\$126,028,097</b>	<b>\$281,313</b>	<b>100.0%</b>

% of Claims with Indemnity Payments = (# of Claims with Indemnity Payments in Range) / (Total # of Claims with Indemnity Payments)

Average Indemnity = (Total Indemnity Paid In Range) / (# of Claims with Indemnity Payments in Range)

**New Hampshire Insurance Department**  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

**Exhibit 1-E**  
**Closed Claim Summary**  
**Size of Indemnity Payments with Defense Counsel Expenses**

Closed Claims Aggregate						
Indemnity Payment	# of Claims with Indemnity Payments	# of Claims with Defense Counsel	Total Defense Counsel Expense	Average Defense Counsel Expense	% of Total Defense Counsel Expense	Defense Counsel Exp as a % of Indemn Paid
\$0	0	588	\$13,732,791	\$23,355	45.0%	na
\$1-\$100,000	197	120	\$3,915,579	\$32,630	12.8%	53.0%
\$100,001-\$200,000	57	52	\$2,504,578	\$48,165	8.2%	28.4%
\$200,001-\$300,000	63	59	\$2,951,683	\$50,029	9.7%	18.4%
\$300,001-\$400,000	28	28	\$1,606,594	\$57,378	5.3%	16.0%
\$400,001-\$500,000	23	22	\$1,035,662	\$47,076	3.4%	9.3%
\$500,001-\$600,000	10	9	\$574,809	\$63,868	1.9%	9.7%
\$600,001-\$700,000	15	14	\$743,513	\$53,108	2.4%	7.3%
\$700,001-\$800,000	22	22	\$1,358,377	\$61,744	4.4%	8.1%
\$800,001-\$900,000	2	2	\$47,108	\$23,554	0.2%	2.8%
\$900,001-\$1,000,000	18	17	\$875,234	\$51,484	2.9%	4.9%
Over \$1,000,000	13	13	\$1,198,592	\$92,199	3.9%	5.9%
<b>Total Closed</b>	<b>448</b>	<b>946</b>	<b>\$30,544,520</b>	<b>\$32,288</b>	<b>100.0%</b>	<b>24.2%</b>

Average Defense Counsel Expense = (Total Defense Counsel Expense In Range) / (# of Claims with Defense Counsel in Range)

% of Total Defense Counsel Expense = (Total Defense Counsel Expense in Range) / (Total Defense Counsel Expense)

Defense Counsel Expense as a % of Indemnity = (Total Defense Counsel Expense in Range) / (Total Indemnity Paid in Range)

**New Hampshire Insurance Department**  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

**Exhibit 1-F**  
**Closed Claim Summary**  
**Size of Indemnity Payments with ALAE**

Closed Claims Aggregate						
Indemnity Payment	# of Claims with Indemnity Payments	# of Claims with ALAE	Total ALAE	Average ALAE	% of Total ALAE	ALAE as a % of Indemnity Paid
\$0	0	548	\$4,472,000	\$8,161	41.4%	na
\$1-\$100,000	197	107	\$1,030,726	\$9,633	9.5%	13.9%
\$100,001-\$200,000	57	51	\$918,050	\$18,001	8.5%	10.4%
\$200,001-\$300,000	63	58	\$1,222,560	\$21,079	11.3%	7.6%
\$300,001-\$400,000	28	25	\$581,139	\$23,246	5.4%	5.8%
\$400,001-\$500,000	23	19	\$281,313	\$14,806	2.6%	2.5%
\$500,001-\$600,000	10	8	\$234,637	\$29,330	2.2%	4.0%
\$600,001-\$700,000	15	11	\$318,261	\$28,933	2.9%	3.1%
\$700,001-\$800,000	22	22	\$661,907	\$30,087	6.1%	3.9%
\$800,001-\$900,000	2	2	\$27,901	\$13,951	0.3%	1.7%
\$900,001-\$1,000,000	18	15	\$413,131	\$27,542	3.8%	2.3%
Over \$1,000,000	13	12	\$633,838	\$52,820	5.9%	3.1%
<b>Total Closed</b>	<b>448</b>	<b>878</b>	<b>\$10,795,461</b>	<b>\$12,296</b>	<b>100.0%</b>	<b>8.6%</b>

Average ALAE = (Total ALAE In Range) / (# of Claims with ALAE in Range)

% of Total ALAE = (Total ALAE in Range) / (Total ALAE)

ALAE as a % of Indemnity = (ALAE in Range) / (Total Indemnity Paid in Range)

**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
**Fourth Quarter 2006- Third Quarter 2012**

**Exhibit 2-A**  
**Closed Claim Summary**  
**Severity 01 - 09**

<b>All Closed Claims</b>						
<b>Severity of Injury</b>	<b>Count of Indemnity Payments</b>	<b>Percent of Severity Claims</b>	<b>Average Length of Claim (Months)</b>	<b>Average Indemnity</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>
01	56	4.4%	17.4	\$7,695	\$9,471	\$2,678
02	73	5.7%	13.2	\$2,426	\$3,804	\$709
03	281	21.9%	17.8	\$16,236	\$7,947	\$2,270
04	179	14.0%	21.9	\$62,145	\$20,768	\$6,003
05	128	10.0%	21.2	\$46,749	\$16,606	\$3,603
06	157	12.2%	25.5	\$161,586	\$33,447	\$14,271
07	88	6.9%	24.7	\$244,471	\$48,841	\$19,470
08	32	2.5%	29.5	\$387,000	\$35,735	\$12,293
09	276	21.5%	27.7	\$161,120	\$38,986	\$14,492
No Code Provided	13	1.0%	18.9	\$1,093	\$15,940	\$5,635
<b>Total Closed</b>	<b>1283</b>	<b>100.0%</b>	<b>22.3</b>	<b>\$98,229</b>	<b>\$23,807</b>	<b>\$8,414</b>

<b>Closed Claims with Indemnity Paid</b>						
<b>Severity of Injury</b>	<b>Count of Indemnity Payments</b>	<b>Percent of Severity Claims</b>	<b>Average Length of Claim (Months)</b>	<b>Average Indemnity</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>
01	14	3.1%	21.3	\$30,781	\$37,886	\$10,711
02	15	3.3%	11.4	\$11,806	\$18,515	\$3,448
03	84	18.8%	19.0	\$54,314	\$26,586	\$7,592
04	67	15.0%	26.3	\$166,030	\$55,486	\$16,037
05	33	7.4%	24.1	\$181,329	\$64,410	\$13,977
06	62	13.8%	29.6	\$409,177	\$84,696	\$36,138
07	37	8.3%	28.8	\$581,445	\$116,163	\$46,307
08	18	4.0%	35.5	\$688,000	\$63,528	\$21,853
09	117	26.1%	30.7	\$380,078	\$91,967	\$34,186
No Code Provided	1	0.2%	5.2	\$14,215	\$207,222	\$73,259
<b>Total Closed</b>	<b>448</b>	<b>100.0%</b>	<b>26.3</b>	<b>\$281,313</b>	<b>\$68,180</b>	<b>\$24,097</b>

<b>Closed Claims with Defense Counsel Expense Paid</b>						
<b>Severity of Injury</b>	<b>Count of Indemnity Payments</b>	<b>Percent of Severity Claims</b>	<b>Average Length of Claim (Months)</b>	<b>Average Indemnity</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>
01	30	3.2%	19.1	\$11,233	\$17,680	\$2,753
02	33	3.5%	17.8	\$4,636	\$8,416	\$1,027
03	146	15.4%	22.8	\$22,099	\$15,296	\$4,088
04	138	14.6%	24.1	\$78,786	\$26,939	\$7,613
05	94	9.9%	22.3	\$61,859	\$22,612	\$4,634
06	141	14.9%	25.8	\$174,248	\$37,242	\$14,526
07	81	8.6%	26.0	\$265,556	\$53,062	\$21,153
08	26	2.7%	30.0	\$435,923	\$43,981	\$14,949
09	251	26.5%	28.6	\$169,299	\$42,869	\$15,552
No Code Provided	6	0.6%	28.3	\$0	\$34,537	\$11,734
<b>Total Closed</b>	<b>946</b>	<b>100.0%</b>	<b>25.1</b>	<b>\$127,178</b>	<b>\$32,288</b>	<b>\$10,913</b>

Percent of Severity Claims = (Number of Severity Claims for Severity Code)/(Total Number of Claims)

Average Indemnity = (Total Indemnity Paid)/(Number of Claims)

Average Defense Counsel Expense = (Total Defense Counsel Expense)/(Number of Claims)

Average ALAE = (Total ALAE)/(Number of Claims)

**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
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**Exhibit 2-B**  
**Closed Claim Summary**  
**Indemnity Payments by Severity Grouping**

<b>Closed Claims with Severity 01-03</b>						
<b>Year Closed</b>	<b># of Closed Claims</b>	<b>All Closed Claims</b>		<b># of Closed Claims</b>	<b>Claims with Indemnity Paid</b>	
		<b>Total Indemnity</b>	<b>Average Indemnity</b>		<b>Total Indemnity</b>	<b>Average Indemnity</b>
2006	14	\$23,637	\$1,688	4	\$23,637	\$5,909
2007	47	\$129,879	\$2,763	13	\$129,879	\$9,991
2008	46	\$389,144	\$8,460	9	\$389,144	\$43,238
2009	63	\$1,036,929	\$16,459	23	\$1,036,929	\$45,084
2010	76	\$672,900	\$8,854	13	\$672,900	\$51,762
2011	76	\$1,421,147	\$18,699	23	\$1,421,147	\$61,789
2012	88	\$1,496,765	\$17,009	28	\$1,496,765	\$53,456
<b>Total Closed</b>	<b>410</b>	<b>\$5,170,401</b>	<b>\$12,611</b>	<b>113</b>	<b>\$5,170,401</b>	<b>\$45,756</b>

<b>Closed Claims with Severity 04-05</b>						
<b>Year Closed</b>	<b># of Closed Claims</b>	<b>All Closed Claims</b>		<b># of Closed Claims</b>	<b>Claims with Indemnity Paid</b>	
		<b>Total Indemnity</b>	<b>Average Indemnity</b>		<b>Total Indemnity</b>	<b>Average Indemnity</b>
2006	14	\$685,000	\$48,929	4	\$685,000	\$171,250
2007	36	\$1,295,000	\$35,972	9	\$1,295,000	\$143,889
2008	49	\$4,147,347	\$84,640	24	\$4,147,347	\$172,806
2009	46	\$2,655,498	\$57,728	15	\$2,655,498	\$177,033
2010	58	\$2,672,670	\$46,081	20	\$2,672,670	\$133,634
2011	61	\$3,723,279	\$61,037	18	\$3,723,279	\$206,849
2012	43	\$1,929,098	\$44,863	10	\$1,929,098	\$192,910
<b>Total Closed</b>	<b>307</b>	<b>\$17,107,893</b>	<b>\$55,726</b>	<b>100</b>	<b>\$17,107,893</b>	<b>\$171,079</b>

<b>Closed Claims with Severity 06-08</b>						
<b>Year Closed</b>	<b># of Closed Claims</b>	<b>All Closed Claims</b>		<b># of Closed Claims</b>	<b>Claims with Indemnity Paid</b>	
		<b>Total Indemnity</b>	<b>Average Indemnity</b>		<b>Total Indemnity</b>	<b>Average Indemnity</b>
2006	17	\$4,600,000	\$270,588	6	\$4,600,000	\$766,667
2007	40	\$4,513,350	\$112,834	12	\$4,513,350	\$376,113
2008	55	\$10,435,000	\$189,727	25	\$10,435,000	\$417,400
2009	53	\$13,862,616	\$261,559	24	\$13,862,616	\$577,609
2010	42	\$11,950,000	\$284,524	22	\$11,950,000	\$543,182
2011	39	\$8,112,000	\$208,000	16	\$8,112,000	\$507,000
2012	31	\$5,793,457	\$186,886	12	\$5,793,457	\$482,788
<b>Total Closed</b>	<b>277</b>	<b>\$59,266,423</b>	<b>\$213,958</b>	<b>117</b>	<b>\$59,266,423</b>	<b>\$506,551</b>

<b>Closed Claims with Severity 09</b>						
<b>Year Closed</b>	<b># of Closed Claims</b>	<b>All Closed Claims</b>		<b># of Closed Claims</b>	<b>Claims with Indemnity Paid</b>	
		<b>Total Indemnity</b>	<b>Average Indemnity</b>		<b>Total Indemnity</b>	<b>Average Indemnity</b>
2006	6	\$1,025,000	\$170,833	2	\$1,025,000	\$512,500
2007	32	\$2,926,750	\$91,461	13	\$2,926,750	\$225,135
2008	58	\$10,637,504	\$183,405	28	\$10,637,504	\$379,911
2009	46	\$4,416,851	\$96,019	15	\$4,416,851	\$294,457
2010	42	\$4,693,540	\$111,751	13	\$4,693,540	\$361,042
2011	43	\$9,556,000	\$222,233	23	\$9,556,000	\$415,478
2012	49	\$11,213,519	\$228,847	23	\$11,213,519	\$487,544
<b>Total Closed</b>	<b>276</b>	<b>\$44,469,165</b>	<b>\$161,120</b>	<b>117</b>	<b>\$44,469,165</b>	<b>\$380,078</b>

Average Indemnity = (Total Indemnity Paid)/(Number of Claims)



**New Hampshire Insurance Department**  
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**Exhibit 2-C**  
**Closed Claim Summary**  
**Defense Counsel Expenses by Severity Grouping**

Closed Claims with Severity 01-03						
Year Closed	All Closed Claims		Claims with Indemnity Paid		Claims with No Indemnity Paid	
	# of Closed Claims	Average Defense Counsel Expense	# of Closed Claims	Average Defense Counsel Expense	# of Closed Claims	Average Defense Counsel Expense
2006	14	\$7,068	4	\$14,429	10	\$4,124
2007	47	\$2,496	13	\$3,062	34	\$2,280
2008	46	\$4,991	9	\$1,483	37	\$5,844
2009	63	\$4,905	23	\$7,133	40	\$3,624
2010	76	\$8,959	13	\$27,028	63	\$5,230
2011	76	\$10,195	23	\$16,245	53	\$7,569
2012	88	\$9,441	28	\$7,884	60	\$10,168
<b>Total Closed</b>	<b>410</b>	<b>\$7,418</b>	<b>113</b>	<b>\$10,803</b>	<b>297</b>	<b>\$6,130</b>

Closed Claims with Severity 04-05						
Year Closed	All Closed Claims		Claims with Indemnity Paid		Claims with No Indemnity Paid	
	# of Closed Claims	Average Defense Counsel Expense	# of Closed Claims	Average Defense Counsel Expense	# of Closed Claims	Average Defense Counsel Expense
2006	14	\$9,414	4	\$14,111	10	\$7,535
2007	36	\$8,380	9	\$23,410	27	\$3,370
2008	49	\$17,698	24	\$21,641	25	\$13,913
2009	46	\$24,108	15	\$31,909	31	\$20,334
2010	58	\$22,123	20	\$33,483	38	\$16,144
2011	61	\$22,270	18	\$45,781	43	\$12,429
2012	43	\$18,414	10	\$37,245	33	\$12,707
<b>Total Closed</b>	<b>307</b>	<b>\$19,033</b>	<b>100</b>	<b>\$31,313</b>	<b>207</b>	<b>\$13,100</b>

Closed Claims with Severity 06-08						
Year Closed	All Closed Claims		Claims with Indemnity Paid		Claims with No Indemnity Paid	
	# of Closed Claims	Average Defense Counsel Expense	# of Closed Claims	Average Defense Counsel Expense	# of Closed Claims	Average Defense Counsel Expense
2006	17	\$31,329	6	\$53,824	11	\$19,059
2007	40	\$44,749	12	\$52,339	28	\$41,497
2008	55	\$27,411	25	\$33,699	30	\$22,171
2009	53	\$33,396	24	\$57,399	29	\$13,531
2010	42	\$37,756	22	\$54,764	20	\$19,047
2011	39	\$41,271	16	\$50,046	23	\$35,166
2012	31	\$61,201	12	\$81,033	19	\$48,675
<b>Total Closed</b>	<b>277</b>	<b>\$38,602</b>	<b>117</b>	<b>\$52,556</b>	<b>160</b>	<b>\$28,398</b>

Closed Claims with Severity 09						
Year Closed	All Closed Claims		Claims with Indemnity Paid		Claims with No Indemnity Paid	
	# of Closed Claims	Average Defense Counsel Expense	# of Closed Claims	Average Defense Counsel Expense	# of Closed Claims	Average Defense Counsel Expense
2006	6	\$37,339	2	\$93,644	4	\$9,187
2007	32	\$23,225	13	\$38,751	19	\$12,601
2008	58	\$47,310	28	\$57,896	30	\$37,430
2009	46	\$32,948	15	\$40,145	31	\$29,466
2010	42	\$34,307	13	\$59,068	29	\$23,207
2011	43	\$42,858	23	\$54,894	20	\$29,017
2012	49	\$45,910	23	\$59,390	26	\$33,985
<b>Total Closed</b>	<b>276</b>	<b>\$38,986</b>	<b>117</b>	<b>\$53,938</b>	<b>159</b>	<b>\$27,984</b>

Average Defense Counsel Expense = (Total Defense Counsel Expense)/(Number of Claims)

**New Hampshire Insurance Department**  
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**Exhibit 2-D**  
**Closed Claim Summary**  
**ALAE by Severity Grouping**

Closed Claims with Severity 01-03						
Year Closed	All Closed Claims		Claims with Indemnity Paid		Claims with No Indemnity Paid	
	# of Closed Claims	Average ALAE	# of Closed Claims	Average ALAE	# of Closed Claims	Average ALAE
2006	14	\$2,053	4	\$4,449	10	\$1,094
2007	47	\$1,026	13	\$1,763	34	\$745
2008	46	\$884	9	\$277	37	\$1,032
2009	63	\$1,199	23	\$1,918	40	\$786
2010	76	\$2,959	13	\$10,269	63	\$1,451
2011	76	\$3,362	23	\$6,095	53	\$2,177
2012	88	\$1,884	28	\$1,839	60	\$1,905
<b>Total Closed</b>	<b>410</b>	<b>\$2,047</b>	<b>113</b>	<b>\$3,650</b>	<b>297</b>	<b>\$1,437</b>

Closed Claims with Severity 04-05						
Year Closed	All Closed Claims		Claims with Indemnity Paid		Claims with No Indemnity Paid	
	# of Closed Claims	Average ALAE	# of Closed Claims	Average ALAE	# of Closed Claims	Average ALAE
2006	14	\$3,044	4	\$2,671	10	\$3,193
2007	36	\$3,113	9	\$9,895	27	\$852
2008	49	\$4,420	24	\$5,694	25	\$3,197
2009	46	\$8,447	15	\$11,149	31	\$7,139
2010	58	\$5,892	20	\$9,515	38	\$3,985
2011	61	\$5,088	18	\$10,959	43	\$2,631
2012	43	\$2,880	10	\$4,981	33	\$2,244
<b>Total Closed</b>	<b>307</b>	<b>\$5,002</b>	<b>100</b>	<b>\$8,410</b>	<b>207</b>	<b>\$3,356</b>

Closed Claims with Severity 06-08						
Year Closed	All Closed Claims		Claims with Indemnity Paid		Claims with No Indemnity Paid	
	# of Closed Claims	Average ALAE	# of Closed Claims	Average ALAE	# of Closed Claims	Average ALAE
2006	17	\$20,896	6	\$40,998	11	\$9,932
2007	40	\$15,863	12	\$17,729	28	\$15,063
2008	55	\$12,811	25	\$21,205	30	\$5,816
2009	53	\$10,804	24	\$18,273	29	\$4,622
2010	42	\$16,990	22	\$23,563	20	\$9,760
2011	39	\$17,268	16	\$25,303	23	\$11,678
2012	31	\$22,365	12	\$35,588	19	\$14,014
<b>Total Closed</b>	<b>277</b>	<b>\$15,694</b>	<b>117</b>	<b>\$23,741</b>	<b>160</b>	<b>\$9,810</b>

Closed Claims with Severity 09						
Year Closed	All Closed Claims		Claims with Indemnity Paid		Claims with No Indemnity Paid	
	# of Closed Claims	Average ALAE	# of Closed Claims	Average ALAE	# of Closed Claims	Average ALAE
2006	6	\$16,456	2	\$41,369	4	\$4,000
2007	32	\$9,192	13	\$15,701	19	\$4,739
2008	58	\$18,490	28	\$21,003	30	\$16,145
2009	46	\$14,181	15	\$18,861	31	\$11,916
2010	42	\$10,493	13	\$19,303	29	\$6,543
2011	43	\$14,014	23	\$18,478	20	\$8,880
2012	49	\$17,119	23	\$19,933	26	\$14,629
<b>Total Closed</b>	<b>276</b>	<b>\$14,492</b>	<b>117</b>	<b>\$19,592</b>	<b>159</b>	<b>\$10,739</b>

Average ALAE = (Total ALAE)/(Number of Claims)

**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
**Fourth Quarter 2006- Third Quarter 2012**

**Exhibit 2-E**  
**Closed Claim Summary**  
**Indemnity Payments For All Closed Claims by Severity Grouping**

Closed Claims - Severity 01-03						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	14	15.6%	84.4%	65.4%	19.0%	540.2%
2007	47	44.0%	56.0%	39.7%	16.3%	127.5%
2008	46	59.0%	41.0%	34.8%	6.2%	69.4%
2009	63	72.9%	27.1%	21.7%	5.3%	37.1%
2010	76	42.6%	57.4%	43.1%	14.2%	134.6%
2011	76	58.0%	42.0%	31.6%	10.4%	72.5%
2012	88	60.0%	40.0%	33.3%	6.6%	66.6%
<b>Total Closed</b>	<b>410</b>	<b>57.1%</b>	<b>42.9%</b>	<b>33.6%</b>	<b>9.3%</b>	<b>75.1%</b>

Closed Claims - Severity 04-05						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	14	79.7%	20.3%	15.3%	5.0%	25.5%
2007	36	75.8%	24.2%	17.7%	6.6%	31.9%
2008	49	79.3%	20.7%	16.6%	4.1%	26.1%
2009	46	63.9%	36.1%	26.7%	9.4%	56.4%
2010	58	62.2%	37.8%	29.9%	8.0%	60.8%
2011	61	69.1%	30.9%	25.2%	5.8%	44.8%
2012	43	67.8%	32.2%	27.8%	4.4%	47.5%
<b>Total Closed</b>	<b>307</b>	<b>69.9%</b>	<b>30.1%</b>	<b>23.9%</b>	<b>6.3%</b>	<b>43.1%</b>

Closed Claims - Severity 06-08						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	17	83.8%	16.2%	9.7%	6.5%	19.3%
2007	40	65.1%	34.9%	25.8%	9.1%	53.7%
2008	55	82.5%	17.5%	11.9%	5.6%	21.2%
2009	53	85.5%	14.5%	10.9%	3.5%	16.9%
2010	42	83.9%	16.1%	11.1%	5.0%	19.2%
2011	39	78.0%	22.0%	15.5%	6.5%	28.1%
2012	31	69.1%	30.9%	22.6%	8.3%	44.7%
<b>Total Closed</b>	<b>277</b>	<b>79.8%</b>	<b>20.2%</b>	<b>14.4%</b>	<b>5.9%</b>	<b>25.4%</b>

Closed Claims - Severity 09						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	6	76.1%	23.9%	16.6%	7.3%	31.5%
2007	32	73.8%	26.2%	18.7%	7.4%	35.4%
2008	58	73.6%	26.4%	19.0%	7.4%	35.9%
2009	46	67.1%	32.9%	23.0%	9.9%	49.1%
2010	42	71.4%	28.6%	21.9%	6.7%	40.1%
2011	43	79.6%	20.4%	15.4%	5.0%	25.6%
2012	49	78.4%	21.6%	15.7%	5.9%	27.5%
<b>Total Closed</b>	<b>276</b>	<b>75.1%</b>	<b>24.9%</b>	<b>18.2%</b>	<b>6.8%</b>	<b>33.2%</b>

Indemnity Distribution=(Avg Indemnity Paid)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)

Expense Distribution=(Avg Defense Counsel Expense+Avg ALAE)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)

Defense Counsel Distribution=(Avg Defense Counsel Expense)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)

ALAE Distribution=(Avg ALAE)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)

Expenses as a % of Indemnity=(Avg Defense Counsel Expense+Avg ALAE)/(Avg Indemnity Paid)

**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
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**Exhibit 2-F**  
**Closed Claim Summary**  
**Closed Claims with Indemnity Paid by Severity Grouping**

Closed Claims with Indemnity Payments - Severity 01-03						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	4	23.8%	76.2%	58.2%	17.9%	319.5%
2007	13	67.4%	32.6%	20.7%	11.9%	48.3%
2008	9	96.1%	3.9%	3.3%	0.6%	4.1%
2009	23	83.3%	16.7%	13.2%	3.5%	20.1%
2010	13	58.1%	41.9%	30.3%	11.5%	72.1%
2011	23	73.4%	26.6%	19.3%	7.2%	36.2%
2012	28	84.6%	15.4%	12.5%	2.9%	18.2%
<b>Total Closed</b>	<b>113</b>	<b>76.0%</b>	<b>24.0%</b>	<b>17.9%</b>	<b>6.1%</b>	<b>31.6%</b>

Closed Claims with Indemnity Payments - Severity 04-05						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	4	91.1%	8.9%	7.5%	1.4%	9.8%
2007	9	81.2%	18.8%	13.2%	5.6%	23.1%
2008	24	86.3%	13.7%	10.8%	2.8%	15.8%
2009	15	80.4%	19.6%	14.5%	5.1%	24.3%
2010	20	75.7%	24.3%	19.0%	5.4%	32.2%
2011	18	78.5%	21.5%	17.4%	4.2%	27.4%
2012	10	82.0%	18.0%	15.8%	2.1%	21.9%
<b>Total Closed</b>	<b>100</b>	<b>81.2%</b>	<b>18.8%</b>	<b>14.9%</b>	<b>4.0%</b>	<b>23.2%</b>

Closed Claims with Indemnity Payments - Severity 06-08						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	6	89.0%	11.0%	6.2%	4.8%	12.4%
2007	12	84.3%	15.7%	11.7%	4.0%	18.6%
2008	25	88.4%	11.6%	7.1%	4.5%	13.2%
2009	24	88.4%	11.6%	8.8%	2.8%	13.1%
2010	22	87.4%	12.6%	8.8%	3.8%	14.4%
2011	16	87.1%	12.9%	8.6%	4.3%	14.9%
2012	12	80.5%	19.5%	13.5%	5.9%	24.2%
<b>Total Closed</b>	<b>117</b>	<b>86.9%</b>	<b>13.1%</b>	<b>9.0%</b>	<b>4.1%</b>	<b>15.1%</b>

Closed Claims with Indemnity Payments - Severity 09						
Year Closed	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
2006	2	79.1%	20.9%	14.5%	6.4%	26.3%
2007	13	80.5%	19.5%	13.9%	5.6%	24.2%
2008	28	82.8%	17.2%	12.6%	4.6%	20.8%
2009	15	83.3%	16.7%	11.4%	5.3%	20.0%
2010	13	82.2%	17.8%	13.4%	4.4%	21.7%
2011	23	85.0%	15.0%	11.2%	3.8%	17.7%
2012	23	86.0%	14.0%	10.5%	3.5%	16.3%
<b>Total Closed</b>	<b>117</b>	<b>83.8%</b>	<b>16.2%</b>	<b>11.9%</b>	<b>4.3%</b>	<b>19.3%</b>

Indemnity Distribution=(Avg Indemnity Paid)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)  
Expense Distribution=(Avg Defense Counsel Expense+Avg ALAE)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)  
Defense Counsel Distribution Distribution=(Avg Defense Counsel Expense)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)  
ALAE Distribution=(Avg ALAE)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)  
Expenses as a % of Indemnity=(Avg Defense Counsel Expense+Avg ALAE)/(Avg Indemnity Paid)

**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
**Fourth Quarter 2006- Third Quarter 2012**

**Exhibit 2-G**  
**Closed Claim Summary**  
**Closed Claims by Severity Grouping Summary**

Closed Claims 2006 - 2012 (Exhibit 2-B)						
Severity of Injury	# of Closed Claims	All Closed Claims		# of Closed Claims	Claims with Indemnity Paid	
		Total Indemnity	Average Indemnity		Total Indemnity	Average Indemnity
Severity 01-03	410	\$5,170,401	\$12,611	113	\$5,170,401	\$45,756
Severity 04-05	307	\$17,107,893	\$55,726	100	\$17,107,893	\$171,079
Severity 06-08	277	\$59,266,423	\$213,958	117	\$59,266,423	\$506,551
Severity 09	276	\$44,469,165	\$161,120	117	\$44,469,165	\$380,078

Closed Claims 2006 - 2012 (Exhibit 2-C)						
Severity of Injury	# of Closed Claims	All Closed Claims		# of Closed Claims	Claims with Indemnity Paid	
		Average Defense Counsel Expense	Average Defense Counsel Expense		Average Defense Counsel Expense	Average Defense Counsel Expense
Severity 01-03	410	\$7,418	\$10,803	113	\$10,803	\$6,130
Severity 04-05	307	\$19,033	\$31,313	100	\$31,313	\$13,100
Severity 06-08	277	\$38,602	\$52,556	117	\$52,556	\$28,398
Severity 09	276	\$38,986	\$53,938	117	\$53,938	\$27,984

Closed Claims 2006 - 2012 (Exhibit 2-D)						
Severity of Injury	# of Closed Claims	All Closed Claims		# of Closed Claims	Claims with Indemnity Paid	
		Average ALAE	Average ALAE		Average ALAE	Average ALAE
Severity 01-03	410	\$2,047	\$3,650	113	\$3,650	\$1,437
Severity 04-05	307	\$5,002	\$8,410	100	\$8,410	\$3,356
Severity 06-08	277	\$15,694	\$23,741	117	\$23,741	\$9,810
Severity 09	276	\$14,492	\$19,592	117	\$19,592	\$10,739

All Closed Claims 2006 - 2012 (Exhibit 2-E)						
Severity of Injury	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
Severity 01-03	410	57.1%	42.9%	33.6%	9.3%	75.1%
Severity 04-05	307	69.9%	30.1%	23.9%	6.3%	43.1%
Severity 06-08	277	79.8%	20.2%	14.4%	5.9%	25.4%
Severity 09	276	75.1%	24.9%	18.2%	6.8%	33.2%

Closed Claims with Indemnity Paid (Exhibit 2-F)						
Severity of Injury	# of Closed Claims	Distribution		Expense Distribution		Expenses as a % of Indemnity
		Indemnity	Expense	Defense Counsel	ALAE	
Severity 01-03	113	76.0%	24.0%	17.9%	6.1%	31.6%
Severity 04-05	100	81.2%	18.8%	14.9%	4.0%	23.2%
Severity 06-08	117	86.9%	13.1%	9.0%	4.1%	15.1%
Severity 09	117	83.8%	16.2%	11.9%	4.3%	19.3%

Average Indemnity = (Total Indemnity Paid)/(Number of Claims)

Average Defense Counsel Expense = (Total Defense Counsel Expense)/(Number of Claims)

Average ALAE = (Total ALAE)/(Number of Claims)

Indemnity Distribution=(Avg Indemnity Paid)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)

Expense Distribution=(Avg Defense Counsel Expense+Avg ALAE)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)

Defense Counsel Distribution Distribution=(Avg Defense Counsel Expense)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)

ALAE Distribution=(Avg ALAE)/(Avg Indemnity Paid +Avg Defense Counsel Expense+Avg ALAE)

Expenses as a % of Indemnity=(Avg Defense Counsel Expense+Avg ALAE)/(Avg Indemnity Paid)

**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
**Fourth Quarter 2006- Third Quarter 2012**

**Exhibit 3-A**  
**Closed Claim Summary**  
**Time Horizon: Injury Date to Date Reported**

<b>All Closed Claims</b>				
<b>Injury Date to Date Reported</b>	<b>Count</b>	<b>Distribution</b>	<b>Cumulative Count</b>	<b>Cumulative Distribution</b>
0-6 Months	417	32.5%	417	32.5%
6-12 Months	168	13.1%	585	45.6%
12-18 Months	122	9.5%	707	55.1%
18-24 Months	100	7.8%	807	62.9%
24-36 Months	179	14.0%	986	76.9%
36-48 Months	194	15.1%	1180	92.0%
48-60 Months	45	3.5%	1225	95.5%
60-90 Months	29	2.3%	1254	97.7%
90+ Months	29	2.3%	1283	100.0%
<b>Total Closed</b>	<b>1283</b>	<b>100.0%</b>	<b>1283</b>	<b>100.0%</b>
<b>Average Time from Injury to Report: 1.8 years</b>				

<b>Closed Claims With Indemnity Paid</b>					
<b>Injury Date to Date Reported</b>	<b>Count of All Closed Claims</b>	<b>Count</b>	<b>Distribution</b>	<b>Cumulative Count</b>	<b>Percent of Closed Claims with Indemnity Paid</b>
0-6 Months	417	181	40.4%	181	43.4%
6-12 Months	168	68	15.2%	249	40.5%
12-18 Months	122	44	9.8%	293	36.1%
18-24 Months	100	34	7.6%	327	34.0%
24-36 Months	179	50	11.2%	377	27.9%
36-48 Months	194	41	9.2%	418	21.1%
48-60 Months	45	11	2.5%	429	24.4%
60-90 Months	29	9	2.0%	438	31.0%
90+ Months	29	10	2.2%	448	34.5%
<b>Total Closed</b>	<b>1283</b>	<b>448</b>	<b>100.0%</b>	<b>448</b>	<b>34.9%</b>
<b>Average Time from Injury to Report: 1.5 years</b>					

<b>Closed Claims With Defense Counsel Expenses</b>					
<b>Injury Date to Date Reported</b>	<b>Count of All Closed Claims</b>	<b>Count</b>	<b>Distribution</b>	<b>Cumulative Count</b>	<b>Percent of Closed Claims with Def Counsel Exp</b>
0-6 Months	417	252	26.6%	252	60.4%
6-12 Months	168	108	11.4%	360	64.3%
12-18 Months	122	96	10.1%	456	78.7%
18-24 Months	100	80	8.5%	536	80.0%
24-36 Months	179	149	15.8%	685	83.2%
36-48 Months	194	176	18.6%	861	90.7%
48-60 Months	45	41	4.3%	902	91.1%
60-90 Months	29	22	2.3%	924	75.9%
90+ Months	29	22	2.3%	946	75.9%
<b>Total Closed</b>	<b>1283</b>	<b>946</b>	<b>100.0%</b>	<b>946</b>	<b>73.7%</b>
<b>Average Time from Injury to Report: 2 years</b>					

Distribution=(Count of Claims Per Period)/(Total Count of Claims)

Cumulative Count=Accumulation o

Cumulative Distribution=Accumulation of Distribution Per Period

Percent of Closed Claims with Indemnity Paid=(Count of Claims with Indemnity Paid Per Period)/(Count of All Closed Claims Per Period)

Percent of Closed Claims with Defense Counsel Expenses=(Count of Claims with Defense Counsel Expense Per Period)/(Count of All Closed Claims Per Period)

**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
**Fourth Quarter 2006- Third Quarter 2012**

**Exhibit 3-B**  
**Closed Claim Summary**  
**Time Horizon: Date Reported to Date of Closure**

All Closed Claims				
Date Reported to Date of Closure	Count	Distribution	Count	Cumulative Distribution
0-6 Months	126	9.8%	126	9.8%
6-12 Months	226	17.6%	352	27.4%
12-18 Months	225	17.5%	577	45.0%
18-24 Months	196	15.3%	773	60.2%
24-36 Months	322	25.1%	1095	85.3%
36-48 Months	101	7.9%	1196	93.2%
48-60 Months	52	4.1%	1248	97.3%
60-90 Months	33	2.6%	1281	99.8%
90+ Months	2	0.2%	1283	100.0%
<b>Total Closed</b>	<b>1283</b>	<b>100.0%</b>	<b>1283</b>	<b>100.0%</b>
Average Time from Report to Close: 1.9 years				

Closed Claims With Indemnity Paid					
Date Reported to Date of Closure	Count of All Closed Claims	Count	Distribution	Count	Percent of Closed Claims with Indemnity Paid
0-6 Months	126	35	7.8%	35	27.8%
6-12 Months	226	47	10.5%	82	20.8%
12-18 Months	225	57	12.7%	139	25.3%
18-24 Months	196	68	15.2%	207	34.7%
24-36 Months	322	154	34.4%	361	47.8%
36-48 Months	101	42	9.4%	403	41.6%
48-60 Months	52	27	6.0%	430	51.9%
60-90 Months	33	16	3.6%	446	48.5%
90+ Months	2	2	0.4%	448	100.0%
<b>Total Closed</b>	<b>1283</b>	<b>448</b>	<b>100.0%</b>	<b>448</b>	<b>34.9%</b>
Average Time from Report to Close: 2.2 years					

Closed Claims With Defense Counsel Expenses					
Date Reported to Date of Closure	Count of All Closed Claims	Count	Distribution	Count	Percent of Closed Claims with Def Counsel Exp
0-6 Months	126	49	5.2%	49	38.9%
6-12 Months	226	125	13.2%	174	55.3%
12-18 Months	225	164	17.3%	338	72.9%
18-24 Months	196	159	16.8%	497	81.1%
24-36 Months	322	278	29.4%	775	86.3%
36-48 Months	101	92	9.7%	867	91.1%
48-60 Months	52	46	4.9%	913	88.5%
60-90 Months	33	31	3.3%	944	93.9%
90+ Months	2	2	0.2%	946	100.0%
<b>Total Closed</b>	<b>1283</b>	<b>946</b>	<b>100.0%</b>	<b>946</b>	<b>73.7%</b>
Average Time from Report to Close: 2.1 years					

Distribution=(Count of Claims Per Period)/(Total Count of Claims)

Cumulative Count=Accumulation o

Cumulative Distribution=Accumulation of Distribution Per Period

Percent of Closed Claims with Indemnity Paid=(Count of Claims with Indemnity Paid Per Period)/(Count of All Closed Claims Per Period)

Percent of Closed Claims with Defense Counsel Expenses=(Count of Claims with Defense Counsel Expense Per Period)/(Count of All Closed Claims Per Period)

**New Hampshire Insurance Department**  
 Medical Malpractice Data Received Under INS 3800  
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**Exhibit 3-C**  
**Closed Claim Summary**  
 Time Horizon: Injury Date to Date of Closure

All Closed Claims				
Injury Date to Date of Closure	Count	Distribution	Cumulative Count	Cumulative Distribution
0-12 Months	111	8.7%	111	8.7%
12-24 Months	194	15.1%	305	23.8%
24-36 Months	224	17.5%	529	41.2%
36-48 Months	286	22.3%	815	63.5%
48-60 Months	195	15.2%	1010	78.7%
60-90 Months	213	16.6%	1223	95.3%
90-120 Months	34	2.7%	1257	98.0%
120+ Months	26	2.0%	1283	100.0%
<b>Total Closed</b>	<b>1283</b>	<b>100.0%</b>	<b>1283</b>	<b>100.0%</b>
Average Time from Injury to Close: 3.6 years				

Closed Claims With Indemnity Paid					
Injury Date to Date of Closure	Count of All Closed Claims	Count	Distribution	Cumulative Count	Percent of Closed Claims with Indemnity Paid
0-12 Months	111	44	9.8%	44	39.6%
12-24 Months	194	51	11.4%	95	26.3%
24-36 Months	224	98	21.9%	193	43.8%
36-48 Months	286	97	21.7%	290	33.9%
48-60 Months	195	56	12.5%	346	28.7%
60-90 Months	213	78	17.4%	424	36.6%
90-120 Months	34	12	2.7%	436	35.3%
120+ Months	26	12	2.7%	448	46.2%
<b>Total Closed</b>	<b>1283</b>	<b>448</b>	<b>100.0%</b>	<b>448</b>	<b>34.9%</b>
Average Time from Injury to Close: 3.7 years					

Closed Claims With Defense Counsel Expenses					
Injury Date to Date of Closure	Count of All Closed Claims	Count	Distribution	Cumulative Count	Percent of Closed Claims with Def Counsel Exp
0-12 Months	111	24	2.5%	24	21.6%
12-24 Months	194	102	10.8%	126	52.6%
24-36 Months	224	164	17.3%	290	73.2%
36-48 Months	286	235	24.8%	525	82.2%
48-60 Months	195	178	18.8%	703	91.3%
60-90 Months	213	194	20.5%	897	91.1%
90-120 Months	34	27	2.9%	924	79.4%
120+ Months	26	22	2.3%	946	84.6%
<b>Total Closed</b>	<b>1283</b>	<b>946</b>	<b>100.0%</b>	<b>946</b>	<b>73.7%</b>
Average Time from Injury to Close: 4.1 years					

Distribution=(Count of Claims Per Period)/(Total Count of Claims)

Cumulative Count=Accumulation o

Cumulative Distribution=Accumulation of Distribution Per Period

Percent of Closed Claims with Indemnity Paid=(Count of Claims with Indemnity Paid Per Period)/(Count of All Closed Claims Per Period)

Percent of Closed Claims with Defense Counsel Expenses=(Count of Claims with Defense Counsel Expense Per Period)/(Count of All Closed Claims Per Period)



**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
**Fourth Quarter 2006- Third Quarter 2012**

**Exhibit 3-D**  
**Closed Claim Summary**  
**Injury Date to Date Reported (Indemnity Paid and Expenses)**

<b>All Closed Claims</b>					
<b>Injury Date to Date Reported</b>	<b>Count</b>	<b>Average Indemnity Paid</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>	<b>Expense Weight</b>
0-6 Months	309	\$162,185	\$25,011	\$10,571	18.0%
6-12 Months	134	\$122,739	\$26,316	\$9,392	22.5%
12-18 Months	98	\$136,600	\$36,900	\$12,217	26.4%
18-24 Months	70	\$139,124	\$44,038	\$14,708	29.7%
24-36 Months	142	\$90,630	\$35,589	\$13,493	35.1%
36-48 Months	151	\$71,784	\$34,234	\$9,723	38.0%
48-60 Months	42	\$87,262	\$23,341	\$6,971	25.8%
60-90 Months	24	\$201,638	\$30,054	\$6,696	15.4%
90+ Months	24	\$171,979	\$27,769	\$8,582	17.4%
<b>Total Closed</b>	<b>994</b>	<b>\$126,789</b>	<b>\$30,729</b>	<b>\$10,861</b>	<b>24.7%</b>

<b>Closed Claims With Indemnity Payments</b>					
<b>Injury Date to Date Reported</b>	<b>Count</b>	<b>Average Indemnity Paid</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>	<b>Expense Weight</b>
0-6 Months	181	\$276,879	\$42,699	\$18,046	18.0%
6-12 Months	68	\$241,867	\$51,858	\$18,509	22.5%
12-18 Months	44	\$304,245	\$82,185	\$27,210	26.4%
18-24 Months	34	\$286,431	\$90,666	\$30,282	29.7%
24-36 Months	50	\$257,388	\$101,072	\$38,321	35.1%
36-48 Months	41	\$264,377	\$126,080	\$35,810	38.0%
48-60 Months	11	\$333,182	\$89,119	\$26,618	25.8%
60-90 Months	9	\$537,700	\$80,143	\$17,855	15.4%
90+ Months	10	\$412,750	\$66,646	\$20,597	17.4%
<b>Total Closed</b>	<b>448</b>	<b>\$281,313</b>	<b>\$68,180</b>	<b>\$24,097</b>	<b>24.7%</b>

<b>Closed Claims with Defense Counsel Expense</b>					
<b>Injury Date to Date Reported</b>	<b>Count</b>	<b>Average Indemnity Paid</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>	<b>Expense Weight</b>
0-6 Months	252	\$187,147	\$30,668	\$12,179	18.6%
6-12 Months	108	\$148,320	\$32,651	\$11,518	22.9%
12-18 Months	96	\$135,625	\$37,668	\$12,391	27.0%
18-24 Months	80	\$115,377	\$38,533	\$12,379	30.6%
24-36 Months	149	\$82,597	\$33,917	\$11,624	35.5%
36-48 Months	176	\$60,050	\$29,371	\$8,203	38.5%
48-60 Months	41	\$89,390	\$23,910	\$7,133	25.8%
60-90 Months	22	\$218,750	\$32,786	\$7,213	15.5%
90+ Months	22	\$160,341	\$30,294	\$9,263	19.8%
<b>Total Closed</b>	<b>946</b>	<b>\$127,178</b>	<b>\$32,288</b>	<b>\$10,913</b>	<b>25.4%</b>

Average Indemnity = (Total Indemnity Paid)/(Number of Claims)

Average Defense Counsel Expense = (Total Defense Counsel Expense)/(Number of Claims)

Average ALAE = (Total ALAE)/(Number of Claims)

Expense Weight=(Avg Defense Counsel Expense+Avg ALAE)/(Avg Defense Counsel Expense+Avg ALAE+Avg Indemnity)

**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
**Fourth Quarter 2006- Third Quarter 2012**

**Exhibit 3-E**  
**Closed Claim Summary**  
**Date Reported to Date of Closure (Indemnity Paid and Expenses)**

<b>All Closed Claims</b>					
<b>Date Reported to Date of Closure</b>	<b>Count</b>	<b>Average Indemnity Paid</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>	<b>Expense Weight</b>
0-6 Months	126	\$4,787	\$1,123	\$254	22.3%
6-12 Months	226	\$20,828	\$3,858	\$957	18.8%
12-18 Months	225	\$64,886	\$11,355	\$3,886	19.0%
18-24 Months	196	\$89,866	\$20,264	\$6,566	23.0%
24-36 Months	322	\$176,039	\$38,719	\$14,762	23.3%
36-48 Months	101	\$150,577	\$45,974	\$16,255	29.2%
48-60 Months	52	\$184,657	\$50,311	\$18,776	27.2%
60-90 Months	33	\$179,079	\$95,080	\$27,479	40.6%
90+ Months	2	\$550,000	\$69,999	\$53,722	18.4%
<b>Total Closed</b>	<b>1283</b>	<b>\$98,229</b>	<b>\$23,807</b>	<b>\$8,414</b>	<b>24.7%</b>

<b>Closed Claims With Indemnity Payments</b>					
<b>Date Reported to Date of Closure</b>	<b>Count</b>	<b>Average Indemnity Paid</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>	<b>Expense Weight</b>
0-6 Months	35	\$17,235	\$897	\$269	6.3%
6-12 Months	47	\$100,153	\$6,191	\$1,543	7.2%
12-18 Months	57	\$256,129	\$18,343	\$6,378	8.8%
18-24 Months	68	\$259,025	\$30,059	\$10,487	13.5%
24-36 Months	154	\$368,082	\$47,784	\$20,858	15.7%
36-48 Months	42	\$362,101	\$58,997	\$20,341	18.0%
48-60 Months	27	\$355,635	\$67,930	\$21,207	20.0%
60-90 Months	16	\$369,350	\$99,315	\$26,144	25.4%
90+ Months	2	\$550,000	\$69,999	\$53,722	18.4%
<b>Total Closed</b>	<b>448</b>	<b>\$281,313</b>	<b>\$37,526</b>	<b>\$14,115</b>	<b>15.5%</b>

<b>Closed Claims with Defense Counsel Expense</b>					
<b>Date Reported to Date of Closure</b>	<b>Count</b>	<b>Average Indemnity Paid</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>	<b>Expense Weight</b>
0-6 Months	49	\$4,776	\$2,887	\$441	41.1%
6-12 Months	125	\$30,380	\$6,975	\$1,193	21.2%
12-18 Months	164	\$88,274	\$15,579	\$5,131	19.0%
18-24 Months	159	\$102,951	\$24,979	\$7,845	24.2%
24-36 Months	278	\$195,466	\$44,847	\$15,997	23.7%
36-48 Months	92	\$165,117	\$50,472	\$17,695	29.2%
48-60 Months	46	\$193,327	\$56,874	\$21,185	28.8%
60-90 Months	31	\$190,632	\$101,214	\$29,252	40.6%
90+ Months	2	\$550,000	\$69,999	\$53,722	18.4%
<b>Total Closed</b>	<b>946</b>	<b>\$127,178</b>	<b>\$32,288</b>	<b>\$10,913</b>	<b>25.4%</b>

Average Indemnity = (Total Indemnity Paid)/(Number of Claims)

Average Defense Counsel Expense = (Total Defense Counsel Expense)/(Number of Claims)

Average ALAE = (Total ALAE)/(Number of Claims)

Expense Weight=(Avg Defense Counsel Expense+Avg ALAE)/(Avg Defense Counsel Expense+Avg ALAE+Avg Indemnity)

**New Hampshire Insurance Department**  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

**Exhibit 3-F**  
**Closed Claim Summary**  
**Injury Date to Date of Closure (Indemnity Paid and Expenses)**

All Closed Claims					
Injury Date to Date of Closure	Count	Average Indemnity Paid	Average Defense Counsel Expense	Average ALAE	Expense Weight
0-12 Months	111	\$12,693	\$690	\$281	7.1%
12-24 Months	194	\$49,548	\$4,049	\$1,372	9.9%
24-36 Months	224	\$115,441	\$17,705	\$9,017	18.8%
36-48 Months	286	\$122,116	\$26,215	\$9,448	22.6%
48-60 Months	195	\$89,267	\$27,243	\$8,160	28.4%
60-90 Months	213	\$123,458	\$50,511	\$16,234	35.1%
90-120 Months	34	\$161,156	\$38,566	\$11,224	23.6%
120+ Months	26	\$193,846	\$32,175	\$13,285	19.0%
<b>Total Closed</b>	<b>1283</b>	<b>\$98,229</b>	<b>\$23,807</b>	<b>\$8,414</b>	<b>24.7%</b>

Closed Claims With Indemnity Payments					
Injury Date to Date of Closure	Count	Average Indemnity Paid	Average Defense Counsel Expense	Average ALAE	Expense Weight
0-12 Months	44	\$32,022	\$1,202	\$359	4.7%
12-24 Months	51	\$188,476	\$8,280	\$2,078	5.2%
24-36 Months	98	\$263,865	\$26,929	\$13,550	13.3%
36-48 Months	97	\$360,055	\$47,212	\$18,198	15.4%
48-60 Months	56	\$310,839	\$43,485	\$15,479	15.9%
60-90 Months	78	\$337,134	\$70,541	\$23,391	21.8%
90-120 Months	12	\$456,608	\$48,906	\$12,337	11.8%
120+ Months	12	\$420,000	\$49,478	\$22,436	14.6%
<b>Total Closed</b>	<b>448</b>	<b>\$281,313</b>	<b>\$37,526</b>	<b>\$14,115</b>	<b>15.5%</b>

Closed Claims with Defense Counsel Expense					
Injury Date to Date of Closure	Count	Average Indemnity Paid	Average Defense Counsel Expense	Average ALAE	Expense Weight
0-12 Months	24	\$47,595	\$3,189	\$615	7.4%
12-24 Months	102	\$78,713	\$7,701	\$2,028	11.0%
24-36 Months	164	\$151,946	\$24,182	\$11,330	18.9%
36-48 Months	235	\$144,250	\$31,904	\$11,395	23.1%
48-60 Months	178	\$93,808	\$29,845	\$8,873	29.2%
60-90 Months	194	\$132,636	\$55,458	\$16,820	35.3%
90-120 Months	27	\$201,944	\$48,564	\$14,085	23.7%
120+ Months	22	\$201,818	\$38,026	\$15,601	21.0%
<b>Total Closed</b>	<b>946</b>	<b>\$127,178</b>	<b>\$32,288</b>	<b>\$10,913</b>	<b>25.4%</b>

Average Indemnity = (Total Indemnity Paid)/(Number of Claims)

Average Defense Counsel Expense = (Total Defense Counsel Expense)/(Number of Claims)

Average ALAE = (Total ALAE)/(Number of Claims)

Expense Weight=(Avg Defense Counsel Expense+Avg ALAE)/(Avg Defense Counsel Expense+Avg ALAE+Avg Indemnity)

**New Hampshire Insurance Department**  
 Medical Malpractice Data Received Under INS 3800  
 Fourth Quarter 2006- Third Quarter 2012

**Exhibit 3-G**  
**Closed Claim Summary**  
**Distribution of Claims Between Years Reported and Years Closed**

Year Reported	Closed in Year						
	2006	2007	2008	2009	2010	2011	2012
2001	2	0	0	0	0		
2002	0	5	2	0	0	1	
2003	1	6	4	0	0	0	1
2004	10	12	6	11	2	0	0
2005	17	41	26	9	7	2	2
2006	21	71	81	21	16	3	4
2007		24	62	71	34	20	7
2008			29	73	69	30	13
2009				24	70	77	34
2010					23	59	60
2011						30	71
2012							19
<b>Grand Total</b>	<b>51</b>	<b>159</b>	<b>210</b>	<b>209</b>	<b>221</b>	<b>222</b>	<b>211</b>

New Hampshire Insurance **Department**  
 Medical Malpractice Data Received Under INS 3800  
 Fourth Quarter 2006- Third Quarter 2012

**Exhibit 4-A**  
**Screening Panel Usage and Costs**

<b>All Closed Claims</b>			
<b>Year Reported</b>	<b>Screening Panel Used</b>	<b>Screening Panel Bypassed</b>	<b>Total Claims</b>
2006	52	165	217
2007	53	165	218
2008	46	168	214
2009	42	163	205
2010	21	121	142
2011	7	94	101
2012	1	18	19
<b>Total Reported</b>	<b>222</b>	<b>894</b>	<b>1116</b>
	20%	80%	

<b>All Closed Claims with suits filed</b>			
	<b>Screening Panel Used</b>	<b>Screening Panel Bypassed</b>	<b>Total Claims</b>
Went to Trial	25	29	54
Settled prior to Trial	214	544	758
<b>Total Claims</b>	<b>239</b>	<b>573</b>	<b>812</b>
<b>% of Claims settled prior to trial</b>	<b>89.5%</b>	<b>94.9%</b>	<b>93.3%</b>
<b>% of Claims Tried</b>	<b>10.5%</b>	<b>5.1%</b>	<b>6.7%</b>

<b>Claims with suits filed that resulted in Indemnity Payments</b>			
	<b>Screening Panel Used</b>	<b>Screening Panel Bypassed</b>	<b>Total Claims</b>
Went to Trial	5	6	11
Settled prior to Trial	79	199	278
<b>Total Claims</b>	<b>84</b>	<b>205</b>	<b>289</b>
<b>% of Claims settled prior to trial</b>	<b>94.0%</b>	<b>97.1%</b>	<b>96.2%</b>
<b>% of Claims Tried</b>	<b>6.0%</b>	<b>2.9%</b>	<b>3.8%</b>

<b>All Closed Claims</b>			
	<b>Screening Panel Used</b>	<b>Screening Panel Bypassed</b>	<b>Total Claims</b>
Average Indemnity	118,169	93,475	98,229
Defense Counsel Expense	41,490	19,591	23,807
Other Expense	15,008	6,842	8,414
<b>Total Claim Cost</b>	<b>174,667</b>	<b>119,909</b>	<b>130,451</b>
<b>Defense as a % of total Claim Cost</b>	<b>47.8%</b>	<b>28.3%</b>	<b>32.8%</b>

New Hampshire Insurance **Department**  
 Medical Malpractice Data Received Under INS 3800  
 Fourth Quarter 2006- Third Quarter 2012

**Exhibit 4-B**  
**Screening Panel Time from Claim Report to Closure**

All Closed Claims			
Time from Claim Report to Closure	Screening Panel Used	Screening Panel Bypassed	Total Claims
0-6 Months	6	120	126
6-12 months	20	206	226
12-18 Months	22	203	225
18-24 Months	40	156	196
24-36 Months	103	219	322
36-48 Months	26	75	101
48-60 Months	19	33	52
60-90 Months	10	23	33
90+ Months	1	1	2
<b>Total Reported</b>	<b>247</b>	<b>1036</b>	<b>1283</b>

% Closed <1yr	10.5%	31.5%	27.4%
% Closed <2yr	35.6%	66.1%	60.2%
% Closed <3yr	77.3%	87.3%	85.3%
% Closed <5yr	95.5%	97.7%	97.3%

<b>Average Months from Claim Report to Close</b>	<b>29.4</b>	<b>20.6</b>	<b>22.3</b>
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Claims with Indemnity Payments			
Time from Claim Report to Closure	Screening Panel Used	Screening Panel Bypassed	Total Claims
0-6 Months	0	35	35
6-12 months	2	45	47
12-18 Months	2	55	57
18-24 Months	11	57	68
24-36 Months	43	111	154
36-48 Months	10	32	42
48-60 Months	9	18	27
60-90 Months	6	10	16
90+ Months	1	1	2
<b>Total Reported</b>	<b>84</b>	<b>364</b>	<b>448</b>

% Closed <1yr	2.4%	22.0%	18.3%
% Closed <2yr	17.9%	52.7%	46.2%
% Closed <3yr	69.0%	83.2%	80.6%
% Closed <5yr	91.7%	97.0%	96.0%

<b>Average Months from Claim Report to Close</b>	<b>35.3</b>	<b>24.2</b>	<b>26.3</b>
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New Hampshire Insurance **Department**  
 Medical Malpractice Data Received Under INS 3800  
 Fourth Quarter 2006- Third Quarter 2012

**Exhibit 4-C**  
**Screening Panel Usage by Claim Severity**

Claims with Indemnity Payments			
Severity	Screening Panel Used	Screening Panel Bypassed	Total Claims
01	0	14	14
02	0	15	15
03	9	75	84
04	11	56	67
05	6	27	33
06	20	42	62
07	10	27	37
08	3	15	18
09	25	92	117
<b>Grand Total</b>	<b>84</b>	<b>363</b>	<b>447</b>
Emotional or Temp Minor	10.7%	28.7%	25.3%
Temp Major, Perm Minor	20.2%	22.9%	22.4%
Permanent and Serious	39.3%	23.1%	26.2%
Fatal	29.8%	25.3%	26.2%

New Hampshire Insurance **Department**  
 Medical Malpractice Data Received Under INS 3800  
 Fourth Quarter 2006- Third Quarter 2012

**Exhibit 4-D**  
**Screening Panel Usage and Costs**  
**Permanent / Serious and Fatal Claims**

All Closed Claims			
	Screening Panel Used	Screening Panel Bypassed	Total Claims
Went to Trial	13	15	28
Settled prior to Trial	137	296	433
<b>Total Claims</b>	<b>150</b>	<b>311</b>	<b>461</b>
<b>% of Claims settled prior to trial</b>	<b>91.3%</b>	<b>95.2%</b>	<b>93.9%</b>
<b>% of Claims Tried</b>	<b>8.7%</b>	<b>4.8%</b>	<b>6.1%</b>

Claims with Indemnity Payments			
	Screening Panel Used	Screening Panel Bypassed	Total Claims
Average Indemnity	172,513	193,353	187,587
Defense Counsel Expense	48,226	35,186	38,794
Other Expense	19,166	13,537	15,094
Total Claim Cost	239,905	242,075	241,475
Defense as a % of total Claim Cost	39.1%	25.2%	28.7%

Claims with Indemnity Payments			
Time from Claim Report to Closure	Screening Panel Used	Screening Panel Bypassed	Total Claims
0-6 Months	1	14	15
6-12 months	12	46	58
12-18 Months	15	79	94
18-24 Months	25	67	92
24-36 Months	70	119	189
36-48 Months	11	46	57
48-60 Months	12	13	25
60-90 Months	6	15	21
90+ Months	1	1	2
<b>Total Reported</b>	<b>153</b>	<b>400</b>	<b>553</b>

% Closed <1yr	8.5%	15.0%	13.2%
% Closed <2yr	34.6%	51.5%	46.8%
% Closed <3yr	80.4%	81.3%	81.0%
% Closed <5yr	95.4%	96.0%	95.8%

<b>Average Months from Claim Report to Close</b>	<b>36.4</b>	<b>28.6</b>	<b>30.5</b>
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New Hampshire Insurance **Department**  
 Medical Malpractice Data Received Under INS 3800  
 Fourth Quarter 2006- Third Quarter 2012

**Exhibit 4-E**  
**Screening Panel Usage and Costs**  
**Temporary and Minor Claims**

All Closed Claims			
	Screening Panel Used	Screening Panel Bypassed	Total Claims
Went to Trial	12	14	26
Settled prior to Trial	77	244	321
<b>Total Claims</b>	<b>89</b>	<b>258</b>	<b>347</b>
<b>% of Claims settled prior to trial</b>	<b>86.5%</b>	<b>94.6%</b>	<b>92.5%</b>
<b>% of Claims Tried</b>	<b>13.5%</b>	<b>5.4%</b>	<b>7.5%</b>

Claims with Indemnity Payments			
	Screening Panel Used	Screening Panel Bypassed	Total Claims
Average Indemnity	29,715	31,276	31,072
Defense Counsel Expense	30,525	9,655	12,391
Other Expense	8,242	2,569	3,313
Total Claim Cost	38,767	12,224	15,704
Defense as a % of total Claim Cost	130.5%	39.1%	50.5%

Claims with Indemnity Payments			
Time from Claim Report to Closure	Screening Panel Used	Screening Panel Bypassed	Total Claims
0-6 Months	5	102	107
6-12 months	8	158	166
12-18 Months	7	121	128
18-24 Months	15	89	104
24-36 Months	33	99	132
36-48 Months	15	28	43
48-60 Months	7	18	25
60-90 Months	4	8	12
90+ Months	0	0	0
<b>Total Reported</b>	<b>94</b>	<b>623</b>	<b>717</b>

% Closed <1yr	13.8%	41.7%	38.1%
% Closed <2yr	37.2%	75.4%	70.4%
% Closed <3yr	72.3%	91.3%	88.8%
% Closed <5yr	95.7%	98.7%	98.3%

<b>Average Months from Claim Report to Close</b>	<b>32.7</b>	<b>20.2</b>	<b>21.7</b>
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**New Hampshire Insurance Department**  
 Medical Malpractice Data Received Under INS 3800  
 Fourth Quarter 2006- Third Quarter 2012

**Exhibit 5**  
**Closed Claim Summary**  
**Closed Claims by Location of Injury**

<b>All Closed Claims: Aggregate</b>					
<b>Location of Injury</b>	<b>Number of Closed Claims</b>	<b>Percent Closed by Location</b>	<b>Average Indemnity</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>
Hospital Inpatient Facility	389	30.3%	\$127,510	\$30,199	\$11,365
Physician's Office	191	14.9%	\$107,713	\$17,831	\$4,656
Emergency Room	113	8.8%	\$72,037	\$22,908	\$6,664
Hospital Outpatient Facility	72	5.6%	\$98,797	\$22,605	\$8,891
Other Outpatient Facility (including clinics)	56	4.4%	\$39,036	\$12,719	\$4,051
Nursing Home	16	1.2%	\$52,377	\$8,602	\$3,412
Patient's Home	5	0.4%	\$301,000	\$33,322	\$1,474
Other	441	34.4%	\$81,793	\$23,035	\$8,624
<b>Grand Total</b>	<b>1283</b>	<b>100.0%</b>	<b>\$98,229</b>	<b>\$23,807</b>	<b>\$8,414</b>

Percent Closed by Location=(Number Closed by Location)/(All Closed Claims)

**New Hampshire Insurance Department**  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

**Exhibit 6**  
**Closed Claim Summary**  
**Closed Claims by Profession**

<b>All Closed Claims: Aggregate</b>					
<b>Profession</b>	<b>Number of Closed Claims</b>	<b>Percent Closed by Profession</b>	<b>Average Indemnity</b>	<b>Average Defense Counsel Expense</b>	<b>Average ALAE</b>
Physician/Surgeon	606	47.2%	\$131,143	\$28,264	\$11,528
Hospital	308	24.0%	\$87,139	\$25,580	\$7,872
Clinic/Corporation/Other	229	17.8%	\$45,238	\$15,060	\$3,462
Nurse	44	3.4%	\$117,574	\$23,443	\$6,835
Nursing Home	14	1.1%	\$131,288	\$15,353	\$6,716
Dentist	52	4.1%	\$19,322	\$4,933	\$1,702
Other	13	1.0%	\$45,385	\$23,179	\$5,515
Optometrist	3	0.2%	\$145,000	\$28,803	\$9,823
Chiropractor	5	0.4%	\$44,200	\$22,747	\$200
Podiatrist/Chiropodist	8	0.6%	\$11,875	\$10,581	\$800
Pharmacy	1	0.1%	\$0	\$0	\$0
<b>Grand Total</b>	<b>1283</b>	<b>100.0%</b>	<b>\$98,229</b>	<b>\$23,807</b>	<b>\$8,414</b>

Percent Closed by Profession=(Number Closed by Profession)/(All Closed Claims)

**New Hampshire Insurance Department**  
**Medical Malpractice Data Received Under INS 3800**  
**Fourth Quarter 2006- Third Quarter 2012**

**Exhibit 7**  
**Closed Claim Summary**  
**Claims by Company**

<b>All Closed Claims: Aggregate</b>				
<b>Insurer/Provider</b>	<b>Number of Claims</b>	<b>Percent of Claims by Company</b>	<b>Number of Closed Claims</b>	<b>Percent of Closed Claims by Company</b>
ProSelect Insurance	480	26.7%	370	28.8%
Dartmouth Hitchcock	279	15.5%	203	15.8%
NH Med Mal JUA	259	14.4%	207	16.1%
Medical Mutual of Maine	204	11.4%	147	11.5%
Health Care Indemnity	131	7.3%	99	7.7%
CNA Insurance	101	5.6%	59	4.6%
Granite Shield	66	3.7%	22	1.7%
Lexington	37	2.1%	17	1.3%
Medical Protective	33	1.8%	18	1.4%
Concord Hospital	32	1.8%	25	1.9%
Covenant Health	32	1.8%	24	1.9%
Elliot Hospital	27	1.5%	21	1.6%
Exeter Health	22	1.2%	4	0.3%
The Doctor's Company	11	0.6%	9	0.7%
Preferred Professionals	9	0.5%	8	0.6%
National Fire & Marine	8	0.4%	7	0.5%
Homeland Insurance Company	7	0.4%	4	0.3%
NCMIC	7	0.4%	4	0.3%
American Casualty	6	0.3%	2	0.2%
Cincinnati Insurance Group	6	0.3%	3	0.2%
Arch Specialty	5	0.3%	3	0.2%
Columbia Casualty Company	5	0.3%	5	0.4%
Chicago Insurance Company	4	0.2%	4	0.3%
Darwin Select Insurance Company	4	0.2%	4	0.3%
OMS National Insurance Company	3	0.2%	2	0.2%
LocumTenens.com	2	0.1%	2	0.2%
National Union Fire Insurance	2	0.1%	0	0.0%
Podiatry Insurance Company of America	2	0.1%	1	0.1%
American Assurance	1	0.1%	1	0.1%
Colony Insurance Company	1	0.1%	1	0.1%
Lloyd's Beazely Syndicate	1	0.1%	0	0.0%
MHM Services	1	0.1%	0	0.0%
Granite State	1	0.1%	1	0.1%
Pharmacists Mutual	1	0.1%	1	0.1%
<b>Grand Total</b>	<b>1795</b>	<b>100.0%</b>	<b>1283</b>	<b>100.0%</b>

Percent of Claims by Company=(Number Closed by Company)/(All Closed Claims)

Percent of Closed by Company=(Number Closed by Company)/(All Closed Claims)

**New Hampshire Insurance Department**  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

**Exhibit 8**  
**Closed Claim Summary**  
**Distribution of Loss Reserves With or Without a Suit Being Filed**

Closed Claims						
Range of Reserves Established by Company	Claims Identified as Having a Suit Filed			Claims Identified as NOT Having a Suit Filed		
	Number Filed	Distribution	Cumulative	Number Filed	Distribution	Cumulative
\$0	30	10.4%	10.4%	39	24.5%	24.5%
\$1-\$10,000	8	2.8%	13.1%	25	15.7%	40.3%
\$10,001-\$25,000	3	1.0%	14.2%	19	11.9%	52.2%
\$25,001-\$50,000	7	2.4%	16.6%	17	10.7%	62.9%
\$50,001-\$75,000	18	6.2%	22.8%	11	6.9%	69.8%
\$75,001-\$100,000	10	3.5%	26.3%	5	3.1%	73.0%
\$100,001-\$150,000	36	12.5%	38.8%	10	6.3%	79.2%
\$150,001-\$200,000	25	8.7%	47.4%	6	3.8%	83.0%
\$200,001-\$300,000	32	11.1%	58.5%	6	3.8%	86.8%
\$300,000-\$400,000	21	7.3%	65.7%	5	3.1%	89.9%
\$400,001-\$500,000	26	9.0%	74.7%	3	1.9%	91.8%
\$500,001-\$750,000	37	12.8%	87.5%	5	3.1%	95.0%
\$750,001-\$1,000,000	23	8.0%	95.5%	3	1.9%	96.9%
Over \$1,000,000	13	4.5%	100.0%	5	3.1%	100.0%
<b>Grand Total</b>	<b>289</b>	<b>100.0%</b>	<b>100.0%</b>	<b>159</b>	<b>100.0%</b>	<b>100.0%</b>

Cumulative=Accumulation of distribution

**New Hampshire Insurance Department**  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

**Exhibit 9-A**  
**Closed Claim Summary**  
**Summary Statistics**

<b>Closed Claims</b>			
	<b>Claims with Indemnity Paid</b>	<b>Claims with Defense Counsel Expenses</b>	<b>Claims with ALAE</b>
<b>Number of Claims</b>	448	977	910
<b>Minimum Value</b>	\$50	\$45	\$2
<b>Maximum Value</b>	\$2,900,000	\$500,000	\$225,061
<b>Mean</b>	\$281,313	\$31,974	\$12,206
<b>Median</b>	\$150,000	\$17,856	\$4,133
<b>Median as a % of Mean</b>	53.3%	55.8%	33.9%
<b>1st Quantile</b>	\$39,250	\$4,998	\$764
<b>3rd Quantile</b>	\$382,500	\$45,613	\$15,760

Number of Claims

Minimum Value - lowest value in the data

Maximum Value - largest value in the data

Mean - average of the values in the data

Median - middle value of the data or the 50th percentile

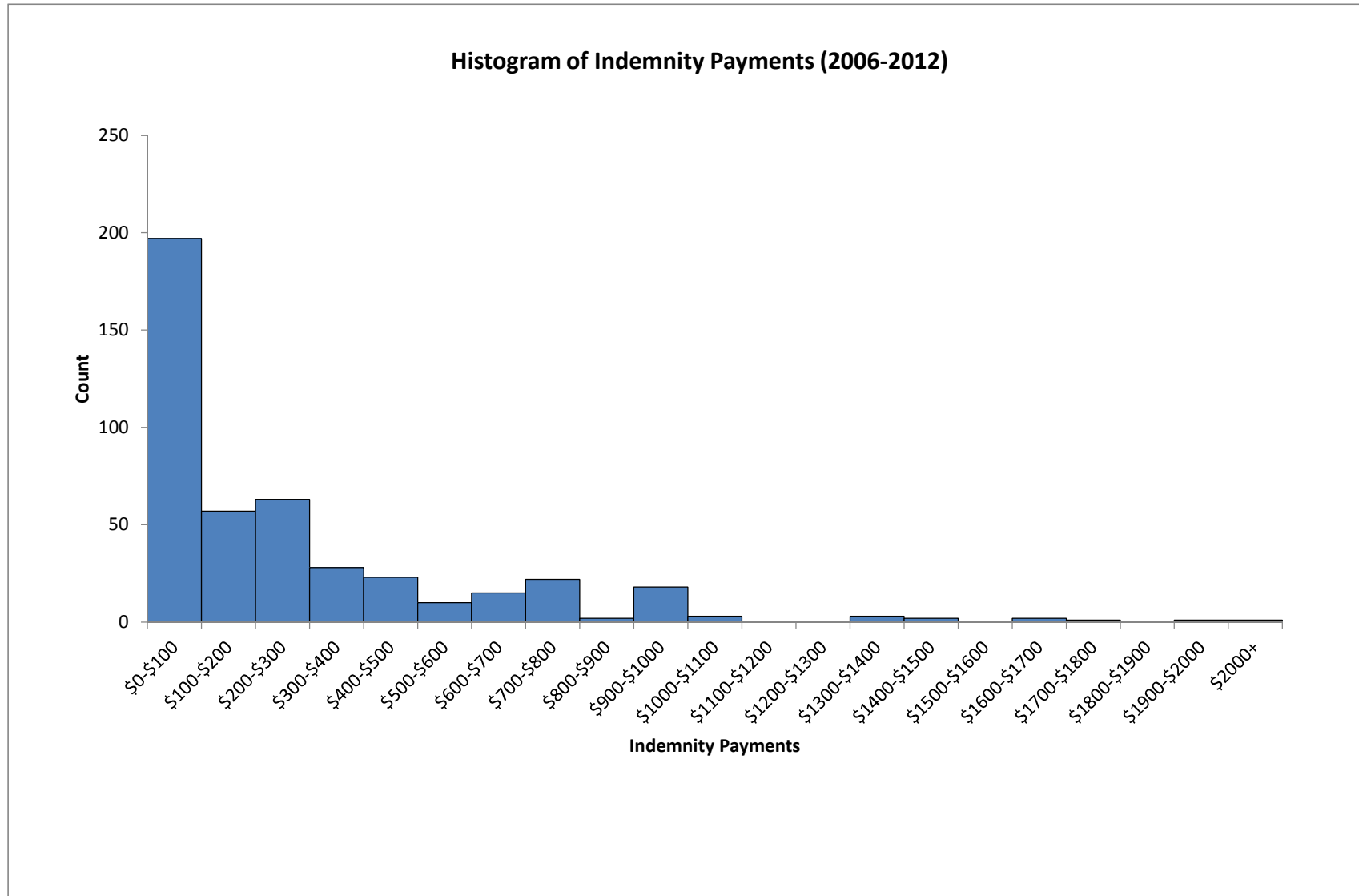
Median as a % of Mean = (Median)/(Mean)

1st Quantile - 25th percentile of the data

3rd Quantile - 75th percentile of the data

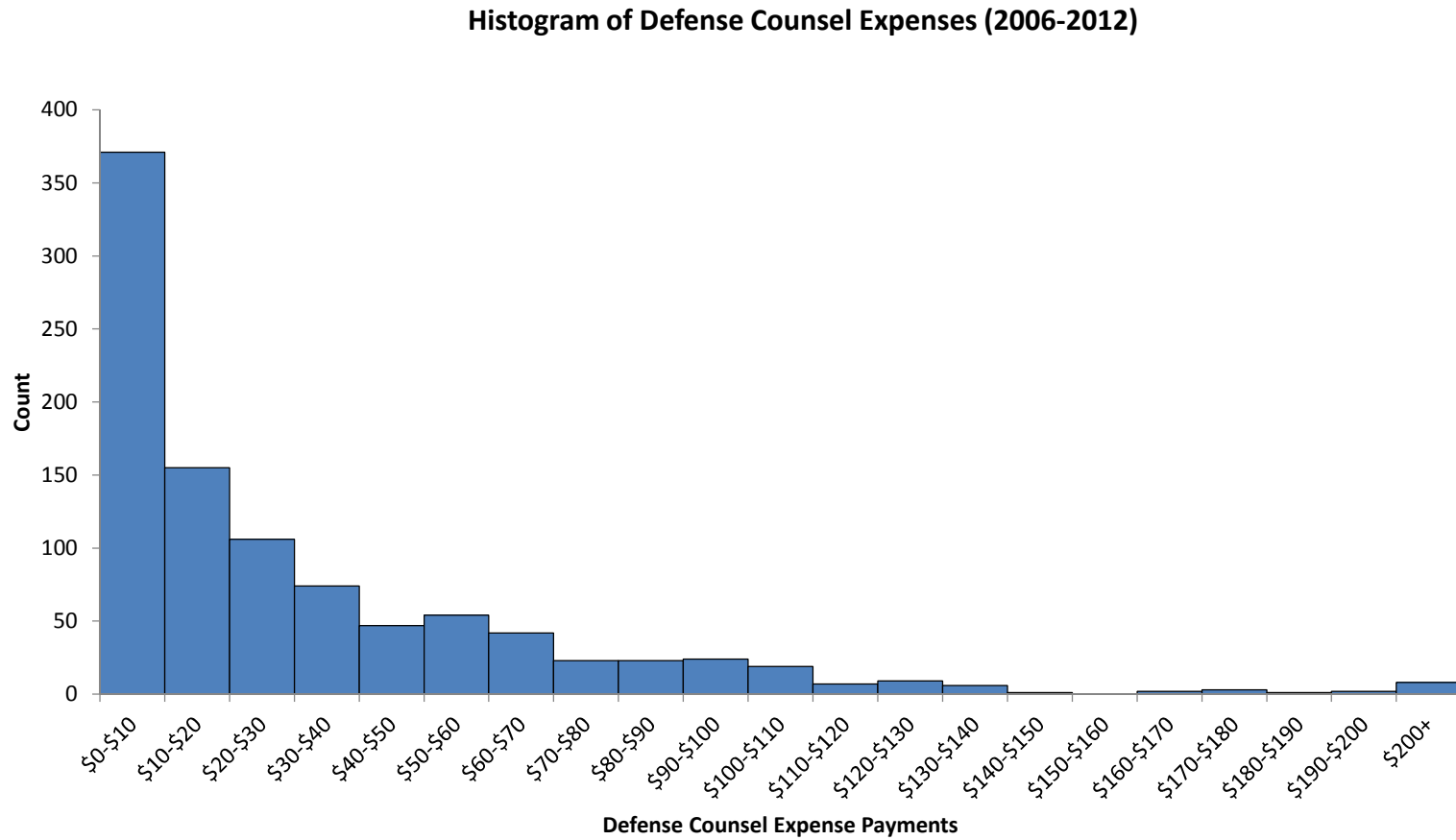
New Hampshire Insurance Department  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

Exhibit 9-B  
Closed Claim Summary  
Histogram of Indemnity Payments (2006-2012)



New Hampshire Insurance Department  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

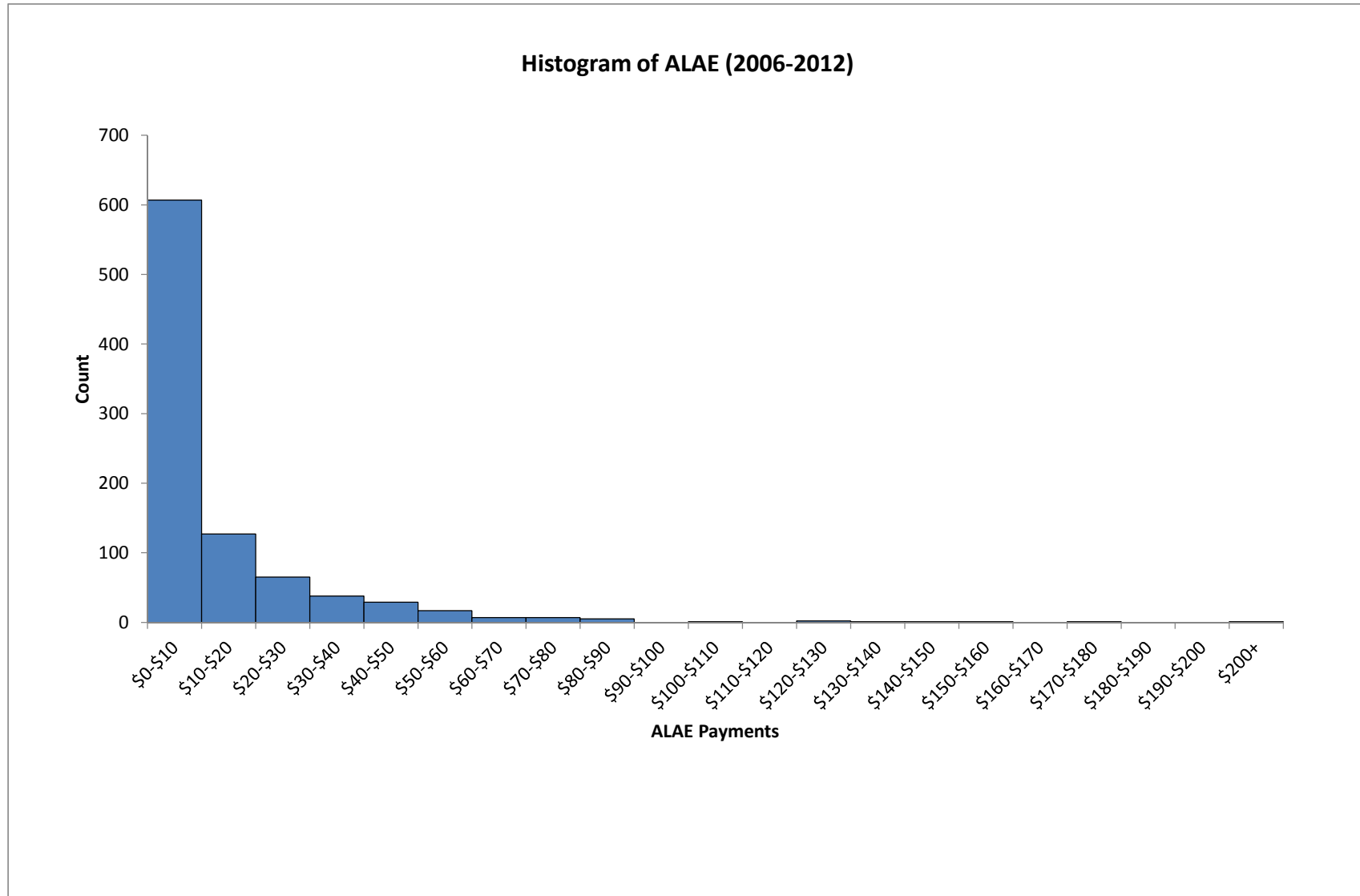
Exhibit 9-C  
Closed Claim Summary  
Histogram of Defense Counsel Expenses (2006-2012)





New Hampshire Insurance Department  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

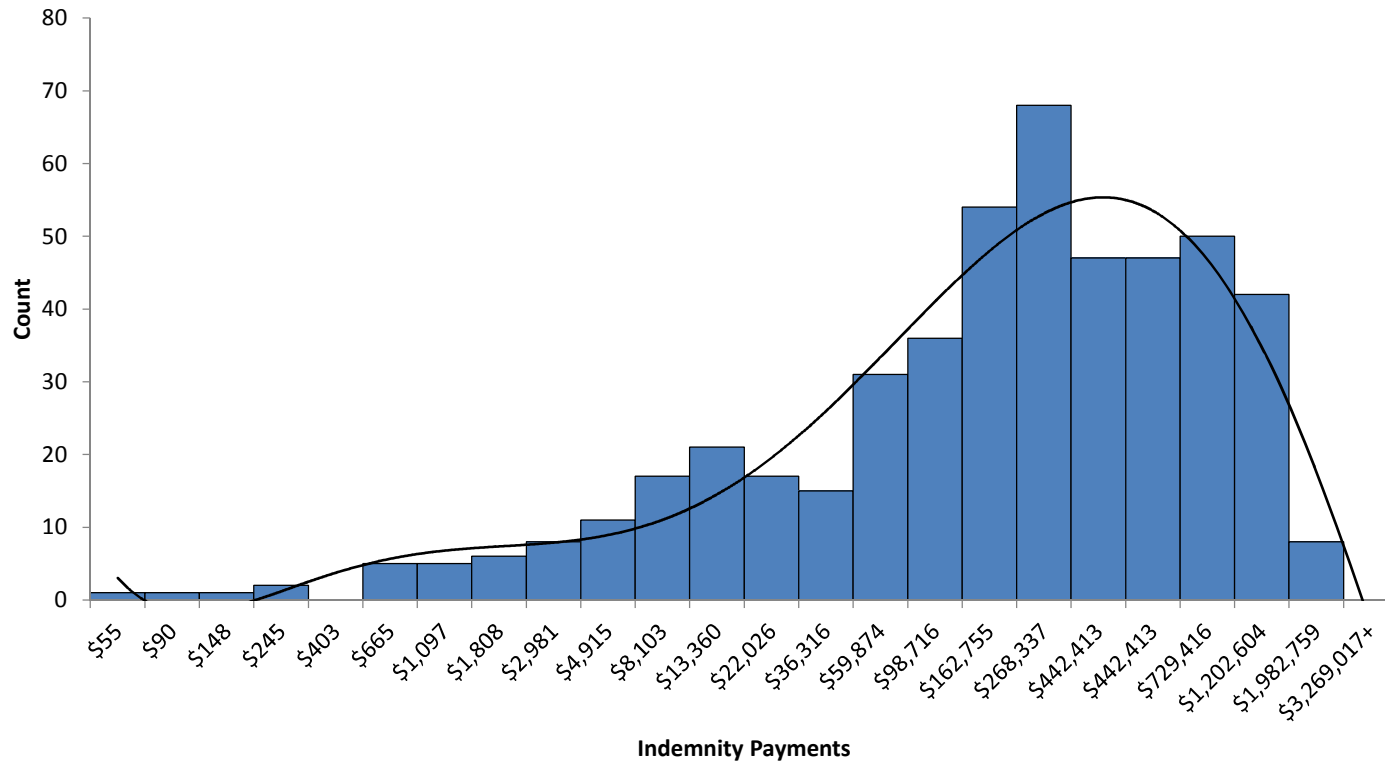
Exhibit 9-D  
Closed Claim Summary  
Histogram of ALAE (2006-2012)



New Hampshire Insurance Department  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

Exhibit 9-E  
Closed Claim Summary  
Histogram of the Natural Log of Indemnity Payments

Histogram of Natural Log of Indemnity Paid for Closed Claims (2006-2012)



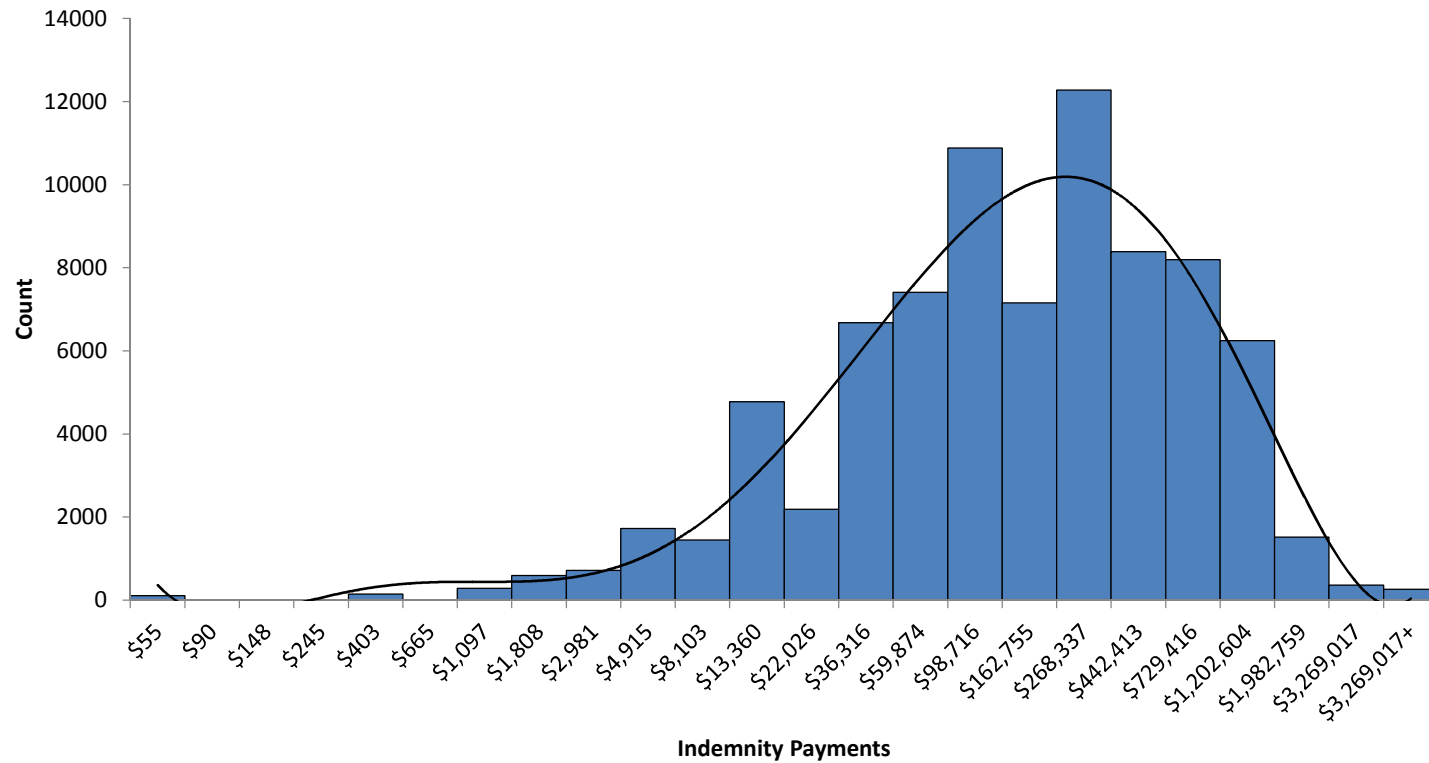
New Hampshire Insurance Department  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

Exhibit 9-F

Closed Claim Summary

Histogram of the Natural Log of Indemnity Payments for the United States from The National Practitioner Data Bank (2006-2010)

**Histogram of Natural Log of Indemnity Paid on closed claims in the United States from the National Practitioner's Data Bank (2006-2010)**



**New Hampshire Insurance Department**  
Medical Malpractice Data Received Under INS 3800  
Fourth Quarter 2006- Third Quarter 2012

**Appendix**  
**General Information & Definitions**

Claim Database

Of the 1283 closed claim reports -  
18 reports omitted Severity Codes  
3 reports omitted Act or Omission Codes  
22 reports omitted Profession Codes  
0 report omitted information regarding the Injury Date  
0 reports omitted information regarding the Report Date  
These numbers account for total number of closed claims varying among exhibits.

Other Notes Regarding Report

Variations in values from previous reports are due to corrections in the claim database and claims reopened after being reported as closed.

Definitions & Coding

Indemnity Payment - Amount of dollars paid to the indemnify claimant on behalf of the healthcare provider  
Defense Counsel Expense - Expenses paid or incurred for defense, litigation and cost containment services  
ALAE - Allocated Loss Adjustment Expense - Other expenses used to pay for fees and adjusters, attorney fees paid in the determination of coverage, and adjuster fees  
Loss Adjustment Expense (LAE) = Defense Counsel Expense + ALAE  
Injury Date - Date principal or alleged injury occurred  
Date Reported - Date when injury was first reported to insurer  
Date of Closure - Date when case is closed due to settlement or trial

Severity Code:

- (01) Emotional Only (Temporary)
- (02) Insignificant (Temporary)
- (03) Minor (Temporary)
- (04) Major (Temporary)
- (05) Minor (Permanent)
- (06) Significant (Permanent)
- (07) Major (Permanent)
- (08) Grave (Permanent)
- (09) Death (Permanent)

Severity groupings used in Exhibit 2 are based upon indemnity and expense values having relatively close averages to one another.

Screening Panel Code:

- (01) Screening Panel proceedings not yet initiated
- (02) Panel Proceedings in Progress - Presentations to Panel not yet held
- (03) Panel Proceedings in Progress - Presentations held; findings not released
- (04) Panel findings released - unanimous and unfavorable to defendant
- (05) Panel findings released - unanimous and unfavorable to plaintiff
- (06) Bypass Screening Panel Process

**Exhibit 10**

**PHYSICIANS AND SURGEONS  
MEDICAL MALPRACTICE INSURANCE RATE COMPARISON  
CURRENT MARKET LEADERS IN NEW HAMPSHIRE**

**Rates for \$1 mil / \$ 3 mil Limits:**

<u>Specialty</u>	<u>ISO Class</u>	<u>Occurrence Premium</u>			<u>Claims Made - 1</u>			<u>Claims Made - Mature</u>		
		<u>NHJUA</u>	<u>MMICof ME</u>	<u>ProSelect</u>	<u>NHJUA</u>	<u>MMICof ME</u>	<u>ProSelect</u>	<u>NHJUA</u>	<u>MMICof ME</u>	<u>ProSelect</u>
Family Practice - NS	80420	8,531	n/a	11,685	3,345	4,236	3,380	9,232	14,708	11,267
Radiology	80280	12,800	n/a	19,866	5,018	7,794	5,916	13,853	27,063	19,717
Cardiology - NS	80255	8,531	n/a	11,685	3,345	4,236	3,380	9,232	14,708	11,267
General Surgery	80143	36,521	n/a	46,466	14,316	15,347	13,441	39,521	53,287	44,803
Neurosurgery	80152	74,869	n/a	110,700	29,347	30,710	32,023	81,019	106,633	106,737
OB / GYN	80153	56,608	n/a	75,167	22,191	22,238	21,745	61,258	77,217	72,477

**POTENTIAL ADJUSTMENTS TO REFLECT PRIOR CLAIMS ACTIVITY**

<u>NHJUA</u>	<u>MMIC of ME</u>	<u>ProSelect</u>
- paid claims - previous 10 years	- Standard Program Premium Surcharges	- Individual and Group Practice Schedule Rating plan
- indemnity only - no expense	- Chargeable claims	- overall credit or debit of - 40% to +25%
- points as follows per claim:	- in judgement of company underwriting committee	- based on schedule of specific characteristics not reflected in the experience for the class:
- \$ 50K - \$250K one point	- negligence on the part of the physician is reasonably clear	- acceptance of risk management provisions
- \$250K - \$750 K two points	- subject to a 10% surcharge for each chargeable claim for two policy years	- professional liability loss history - freq. or severity
- \$750K + three points	- Hospital Disciplinary Action	- unusual risk characteristics
- surcharge schedule:	- physicians under punitive or disciplinary observation, preceptorship or sponsorship in a hospital subject to surcharge - amount determined by Underwriting Committee	- office surgery inspection by an approved org.
<u>Pts.</u> <u>Surcharge</u>	- Other	- continuing education
1 0%	- physician displays characteristics or patterns of practice not reflective of established norms	- for Group, schedule reflects:
2 10%	- surcharge ranges from 10 to 50%	- qualification and experience of insured
3 30%	- Loss Free Discount	- office appraisal
4 60%	- loss = indemnity payment of \$15 K or more	- adequacy of staffing, selection, supervision and experience of staff
5 100%	- 1% discount for each consecutive year a physician is insured with MMIC and loss free	- past loss history
6 150%	- maximum of 15%	- effective risk management
7 200%		- Claim-Free Program
8 250%		- minimum of 3 years claim free
9+ 300%		- "claim free" means no paid claims of more than \$10,000
		- 1% discount for each year up to 15
		- Experience Rating Plan available to groups of 3 or more

**RATE ACTIVITY - RECENT YEARS**

**COMPANIES**

<u>Company</u>	<u>Most Recent Date</u>	<u>Amount</u>	<u>1st Prior Date</u>	<u>Amount</u>	<u>2nd Prior Date</u>	<u>Amount</u>	
MMICof ME	11/1/2011	2.2%	10/1/2010	5.0%	10/1/2008	-8.6%	Medical Mutual Insurance Company of Maine
ProSelect	10/1/2012	8.4%	10/1/2011	6.0%	10/1/2009	4.0%	part of the ProMutual Group
JUA	1/1/2013	3.5%	1/1/2012	12.0%	1/1/2008	12.2%	New Hampshire Medical Malpractice Joint Underwriting Association

Exhibit 11

NEW HAMPSHIRE INSURANCE DEPARTMENT

MEDICAL MALPRACTICE LIABILITY INSURANCE

RATE HISTORY BEGINNING 1/1/2001  
Physicians and Surgeons

<u>Year</u>	<u>Medical Mutual Ins. Co. of ME</u>		<u>Proselect Insurance Company</u>		<u>NH Med Mal JUA</u>	
	<u>Eff. Date</u>	<u>Amt of Chg.</u>	<u>Eff. Date</u>	<u>Amt of Chg.</u>	<u>Eff. Date</u>	<u>Amt of Chg.</u>
2001	10/1/2001	11.6%				
2002	6/1/2002	25.0%	10/1/2002	10.0%		
	10/1/2002	3.2%				
2003	6/1/2003	25.0%	10/1/2003	12.4%	1/1/2003	30.0%
2004			10/1/2004	6.0%		
2005	8/1/2005	25.0%	10/1/2005	17.5%		
	<u>Count</u>	<u>Cumm. Chg.</u>	<u>Count</u>	<u>Cumm. Chg.</u>	<u>Count</u>	<u>Cumm. Chg.</u>
Pre 1/1/06 Summary	5	124.9%	4	54.0%	1	30.0%

<u>Year</u>	<u>Medical Mutual Ins. Co. of ME</u>		<u>Proselect Insurance Company</u>		<u>NH Med Mal JUA</u>	
	<u>Eff. Date</u>	<u>Amt of Chg.</u>	<u>Eff. Date</u>	<u>Amt of Chg.</u>	<u>Eff. Date</u>	<u>Amt of Chg.</u>
2006	7/1/2006	3.9%	10/1/2006	12.0%		
2007					1/1/2007	3.0%
2008	10/1/2008	-8.6%	10/1/2008	-1.5%	1/1/2008	12.2%
2009			10/1/2009	4.0%		
2010	10/1/2010	5.0%				
2011	11/1/2011	-2.2%	10/1/2011	6.0%		
2012			10/1/2012	8.4%	1/1/2012	12.0%
2013					1/1/2013	3.5%
	<u>Count</u>	<u>Cumm. Chg.</u>	<u>Count</u>	<u>Cumm. Chg.</u>	<u>Count</u>	<u>Cumm. Chg.</u>
Post 1/1/06 Summary	4	-2.5%	5	31.8%	4	34.0%

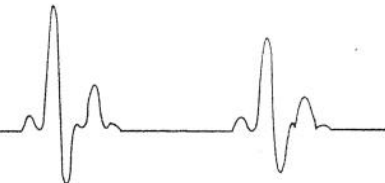
  

Cumulative Rate Change Summary	219.4%	203.0%	174.2%
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Note: MMIC-ME, ProSelect and the JUA Program comprise approximately 55% of the total Medical Malpractice market in NH and a much higher percentage of the regulated market.

## ANNUAL RATE SURVEY ISSUE

OCTOBER 2012 VOL 37, NO 10



### METHODOLOGY

#### RATE REPORT PRESENTS STATE-BY-STATE VIEW OF CHANGING MARKET

In this issue, we bring you our 22nd *Annual Rate Survey*. This survey provides a continuing overview of changing rates for physicians' liability insurance. It is a snapshot in time, reporting rates effective July 1, 2012.

It is a picture we paint state by state, county by county because where physicians practice largely determines the premiums they pay. This is because insurers base their rates on the aggregate claims experience in a particular geographic area. Because state insurance departments may regulate rates, state tort reforms can affect the cost and patient compensation funds may influence the total premium, it is impossible to project a common national picture.

Each year, we survey the major writers of liability insurance for physicians. We ask for manual rates for specific mature, claims-made specialties with limits of \$1 million/\$3 million—by far the most common limits. These are the rates reported unless otherwise noted.

We report on three specialties to reflect the wide range of rates charged: internal medicine, general surgery and obstetrics/gynecology.

With the exception of Medical Protective, Princeton and Independent Nevada Doctors Insurance Exchange, all rates shown were volunteered by their respective companies. Those companies' rates published herein were obtained

### BECALMED & BEWILDERED

#### WHEN WILL THE MEDICAL PROFESSIONAL LIABILITY MARKET BREAK OUT OF THE DOLDRUMS, BEGIN TO HARDEN?

by Chad C. Karls, FCAS, MAAA  
Rate Survey Editor

The medical professional liability (MPL) market has behaved enigmatically, to say the least, during the past five years. Ever since we began writing the Executive Summary to the *MEDICAL LIABILITY MONITOR Annual Rate Survey* in 2008, we have been asking the same question: What is the true nature of this strange and seemingly contradictory MPL business environment? One must consider any market strange that continues to exhibit increasingly weak rate levels and investment returns while turning in impressively strong financial performances year after year. How does that work? And how does it keep working?

Is it a "soft" market on the surface only? Is it hard and strong at its center? That is what we suggested in the Executive Summary to the *Annual Rate Survey* in 2008. We compared the market then to a piece of chocolate left out in the sun too long. Or is this market really just the opposite? Is it hard on the outside—"crunchy"—but hiding a deceptively soft and softening core? This is what we thought might be the case back in 2010. Or perhaps, as we asked rhetorically last year, has the MPL sector found its way into a "new normal?"—one characterized by a market that can remain forever vibrant and profitable even as rates and premium continue to decline year after year?

Although some in the industry may have hoped fervently that this last theory would prove true, most believed it was wishful thinking. If rates continue to fall, the industry's financial results will eventually become insupportable and therefore unacceptable. As painful as that scenario is to

contemplate, it might prove to be the industry's one and only path back to a truly "hard" market—one characterized by rising rates, higher amounts of premium and strong, sustainable financials. Based on history, the MPL industry's current strong financial results may have to hit bottom before rates can begin to rise again.

In this year's Executive Summary to the *Annual Rate Survey*, we discuss:

- How the MPL market got to this strange, enigmatic place;
- The contradictory state of the industry today and the growing anxiety revealed in the responses to this year's *Annual Rate Survey* Questionnaire;
- The details about which rates fell or rose, where and with a comparison to last year's movement; as well as
- Our take on how long it may be before the market begins to truly harden, and why we believe the financial results will have to become untenable before any real change can take place.

#### WHERE WE'VE BEEN LATELY

As we discussed in last year's Executive Summary, from a top-line perspective, the MPL market has been growing softer every year since at least 2006. That trend continues.

Rates have fallen repeatedly, and are down another 1.7 percent this year (see Chart No. 1 on page 3). Although this is a small drop, indicating a market that has been essentially "flat" since 2010, 1.7 percent is a bigger reduction than some may have anticipated. It is larger than the miniscule 2010 and 2011 rate reductions, which were a scant 0.5 and 0.2 percent, respectively. This year's larger drop in rates dims



# WILL THE MARKET EVER HARDEN?

→ CONTINUED FROM COVER

hopes that a hard market could be just around the corner.

Adding more fuel to the argument that the market is truly "soft," the aggregate drop in direct written premium has reached nearly 20 percent since 2006, falling year after year from its all-time high of \$12.5 billion. Beginning in 2007, it dropped steadily to slightly more than \$10 billion by 2011. This is sobering when one considers that direct written premium had fallen for two consecutive years only once previously, and then for a total reduction of

only seven percent. It has now fallen nearly 20 percent during five consecutive years, and will most certainly show another drop in 2012 for an unprecedented six straight years of decline.

These facts alone would typically be more than enough to consider this MPL market as soft as they come.

But—and this is a big but—the industry's financial results have never been as

strong during this same period where rates and direct written premium have fallen. The MPL sector's combined ratio after dividends will likely hover around a still very healthy 90 percent in 2012, and has remained well under 100 percent every year since 2006.

These healthy financial results for MPL are due to a confluence of several positive factors, some of which could be seen as temporary, fortuitous and/or artificial. Positive influences include the sudden and unexpected drop in claims frequency, which fell—pre-

cipitously and in some ways, mysteriously—to a point where the industry's claims frequency is now approximately half of what it was a decade ago.

Indemnity severity trends have remained manageable lately with most indications in the low single digits. Lower claims frequency and modest claim severity trends working together have resulted

→ CONTINUED ON PAGE 3

**If rates continue to fall, the industry's financial results will eventually become insupportable and therefore unacceptable. As painful as that scenario is to contemplate, it might prove to be the industry's one and only path back to a truly hard market.**

# METHODOLOGY

→ CONTINUED FROM COVER

through independent research and are believed to be accurate.

The rates reported should not be interpreted as the actual premiums an individual physician pays for coverage. They do not reflect credits, debits, dividends or other factors that may reduce or increase premiums. Rates reported also do not include other underwriting factors that can increase premiums.

States without compensation funds, by far the largest group, are reported first. Patient compensation fund states are grouped at the end of the survey.

In patient compensation fund states, physicians pay surcharges that range from a modest percentage to more than the base premium. Also, limits of coverage can differ in these states, which is noted with each PCF state.

When we contact survey participants, we ask them to provide data on all the states in which they actively market to physicians. We only report rates for companies that maintain filed and approved rates for each state in which they sell medical professional liability insurance. We try to capture the leading, active writers in each state, but every writer may not be included.

In comparing this year's report with previous reports, it is evident that the market is always changing. Many companies formerly included no longer sell physicians' malpractice insurance in certain states, do not currently entertain new business, have withdrawn from this line of insurance or no longer exist. The companies shown were available for business as of July 1, 2012.

We estimate that this survey represents companies that comprise 65 to 75 percent of the market; as such, it is the most comprehensive report on medical liability rates available.

The expanded rate report could not have been completed without the cooperation of the many people who work in the companies surveyed. Their cooperation is invaluable in providing this information to all who have an interest in medical professional liability.

## MEDICAL LIABILITY MONITOR

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→ CONTINUED FROM PAGE 2

in significant releases of prior-year reserves, which have served to fatten the MPL's bottom line.

Favorable calendar-year reserve development, it is important to note, does not necessarily mean current reserves are redundant. As we noted earlier this year, "a review of calendar-year development segregated by 'Schedule P' year shows that favorable calendar-year reserve development has historically continued two to three years past the point at which reserves were later found to be adequate." Also, while frequency remains historically low, some companies have seen a modest rise in frequency lately. Finally, while indemnity severity trends have proven relatively benign of late, the average cost to defend claims has risen sharply since 2005.

The bottom line is that while revenues have been declining, several other factors—most notably, claims frequency—have served to contribute to a market that nevertheless remains quite profitable. This has been the case for several years, and we are beginning to have some difficulty coming up with new ways of describing what appears to be a becalmed and static market.

It is difficult to take the position that positive financial results are not good, but the results may be masking structural issues that are slowly eating away at the MPL sector's longterm health. That seems to be the underlying fear expressed in the responses to this year's *Annual Rate Survey Questionnaire*.

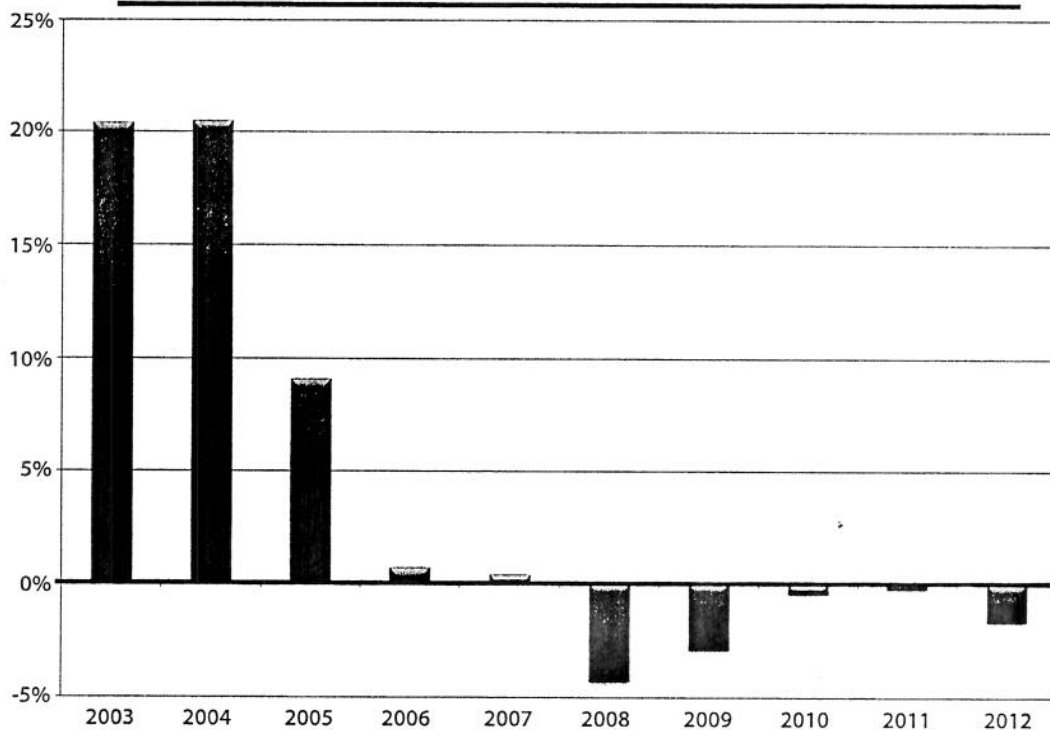
The numbers from this year's survey, with only a few exceptions, are so close to last year's numbers that there is almost nothing new to say. There seems to be only one real question on everyone's mind: when will this market harden again?

Last year we concluded that the market was indeed soft, and getting softer, adding the following: "[Positive financial results] have lulled the industry into a kind of dozing complacency. Companies are willing to sit and wait out the current becalmed environment, hoping that next year will show a market beginning to firm up... one of the strongest forces in human nature is inertia—the inclination to do nothing until circumstances or events force us to act. As long as financial results continue to stay strong, the industry is unlikely to address the growing weakness at the MPL market's core." What we couldn't say with any degree of certainty last year was when the market would begin to harden again.

This year, we believe we have an actuarially precise answer to that question supported by historical data and analysis, to wit: the MPL market will only begin to harden several years after the sector's finan-

**The bottom line is that while revenues have been declining, several other factors—most notably, claims frequency—have served to contribute to a market that nevertheless remains quite profitable. This has been the case for several years.**

Chart No. 1  
Overall Average Rate Change



cial results become unacceptable. And due to the factors mentioned above that are propping up the market's financial performance (lower frequency and the release of prior years' reserves) it will likely be several years before financial results actually become truly and undeniably "unacceptable."

That is the good and the bad news in a nutshell. And, yes, there is good news.

The good news is that the MPL sector will not disappear down a rabbit hole of ever-decreasing, insupportable rates. We believe there will be a hard market again. A smaller one, perhaps, with fewer companies and fewer customers, but there will be an MPL industry and it will be profitable for those who learn to navigate the new landscape. The bad news is that it may take precisely a little more than a few or several, but likely less than many years for us to get there.

We will discuss the data and the analysis that leads us to this conclusion later. But first, let's take a few moments to mine the *Annual Rate Survey* data for some of the important, current information it has to tell us about the MPL market today.

#### RESULTS FROM THE 2012 RATE SURVEY: THE NUMBERS PLEASE...

A majority of rates did not change at all in 2012. In fact, 59.2 percent of manual rates stayed the same this year, a 4.1 point increase over the percentage that did not budge in 2011. And, as they have since 2006, rate declines significantly outnumbered and were generally more severe than rate increases, although both increases and decreases hovered near zero.



Chart No. 2

# Overall Average Rate Change by Range

Range	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
> +100%	1.2%	2.2%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
+70.0 to +99%	1.1	4.1	0.6	0.0	0.6	0.0	0.1	0.0	0.0	0.0
+50.0 to +69.9%	3.7	3.7	0.7	0.0	0.4	0.0	0.1	0.0	0.0	0.0
+25.0 to +49.9%	26.8	14.8	6.5	2.3	0.5	0.6	0.0	0.0	0.3	0.1
+10.0 to +24.9%	31.4	34.9	28.5	5.6	5.9	1.2	1.9	0.8	4.8	0.2
+0.1 to +9.9%	13.1	22.5	29.3	22.6	8.2	5.6	5.7	13.4	9.4	14.8
0.0%	20.3	13.2	24.0	46.6	53.1	49.9	54.2	67.0	55.1	59.2
-9.9 to -0.1%	2.3	4.7	8.4	15.1	21.0	20.8	22.1	14.9	27.8	15.7
-19.9 to -10.0%	0.0	0.0	2.1	5.1	6.5	15.6	12.0	3.6	2.2	7.9
-29.9 to -20.0%	0.0	0.0	0.0	1.3	2.3	5.2	3.7	0.3	0.2	2.0
< -30.0%	0.0	0.0	0.0	1.4	0.0	1.1	0.2	0.0	0.1	0.1

There was also little change in the size and nature of rate changes regionally. The Northeast was once again the only area of the United States to see an average increase in rates: 1.09 percent. This time it was Vermont leading the pack in the Northeast with a 4.11 percent rise in rates. It was followed by New Hampshire (which had shown the highest increase in 2011) with a rise in rates of 3.11 percent. Pennsylvania was the only other Northeast state to see an increase greater than one percent (1.27), while Connecticut, Maine, Massachusetts, New Jersey, New York and Rhode Island all had no change or only fractional increases.

In 2012, 25.7 percent of all rate changes were downward, a 4.6 point decline when compared with the 30.3 percent of all adjusted rates that fell in 2011.

By comparison, only 15.1 percent of all rate changes were increases, essentially flat when compared with the 14.5 percent registered for 2011 and the 14.2 percent of all adjusted rates that rose in 2010. As has been typical for the past six years, the great majority of increases in 2012 were in the 0.1 to 9.9 percent increase range (13.5 percent), an increase over the 9.4 percent of all increases that lived in that range last year. Only 0.2 percent of rates increased in the 10 to 24.9 percent range, and 1.4 percent increased in the 25 to 49.9 percent range. [Chart No. 2 (above) shows the percentage of reported rate changes in the survey from 2003 through 2012 by range, and Chart No. 3 (at right) illustrates the distribution of rate changes for the years 2010-2012. —ed.]

Ninety-eight percent of all rate increases were in the 0.1 to 9.9 percent range, while one percent could be found in the 10 to 24 percent and 25 to 49.9 percent ranges each.

A little more than 61 percent of all manual rate decreases fell into the lowest 0.1 to 9.9 percent range, a little more than 30 percent fell into the next higher range of 10 to 19.9 percent, and eight percent fell into the 20 to 29.9 percent range. A miniscule 0.4 percent of the rate reductions landed in the greater than 30 percent range.

The Western states experienced a 3.14 percent average drop, significantly larger than 2011's 0.7-percent average decrease for the region. Utah led the field with an 8.39 percent rate reduction, with Arizona coming in second at 7.55 percent, a slightly larger average rate reduction than last year. Other Western states showing significant average rate reductions in 2012 include: California (5.14 percent), Oregon (6.16 percent), Washington (5.11 percent) and Wyoming (6.27 percent). Alaska, Colorado, Hawaii, Montana, New Mexico and Nevada all showed no change in rates or decreases of less than three percent.

Chart No. 3

## Distribution of Rate Changes by Range (2010 - 2012)

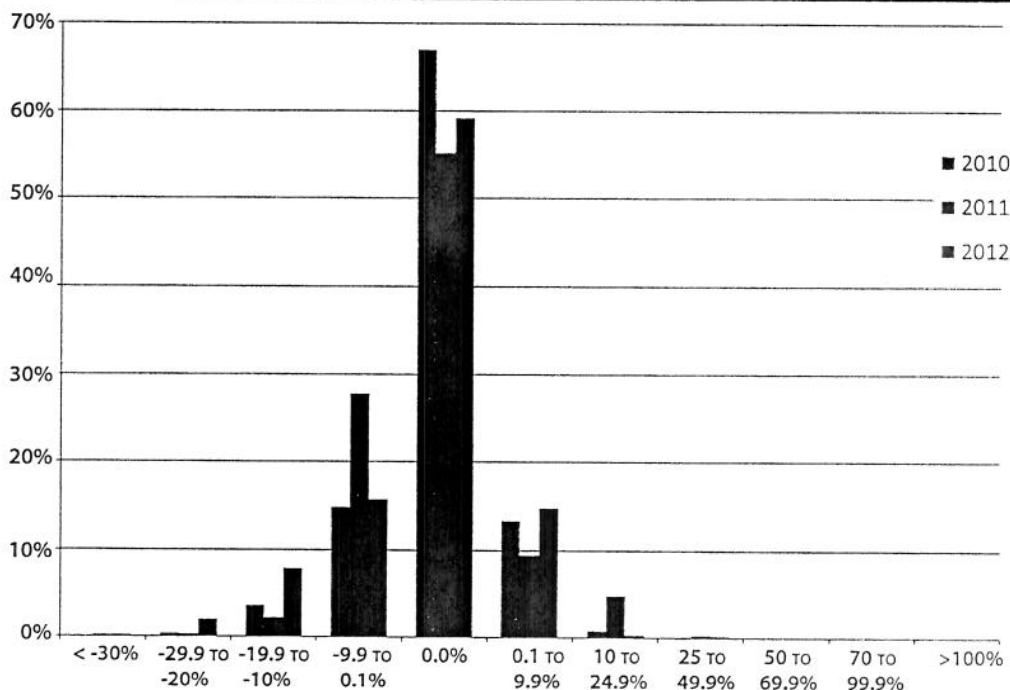
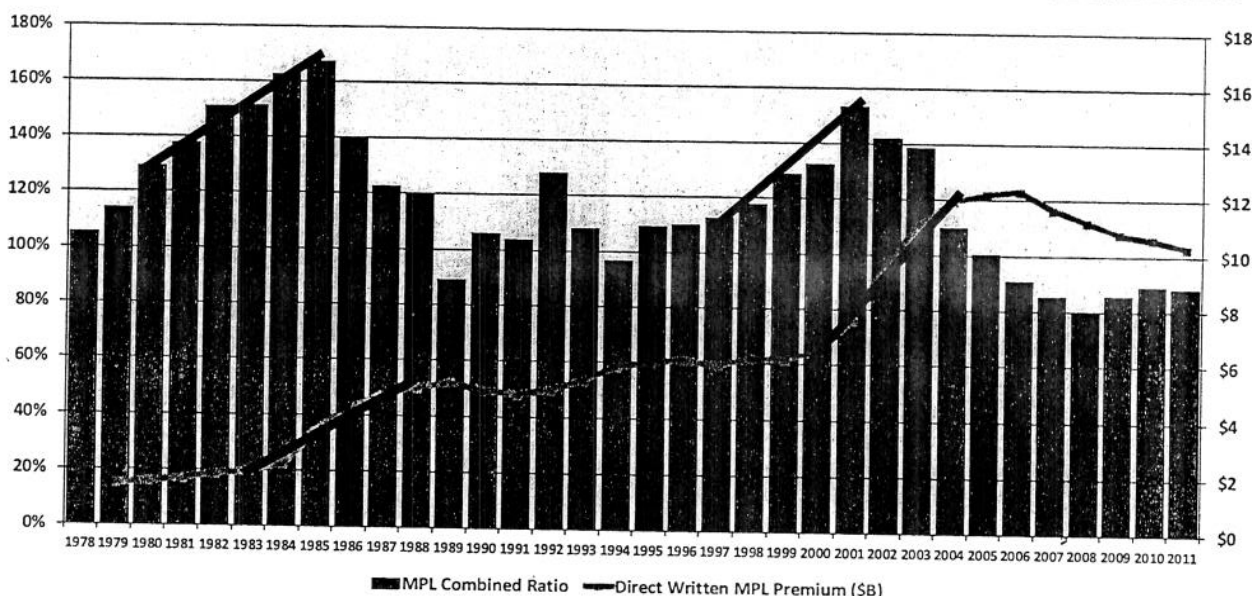




Chart No. 4  
Combined Ratio & Direct Written Premium (1978 - 2011)



At 3.52 percent, the Midwest experienced the largest average decrease and was once again the most volatile region. Only two states (Iowa and Minnesota) showed no change in rates. North Dakota had the steepest drop in rates at 9.81 percent, followed closely by Kansas with an 8.89 percent average reduction. Both Michigan and South Dakota had rate declines of more than five percent (5.01 and 5.34, respectively), with the remaining states all coming in with rates that fell less than five percent. Illinois and Wisconsin had the smallest rate drops, at 0.91 and 0.90 percent, respectively.

The South, which showed the second-largest average decline last year at 1.9 percent, had the smallest at 0.26 percent. Six of the Southern states (Alabama, Arkansas, Mississippi, North Carolina, South Carolina and Tennessee) showed no change in rates. Florida experienced the largest movement in rates, a 4.54-percent reduction.

#### NEW QUESTIONS & NOTEWORTHY RESPONSES FROM THE 2012 ANNUAL RATE SURVEY QUESTIONNAIRE

Once again, carriers acknowledged an increase in their use of schedule credits in 2012. The percentage of companies increasing their use of credits went up from 29 to 37 percent.

Last year we noted that only 11 percent of companies had intro-

duced new credits, and suggested that companies might be running out of ideas for new credits. We spoke too soon. This year the percentage of companies introducing new credits shot up to 30 percent. Asked to describe their new offerings, individual responses ranged from credits based on claims history to a credit for completing a company-approved loss prevention/risk management course or activity to one company providing credit for "meaningful use" of an EMR system.

Credits, as we note every year, serve to reduce the actual charged rates beyond those collected in this survey. So a reported 1.4 percent overall average reduction in manual rates like this year's could actually be a 2.5 to four percent or more percent actual reduction when scheduled credits are figured into the mix.

The number of respondents reporting they were "concerned about

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trends in underwriting guidelines used by competitors" dropped slightly in 2012, from 36 to 30 percent, indicating that two companies, at least, are less worried by the issue this year than last. But whether that is because they have become more trusting of their competition or have begun lowering their own guidelines is unknown. When asked to explain their concerns more specifically, respondents pointed to the following: risk retention groups and their lack of state oversight, the trend toward offering free death-disability-retirement tails, excessive discounting and the use of scheduled credits to obtain business.

A new question on this year's survey involved Accountable Care Organizations (ACOs). Only two respondents said they had written coverage for ACOs, but there was no shortage of opinion when asked what considerations might be paramount when considering an ACO as a

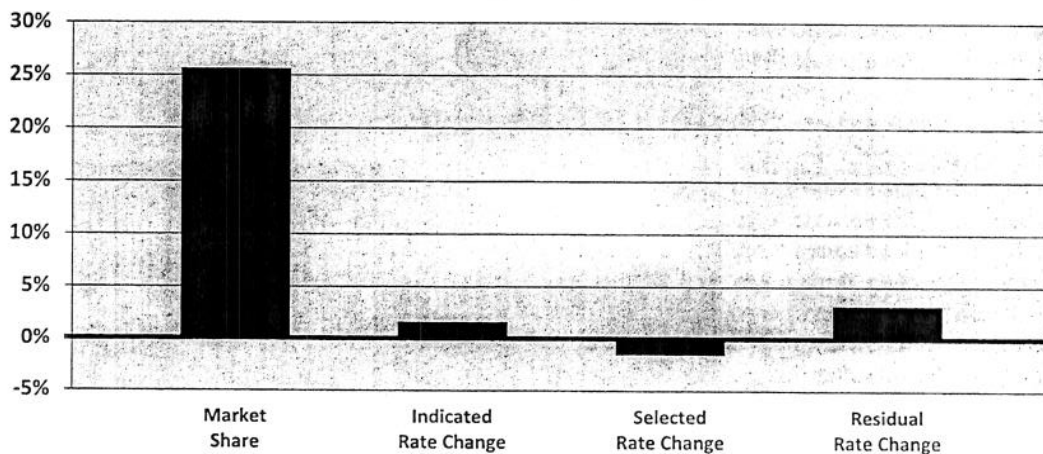
prospective client. Respondents wrote that when considering an ACO, they would take into account the following: "ownership," "credentialing, patient loads [and] services," "[the] ACO's responsibility to coordinate care among specialties," "being able to bundle several types of coverage together and assessing the exact insurance needs of an ACO," and "non-MPL exposures... lack of clarity of liability under different policies," among other comments.

This suggests there is a lot of thought and some trepidation when it comes to writing coverage for these new organizations. That anxiety is understandable when one considers that ACOs are still an evolving creature that could ultimately cannibalize certain parts of the MPL market.

Provider and insurer consolidation remains a hot topic and major concern among MPL professionals, as evidenced by the responses. Question No. 15 on the Questionnaire asked, "Do you believe there will be additional consolidation in the marketplace?" Seventy-four percent of respondents said "yes," only 11 percent said "no," and one respondent each said "N/A," "possible," "employment of physicians by hospital," or left the answer blank.



## Current Market Participants Rate Filing Info 10 Company Composite 2010 - 2011



In fact, several respondents left written comments to this question, even though the survey did not ask for any, indicating how concerned the industry is about this issue. Comments included: "The Supreme Court upholding the Affordable Care Act will lead to additional consolidation," "Additional carrier consolidation and hospitals will continue to form strategic alliances," "Especially hospital/physician integration," "Employment of physicians by health systems," "There will most likely be additional company consolidations in the future," "May continue to see trend of national carriers acquiring regional carriers," "This has only just begun and we will see much more. National healthcare reform will accelerate the pace of consolidation," and "More mergers/and some [companies] will go out of business."

### WHEN WILL THE MARKET HARDEN?

As noted earlier, we believe the market will begin to harden only after the financial results become unacceptable, which could take several years. Once that happens, it may take another few years before the industry reacts with firming rates. This is what the historical data suggests.

Chart No. 4 (see page 5) shows the relationship between the industry's combined ratio and the dollar amount of direct written premium from 1978 to 2011. The combined ratio spiked to unacceptably high

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Chart No. 4 (see page 5) shows the relationship between the industry's combined ratio and the dollar amount of direct written premium from 1978 to 2011. The combined ratio spiked to unacceptably high levels twice during that period—from 1980 to 1985, and again from 1997 to 2001—as indicated by the diagonal green lines at the top of the bars representing those years. Both periods were followed three years later by sharp increases in the industry's direct written premium, as indicated by the red lines overlaid on the line charting the dollar amount of direct written MPL premium growth. Note that the green and red lines are almost exactly parallel, although separated by three years.

The next question that presents itself then is: Why three years? Why not one? Or two? Or five? The answer seems to be that given the volatility inherent in this business, it takes that long for the industry to truly believe higher rates will be necessary to remain profitable in the face of increased costs.

The last time the market began to harden was in 2001, three years after the combined ratio began to rise precipitously in 1998. With this most recent hard market, we decided to go back and look at how rates were being decided during this time period. Specifically, we collected

32 rate filings from the largest national carrier at the time, The St. Paul Companies, that were filed to be effective between Jan. 1, 1999 and Jan. 1, 2002. For each of those filings we compared the actuarially indicated rate change to the rate change that was ultimately filed by the company and found that, on average, the indicated rates were nearly 33 percent higher than the filed rates. One assumes that despite the changing conditions in the market and a rising combined ratio, competitive pressures conspired to keep rates lower than they might have otherwise been.

When we look at the current market (see Chart No. 5, above), a similar survey of current market participants suggests that the difference between the actuarially indicated rates and the filed rates is much smaller at around three percentage points. While we are comparing a composite of current market participants with the former single largest carrier, the difference in the "residual rate indication" suggests that it's going to take a few years for that differential to approach the levels that immediately preceded the last hard market.

### CONCLUSION

The current MPL market seems stuck in a becalmed sea of soft rates, meager investment returns and rising defense costs, but the impetus to take the oars and row itself out of the doldrums is dampened by the superior financial results the industry has been able to post.

This has been the story for the past five or six years, and is likely to continue for a few more. Exactly how many years it will take to before the financials will become unacceptable is difficult to predict. What we can say with some degree of confidence is that when we do reach that point, it will likely be another few years before the market begins to truly harden again.

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