Medical Malpractice Report

Insurers with 5% or more of the Medical Malpractice market share in West Virginia

Provided by the West Virginia Offices of the Insurance Commissioner

November 2015

Introduction

The West Virginia Offices of the Insurance Commissioner has prepared this report on Medical Professional Liability Insurance to fulfill the requirements and intent of West Virginia Regulations §114CSR22, §114CSR23, West Virginia Code §33-20B-6, and §33-20B-7. The information used in the preparation of this report encompasses the experience found in the statutorily required "filed information" of those insurers with a 5% or greater written premium market share, the rate filings of those companies, National Association of Insurance Commissioners (*NAIC*) supplementary information, Insurance Services Office (*ISO*) loss cost filings and other *ISO* reports, *A. M. Best* reports, data collected in accordance with §33-20B-8, and data from the West Virginia Board of Medicine.

A "*claim for medical malpractice*"[1] means a claim arising out of the rendering of, or the failure to render, medical care services. An "*action of medical malpractice*" is a tort or breach of contract claim for damages due to the death, injury, or monetary loss to any person arising out of any medical, dental, or surgical diagnosis, treatment, or care by any provider of healthcare.

In any action for the recovery of damages based upon medical malpractice, a claimant has the burden of proving the alleged actions of the healthcare provider represented a breach of, or failure to meet, the prevailing standard of care for that type of healthcare provider. The prevailing professional standard of care for a given healthcare provider is the level of care, skill and treatment which, in light of all relevant surrounding circumstances, is recognized as acceptable and appropriate by reasonably prudent similar healthcare providers.

The medical malpractice insurance market has gone through three challenging periods or "hard" markets during the past thirty years. The first medical malpractice pivotal period occurred in the mid-to–late 1970s with a second occurrence repeated in the mid-1980s. The most recent challenging period began in early 2001. This hard insurance market was driven by a number of factors[2]:

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[1] *2003 University of Central Florida Governor's Select Task Force on Healthcare Professional Liability Insurance*

[2] *July/August 2004 Contingencies Magazine (www.contingencies.org), The Medical Malpractice Market: From National Dominance to Regional Focus, Kevin Bingham.*

- Rising loss trends;
- Higher and more volatile jury awards;
- Adverse reserve development on prior accident/report year reserves;
- Reduced carrier capacities;
- Rising cost and availability of reinsurance;
- Varying success of tort reform packages in multiple states (*e.g., constitutionality, ability to pass reforms*); and
- Declining investment returns.

West Virginia's medical malpractice insurance results have been favorable compared to the last "*hard*" market period in early 2001. Rate level changes which were approved during the last hard market, the passage of H.B. 601 and H.B. 2122 creating the policyholder owned *West Virginia Mutual Insurance Company* have all contributed to the change in the Medical Malpractice Liability results in West Virginia. In 2014, the overall loss experience increased slightly while still experiencing continued rate stabilization (*i.e. little to no changes*) from the major admitted writers in West Virginia. From 2004 to 2014, the pure direct loss ratio for Physicians and Surgeons averaged 33.9%. In 2014 that ratio was 55.8% as opposed to 36.5% in 2013. Conversely, between the years of 1994 and 2003, that average loss ratio was 89.25%.

This year's report covers the following medical malpractice insurance areas:

- **Section I:** An overview of the Industry's *by-line* insurance results in 2014 together with a *comparison* of Industry results and West Virginia results for the Medical Malpractice Insurance line.

- **Section II:** A review of §33-20B-8 closed claim data and the West Virginia Board of Medicine paid claim data covering 1994–2014.

- **Section III:** A *fulfillment of the legislative requirements* examining market positions, rating plans and rules, and a comparison of filed information to rate filings and financial statement information. This section includes a commentary concerning Joint Underwriting Associations pursuant to §33-20B-7. A review of rate filings and investment returns is also provided, as well as a sample comparison of currently approved physician and surgeon's rates in West Virginia.

- **Section IV:** A review of Medical Liability Fund data, Board of Medicine licensure data, and other claim data gathered from company financial statements.

- **Section V:** Summary observations.

The overall goal of this report is to provide the reader with insight into the current Medical Malpractice Insurance market in the State of West Virginia.

Table of Contents

Introduction 1
Section I 6
Overview 6
I. Overview of Countrywide P&C Insurance Industry Results for 2014 7
I-A: Medical Malpractice Insurance Results for the Industry 9
I-B: Medical Malpractice: Industry vs. West Virginia Comparison 11
I-C: Key Drivers of West Virginia Medical Malpractice Insurance Results 22
I-D: Loss and Defense Costs Incurred vs. Premiums Earned 23
I-E: A Cautionary Note 24
Section II 25
Review of Paid / Closed Claim Data 25
II: Analysis of Paid Claim Information 26
II-A: How Malpractice Claims are disposed in West Virginia 27
II-B: Historical Judgments 29
II-C: Historical Settlements 32
II-D: Closed Claim (20B-8) Data 35
II-E: Paid Data Collection 43
Section III 45
Review of 5% Market Share Companies 45
III: Review of Major West Virginia Medical Malpractice Writers 46
III-A: Enabling Legislation 50
III-B: Discussion of Market Positions 51
III-C: Rating Plans and Rating Rules 57
III-D: Reconciliation of Filed Information to Rate Filing Information 58
III-E: Analysis of Rate Filings 61
III-F: Investment Portfolio 62
III-G: Overall Medical Malpractice Market (Annual Statement Line of Business 11) 63

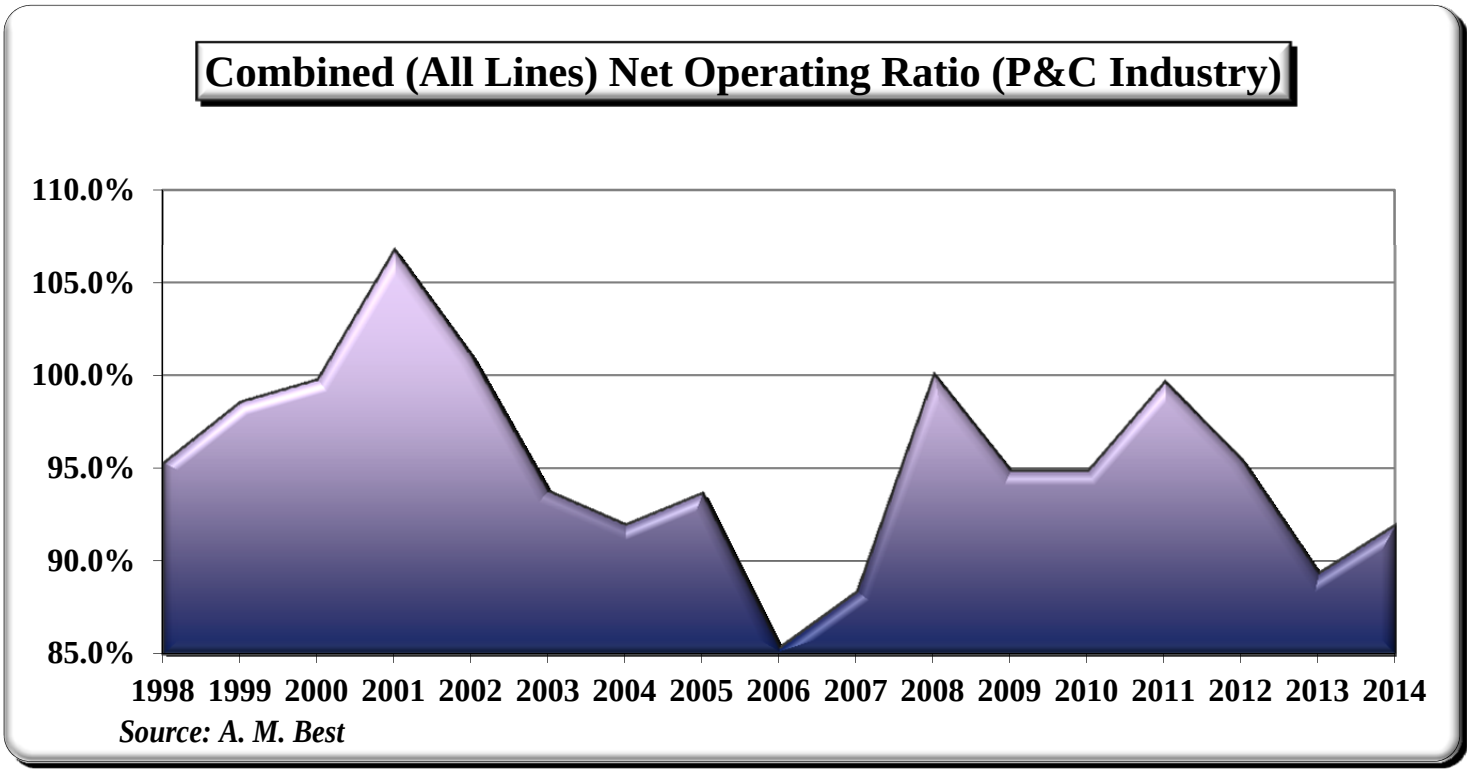
Section IV 66
Other Sources of Data 66
IV: Other Sources of Data 67
IV-A: Medical Liability Fund Data 67
IV-B: Board of Medicine Data 68
Section V 71
Summary Observations 71
V: Summary Observations 72
Glossary of Terms 74
Exhibits 78
Appendix 85
2014 Physicians Business Written Totals 86
2014 Hospitals Business Written Totals 87
2014 Other Professionals Business Written Totals 88
2014 Other Healthcare Facilities Business Written Totals 89
2014 Total Medical Malpractice 90
Malpractice Actions Filed by County 91

Section I

Overview

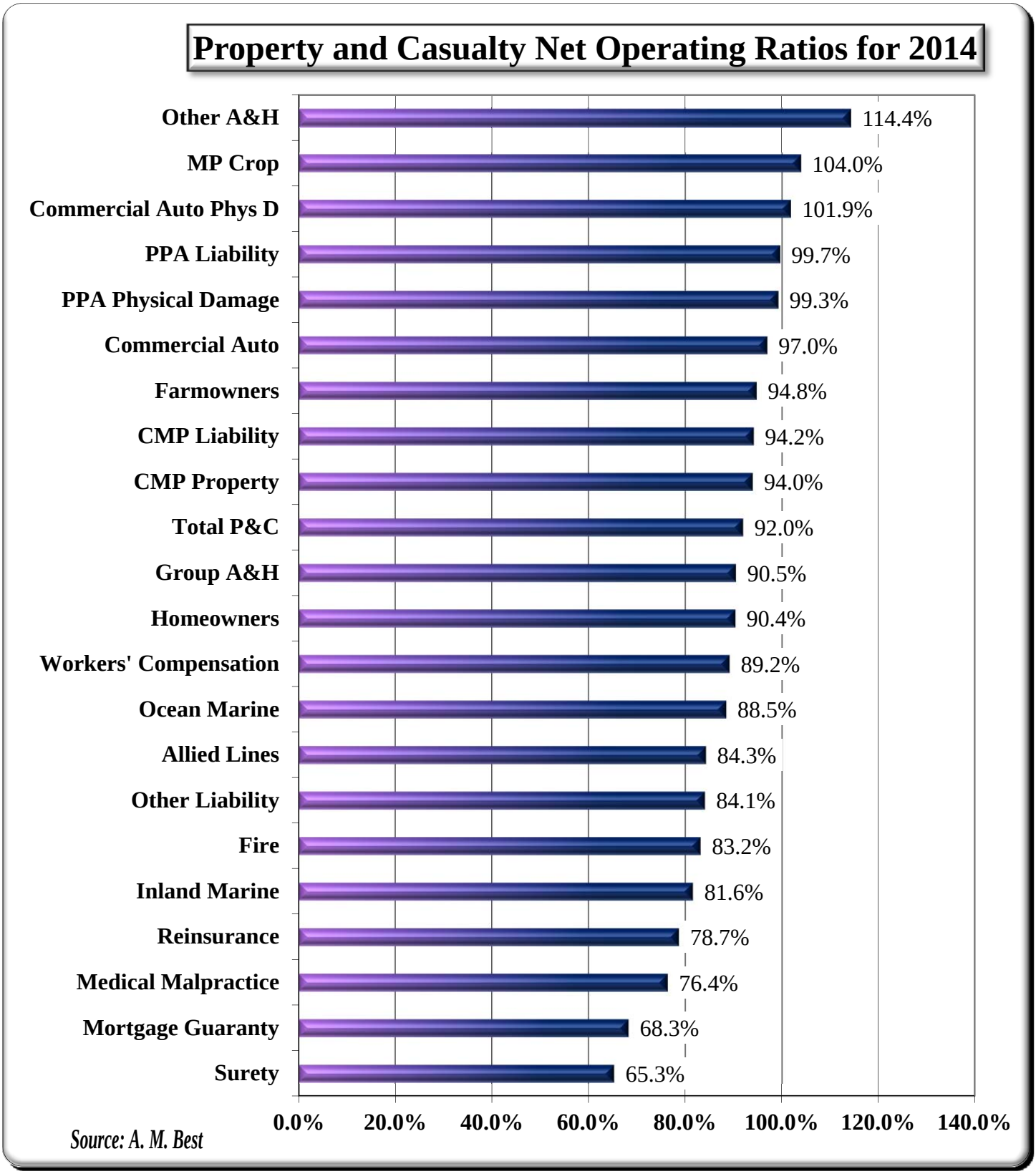
I. Overview of Countrywide P&C Insurance Industry Results for 2014

Experience for the combined all lines property and casualty insurance industry rose slightly in 2014 from 2013. The overall net operating ratio was 92% in 2014 as opposed to 89.4% in 2013. Medical Malpractice saw a similar change with the ratio increasing from 73.1% in 2013 to 76.4% in 2014.



The combined all lines property and casualty insurance industry operating ratio for 2014 was 92.0%. This net operating ratio reflects the results after paying/reserving for all claims and claim expenses; paying underwriting expenses and dividends; paying and collecting on reinsurance agreements; and accounting for investment gains/losses.

The 2014 net operating experience of the Property and Casualty Industry as compared to some of its key element lines were as follows:



Several points can be noted from the industry results for 2014:

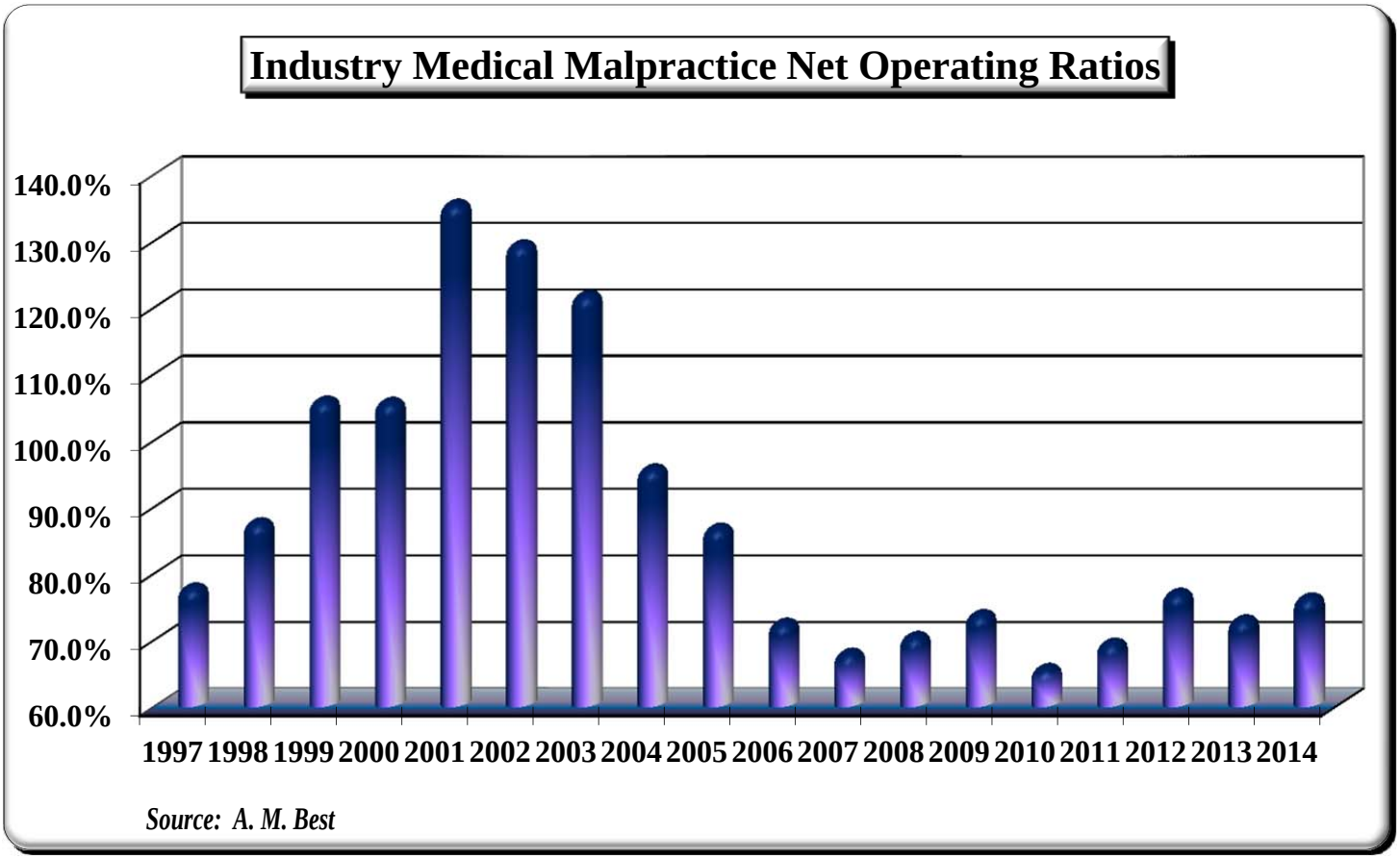
- The highly adverse impact of the national financial crisis upon the Financial and Mortgage Guaranty lines, having begun in 2008, is shown to have subsided. In 2010, the net operating ratio for Mortgage Guaranty was 151.5% and Financial Guaranty was 196.1%. Mortgage Guaranty was 68.3% in 2014.

- Reinsurance industry results, which can influence future outcomes for other lines of business; rose from 63.7% in 2013 to 78.7% in 2014. The net operating ratio for reinsurance had been 234.3% in 2005. The need for a healthy reinsurance market is important for a line like medical malpractice with the potential for large losses. While the results were worse in 2014 than 2013, the ratio is still at an acceptable level.

- The results for the medical malpractice line are favorable. The market remains stable as it has for several years now.

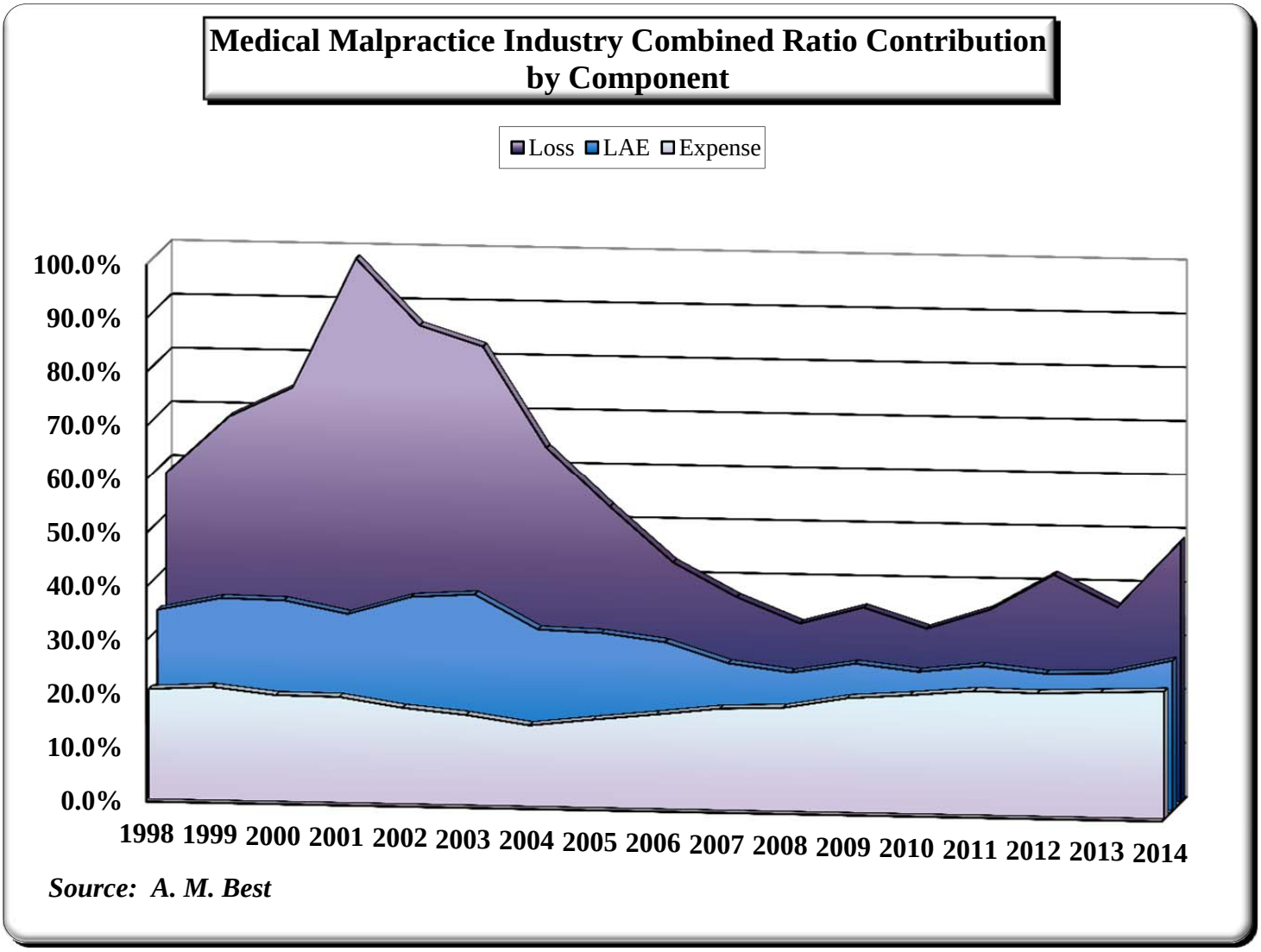
I-A: Medical Malpractice Insurance Results for the Industry

Medical Malpractice has continued to show overall improvement since the adverse level in 2001, and is now performing well below the total combined industry results. The graph below displays industry net operating ratios occurring since 1997:



This chart displays the combined ratio contribution by component excluding investment income:

LAE = Loss Adjustment Expense, also known as Direct Cost Containment Expense (DCCE) which are those expenses such as outside attorney costs and necessary court fees that can be directly tied to a specific claim. Refer to the Glossary for more information.



Profitability for medical malpractice writers can be examined in the following table. Profitability can be volatile from year to year, thus *it is important to look at a number of years:*

Profitability - 246 Medical Malpractice Organizations															
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Net Income ($M)	$523	($263)	($782)	($544)	$77	$652	$1,615	$1,844	$1,272	$1,732	$2,079	$2,061	$1,796	$1,547	$1,698
Surplus ($M)	$7,102	$6,678	$5,786	$6,150	$6,638	$7,195	$7,958	$10,790	$10,772	$12,464	$13,549	$14,601	$16,111	$17,788	$19,445
Return on Surplus	7.4%	-3.9%	-12.5%	-9.1%	12.0%	9.4%	21.3%	18.4%	11.8%	19.1%	18.0%	14.0%	11.0%	10.0%	9.0%

Source: A. M. Best

The above chart (information from A. M. Best) shows that nationwide medical malpractice writers have increased their surplus. Surplus is related to the amount of coverage written. This is another indication that the medical malpractice market is stable.

I-B: Medical Malpractice: Industry vs. West Virginia Comparison

The following exhibits provide a comparison of the Medical Malpractice line of business for the Industry (*Countrywide*) along with results for West Virginia for the past fifteen years. In reviewing this exhibit, a few key areas of difference (*apart from the premium totals*) are noted. An overall decrease in total West Virginia premiums since 2004; greater volatility in direct West Virginia loss ratios and loss adjustment expenses (*due to our relatively small market size*), and an increased return to overall profitability than that which was experienced on a countrywide basis. This data is on a calendar year basis (*as opposed to accident year, in which premiums and losses are tied to the year that claims were made in—See Glossary*). Increases or decreases in loss reserves from previous years will be carried forward to the calendar year on an accounting basis. This can result in incurred loss amounts which may appear inflated or even result in overall negative dollar values for the year. Reductions in prior loss reserves were made in West Virginia during 2008 and in 2012. This resulted in negative loss ratios for the market during those years.

The direct loss ratio on an industry basis remained virtually unchanged from the prior year while West Virginia increased to 55.85% from 36.49%.

Industry vs. West Virginia Medical Malpractice Results

(000's)

INDUSTRY (Best's Aggregates & Averages)

Year	Direct Written Premium	Direct Earned Premium	Direct Loss Ratio	Loss Adjustment Expense	Underwriting Expense	Direct Combined Ratio
1999	$6,027,964	$6,013,442	74.60%	32.10%	20.10%	126.80%
2000	$6,376,040	$6,329,556	81.00%	32.10%	19.20%	132.30%
2001	$7,457,325	$6,928,413	99.60%	34.30%	18.50%	152.40%
2002	$9,308,354	$8,796,700	92.10%	31.70%	17.40%	141.20%
2003	$10,755,416	$10,268,287	81.60%	31.00%	15.20%	127.80%
2004	$10,665,495	$10,330,639	64.50%	27.50%	14.20%	106.20%
2005	$10,988,548	$10,795,144	51.10%	27.80%	15.40%	94.30%
2006	$11,875,752	$11,757,946	43.60%	26.70%	15.90%	86.20%
2007	$11,139,816	$11,232,329	40.90%	23.20%	17.40%	81.50%
2008	$10,820,311	$10,997,245	34.10%	23.20%	17.90%	75.20%
2009	$10,357,743	$10,428,668	35.00%	23.40%	19.50%	77.90%
2010	$10,109,096	$10,089,734	31.80%	22.20%	20.00%	74.00%
2011	$10,213,218	$10,243,916	34.50%	23.90%	20.80%	79.20%
2012	$9,824,723	$9,925,549	41.30%	23.80%	20.60%	85.70%
2013	$9,635,933	$9,712,760	39.50%	23.90%	21.00%	84.40%
2014	$9,532,881	$9,595,373	40.00%	25.60%	21.20%	86.80%
Total	**$155,088,615**	**$153,445,701**	**55.33%**	**27.03%**	**18.39%**	**100.74%**

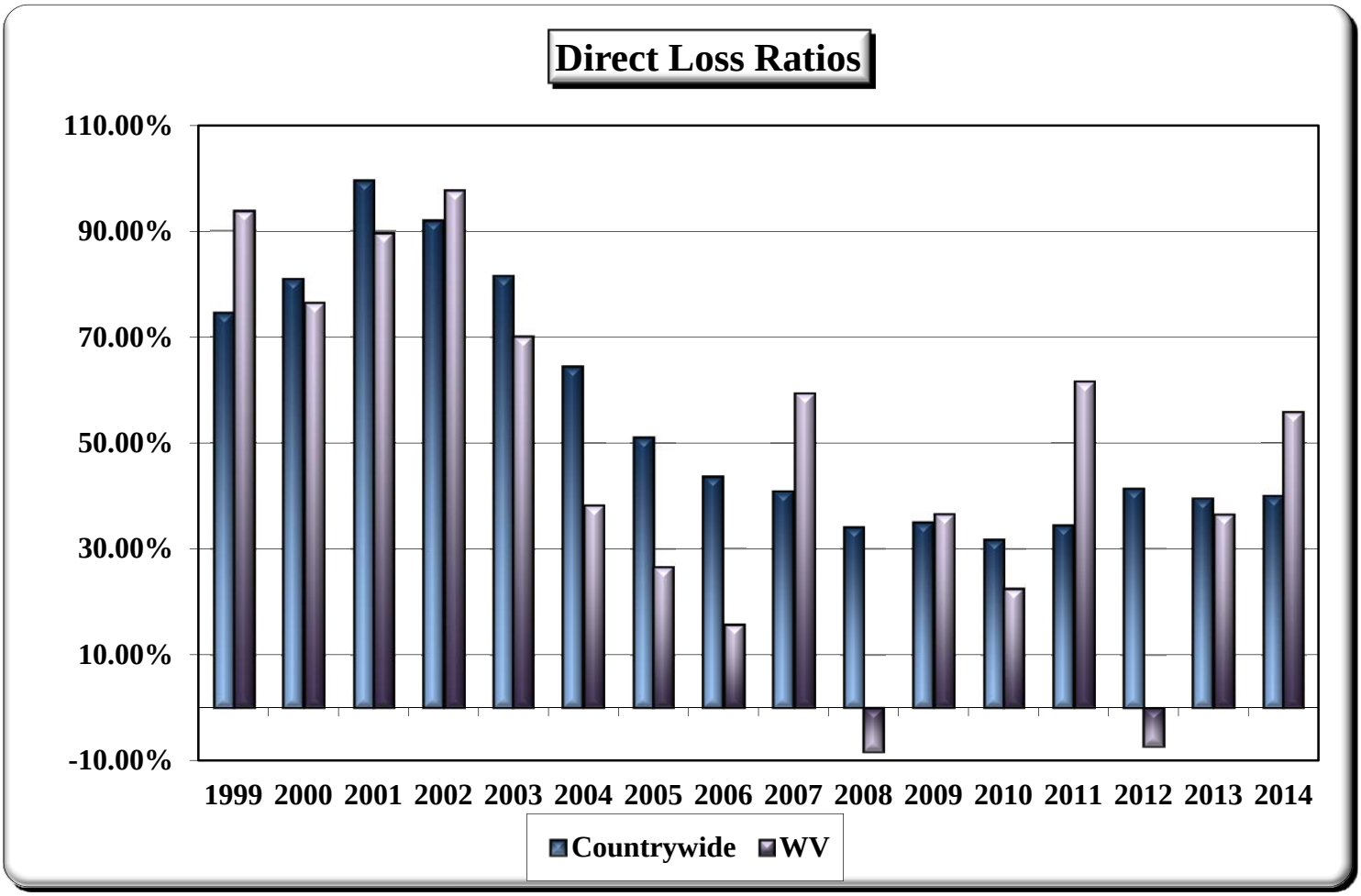
WEST VIRGINIA (NAIC Annual Statement Data)

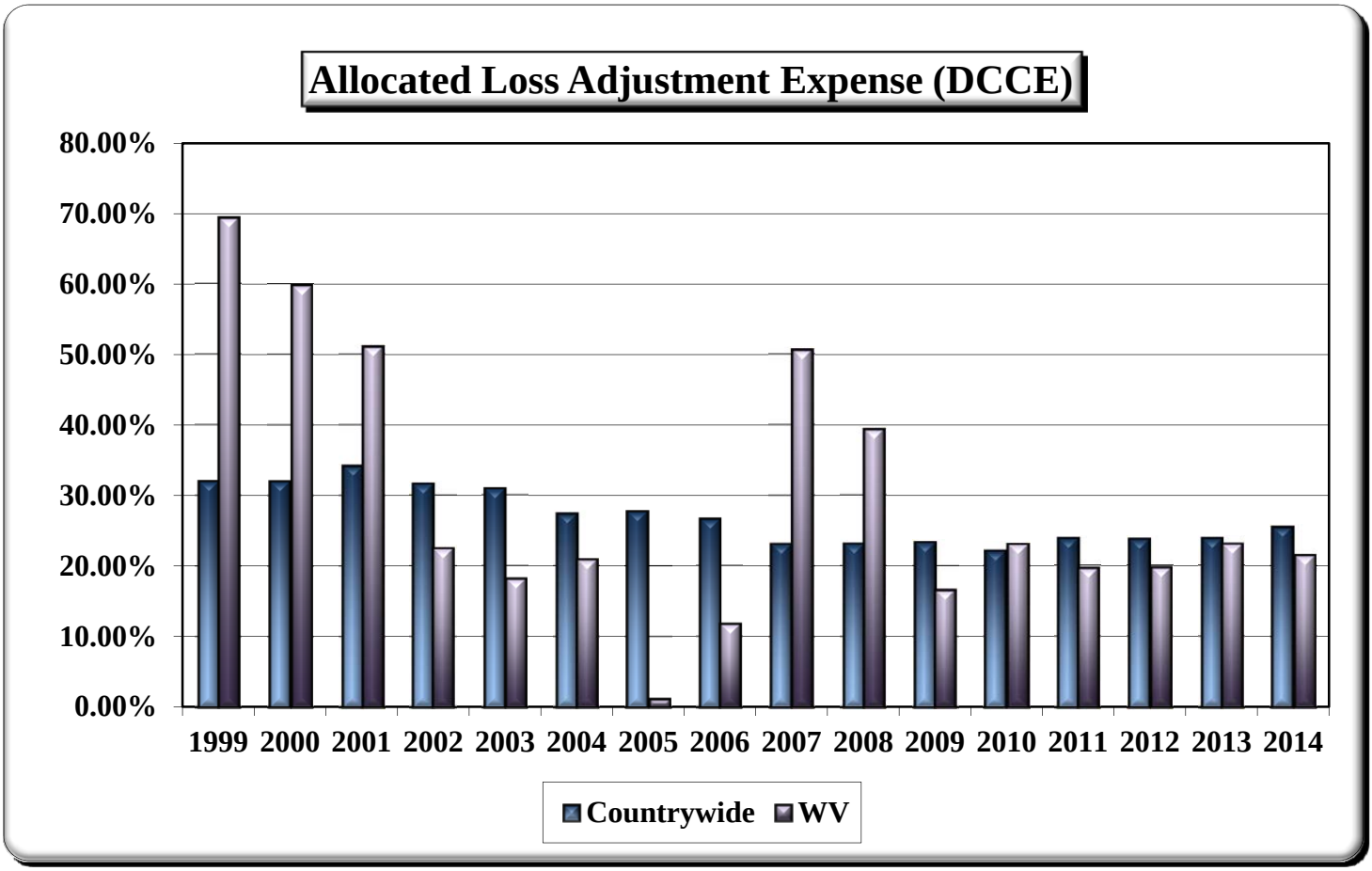
Year	Direct Written Premium	Direct Earned Premium	Direct Loss Ratio	Loss Adjustment Expense	Underwriting Expense	Direct Combined Ratio
1999	$44,387	$42,565	93.82%	69.48%	15.23%	178.53%
2000	$67,635	$57,081	76.51%	59.91%	13.54%	149.96%
2001	$67,248	$67,451	89.68%	51.23%	13.61%	154.51%
2002	$71,909	$86,550	97.76%	22.56%	9.41%	129.73%
2003	$50,312	$52,792	70.17%	18.27%	9.01%	97.44%
2004	$113,237	$94,994	38.23%	20.99%	8.00%	67.22%
2005	$83,680	$79,774	26.59%	1.25%	14.21%	42.05%
2006	$78,739	$77,969	15.72%	11.86%	14.00%	41.58%
2007	$60,323	$60,264	59.39%	50.76%	14.32%	124.47%
2008	$53,272	$54,743	-8.35%	39.42%	11.88%	42.96%
2009	$51,721	$52,199	36.55%	16.67%	11.13%	64.35%
2010	$47,827	$51,315	22.52%	23.14%	11.47%	57.13%
2011	$58,400	$60,694	61.62%	19.72%	10.39%	91.73%
2012	$56,705	$58,256	-7.27%	19.79%	10.68%	23.20%
2013	$47,173	$48,290	36.49%	23.08%	11.16%	70.73%
2014	$41,537	$41,393	55.85%	21.60%	12.01%	89.46%
Total	**$994,105**	**$986,330**	**47.83%**	**29.36%**	**11.88%**	**89.06%**

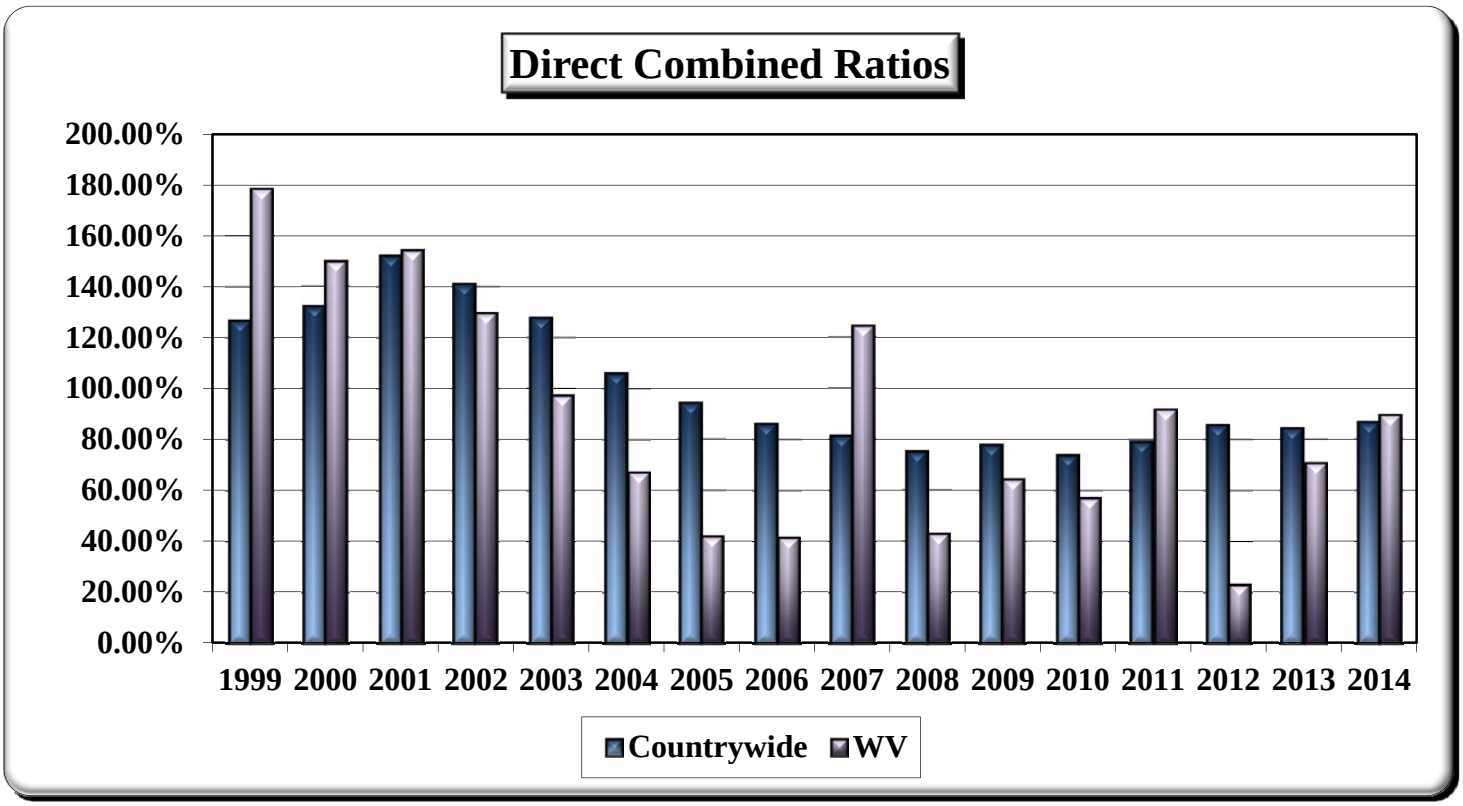
The 2007 West Virginia results on the preceding page appear to be somewhat of an anomaly. Upon a detailed review, the results were largely driven by the exit of two companies from our market during that year. Specifically, *Health Care Indemnity Incorporated* (*a hospital policy writer, included in the 2006 report with 5.26% market share*) did not renew their hospital policy for 2007 and posted a Direct Defense Cost Containment and Expense incurred amount of $19.3M for the year. Note that this amount *($19.3M*) is 4.7 times larger than their entire earned premium for that same exposure in 2006 *($4.1M*), and that the same heavily influenced the LAE ratio noted above as it was more than half of all incurred LAE (*$30.6M*).

Secondly, *NCRIC, Inc*. (*the 9th largest admitted writer in West Virginia by market share in 2006, and 4th largest in 2004)* fully exited the West Virginia market during 2007, posting negative earned premium figures for 2007 and a direct incurred DCCE figure *($1.7M*) that were more than 50% of their last positive earned premium *($3.3M*) amounts for 2006. Were it not for the two companies mentioned above leaving our market during 2007, the state-wide results would have been significantly different.

Visually, a comparison of Industry results with West Virginia results for medical malpractice utilizing data from the preceding table can be seen in the three graphs which follow:




Allocated Loss Adjustment Expense (DCCE)
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014
Countrywide
WV


Direct Combined Ratios
200.00%
180.00%
160.00%
140.00%
120.00%
100.00%
80.00%
60.00%
40.00%
20.00%
0.00%
1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014
Countrywide
WV

A review of the Direct Operating Ratio (*which further reflects Dividends Paid and Investment Gain/Loss*) produces the results which follow:

INDUSTRY (Best's Aggregates & Averages)					
Year	**Direct Combined Ratio**	**Dividend**	**Combined Ratio (*after Dividend*)**	**Investment Gain**	**Direct Operating Ratio**
2000	132.30%	3.70%	136.00%	5.60%	130.40%
2001	152.40%	2.70%	155.10%	5.40%	149.70%
2002	141.20%	1.60%	142.80%	4.60%	138.20%
2003	127.80%	0.40%	128.20%	7.80%	120.40%
2004	106.20%	0.50%	106.70%	7.00%	99.70%
2005	94.30%	0.60%	94.90%	4.10%	90.80%
2006	86.20%	0.70%	86.90%	5.20%	81.70%
2007	81.50%	2.20%	83.70%	4.50%	79.20%
2008	75.20%	2.20%	77.40%	4.40%	73.00%
2009	77.90%	2.30%	80.20%	4.00%	76.20%
2010	74.00%	2.90%	76.90%	3.40%	73.50%
2011	79.20%	3.00%	82.20%	3.30%	78.90%
2012	85.70%	3.30%	89.00%	3.20%	85.80%
2013	84.40%	4.00%	88.40%	2.90%	85.50%
2014	90.20%	3.30%	93.50%	2.80%	90.70%
Total	**99.23%**	**2.23%**	**101.46%**	**4.55%**	**96.91%**

WEST VIRGINIA (NAIC Annual Statement Data)					
Year	**Direct Combined Ratio**	**Dividend**	**Combined Ratio (after Dividend)**	**Investment Gain**	**Direct Operating Ratio**
2000	149.96%	0.06%	150.01%	5.60%	144.41%
2001	154.51%	0.05%	154.57%	5.40%	149.17%
2002	129.73%	0.05%	129.78%	4.60%	125.18%
2003	97.44%	0.05%	97.49%	7.80%	89.69%
2004	67.22%	0.02%	67.24%	7.00%	60.24%
2005	42.05%	0.04%	42.08%	4.10%	37.98%
2006	41.58%	0.06%	41.64%	5.20%	36.44%
2007	124.47%	0.11%	124.58%	4.50%	120.08%
2008	42.96%	0.19%	43.15%	4.40%	38.75%
2009	64.35%	0.15%	64.50%	4.00%	60.50%
2010	57.13%	0.24%	57.37%	3.40%	53.97%
2011	91.73%	0.21%	91.94%	3.30%	88.64%
2012	23.20%	0.44%	23.64%	3.20%	20.44%
2013	70.73%	15.73%	86.46%	2.90%	83.56%
2014	78.53%	9.10%	87.63%	2.80%	84.83%
Total	**82.37%**	**1.77%**	**84.14%**	**4.55%**	**79.59%**

The figures above demonstrate that after accounting for dividends and investment gain, medical malpractice produced an *operating profit* in West Virginia from 2004 to 2006 and again in 2008 through 2014. The market remains profitable and notably more profitable overall than that of the countrywide average over the period shown above.

Examining the average percent of LAE (DCCE) to loss for the most recent three year, five year and ten year periods utilizing NAIC state level data demonstrates that although historically volatile on a year to year basis, West Virginia results are close to the countrywide average and have generally improved in more recent years.

2014-2012 Rank	State	3 yr DCCE Inc	3 yr Loss Inc	3 yr DCCE to Loss
1	MS	$9,665,544	$3,656,407	264.35%
2	DC	$22,094,139	$8,602,349	256.84%
3	AK	$12,089,233	$5,301,429	228.04%
4	NV	$50,589,176	$25,881,047	195.47%
5	IN	$54,626,280	$34,782,346	157.05%
6	UT	$35,511,217	$27,430,872	129.46%
7	TN	$204,251,365	$162,645,469	125.58%
8	IL	$260,922,305	$218,582,562	119.37%
9	NC	$88,406,055	$75,466,179	117.15%
10	NM	$28,884,964	$25,962,502	111.26%
11	TX	$102,740,862	$101,448,050	101.27%
12	MT	$21,906,488	$22,113,906	99.06%
13	ME	$19,188,860	$19,872,106	96.56%
14	OH	$102,643,555	$112,115,973	91.55%
15	WV	$38,385,356	$47,339,703	81.08%
16	AL	$39,902,058	$50,472,682	79.06%
17	CO	$65,273,502	$85,012,237	76.78%
18	LA	$37,116,035	$49,161,047	75.50%
19	OK	$54,830,337	$73,928,162	74.17%
20	ID	$17,925,994	$24,362,909	73.58%
21	MO	$62,366,684	$86,839,264	71.82%
22	CA	$488,284,098	$694,554,074	70.30%
23	HI	$8,357,798	$12,469,921	67.02%
24	GA	$93,418,901	$144,553,850	64.63%
25	MA	$88,768,561	$137,504,335	64.56%
26	PA	$222,931,384	$346,914,239	64.26%
27	AZ	$94,329,082	$150,745,684	62.57%
28	MI	$84,476,355	$138,708,105	60.90%
29	AR	$46,686,800	$79,417,977	58.79%
30	NE	$17,051,248	$29,097,113	58.60%
31	IA	$22,221,814	$38,792,514	57.28%
32	VA	$75,539,016	$133,509,612	56.58%
33	WA	$99,403,528	$176,142,173	56.43%
34	WY	$8,003,835	$14,739,456	54.30%
35	SC	$38,612,123	$73,403,434	52.60%
36	DE	$25,184,399	$50,648,435	49.72%
37	CT	$48,152,983	$97,078,854	49.60%
38	KS	$38,682,398	$84,225,232	45.93%
39	KY	$56,680,697	$124,181,855	45.64%
40	OR	$45,777,802	$104,161,640	43.95%
41	NH	$12,585,333	$30,997,127	40.60%
42	VT	$3,360,801	$8,589,621	39.13%
43	SD	$8,497,732	$22,158,186	38.35%
44	NJ	$221,356,008	$584,708,709	37.86%
45	RI	$24,323,314	$66,450,439	36.60%
46	NY	$864,692,498	$2,391,864,657	36.15%
47	FL	$206,645,976	$595,531,950	34.70%
48	ND	$2,710,798	$8,945,380	30.30%
49	MN	$21,111,038	$78,376,685	26.94%
50	MD	$141,888,845	$622,239,447	22.80%
51	WI	$21,369,304	-$15,099,179	-141.53%
	CW	**$4,460,424,478**	**$8,286,588,726**	**53.83%**

This same data aggregated over the most recent five years.

2014-2009 Rank	State	5 yr DCCE Inc	5 yr Loss Inc	5 year DCCE to
1	AL	$108,457,394	$24,139,948	449.29%
2	TN	$274,407,858	$61,357,138	447.23%
3	MI	$150,838,014	$47,954,162	314.55%
4	NV	$96,783,040	$36,607,179	264.38%
5	CA	$798,133,119	$397,791,350	200.64%
6	AR	$63,288,298	$33,033,555	191.59%
7	IL	$499,900,223	$275,804,545	181.25%
8	CO	$121,998,696	$83,315,669	146.43%
9	WA	$141,236,678	$100,344,766	140.75%
10	FL	$383,161,614	$277,497,115	138.08%
11	AZ	$141,284,226	$104,466,363	135.24%
12	OH	$164,675,604	$126,178,059	130.51%
13	KY	$102,477,257	$82,318,451	124.49%
14	LA	$80,430,978	$67,347,217	119.43%
15	IN	$86,862,797	$85,054,648	102.13%
16	MD	$227,984,506	$235,375,330	96.86%
17	PA	$351,181,539	$369,250,246	95.11%
18	AK	$18,965,732	$19,979,118	94.93%
19	IA	$42,691,605	$45,850,241	93.11%
20	SC	$58,368,893	$65,764,231	88.75%
21	MA	$121,658,407	$138,419,024	87.89%
22	NY	$1,577,398,192	$1,814,437,488	86.94%
23	GA	$173,518,923	$219,202,702	79.16%
24	NC	$149,140,303	$196,199,639	76.01%
25	NJ	$373,977,295	$526,654,813	71.01%
26	UT	$72,956,749	$104,374,704	69.90%
27	SD	$15,159,653	$22,541,529	67.25%
28	NE	$28,012,562	$48,731,241	57.48%
29	OK	$104,645,712	$188,020,154	55.66%
30	KS	$60,876,714	$110,935,916	54.88%
31	WV	$51,720,181	$96,294,602	53.71%
32	MO	$100,107,293	$212,142,245	47.19%
33	OR	$59,373,266	$128,131,150	46.34%
34	CT	$79,638,152	$172,580,010	46.15%
35	DE	$38,148,986	$99,270,459	38.43%
36	NH	$19,160,091	$49,885,028	38.41%
37	WI	$38,594,545	$115,481,227	33.42%
38	HI	$12,038,503	$40,015,872	30.08%
39	TX	$174,937,378	$603,284,350	29.00%
40	NM	$46,735,002	$195,098,576	23.95%
41	RI	$35,718,752	$152,025,692	23.50%
42	MN	$44,767,954	$227,521,447	19.68%
43	MT	$32,040,111	$175,881,354	18.22%
44	ID	$19,047,031	$126,694,543	15.03%
45	DC	$27,723,884	$228,977,368	12.11%
46	VA	$124,198,459	$2,474,899,411	5.02%
47	ND	$4,056,608	$84,396,571	4.81%
48	MS	$15,145,005	$347,244,022	4.36%
49	ME	$30,538,553	$712,092,920	4.29%
50	VT	$8,615,505	$611,198,313	1.41%
51	WY	$13,455,679	-$7,234,775	-185.99%
	CW	**$7,566,233,519**	**$12,754,826,926**	**59.32%**

Finally, the same data aggregated over the past ten years demonstrates how West Virginia results have improved in the more recent years.

2014-2004 Rank	State	10 yr DCCE Inc	10 yr Loss Inc	10 yr DCCE to Loss
1	LA	$249,598,824	$93,839,093	265.99%
2	MI	$396,831,941	$221,855,652	178.87%
3	NV	$226,334,110	$134,743,955	167.97%
4	AL	$228,646,221	$143,703,944	159.11%
5	TN	$638,159,964	$428,938,850	148.78%
6	CA	$1,603,729,293	$1,240,839,895	129.25%
7	IN	$241,439,336	$241,055,811	100.16%
8	WY	$27,103,311	$27,468,231	98.67%
9	OH	$514,784,276	$568,658,598	90.53%
10	FL	$1,129,799,028	$1,300,108,444	86.90%
11	AR	$156,768,392	$180,574,547	86.82%
12	KS	$166,874,602	$199,234,397	83.76%
13	AK	$29,493,876	$35,736,873	82.53%
14	CO	$287,944,507	$351,640,638	81.89%
15	KY	$266,138,709	$332,993,296	79.92%
16	UT	$175,502,153	$225,995,228	77.66%
17	GA	$483,456,091	$665,466,339	72.65%
18	NC	$339,056,823	$469,368,964	72.24%
19	IL	$1,214,316,989	$1,727,206,299	70.31%
20	WV	$122,755,552	$180,061,433	68.17%
21	WA	$313,457,604	$460,549,978	68.06%
22	IA	$115,260,481	$170,554,066	67.58%
23	MO	$306,274,030	$456,488,683	67.09%
24	TX	$516,927,285	$819,579,280	63.07%
25	SD	$36,883,964	$59,099,677	62.41%
26	AZ	$346,482,440	$556,595,863	62.25%
27	MD	$442,889,637	$741,731,697	59.71%
28	OK	$225,944,250	$381,034,775	59.30%
29	NE	$59,034,507	$102,691,357	57.49%
30	PA	$773,326,964	$1,362,908,731	56.74%
31	WI	$165,479,330	$295,350,122	56.03%
32	MA	$317,763,596	$568,176,864	55.93%
33	SC	$115,556,440	$220,027,943	52.52%
34	NY	$3,417,303,227	$6,755,381,035	50.59%
35	OR	$144,015,645	$295,655,097	48.71%
36	NJ	$742,180,556	$1,827,640,547	40.61%
37	NH	$45,191,119	$118,839,546	38.03%
38	HI	$38,663,912	$105,798,015	36.55%
39	NM	$96,280,415	$275,969,647	34.89%
40	ID	$54,737,929	$157,194,967	34.82%
41	DE	$73,752,099	$213,720,626	34.51%
42	CT	$179,665,963	$562,138,506	31.96%
43	RI	$72,114,580	$258,586,455	27.89%
44	MT	$63,961,467	$247,945,635	25.80%
45	MN	$106,623,104	$415,327,883	25.67%
46	DC	$68,430,307	$322,146,373	21.24%
47	ND	$16,364,279	$105,660,819	15.49%
48	VA	$296,509,761	$2,777,298,223	10.68%
49	ME	$64,157,241	$819,439,677	7.83%
50	MS	$24,826,233	$340,079,707	7.30%
51	VT	$27,482,285	$661,847,426	4.15%
	CW	**$17,766,274,648**	**$31,224,949,707**	**56.90%**

Understand that the medical malpractice line of business results above include aggregated experience for all of the various sub-lines of Medical Malpractice insurance. Medical Doctors (MD's), Doctors of Osteopathy (DO's) and Surgeons are all generally written under Physician and Surgeon's programs (P&S). Hospitals, due to their size and complexity, are generally written under separate stand-alone programs. Often Dentists, Chiropractors and Nurses have their own specific and individual specialty programs under which those exposures would be written at the exclusion of all other medical professionals.

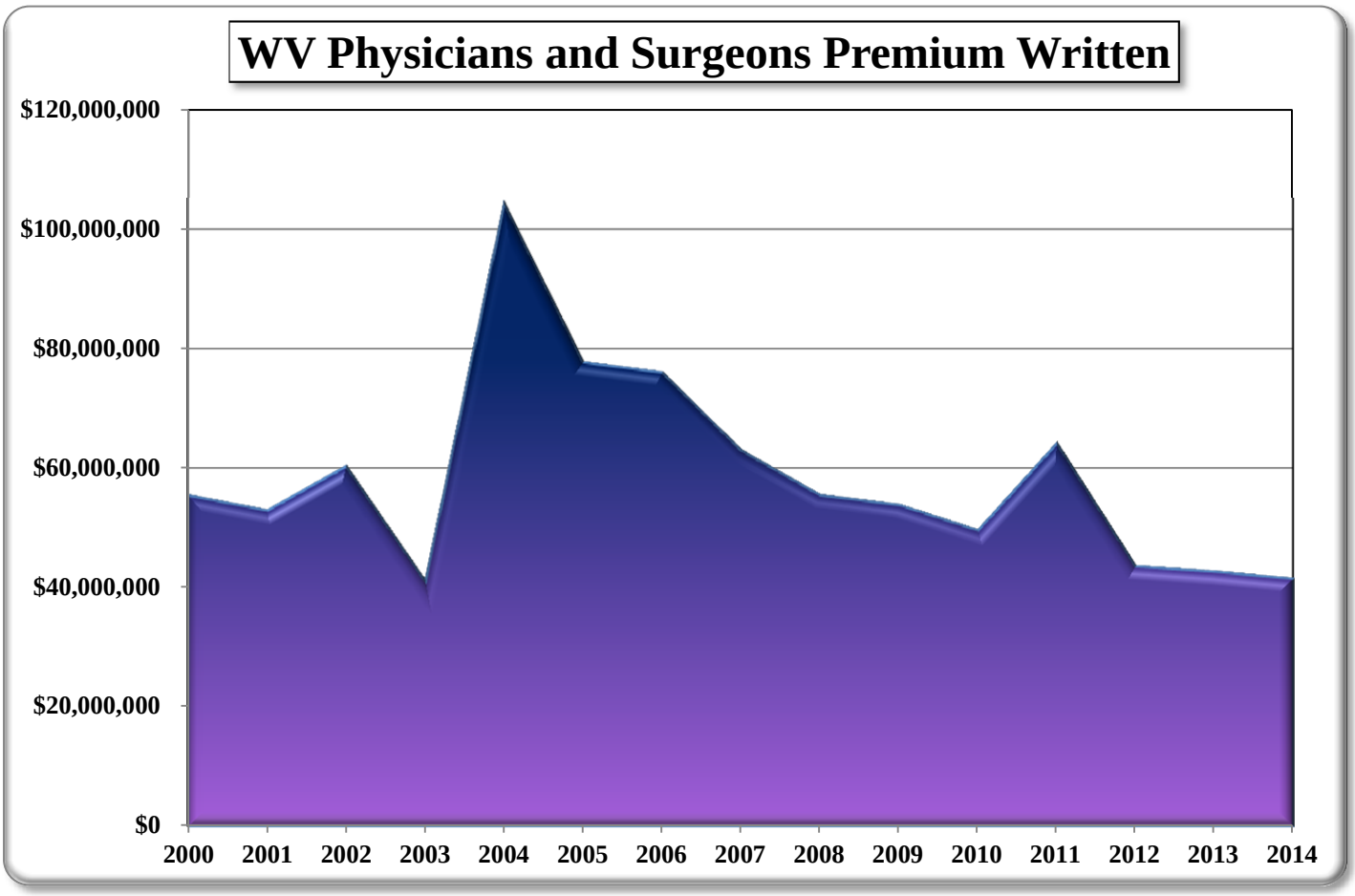
Considering only the Physicians and Surgeons sub-line in West Virginia, the following experience is found:

Year	$ Written	$ Earned	Loss Inc	Loss Ratio	# Co's
2000	$55,569,269	$39,659,556	$40,262,191	101.52%	38
2001	$53,014,374	$50,317,000	$45,506,525	90.44%	42
2002	$60,438,081	$71,526,084	$57,643,116	80.59%	38
2003	$41,135,392	$43,155,673	$30,340,154	70.30%	43
2004	$104,451,130	$86,255,894	$32,844,069	38.08%	47
2005	$77,791,000	$73,441,787	$15,307,600	20.84%	49
2006	$76,117,773	$74,452,685	-$2,605,885	-3.50%	53
2007	$63,070,586	$63,426,938	$18,800,876	29.64%	50
2008	$55,572,225	$56,622,546	$15,230,057	26.90%	50
2009	$53,932,735	$54,778,791	$20,234,613	36.94%	57
2010	$49,672,860	$53,656,100	$17,373,435	32.38%	53
2011	$64,270,333	$67,428,066	$24,647,166	36.55%	53
2012	$43,657,853	$44,800,396	$423,763	0.95%	52
2013	$42,760,927	$44,220,828	$21,776,607	49.25%	55
2014	$41,537,054	$41,393,407	$23,121,508	55.96%	53

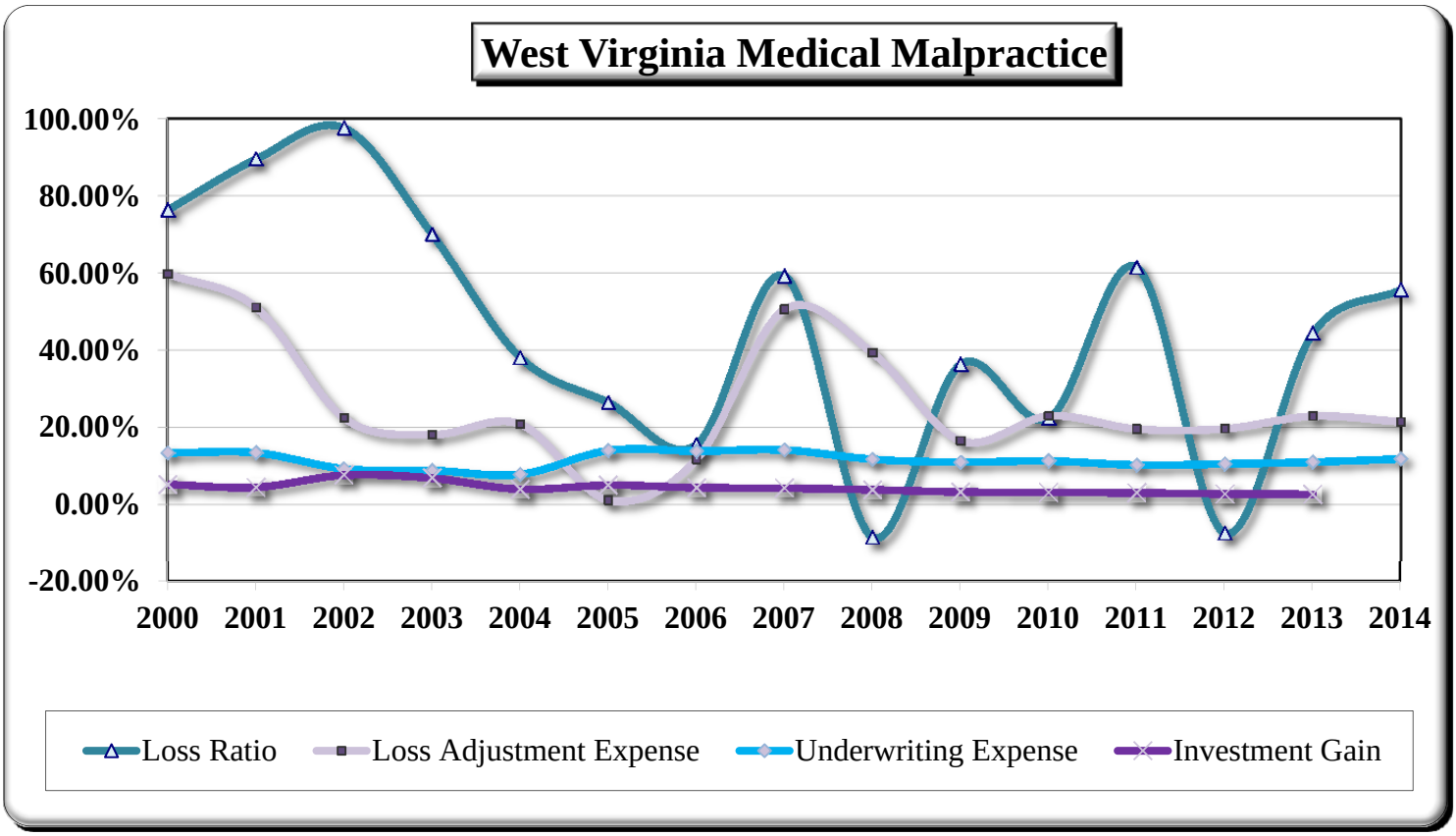
Looking at Written Premium, you will note a decline from 2000 to 2003, and then a substantial increase in premiums occurring for 2004. As noted earlier, the Medical Malpractice crisis occurred in West Virginia around 2001. At that time, physicians were having a difficult time obtaining insurance in the voluntary marketplace due to the hardening of the market, so they began obtaining coverage through the *Board of Risk and Insurance Management* (BRIM) a state entity that was already writing coverage for teaching hospitals and their staff. Since BRIM is not an insurer, their premiums are not reported here and accordingly as those physicians proceeded to obtain coverage under the BRIM program (*see also section III-B for WVMIC as well as the Glossary*) the reported premium above dwindled. When legislation passed in 2004 creating the *West Virginia Mutual Insurance Company* (WVMIC) however, those physicians (*1,382 of them*) re-entered the admitted market and the written premiums for that year increased commensurately.

Physicians and Surgeons written premiums in West Virginia have declined substantially and continually since 2004, with 2011 being a sole exception. During 2011 *Everest Indemnity Insurance Company* (*a non-admitted insurer*) posted written premiums of $17,279,983 in the physicians and surgeons sub-line, while netting the same amount out by posting written premiums of -$14,165,279 under the Hospital sub-line and -$3,114,704 in the Other Healthcare Facilities sub-line. With 2011 being an exception, *Everest* has only shown written premium in West Virginia under the Other Healthcare Professionals sub-line twice (2011 and 2012), but no other medical malpractice written premiums in our market since 2007. Eliminating the physicians and surgeons premium from *Everest* in 2011, the total physicians and surgeons written premium would have been $46.9M for the year which is in line with the general decline in physicians and surgeons written premiums in West Virginia occurring since 2004.

Graphical representation of the written premium data for the Physicians and Surgeon's market:



I-C: Key Drivers of West Virginia Medical Malpractice Insurance Results



Negative Factors

- Widely volatile Loss Ratio
- Volatile Loss Adjustment Expenses

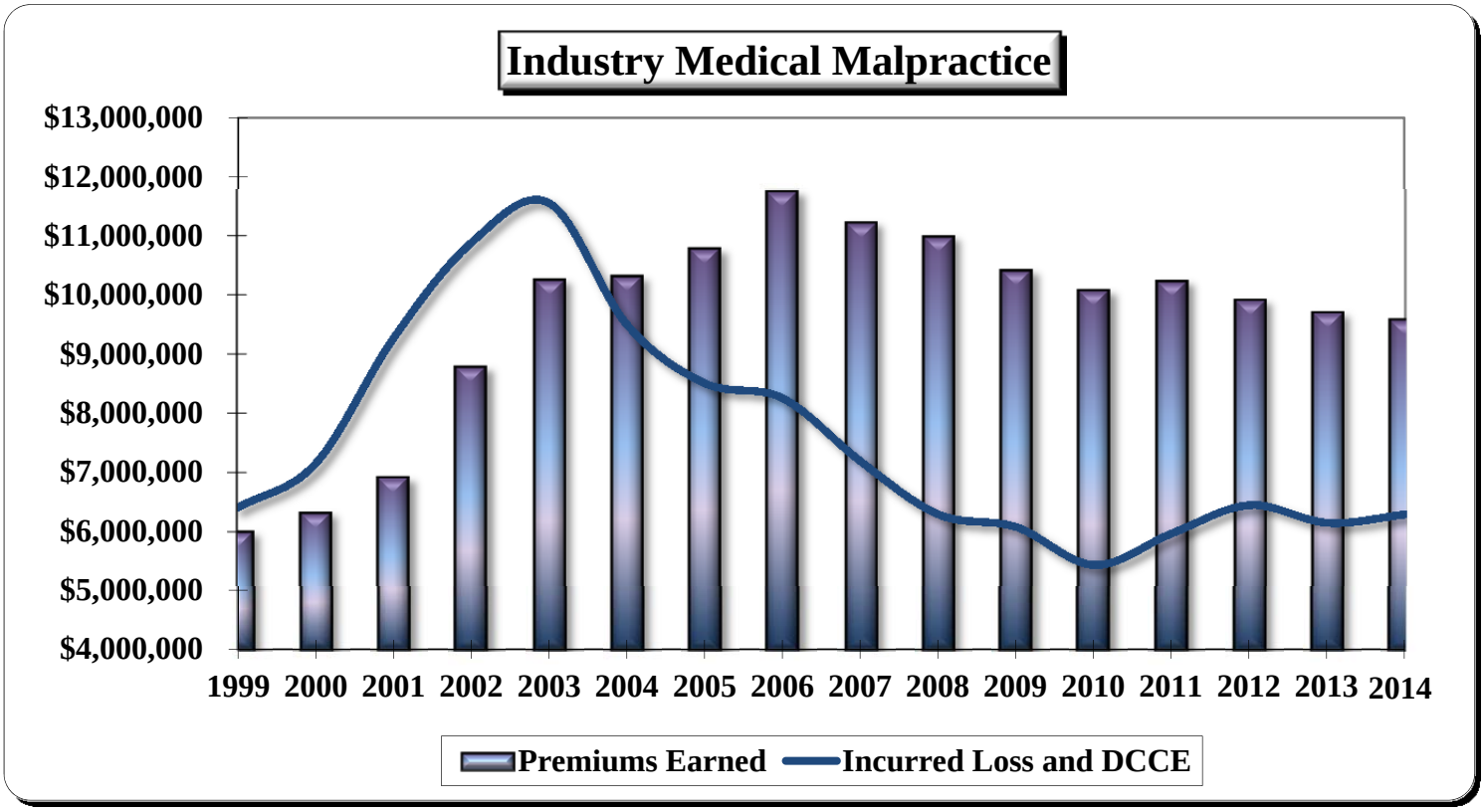
Positive Factors

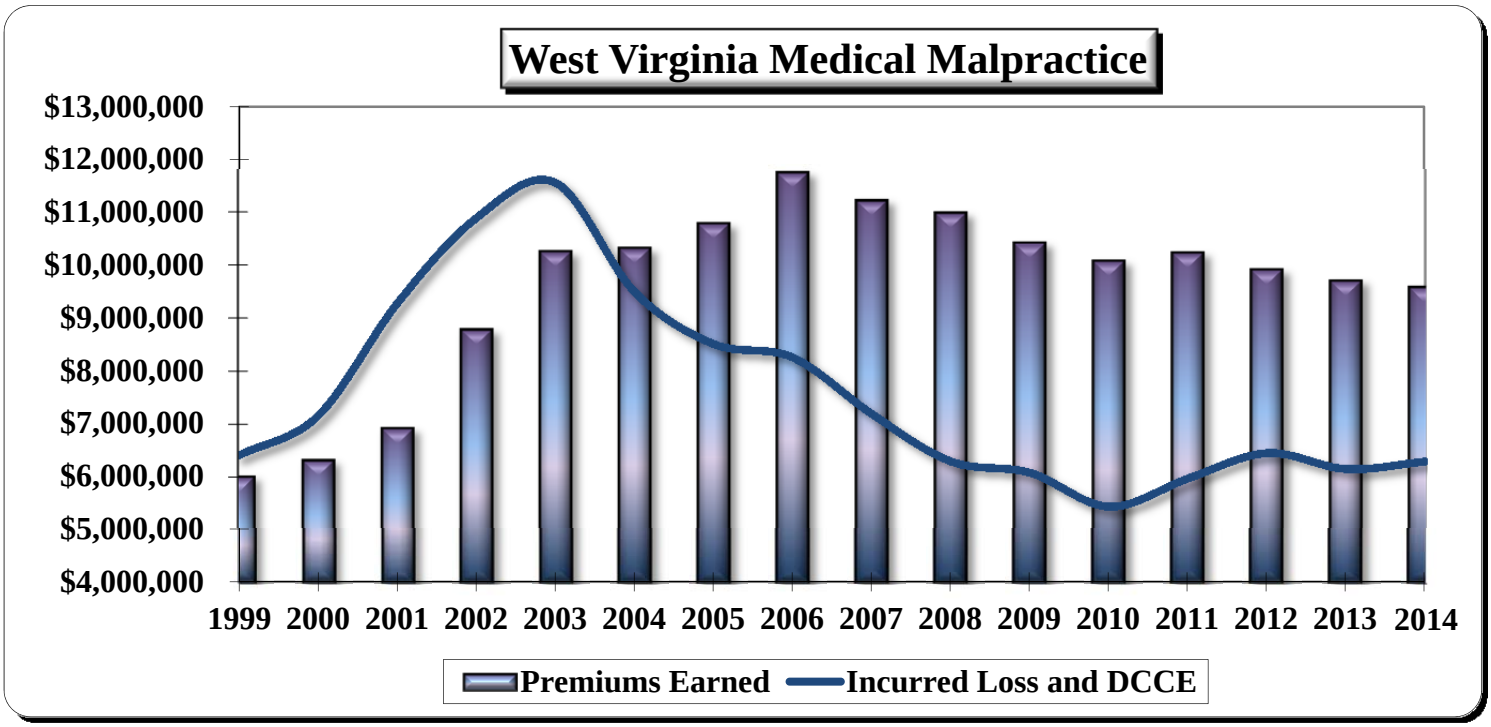
- General overall decline in Loss Ratio since 2002
- Relatively stable Underwriting Expense
- Favorable and fairly stable Investment Income (*offset*)

Overall, the *graph above visually demonstrates a marked and continued improvement over the experience of earlier years for the West Virginia Medical Malpractice market.*

I-D: Loss and Defense Costs Incurred vs. Premiums Earned

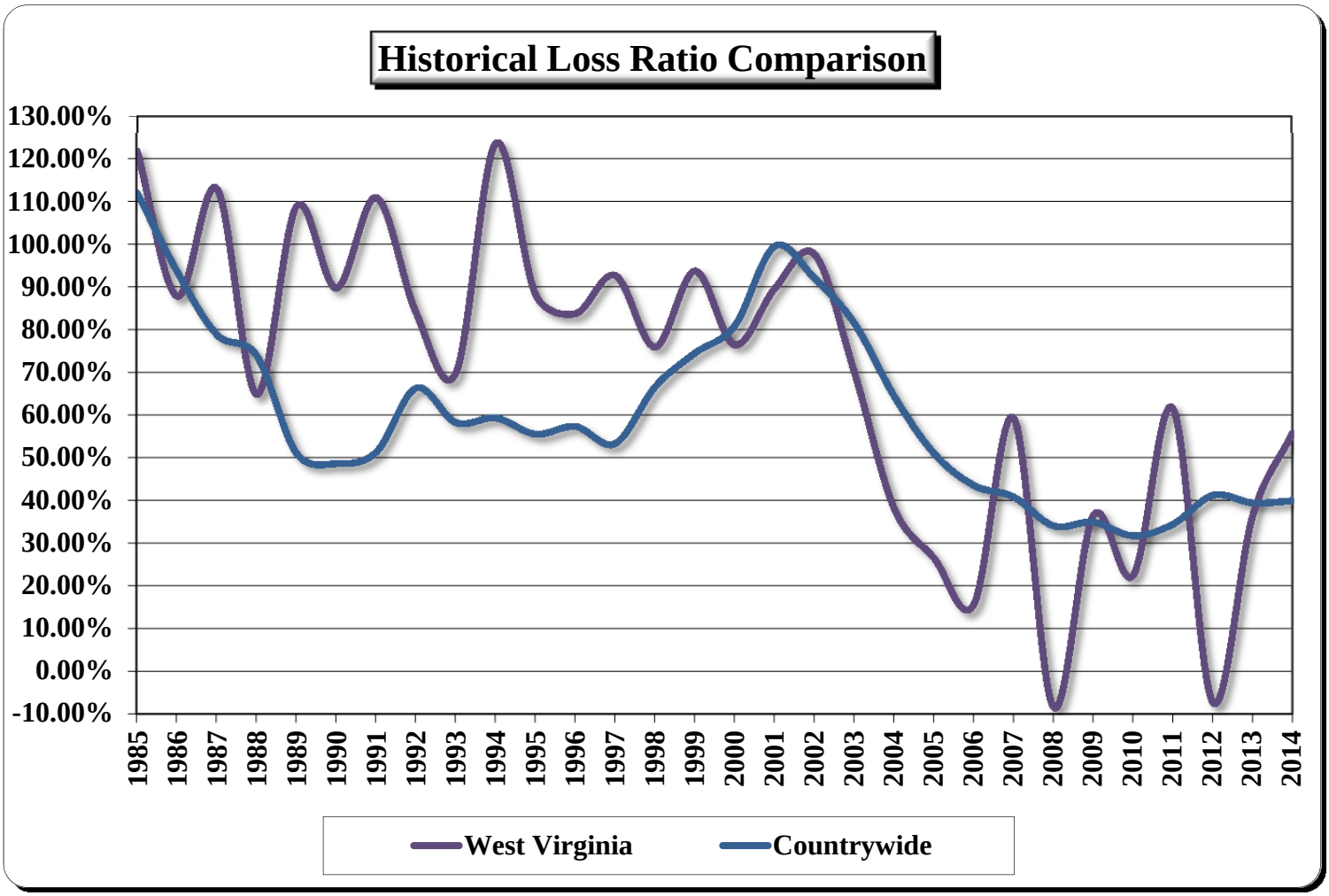
The charts below compare losses and defense costs for the Industry (*countrywide basis*) against the comparable figures for West Virginia alone. They show that results for loss and defense cost in West Virginia had far exceeded premiums until the turnaround reported for 2003, and afterward have remained generally favorable overall, yet volatile. *Note that each graph is on a per thousand basis.*





I-E: A Cautionary Note

Recent loss ratio experience in West Virginia for Medical Malpractice remains as an improvement over that experienced as recently as 2002. However, as the graph below (*comparing West Virginia Loss Ratios with those countrywide*) suggests, West Virginia Medical Malpractice loss ratios have not been stable historically. This is likely the result of the limited volume of business written in our market and the potential for significant variance will likely increase if overall premium volumes continue their decline. Accordingly, *rate changes (or stabilization provided by a lack thereof) will likely play an increasingly crucial role for future results*.



Section II

A Review of Paid / Closed Claim Data

II: Analysis of Paid Claim Information

Cautionary note: The Board of Medicine information is not insurance data; rather it is information provided to the West Virginia Board of Medicine about Medical Malpractice claims after their disposition, and as such, it has not been audited for accuracy. "Disposition" in this case means claims which have been dismissed, settled, or adjudicated. These data represent indemnity payments only, thus, loss adjustment expense amounts are necessarily excluded. While not strictly matching insurance data, this information is useful in attempting to identifying trends. It should also be noted that the data does not include hospitals or doctors working within corporate structures. Even with twenty years of data, the number of claims and loss dollars are still small enough to limit the credibility of the information. Additionally note that this information does include BRIM claim payments.

The Closed Claim data discussed in Section II-D should not be considered as final experience data for any given year. §33-20B-8 only requires the reporting of data for claims which are considered to be closed by the insurer. Open claims are therefore necessarily entirely excluded from this dataset, and likewise it is possible that claims which have been administratively closed due to inactivity or apparent abandonment on behalf of the claimant may reopen at a later date and undergo additional development.

Advisory: The sections below which review both Judgments and Settlements with payment where the data is noted to have been capped at $1,000,000 differs from that included in reports prior to 2007 due to the application of the $1,000,000 cap. Specifically, the 2004 report only considered Judgments and Settlements under $1,000,000 (excluding all those above that amount), the 2005-2006 reports continued to provide the data in this manner, but noted it as having been capped at $1,000,000 (i.e. all individual payment amounts greater than $1M only count only as $1M each) as a smoothing procedure. However, only the 2007 and later reports, including this report, actually apply the noted capping methodologies in order to limit large swings in the data from year to year, yet also fully consider indemnity amounts over $1,000,000 (counted as capped at $1M) in order to attempt to identify any notable trend in payments. This creates some disparity between the figures provided within this report and that of earlier reports.

II-A: How Malpractice Claims are disposed in West Virginia

The exhibit below displays paid claim count information for 1993 – 2014.

West Virginia Board of Medicine									
Claim Count Review									
	Dismissals		Judgments			Settlements			All
Year	Total	% of Total	Non-Zero	Total	% of Total	Non-Zero	Total	% of Total	**Total**
1993	79	28%	8	18	6%	186	187	66%	**284**
1994	74	23%	10	36	11%	203	208	65%	**318**
1995	103	31%	14	38	11%	187	190	57%	**331**
1996	81	27%	5	20	7%	191	194	66%	**295**
1997	114	27%	9	28	7%	286	286	67%	**428**
1998	53	22%	9	27	11%	153	156	66%	**236**
1999	99	30%	15	28	8%	203	206	62%	**333**
2000	104	30%	7	37	11%	199	203	59%	**344**
2001	112	30%	9	37	10%	225	226	60%	**375**
2002	122	39%	7	25	8%	164	165	53%	**312**
2003	108	42%	4	23	9%	125	127	49%	**258**
2004	87	39%	6	24	11%	113	113	50%	**224**
2005	77	44%	5	15	9%	81	82	47%	**174**
2006	72	35%	3	12	6%	120	120	59%	**204**
2007	40	24%	1	15	9%	104	109	66%	**164**
2008	73	37%	8	14	7%	105	108	55%	**195**
2009	71	41%	5	14	8%	86	89	51%	**174**
2010	23	12%	1	7	4%	158	158	84%	**188**
2011	21	11%	3	8	4%	162	162	85%	**191**
2012	0	0%	2	7	8%	86	86	92%	**93**
2013	1	1%	1	3	3%	87	87	96%	**91**
2014	0	0%	0	3	2%	119	119	98%	**122**
Total	**1,514**	**28%**	**132**	**439**	**8%**	**3,343**	**3,381**	**64%**	**5,334**

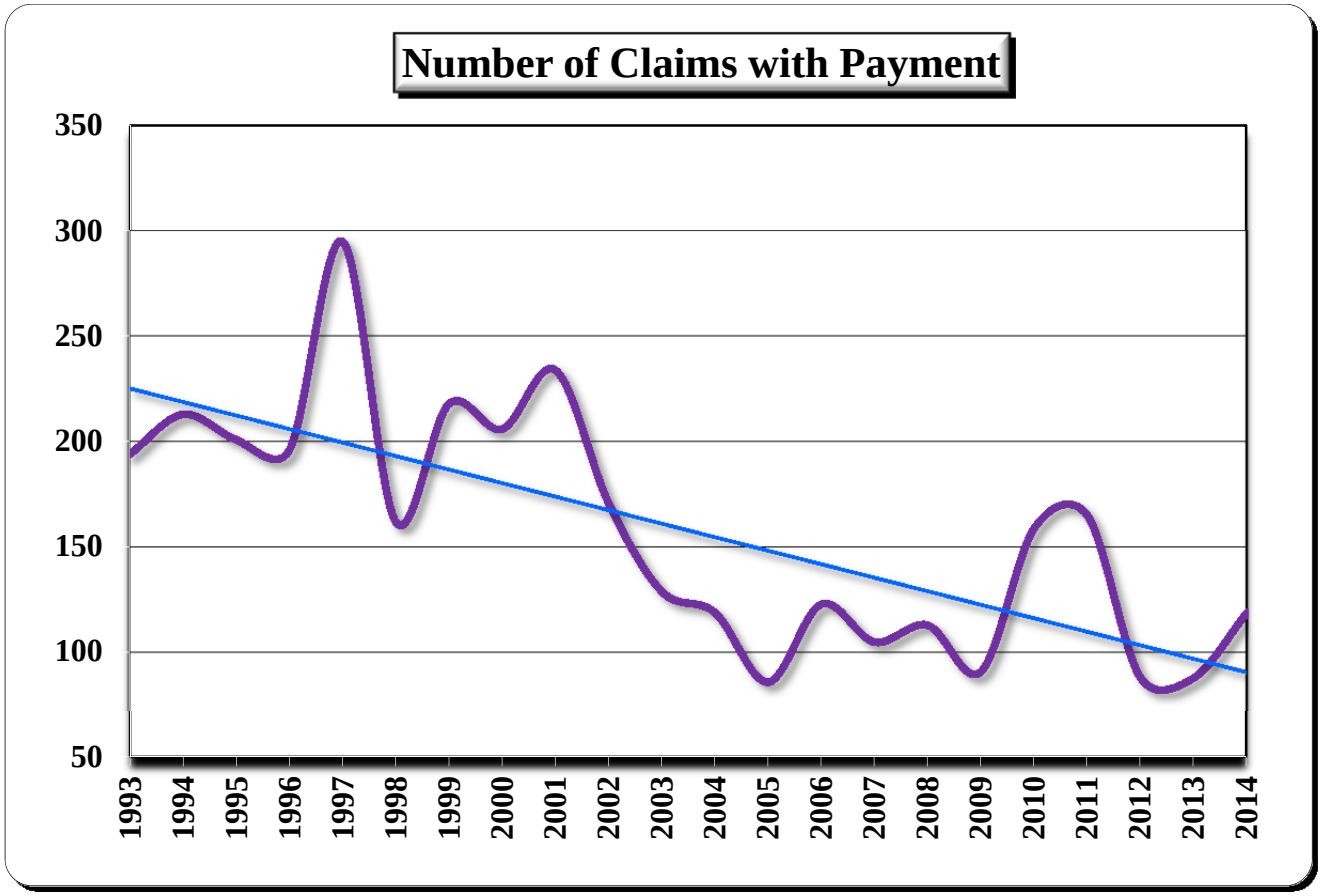
- In 2001, H.B. 601 was passed. One of its key elements was §55-7B-6, requiring that a "*certificate of merit*" be obtained prior to the filing of a medical professional liability action against a health care provider. Specifically, "*[the] certificate of merit shall be executed under oath <u>by a health care provider qualified as an expert</u> under the West Virginia rules of evidence and shall state with particularity: (1) <u>the expert's familiarity with the applicable standard of care</u> in issue; (2) <u>the expert's qualifications</u>; (3) <u>the expert's opinion as to how the breach of the applicable standard of care resulted in injury or death</u>*". (Emphasis Added) We believe that this *screening process explains in part the increase in the percentage of dismissals seen beginning in 2002.*

- Also of important note, as of 2011 the West Virginia Board of Medicine indicates that *the reporting of dismissals is no longer required*. Thus we can no longer fully consider that portion of their data in this report for the future.

- In general, the number of claims filed has dropped significantly since the passage of the 2001 legislation.

- The preceding table shows that the claim count increased in 2014, which mirrors the increase in the overall loss ratio in WV from the previous year.

- Graphically, note the downward linear trend in the number of paid claims since 1997:



This is consistent with previous reports which have noted a general decline in Medical Malpractice claims countrywide. Keep in mind however that medical malpractice is generally written on a claims-made basis. Therefore, it is quite possible that claims could arise in the future which relate to incidents that occurred in the past (*i.e. a claim could be made in 2015 due to an incident which occurred in 2009, etc.*).

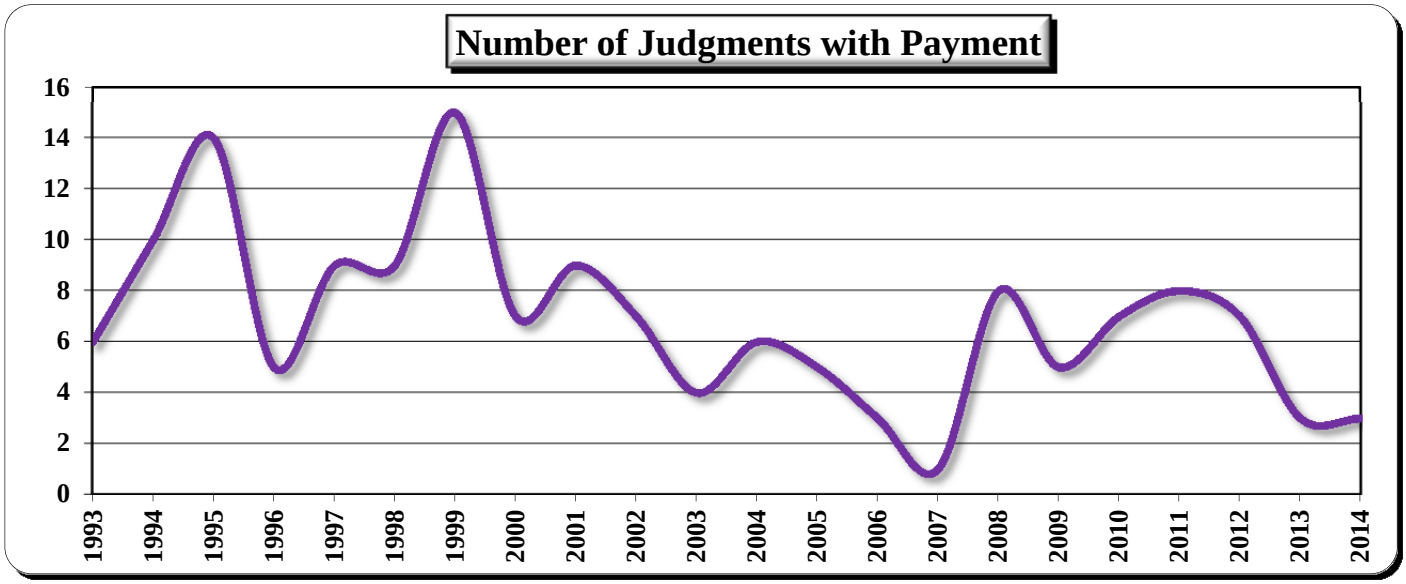
II-B: Historical Judgments

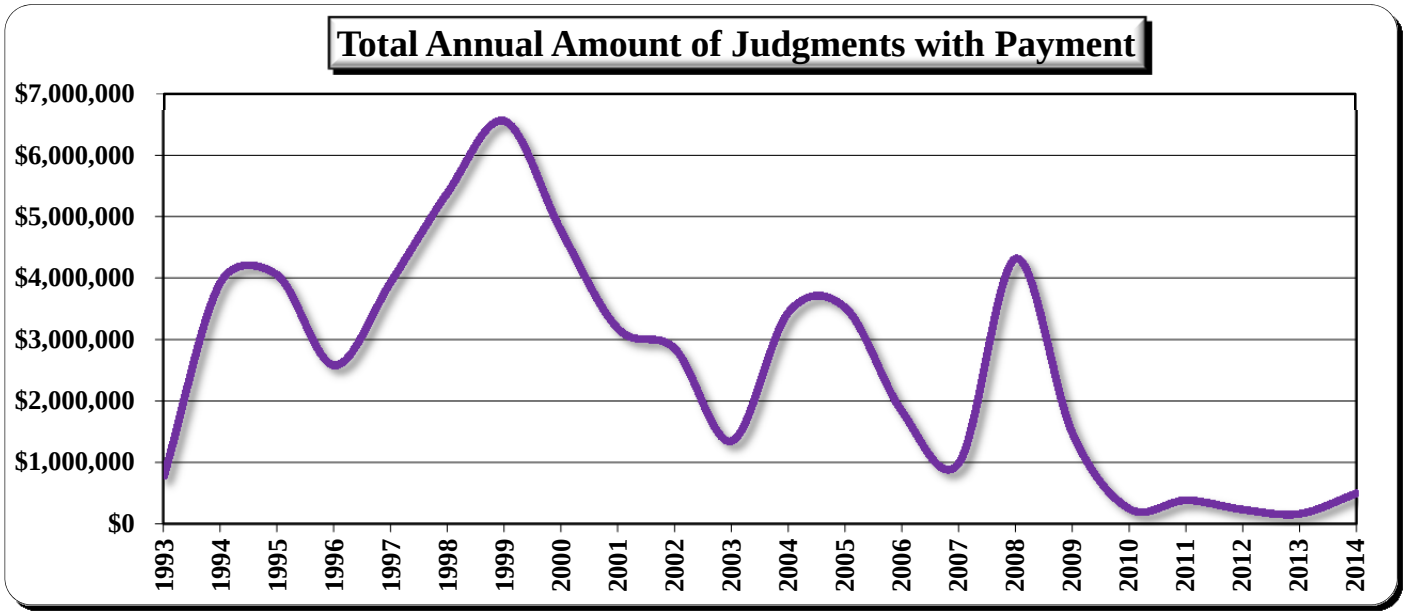
Capping large awards at $1,000,000 (*as a smoothing procedure*) leads to the following:

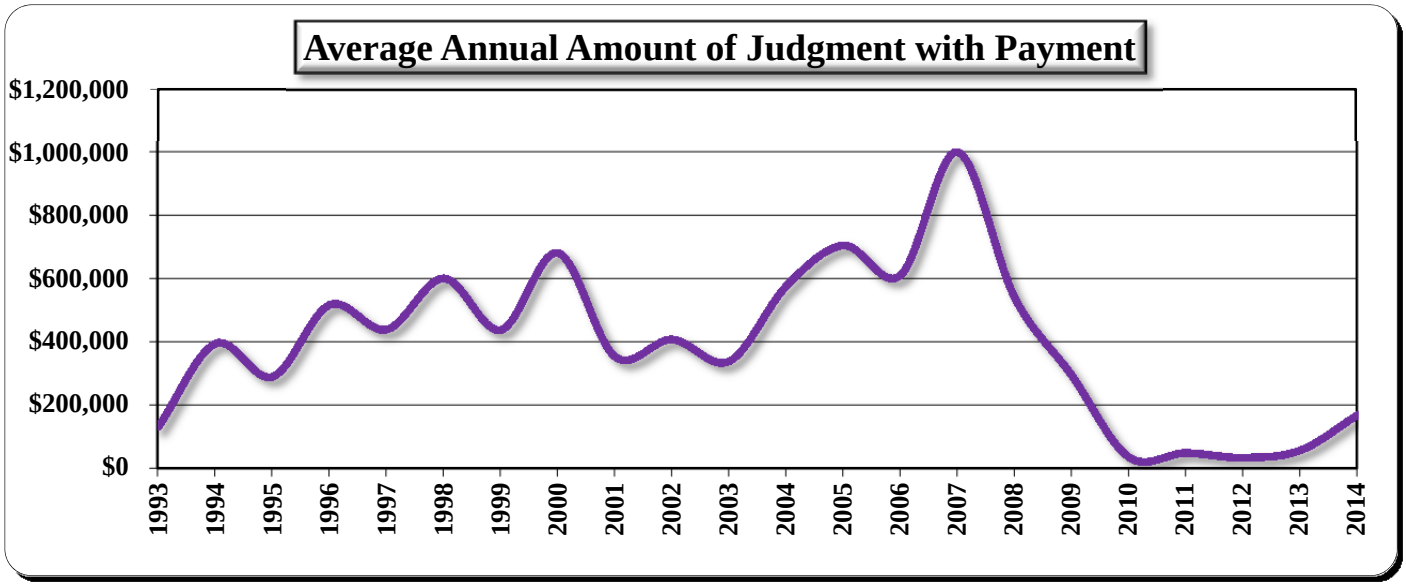
West Virginia Board of Medicine			
Judgments with payments capped at $1,000,000			
Year	**#**	**Amount**	**Average**
1993	6	$785,547	$130,925
1994	10	$3,946,419	$394,642
1995	14	$4,055,745	$289,696
1996	5	$2,585,837	$517,167
1997	9	$3,951,907	$439,101
1998	9	$5,409,154	$601,017
1999	15	$6,566,669	$437,778
2000	7	$4,767,554	$681,079
2001	9	$3,179,290	$353,254
2002	7	$2,855,223	$407,889
2003	4	$1,355,000	$338,750
2004	6	$3,456,244	$576,041
2005	5	$3,524,909	$704,982
2006	3	$1,830,989	$610,330
2007	1	$1,000,000	$1,000,000
2008	8	$4,325,596	$540,700
2009	5	$1,475,000	$295,000
2010	7	$250,000	$35,714
2011	8	$390,879	$48,860
2012	7	$237,539	$33,934
2013	3	$170,000	$56,667
2014	3	$504,000	$168,000
22 Years	**148**	**$56,623,501**	**$393,706**

- This table shows that even after limiting large awards to reduce volatility, there is no clear pattern of either an increasing number of judgments or a consistent increase in total paid judgments. Rather, the small number of judgments restricts credible inferences.
- A general historical decline in the number of judgments with payment over the period reviewed above can be observed.
- A general historical increase in the average annual amount of judgments with payment until 2007 can also be observed. The increase in the average claim in 2014 mirrors the increase to the loss ratio in 2014.

Graphical linear representations of the preceding tabled data:







- It should be noted that the number of judgments in each year is very small and that actual paid amounts can vary significantly from year to year. For example, the Average Annual Amount of Judgments with payment graphic above appears to indicate a significant increase in this average for 2007. Yet, note in the tabled data that the number of non-zero judgments for 2007 was only 1.

The next exhibit displays Paid Judgments by size of payment.

West Virginia Board of Medicine

Size of Paid Judgments

	1995		1996		1997		1998		1999	
Interval	#	$	#	$	#	$	#	$	#	$
Loss=$0	24	$0	15	$0	19	$0	18	$0	13	$0
$0<loss<=$100K	7	$301,907	1	$18,000	0	$0	2	$132,514	6	$197,576
$100K<loss<=$250K	2	$355,200	1	$130,337	5	$914,921	2	$336,640	2	$371,829
$250K<loss<=$500K	2	$647,127	1	$437,500	0	$0	0	$0	0	$0
$500K<loss<=$1M	1	$751,511	1	$1,000,000	3	$2,036,986	2	$1,940,000	4	$2,997,264
$1M<loss	2	$3,966,624	1	$1,500,000	1	$3,684,822	3	$4,270,552	3	$3,527,451
Total Judgments	38	$6,022,369	20	$3,085,837	28	$6,636,729	27	$6,679,706	28	$7,094,120
Total Non-Zero*	14	$4,055,745	5	$2,585,837	9	$3,951,907	9	$5,409,154	15	$6,566,669

	2000		2001		2002		2003		2004	
Interval	#	$	#	$	#	$	#	$	#	$
Loss=$0	30	$0	28	$0	18	$0	19	$0	18	$0
$0<loss<=$100K	0	$0	3	$210,000	3	$175,073	0	$0	1	$75,000
$100K<loss<=$250K	0	$0	3	$440,557	0	$0	1	$160,000	0	$0
$250K<loss<=$500K	3	$1,157,054	0	$0	2	$680,150	3	$1,195,000	2	$811,994
$500K<loss<=$1M	2	$1,610,500	1	$528,733	1	$1,000,000	0	$0	3	$2,569,250
$1M<loss	2	$2,381,508	2	$3,612,000	1	$6,238,000	0	$0	0	$0
Total Judgments	37	$5,149,062	37	$4,791,290	25	$8,093,223	23	$1,355,000	24	$3,456,244
Total Non-Zero*	7	$4,767,554	9	$3,179,290	7	$2,855,223	4	$1,355,000	6	$3,456,244

	2005		2006		2007		2008		2009	
Interval	#	$	#	$	#	$	#	$	#	$
Loss=$0	10	$0	9	$0	14	$0	6	$0	9	$0
$0<loss<=$100K	0	$0	0	$0	0	$0	1	$75,000	0	$0
$100K<loss<=$250K	1	$250,000	1	$227,449	0	$0	2	$450,000	3	$575,000
$250K<loss<=$500K	1	$274,909	0	$0	0	$0	2	$800,596	1	$300,000
$500K<loss<=$1M	0	$0	1	$603,540	0	$0	0	$0	1	$600,000
$1M<loss	3	$8,321,888	1	$1,014,165	1	$1,705,936	3	$8,350,000	0	$0
Total Judgments	15	$8,846,797	12	$1,845,154	15	$1,705,936	14	$9,675,596	14	$1,475,000
Total Non-Zero*	5	$3,524,909	3	$1,830,989	1	$1,000,000	8	$4,325,596	5	$1,475,000

	2010		2011		2012		2013		2014	
Interval	#	$	#	$	#	$	#	$	#	$
Loss=$0	6	$0	5	$0	5	$0	2	$0	0	$0
$0<loss<=$100K	0	$0	2	$115,879	1	$68,725	0	$0	1	$35,000
$100K<loss<=$250K	1	$250,000	0	$0	1	$168,814	1	$170,000	1	$174,000
$250K<loss<=$500K	0	$0	1	$275,000	0	$0	0	$0	1	$295,000
$500K<loss<=$1M	0	$0	0	$0	0	$0	0	$0	0	$0
$1M<loss	0	$0	0	$0	0	$0	0	$0	0	$0
Total Judgments	7	$250,000	8	$390,879	7	$237,539	3	$170,000	3	$504,000
Total Non-Zero*	1	$250,000	3	$390,879	2	$237,539	1	$170,000	3	$504,000

**The second Total excludes claims which resulted in no indemnity payment and caps individual claims greater than $1M at a $1M value.*

II-C: Historical Settlements

In a manner similar to judgments, we now look at settlements.

West Virginia Board of Medicine

Size of Paid Settlements

	1995		1996		1997		1998		1999	
Interval	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**
Loss=$0	3	$0	3	$0	3	$0	3	$0	3	$0
$0<loss<=$50K	79	$1,811,405	75	$1,718,264	177	$1,756,801	67	$1,152,744	87	$1,488,737
$50K<loss<=$100K	23	$1,892,250	33	$2,642,584	24	$2,040,933	19	$1,612,092	28	$2,278,500
$100K<loss<=$250K	44	$8,410,952	37	$6,786,025	33	$5,987,500	28	$4,700,000	34	$5,936,000
$250K<loss<=$500K	26	$10,015,000	33	$11,947,319	39	$14,664,111	21	$7,188,000	42	$13,884,542
$500K<loss<=$1M	15	$11,940,000	13	$8,560,000	13	$9,425,000	18	$13,660,000	12	$9,615,000
$1M<loss	3	$7,650,000	3	$4,159,000	3	$6,550,000	3	$5,468,431	3	$10,995,605
Total Settlements	193	$41,719,607	197	$35,813,192	292	$40,424,345	159	$33,781,267	209	$44,198,384
Total Non-Zero*	190	$37,069,607	194	$34,654,192	289	$36,874,345	156	$31,312,836	206	$36,202,779

	2000		2001		2002		2003		2004	
Interval	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**
Loss=$0	4	$0	1	$0	1	$0	2	$0	0	$0
$0<loss<=$50K	65	$1,633,255	84	$1,806,781	57	$1,229,665	26	$625,434	40	$861,532
$50K<loss<=$100K	36	$2,892,600	37	$2,934,401	15	$1,214,000	15	$1,252,000	16	$1,362,500
$100K<loss<=$250K	45	$8,124,710	48	$8,350,814	49	$8,500,031	35	$6,725,418	21	$4,016,403
$250K<loss<=$500K	34	$12,753,796	29	$10,671,417	26	$10,065,000	29	$11,363,125	24	$9,529,000
$500K<loss<=$1M	19	$16,152,535	27	$21,817,833	18	$13,255,516	16	$13,878,750	5	$3,550,000
$1M<loss	4	$5,675,000	1	$1,250,000	0	$0	6	$14,438,368	7	$11,500,000
Total Settlements	207	$47,231,896	227	$46,831,246	166	$34,264,212	129	$48,283,095	113	$30,819,435
Total Non-Zero*	203	$47,231,896	226	$46,581,246	165	$34,264,212	127	$39,844,727	113	$26,319,435

	2005		2006		2007		2008		2009	
Interval	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**
Loss=$0	1	$0	0	$0	5	$0	3	$0	3	$0
$0<loss<=$50K	29	$803,164	47	$1,352,631	27	$605,014	36	$982,998	23	$697,523
$50K<loss<=$100K	8	$660,000	19	$1,452,250	11	$705,800	16	$1,261,000	18	$1,397,458
$100K<loss<=$250K	19	$3,198,750	26	$4,812,500	29	$4,486,666	27	$4,543,528	23	$4,327,625
$250K<loss<=$500K	16	$5,752,500	18	$6,393,000	17	$6,062,500	13	$5,127,500	16	$5,999,490
$500K<loss<=$1M	8	$5,731,250	7	$5,400,000	13	$9,288,182	12	$9,900,000	6	$4,900,000
$1M<loss	2	$3,250,000	3	$6,350,000	7	$8,896,822	1	$1,900,000	0	$0
Total Settlements	83	$19,395,664	120	$25,760,381	109	$30,044,984	108	$23,715,026	89	$17,322,096
Total Non-Zero*	82	$18,145,664	120	$22,410,381	104	$28,148,162	105	$22,815,026	86	$17,322,096

	2010		2011		2012		2013		2014	
Interval	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**
Loss=$0	0	$0	0	$0	0	$0	0	$0	0	$0
$0<loss<=$50K	93	$1,052,198	53	$755,525	16	$313,035	15	$260,910	31	$ 765,233
$50K<loss<=$100K	16	$1,261,125	51	$4,148,838	9	$571,000	18	$1,240,500	19	$ 1,677,167
$100K<loss<=$250K	24	$4,393,999	24	$3,505,165	28	$3,860,000	18	$2,933,753	26	$ 4,987,507
$250K<loss<=$500K	14	$4,911,250	14	$4,775,000	19	$5,992,500	17	$6,110,000	22	$ 8,538,856
$500K<loss<=$1M	9	$6,875,000	13	$8,432,236	9	$6,620,000	15	$10,902,504	18	$15,018,411
$1M<loss	2	$2,750,000	7	$7,900,000	5	$9,300,000	4	$4,450,000	3	$ 5,825,000
Total Settlements	158	$21,243,572	162	$29,516,764	86	$26,656,535	87	$25,897,667	119	$36,812,174
Total Non-Zero*	158	$20,493,572	162	$28,616,764	86	$22,356,535	87	$25,447,667	119	$36,812,174

**The second Total excludes claims which resulted in no indemnity payment and caps individual claims greater than $1M at a $1M value.*

- Settlements comprise the most common resolution for claim payments. Over the last 20 years, 67 settlements have exceeded $1,000,000, or about 3 per year on average.

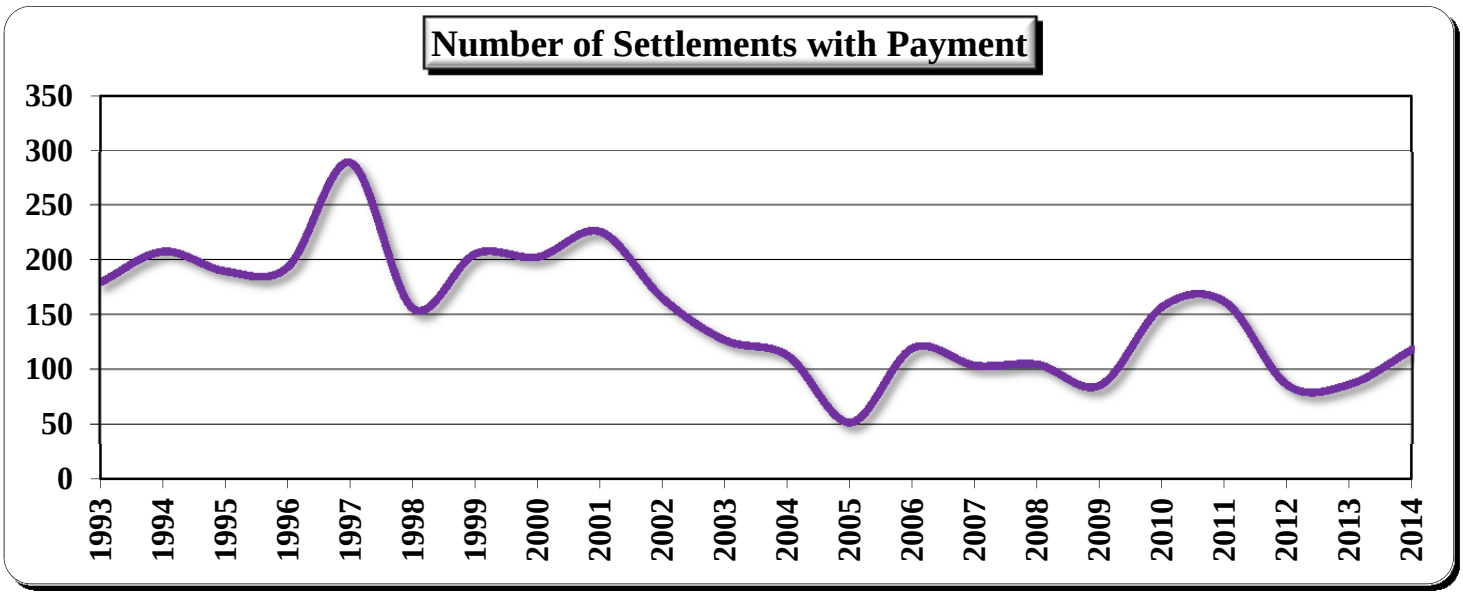
As was done for judgments, we will cap claims at $1,000,000 and look for trends:

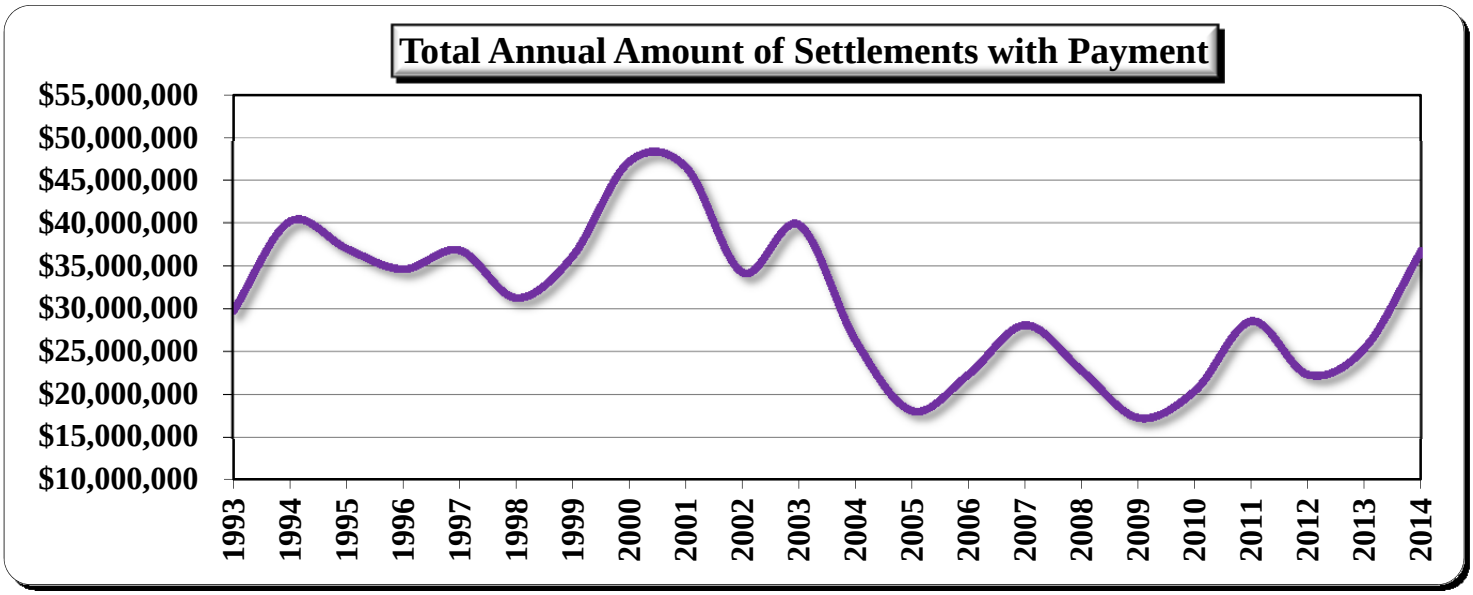
West Virginia Board of Medicine			
Settlements with payment capped at $1,000,000			
Year	**#**	**Amount**	**Average**
1993	180	$29,789,721	$165,498
1994	208	$40,243,941	$198,246
1995	190	$37,069,607	$198,233
1996	194	$34,654,192	$181,436
1997	289	$36,874,345	$128,931
1998	156	$31,312,836	$204,659
1999	206	$36,202,779	$178,339
2000	203	$47,231,896	$237,346
2001	226	$46,581,246	$207,028
2002	165	$34,264,212	$208,928
2003	127	$39,844,727	$318,758
2004	113	$26,319,435	$232,915
2005	52	$18,145,664	$224,021
2006	120	$22,410,381	$186,753
2007	104	$28,148,162	$284,325
2008	105	$22,815,026	$217,286
2009	86	$17,322,096	$201,420
2010	158	$20,493,572	$129,706
2011	162	$28,616,764	$176,647
2012	86	$22,356,535	$259,960
2013	87	$25,447,667	$292,502
2014	119	$36,812,174	$309,346
22 Years	**3,336**	**$682,956,978**	**$215,558**

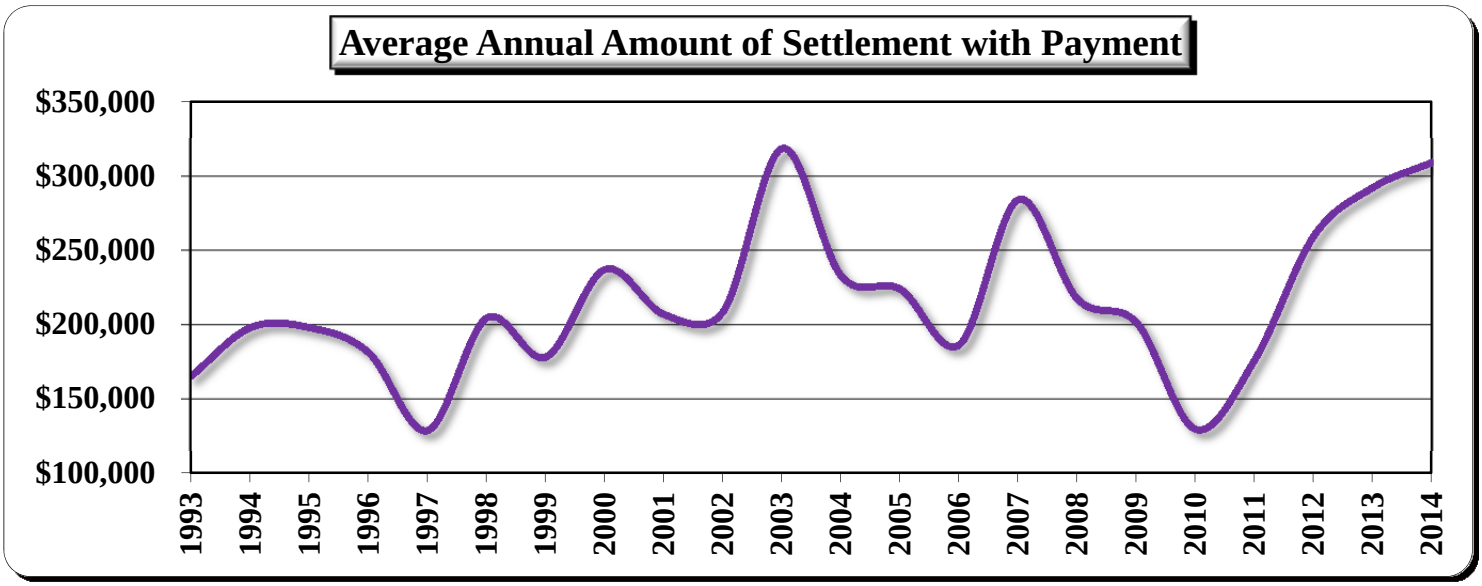
- From the above data, which limits claims to $1,000,000, a general escalation in the average settlement paid is observed until 2003, followed by a general decline and slight rebound for the past two years. In the years 1993-2002 combined the average paid settlement was $185,535. For 2003-2014 combined, the average paid settlement was $234,065.

- As with judgments, the small number of settlements restricts the credibility of the data. The actual number of settlements occurring since 2001 indicates a general decline in the frequency of paid settlements.

Again, graphical linear representations of the Settlement data:







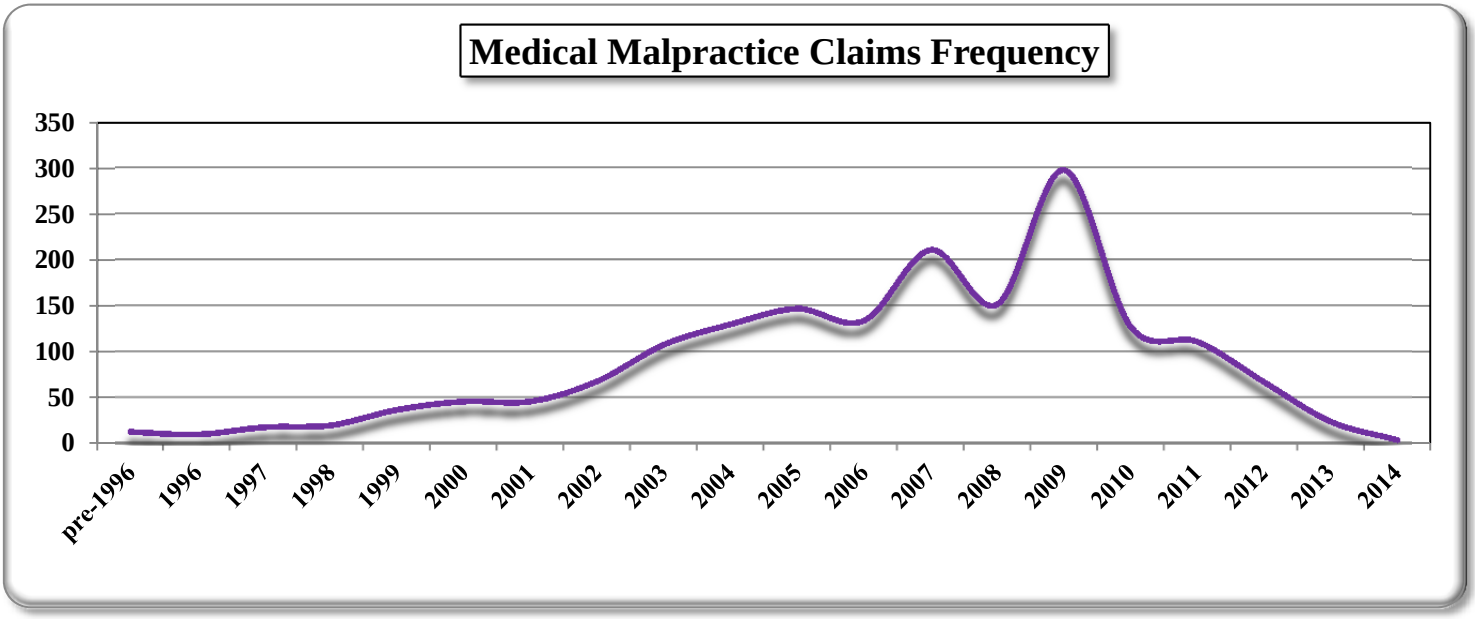
II-D: Closed Claim (20B-8) Data

In accordance with §33-20B-8, enhanced closed/paid medical malpractice information has been collected from insurers. This information includes the physician's primary specialty, the cause of loss, amount paid on defense costs for each filed claim and the split of the indemnity payment between economic and non-economic damages. In review of this data, and examining only physician and surgeon claims, the following general financial overview can be found on an accident year basis (by Date of Injury—D.O.I.).

D.O.I.	Claims	Indemnity Paid	Economic Damages Paid	Non-Economic Damages Paid	Punitive Damages Paid	Non-LAE Total	Non-LAE Avg
pre-1996	13	$748,500.00	$80,100.00	$223,500.00	$0.00	$1,052,100.00	$80,930.77
1996	10	$1,830,821.92	$47,000.00	$678,000.00	$0.00	$2,555,821.92	$255,582.19
1997	18	$1,013,000.00	$0.00	$478,000.00	$0.00	$1,491,000.00	$82,833.33
1998	20	$834,284.76	$0.00	$40,000.00	$0.00	$874,284.76	$43,714.24
1999	37	$5,248,992.94	$518,767.00	$562,823.00	$0.00	$6,330,582.94	$171,096.84
2000	46	$3,269,259.92	$893,777.00	$1,763,723.00	$0.00	$5,926,759.92	$128,842.61
2001	46	$5,309,500.00	$10,938,093.23	$3,586,906.77	$0.00	$19,834,500.00	$431,184.78
2002	68	$9,210,580.65	$3,270,368.76	$564,795.59	$0.00	$13,045,745.00	$191,849.19
2003	108	$17,842,040.56	$10,615,047.18	$5,062,346.71	$0.00	$33,519,434.45	$310,365.13
2004	130	$9,368,543.27	$5,649,317.86	$4,200,425.41	$42,179.99	$19,260,466.53	$148,157.43
2005	147	$8,299,485.55	$4,414,260.33	$5,127,225.23	$139,500.00	$17,980,471.11	$122,316.13
2006	134	$11,394,564.01	$5,223,167.79	$4,267,759.85	$0.00	$20,885,491.65	$155,861.88
2007	211	$15,346,645.13	$5,923,756.23	$6,666,570.72	$203,076.81	$28,140,048.89	$133,365.16
2008	152	$9,965,072.85	$6,142,368.53	$4,443,309.35	$132,904.23	$20,683,654.96	$136,076.68
2009	298	$19,502,659.83	$7,929,253.49	$7,207,782.44	$19,977.87	$34,659,673.63	$116,307.63
2010	127	$14,700,061.72	$6,742,310.20	$5,942,490.52	$10,577.00	$27,395,439.44	$215,712.12
2011	111	$11,374,135.41	$8,994,393.94	$5,558,080.41	$0.00	$25,926,609.76	$233,573.06
2012	67	$8,052,752.90	$4,675,290.69	$3,272,462.21	$0.00	$16,000,505.80	$238,813.52
2013	24	$749,915.88	$120,050.00	$590,450.00	$0.00	$1,460,415.88	$60,850.66
2014	4	$1,250,000.00	$887,500.00	$362,500.00	$0.00	$2,500,000.00	$625,000.00

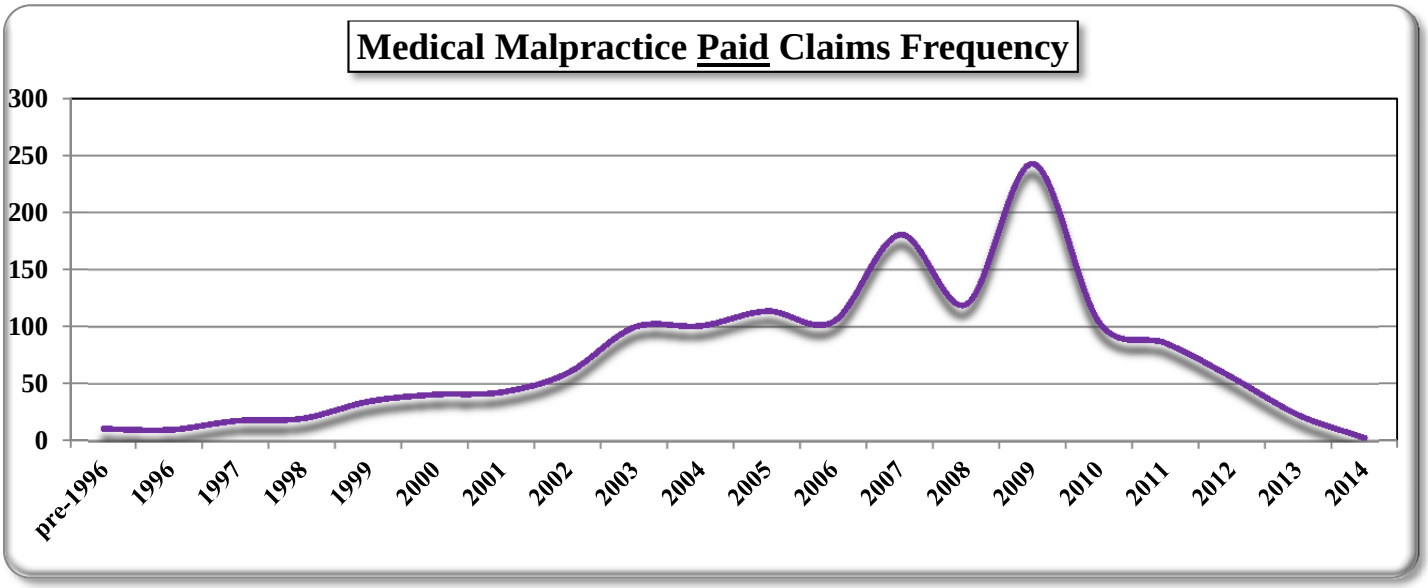
D.O.I.	Non-LAE $0 Paid	Non-LAE Non $0 Avg	LAE Paid	Total Payments	Total Avg	$0 Paid	Non $0 Paid Avg
pre-1996	8	$210,420.00	$897,539.58	$1,949,639.58	$149,972.28	2	$177,239.96
1996	5	$511,164.38	$811,590.19	$3,367,412.11	$336,741.21	0	$336,741.21
1997	10	$186,375.00	$1,561,978.32	$3,052,978.32	$169,609.91	0	$169,609.91
1998	9	$79,480.43	$2,304,022.37	$3,178,307.13	$158,915.36	0	$158,915.36
1999	17	$316,529.15	$4,819,369.14	$11,149,952.08	$301,350.06	2	$318,570.06
2000	20	$227,952.30	$3,374,341.19	$9,301,101.11	$202,197.85	5	$226,856.12
2001	29	$1,166,735.29	$3,867,384.94	$23,701,884.94	$515,258.37	3	$551,206.63
2002	38	$434,858.17	$4,637,474.40	$17,683,219.40	$260,047.34	8	$294,720.32
2003	43	$515,683.61	$7,439,567.51	$40,959,001.96	$379,250.02	8	$409,590.02
2004	85	$428,010.37	$6,631,091.27	$25,891,557.80	$199,165.83	29	$256,352.06
2005	90	$315,446.86	$5,841,810.03	$23,822,281.14	$162,056.33	33	$208,967.38
2006	84	$417,709.83	$5,503,542.92	$26,389,034.57	$196,933.09	29	$251,324.14
2007	114	$290,103.60	$7,968,684.58	$36,108,733.47	$171,131.44	30	$199,495.77
2008	99	$390,257.64	$5,345,557.48	$26,029,212.44	$171,244.82	32	$216,910.10
2009	121	$195,817.37	$7,083,401.29	$41,743,074.92	$140,077.43	55	$171,782.20
2010	77	$547,908.79	$4,491,217.33	$31,886,656.77	$251,076.04	23	$306,602.47
2011	59	$498,588.65	$3,474,698.13	$29,401,307.89	$264,876.65	25	$341,875.67
2012	39	$571,446.64	$1,894,845.08	$17,895,350.88	$267,094.79	11	$319,559.84
2013	17	$208,630.84	$916,855.33	$2,377,271.21	$99,052.97	1	$103,359.62
2014	2	$1,250,000.00	$79,296.07	$2,579,296.07	$644,824.02	1	$859,765.36

Accordingly, from this dataset the accident year claim incidence is as follows:

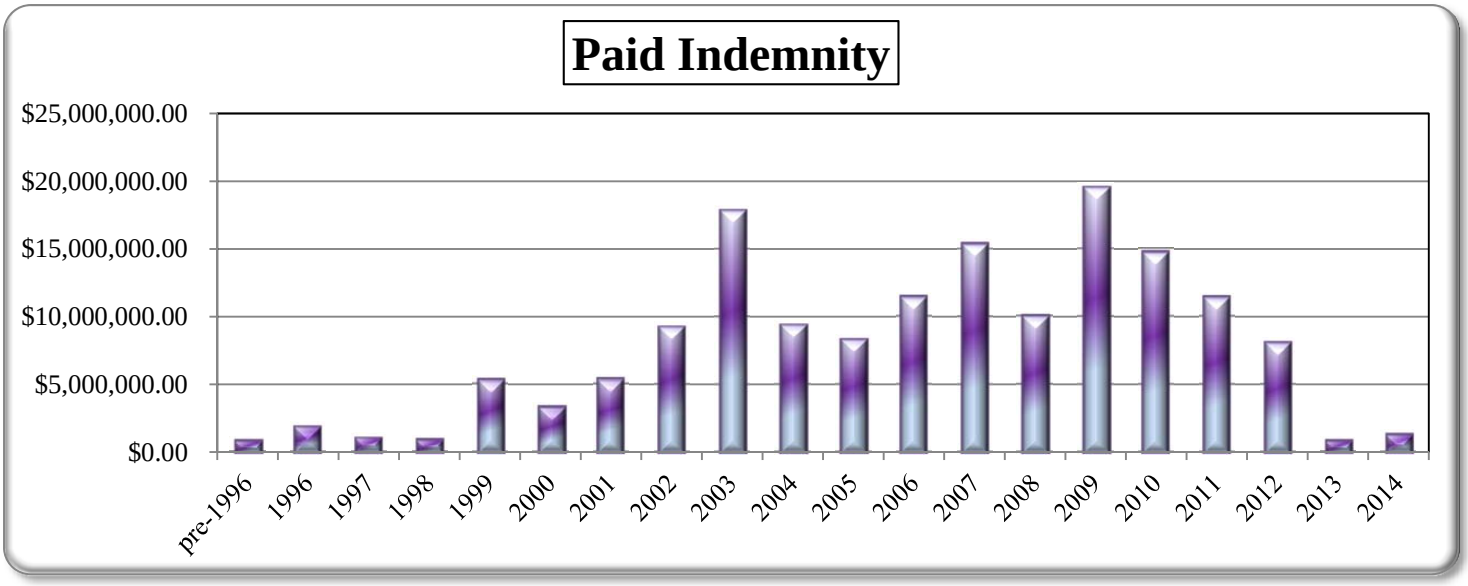


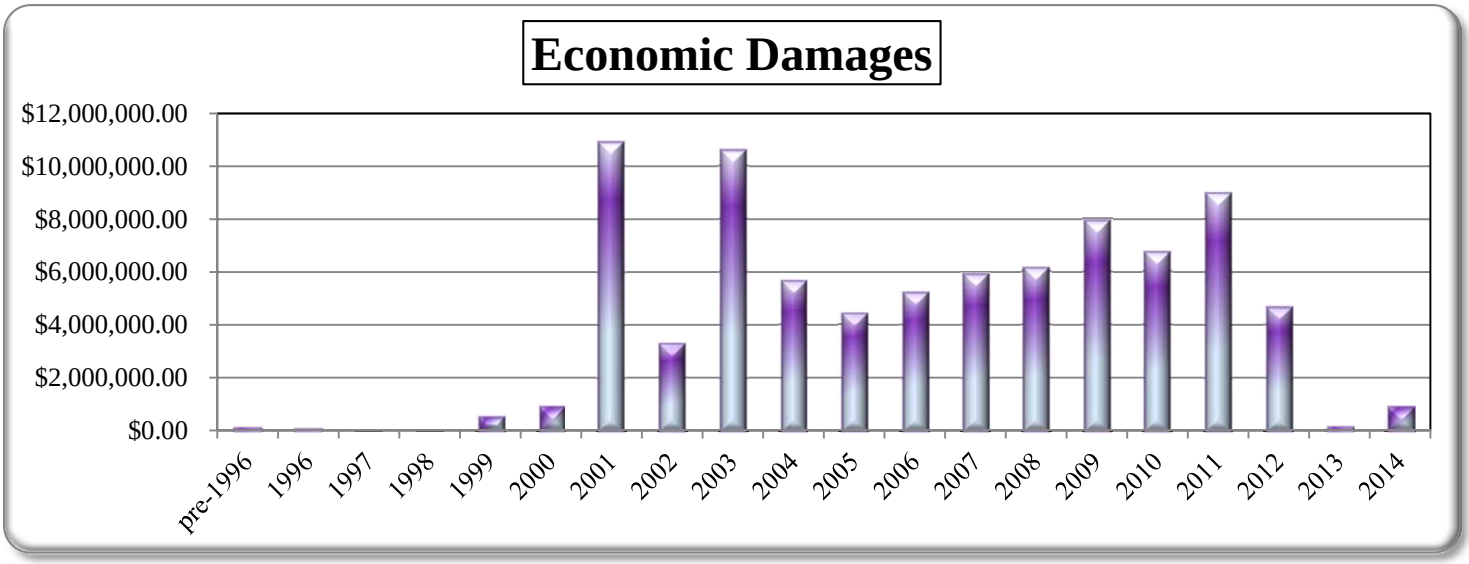
Note from the table and the preceding paragraph, that this incidence frequency does not exclude zero paid claims.

Removing the zero paid claims results in the following substantially similar distribution (*excepting the scale*):



Utilizing the data from the table on the previous page, we can now review the breakdown of payments between indemnity, economic damages, non-economic damages, punitive damages, and loss adjustment expenses over time, again on an accident year basis.


Paid Indemnity
$25,000,000.00
$20,000,000.00
$15,000,000.00
$10,000,000.00
$5,000,000.00
$0.00
pre-1996
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014


Economic Damages
$12,000,000.00
$10,000,000.00
$8,000,000.00
$6,000,000.00
$4,000,000.00
$2,000,000.00
$0.00
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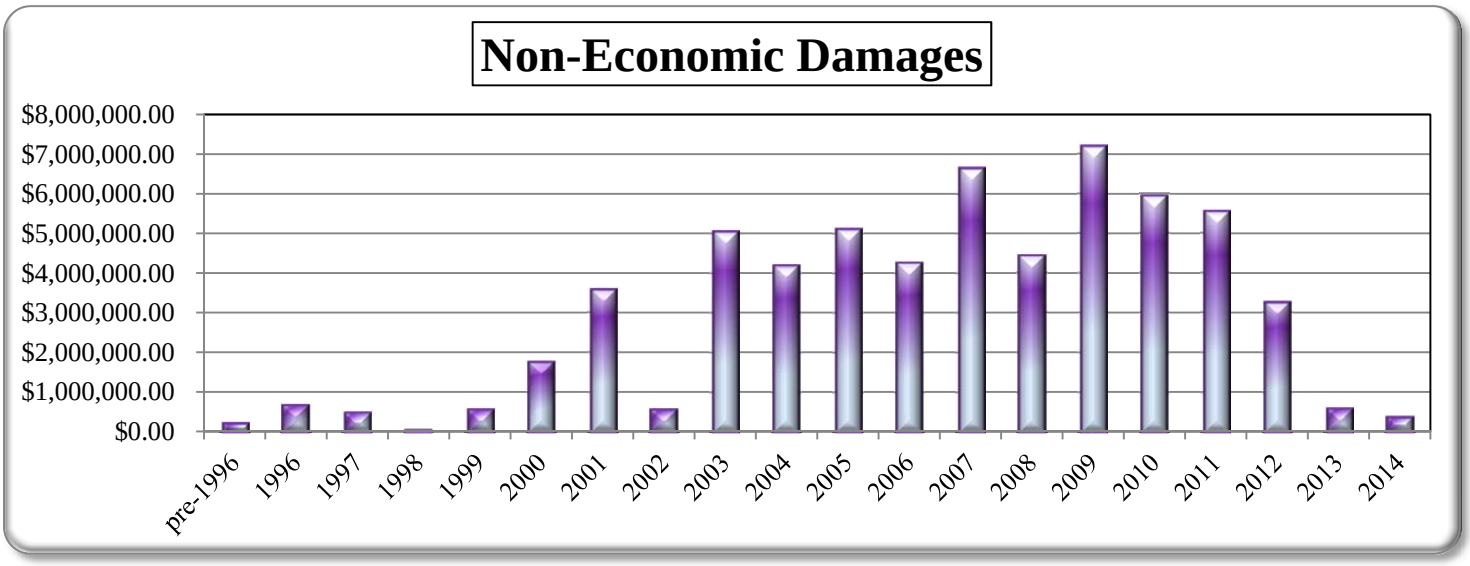
2009
2010
2011
2012
2013
2014


Non-Economic Damages
$8,000,000.00
$7,000,000.00
$6,000,000.00
$5,000,000.00
$4,000,000.00
$3,000,000.00
$2,000,000.00
$1,000,000.00
$0.00
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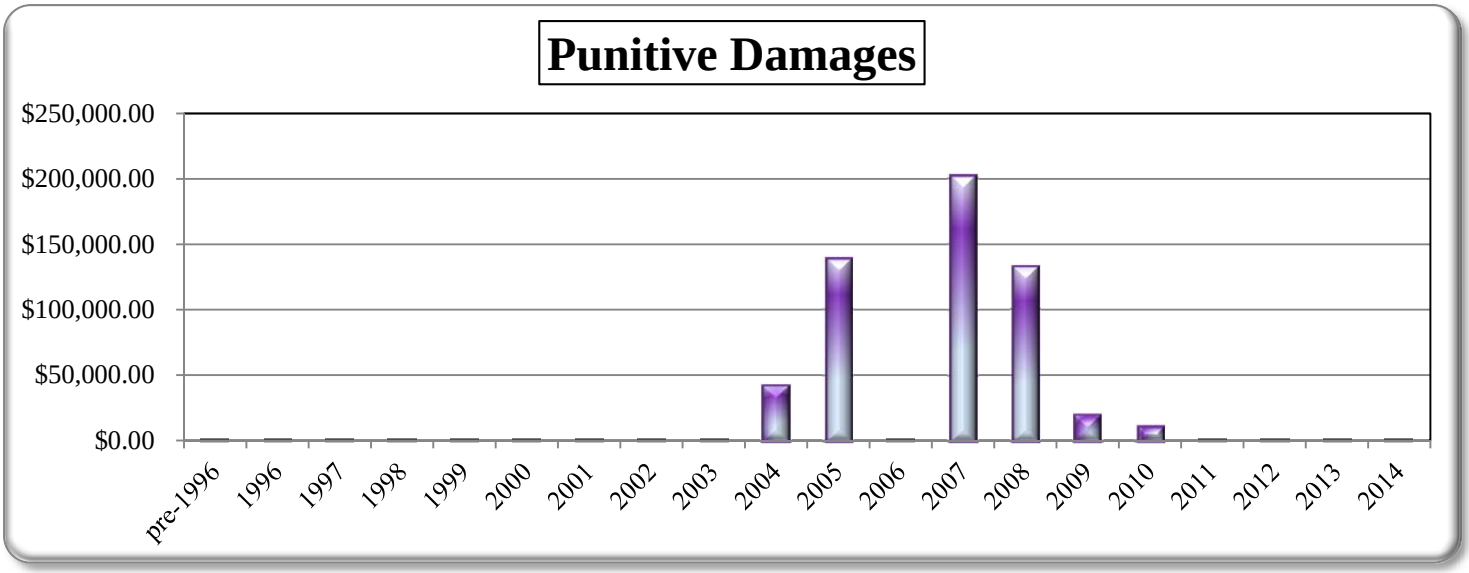
2009
2010
2011
2012
2013
2014


Punitive Damages
$250,000.00
$200,000.00
$150,000.00
$100,000.00
$50,000.00
$0.00
pre-1996
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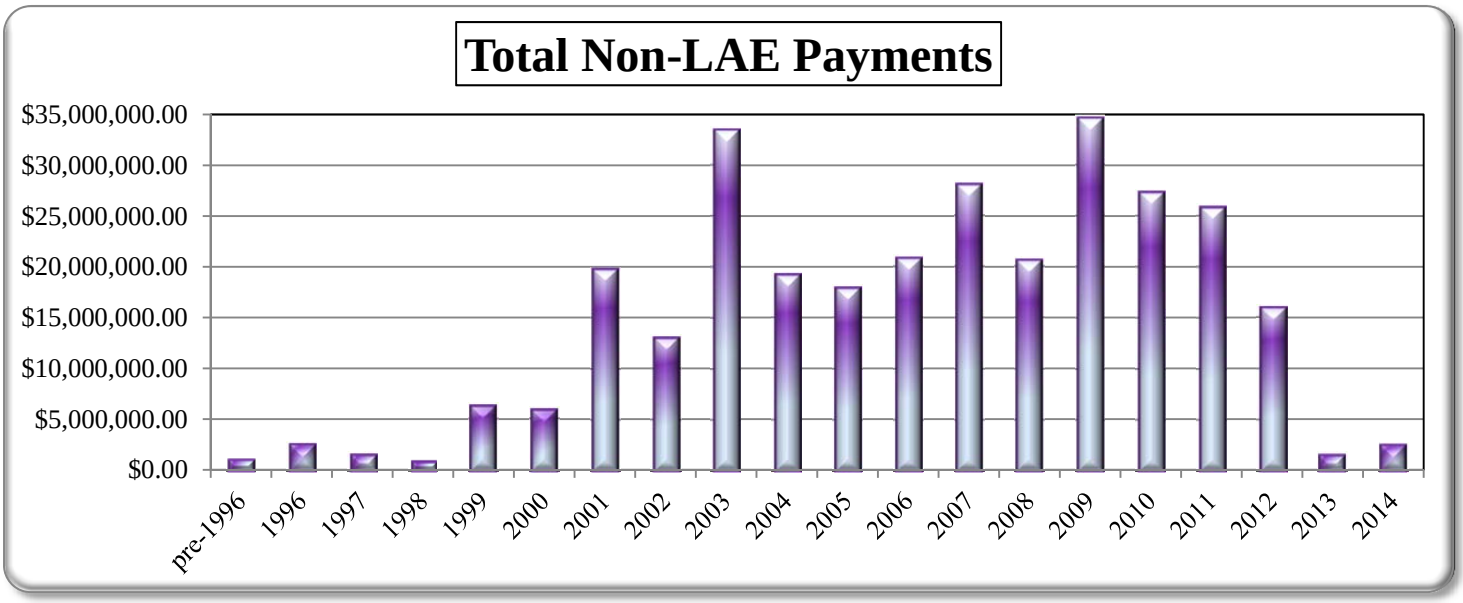
2009
2010
2011
2012
2013
2014


Total Non-LAE Payments
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$30,000,000.00
$25,000,000.00
$20,000,000.00
$15,000,000.00
$10,000,000.00
$5,000,000.00
$0.00
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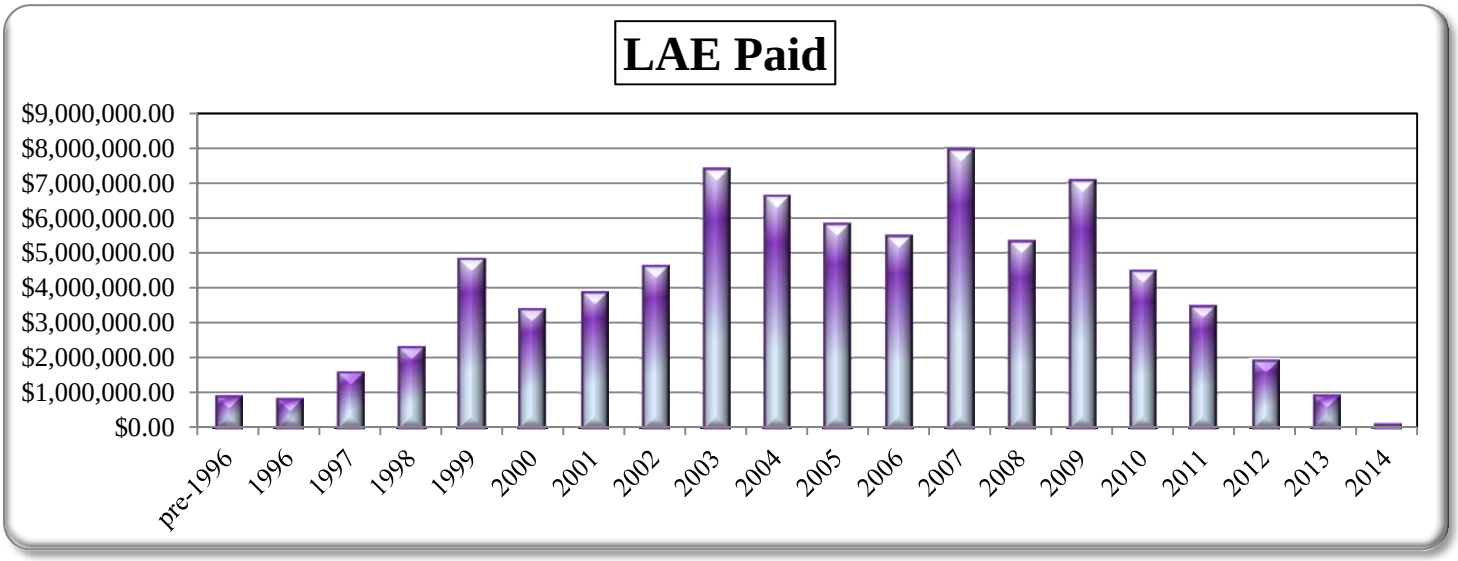
2009
2010
2011
2012
2013
2014


LAE Paid
$9,000,000.00
$8,000,000.00
$7,000,000.00
$6,000,000.00
$5,000,000.00
$4,000,000.00
$3,000,000.00
$2,000,000.00
$1,000,000.00
$0.00
pre-1996
1996
1997
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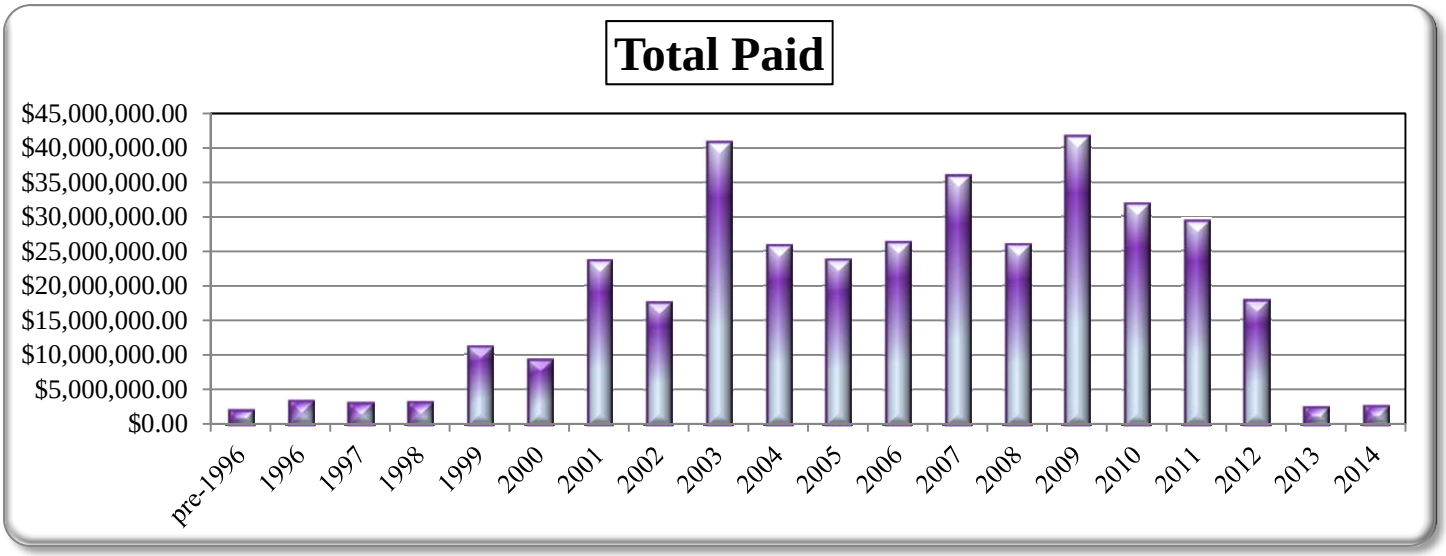
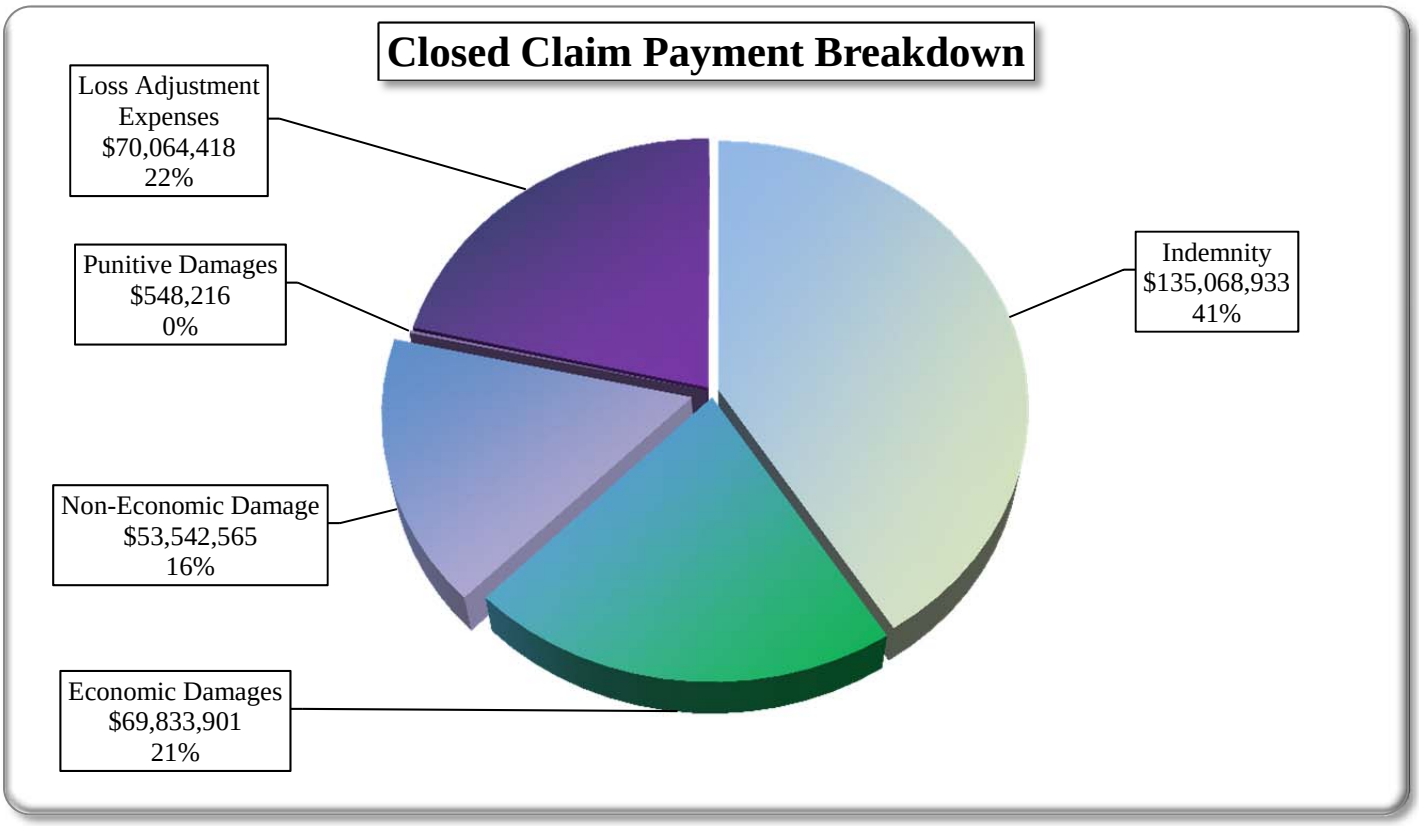
2009
2010
2011
2012
2013
2014

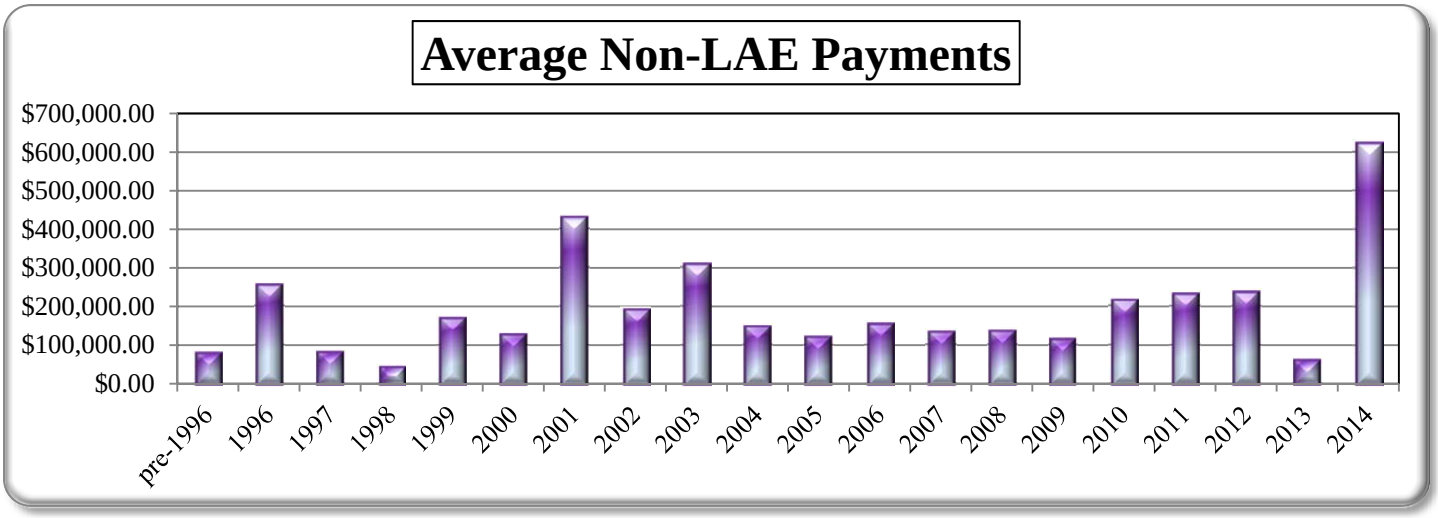


Then from the entire dataset, you can determine how each of the damage types and loss adjustment expenses are related.



As you may determine, actual punitive damages are shown to constitute a very small portion of total damages, but non-economic damages are shown to be fairly substantial.

Now we will look at the averages.


Average Non-LAE Payments
$700,000.00
$600,000.00
$500,000.00
$400,000.00
$300,000.00
$200,000.00
$100,000.00
$0.00
pre-1996
1996
1997
1998
1999
2000
2001
2002
2003
2004
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2007
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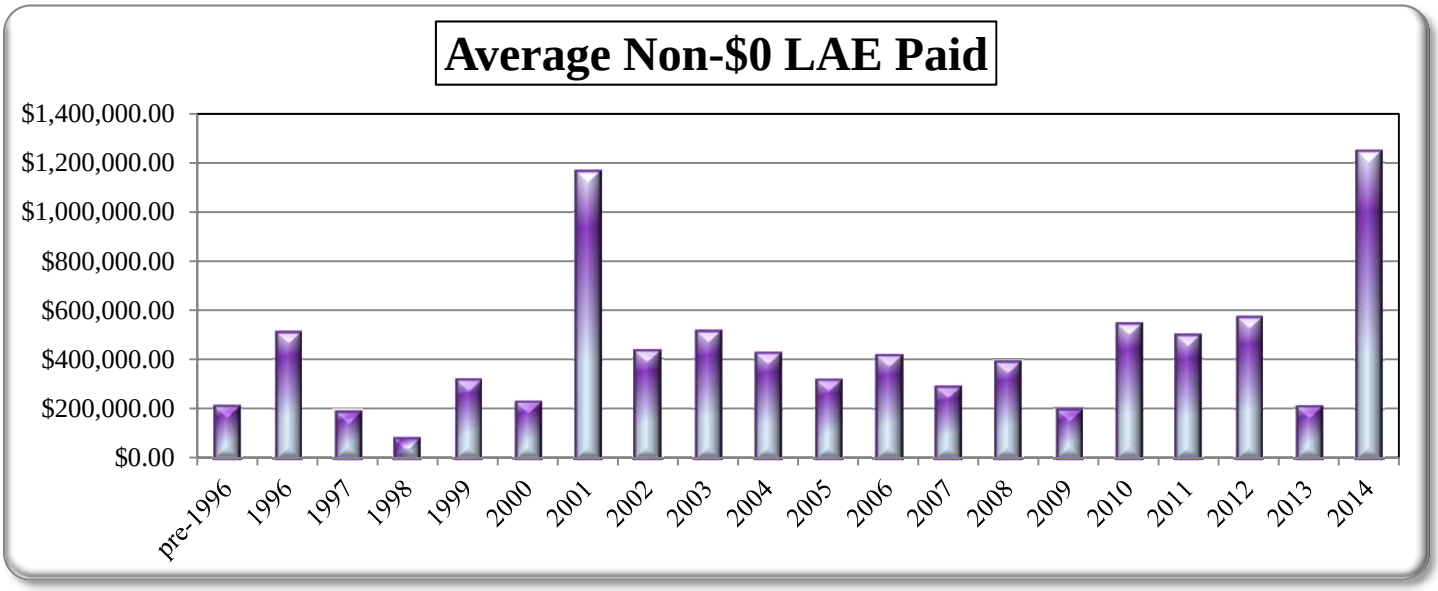
2009
2010
2011
2012
2013
2014


Average Non-$0 LAE Paid
$1,400,000.00
$1,200,000.00
$1,000,000.00
$800,000.00
$600,000.00
$400,000.00
$200,000.00
$0.00
pre-1996
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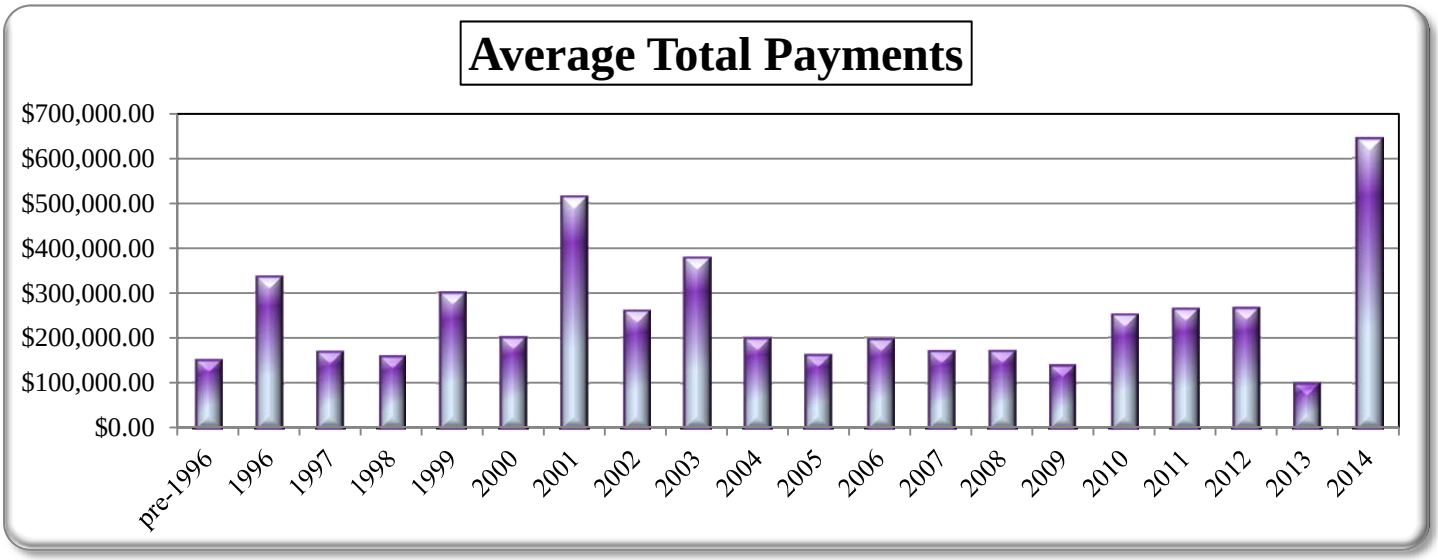
2009
2010
2011
2012
2013
2014


Average Total Payments
$700,000.00
$600,000.00
$500,000.00
$400,000.00
$300,000.00
$200,000.00
$100,000.00
$0.00
pre-1996
1996
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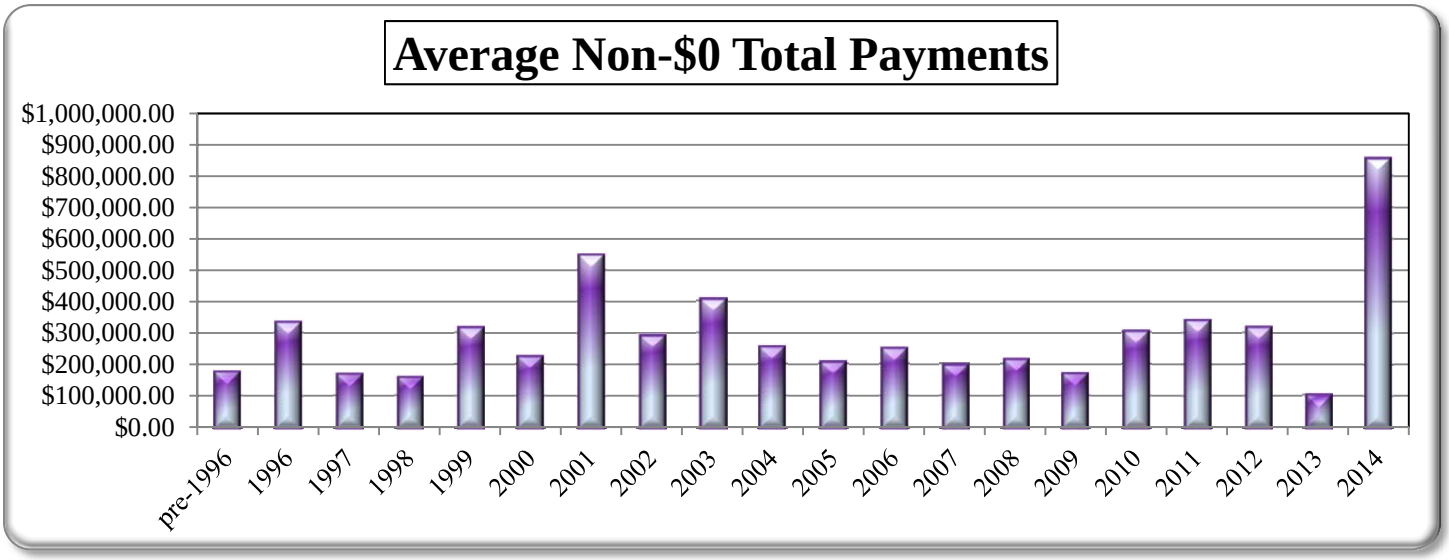
2009
2010
2011
2012
2013
2014



The pre-1996 to 2014 average non-zero non-LAE payment was approximately $438,000. When excluding 2014, which had two substantial settlements for a total of $1,250,000, the average decreases to $395,000. Being that these data are on an accident year basis, and that medical malpractice is a long tail line of insurance, it may be likely that the experience of later years will be subject to further adverse development.

It should be noted that the data presented in the graphs above, show a distinct increase in average paid claims in 2014. This increase was based on four claims in 2014, which included two claims that were Non-LAE settlements for a total payment amount of $1,250,000. This reflects the volatility of the WV market which is in part due to the small size of the medical malpractice market. A few large losses can skew the overall data. It should be noted that this data has not been audited.

Similar to the Board of Medicine (BOM) data, we can also consider claim outcomes for those claims under which an outcome was listed (*i.e. Calendar Year basis*).

Closed Year	Judgment	Settlement	Dismissal
2000	1	0	0
2001	0	1	0
2002	0	4	0
2003	2	1	2
2004	1	3	2
2005	1	3	2
2006	8	47	45
2007	12	66	45
2008	9	88	61
2009	9	57	63
2010	9	129	36
2011	5	135	45
2012	4	40	61
2013	6	62	42
2014*	4	59	34
Total	**71**	**695**	**438**

**As of October 5, 2015*

Again we find that most claims are settled (58*% vs. BOM 64% since 1993*), dismissals constitute 36% (*vs. BOM 28% since 1993*) and that very few claims receive a judgment 6% (*vs. BOM 8% since 1993*.) These findings appear to be fairly consistent.

We may also consider costs based upon the outcome type. Specifically:

All	Total Non-LAE Paid	LAE Paid	Count	Avg Non-LAE	Avg LAE
Judgments	$12,309,992.42	$11,640,749.07	71	$173,380.17	$163,954.21
Settlements	$241,552,660.90	$41,297,226.11	695	$347,557.79	$59,420.47
Dismissals	$432,644.17	$15,010,112.91	438	$987.77	$34,269.66

All	$0 Non-LAE	$0 LAE	Avg Non-$0 Non-LAE	Avg Non-$0 LAE	Total Non-$0 Avg Expenditure
Judgments	55	2	$769,374.53	$769,374.53	$938,081.03
Settlements	15	90	$355,224.50	$355,224.50	$423,484.38
Dismissals	432	93	$72,107.36	$72,107.36	$115,614.94

Not surprisingly, judgments are most expensive in terms of payouts, followed by settlements and dismissals. Being that the specialty class code of the physician or surgeon was also included in the claims database, we can again test the rating assumption that physician rates should be lower than surgeon rates solely due to risk.

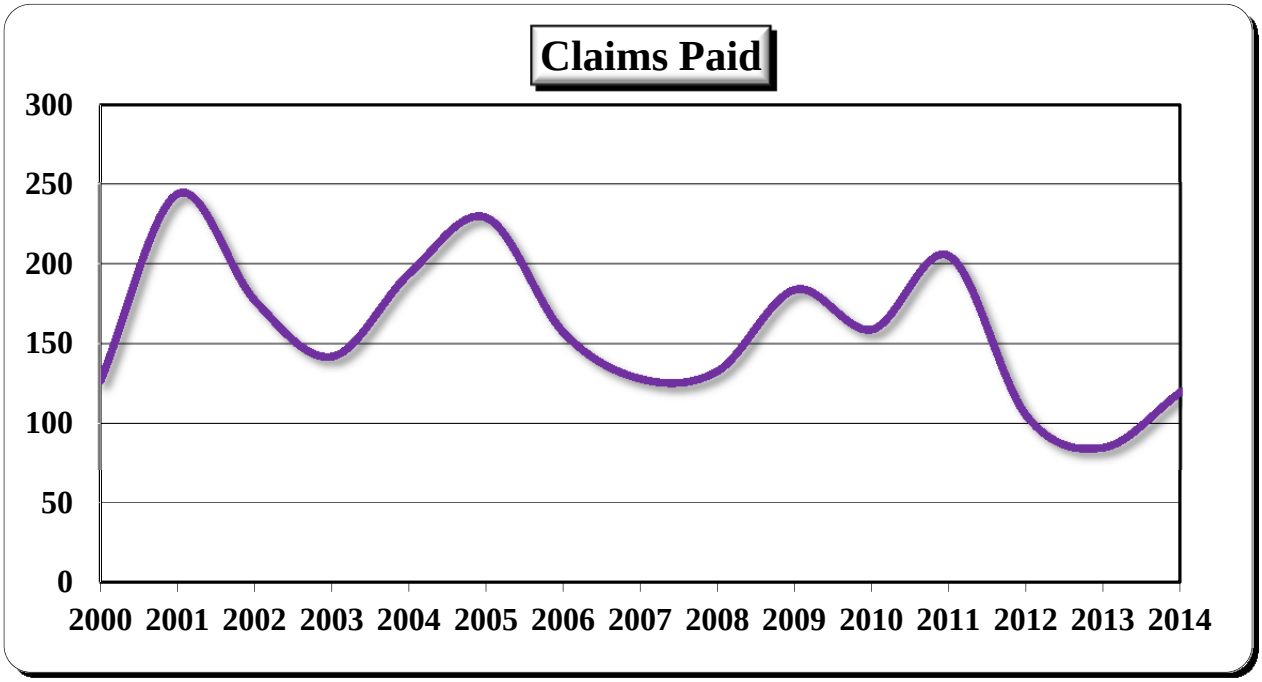
II-E: Paid Data Collection

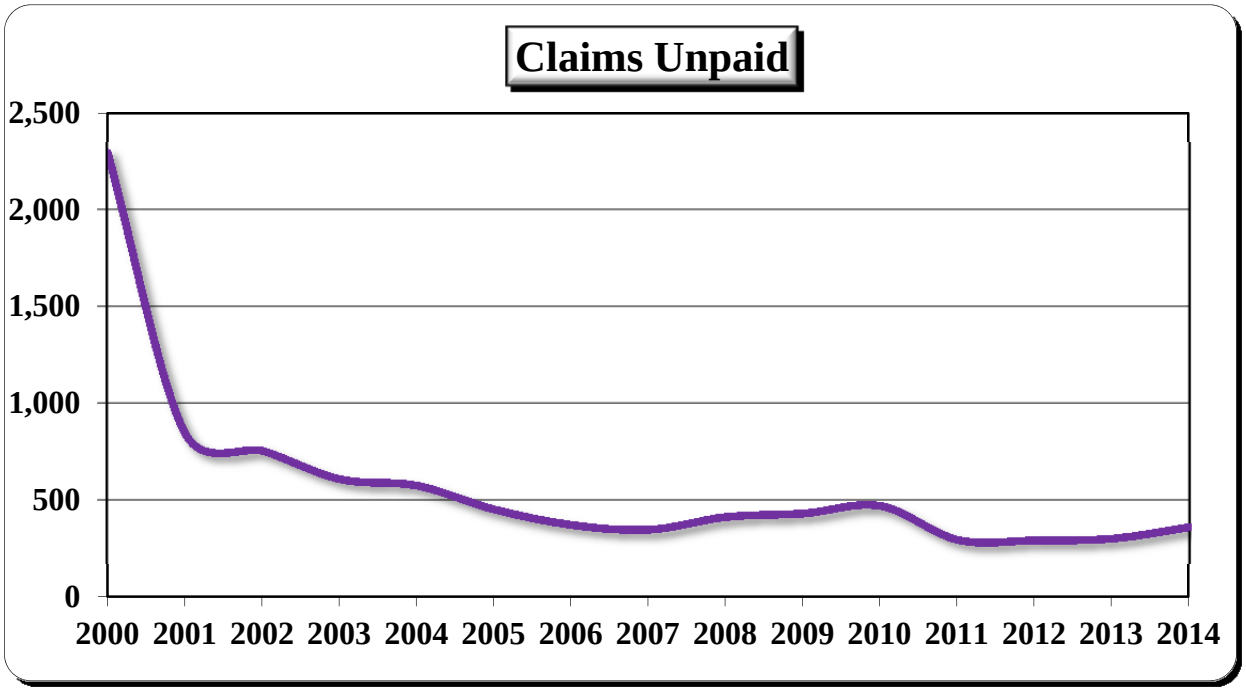
As a further source of information, examining financial statement information provided by insurance companies provides some insight as to the total number of active paid and reserved claims by year. However, these counts do not tie the claims which are either paid or reserved in the reporting year to the year in which the claim initially occurred. For example, a claim payment by an insurer during 2006 may have been for a claim that was filed during 2006 or it may have just as easily been for a claim that was filed in any year prior to 2006.

In looking at the paid and open claim information provided by insurers since 2000 who write malpractice insurance in West Virginia for Physicians and Surgeons, the following aggregated data is found.

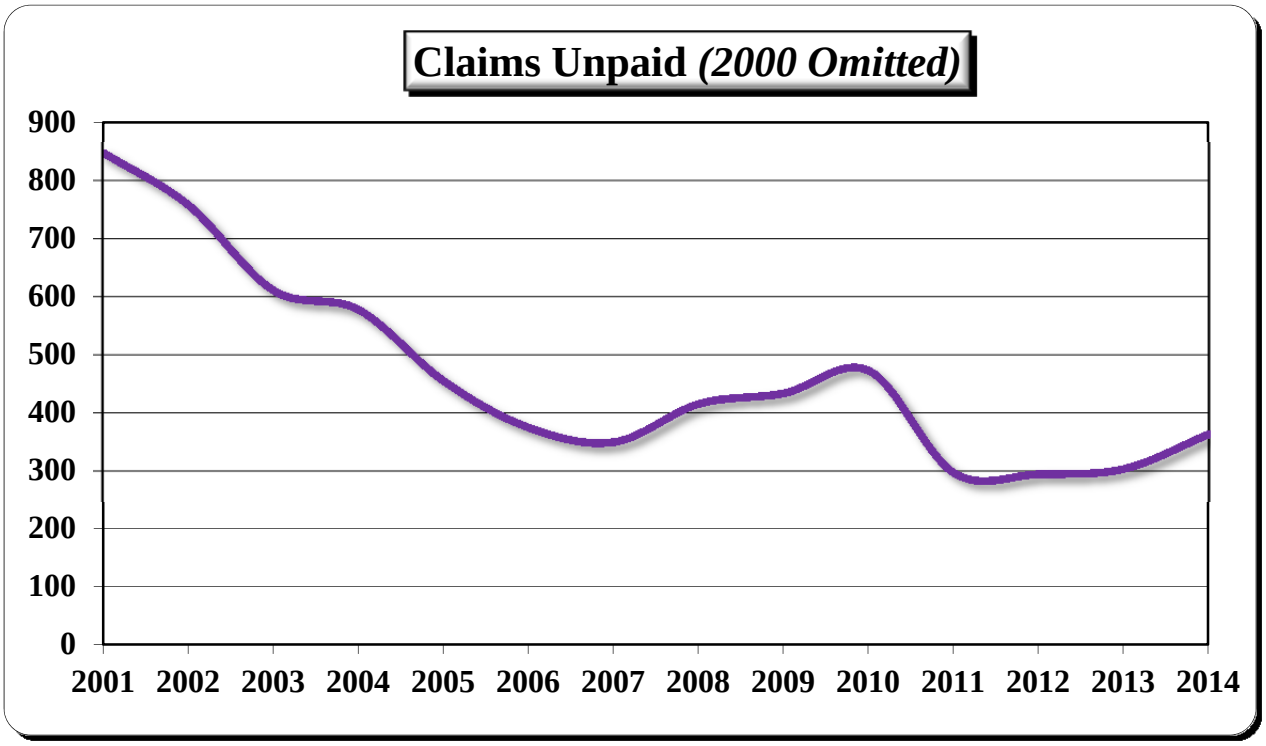
Year	# of Paid Claims	# of Unpaid Claims	Total Claims
2000	127	2,297	2,424
2001	244	848	1,092
2002	177	758	935
2003	142	611	753
2004	194	578	772
2005	229	455	684
2006	157	375	532
2007	128	350	478
2008	133	416	549
2009	184	434	618
2010	159	473	632
2011	205	297	502
2012	105	295	400
2013	85	304	389
2014	120	364	484

Again, graphical linear representations make the data a little easier to interpret:





Looking at only the reserved (*unpaid*) claims by year since 2000 does reveal a general decline with the year 2000 appearing to be somewhat of an anomaly. Eliminating that outlier and rescaling demonstrates a continued favorable trend in the number of open claims by year for the Physicians and Surgeons line in West Virginia.

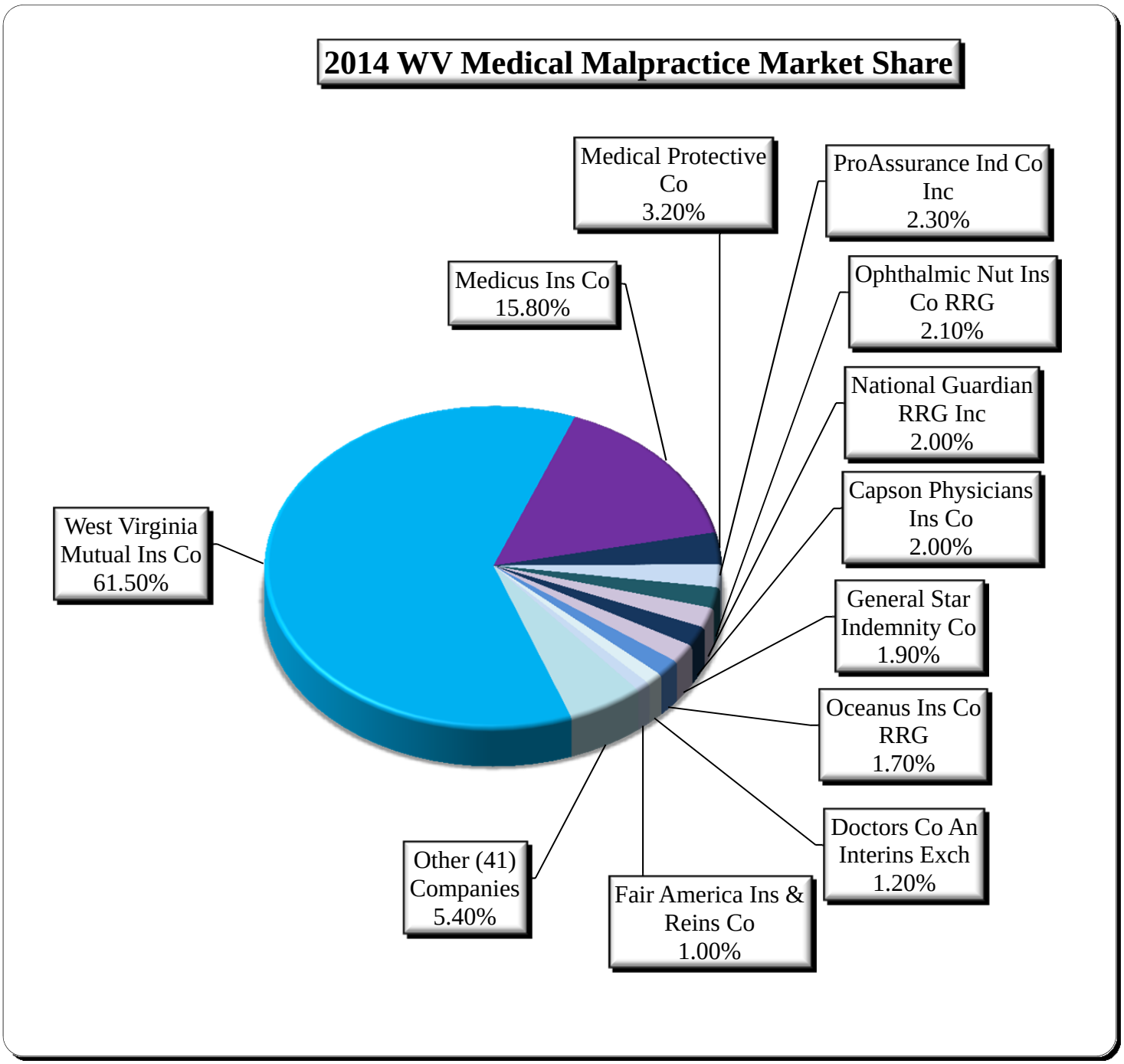


Section III

Review of 5% Market Share Companies

III: Review of Major West Virginia Medical Malpractice Writers

This section of the report reviews the medical malpractice rates and rules of those insurers with 5% or greater market share. Based on admitted Company written premiums for 2014, the West Virginia medical malpractice market currently consists of the following carriers and the subsequent market share for each:



In the table below, two licensed insurers are shown to have met the statutory 5% reporting requirement threshold for 2014 for Physicians and Surgeons; *West Virginia Mutual and Medicus Insurance Company.* Note that as discussed in **Section I**, reductions to the loss reserves from the experience of prior years' will carry forward on a calendar year basis, and can result in aggregate negative dollar values for Direct Losses Incurred and therefore negative loss ratios as well.

Total Physicians and Surgeons Medical Malpractice

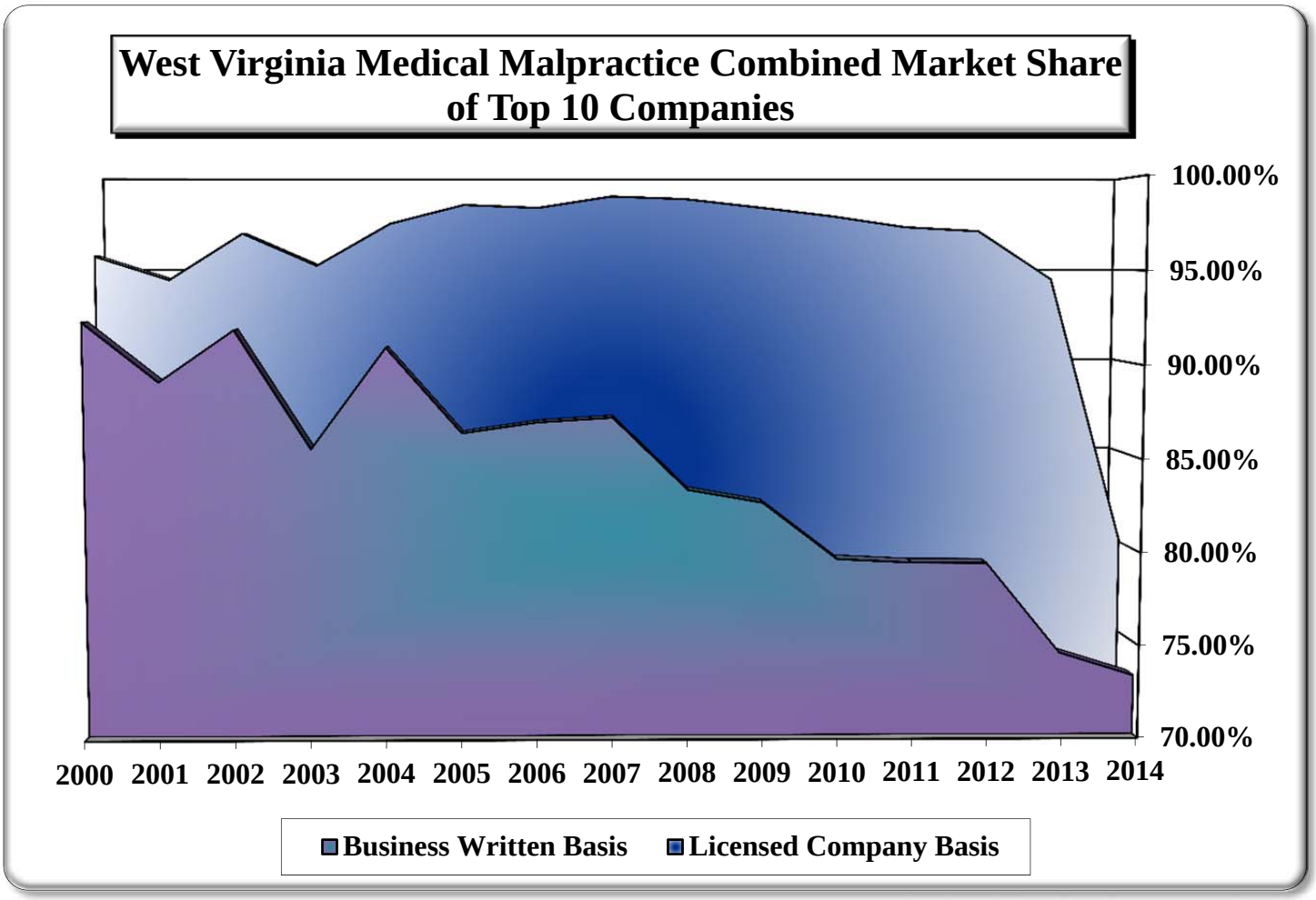
	2014 West Virginia Licensed Companies				
(NAIC Database) **Company**	**Direct Written**	**Market Share**	**Direct Earned**	**Direct Loss Incurred**	**Pure Loss**
West Virginia Mutual Ins Co	$25,553,001	61.50%	$25,340,227	$14,043,21	55.40%
Medicus Ins Co	$6,551,141	15.80%	$6,441,461	$7,915,620	122.90%
Medical Protective Co	$1,314,734	3.20%	$1,171,522	$657,000	56.10%
ProAssurance Ind Co Inc	$936,302	2.30%	$1,049,227	-$456,980	-43.60%
Ophthalmic Nut Ins Co RRG	$864,810	2.00%	$879,769	-$295,527	-33.60%
National Guardian RRG Inc	$849,775	2.00%	$849,775	$692,286	81.50%
Capson Physicians Ins Co	$824,572	2.00%	$852,218	$1,081,857	126.90%
General Star Indemnity Co	$794,161	1.90%	$688,195	$627,000	91.10%
Oceanus Ins Co RRG	$690,898	1.70%	$614,458	$655,242	106.60%
Doctors Co An Interins Exch	$507,086	1.20%	$608,580	$480,739	79.00%
Fair America Ins & Reins Co	$403,782	1.00%	$394,296	$88,150	22.40%
Other (41) Companies	*$2,246,792*	*5.40%*	*$2,503,679*	*-$2,367,095*	*-94.50%*
Total	**$41,537,054**	**100.00**	**$41,393,407**	**$23,121,50**	**55.90%**

However, by looking at the entire market, which <u>includes</u> the Excess & Surplus writers *(i.e. non-admitted insurers including Risk Retention Groups [RRG's]*), the following information is found:

Total Medical Malpractice

	2014 West Virginia Business Written				
(NAIC Database) **Company**	**Direct Written**	**Market Share**	**Direct Earned**	**Direct Loss Incurred**	**Pure Loss**
West Virginia Mut Ins Co	$25,553,000	35.6%	$25,340,000	$14,043,000	55.90%
Medicus Ins Co	$6,551,000	9.1%	$6,441,000	$7,916,000	122.90%
Community Hospital RRG	$5,834,000	8.1%	$5,834,000	-$1,128,000	-19.30%
Mountaineer Freedom RRG	$5,104,000	7.1%	$5,104,000	-$6,974,000	-136.60%
Liberty Surplus Ins Corp	$2,353,000	3.3%	$2,027,000	$306,000	15.10%
Health Care Industry Liab Recip	$1,941,000	2.7%	$1,781,000	$953,000	53.50%
Medical Protective Co	$1,540,000	2.1%	$1,373,000	$658,000	47.90%
Allied World Surplus Lines Ins	$1,286,000	1.8%	$1,326,000	$159,000	12.00%
Illinois Union Ins Co	$1,183,000	1.6%	$1,183,000	$437,000	36.90%
American Excess Ins Exchange	$1,144,000	1.6%	$1,031,000	$400,000	38.80%
Nautilus Ins Co	$1,075,000	1.5%	$1,517,000	$851,000	56.10%
Other (103) Companies	$18,152,000	25.30%	$18,221,000	$14,129,000	77.50%
Total	**$71,716,000**	**100.00%**	**$71,178,000**	**$31,750,000**	**44.60%**

As you can see, the Excess & Surplus lines writers (*italicized above*) have a significant amount of penetration into our Malpractice market. However, considering historical premium volumes it can be found that this penetration has actually declined over recent years:



On a business written basis (*which again includes E&S Companies and RRG's*), the 14-year average market share for the top 10 writers (*by premium volume*) captures about 74.7% of the entire market.

On the next page is a breakdown, by sub-line, for some of the key malpractice writers in West Virginia including those writing on an Excess and Surplus basis.

Company	Subline	2014 Written Premium
West Virginia Mutual Ins Co	*Physicians and Surgeons*	$25,553,001.00
	Hospitals	$0.00
	Other	$0.00
	Total	$25,553,001.00
Medicus Insurance Co	*Physicians and Surgeons*	$6,551,141.00
	Hospitals	$0.00
	Other	$0.00
	Total	$6,551,141.00
Community Hospital RRG	*Physicians and Surgeons*	$0.00
	Hospitals	$5,834,204.00
	Other	$0.00
	Total	$5,834,204.00
Mountaineer Freedom RRG	*Physicians and Surgeons*	$0.00
	Hospitals	$5,103,857.00
	Other	$5,103,857.00
	Total	$5,103,857.00
Liberty Surplus Ins Corp	*Physicians and Surgeons*	$0.00
	Hospitals	$0.00
	Other	$2,353,286.00
	Total	$2,353,286.00
Health Care Indust Liab Recip	*Physicians and Surgeons*	$0.00
	Hospitals	$0.00
	Other	$1,941,316.00
	Total	$1,941,316.00
Medical Protective Co	*Physicians and Surgeons*	$1,314,734.00
	Hospitals	$0.00
	Other	$225,181.00
	Total	$1,539,915.00
Allied World Surplus Lines Ins	*Physicians and Surgeons*	$255,000.00
	Hospitals	$764,293.00
	Other	$266,438.00
	Total	$1,285,731.00
Illinois Union Insurance Co	*Physicians and Surgeons*	$0.00
	Hospitals	$1,138,000.00
	Other	$44,736.00
	Total	$1,182,736.00
American Excess Ins Exch	*Physicians and Surgeons*	$0.00
	Hospitals	$1,143,800.00
	Other	$0.00
	Total	$1,143,800.00

III-A: Enabling Legislation

The reporting of experience for insurance carriers with 5% or more of the West Virginia Medical Malpractice direct written premium is *required* by:

West Virginia Regulation §114CSR22
West Virginia Regulation §114CSR23
West Virginia Code §33-20B-6

The regulations and referenced statutes set forth the form in which certain information needs to be reported to the Commissioner. This section of the report is provided to assist the Commissioner in fulfilling obligations under the above regulations and code section and enhance our knowledgebase.

Pursuant to West Virginia Regulation §114CSR23-6, the Commissioner is required to "*...evaluate the information reported pursuant to Section 5 of the rule in order to determine whether the filing insurers have fairly and accurately determined the loss experience and loss expense data in the filing*."

Per West Virginia Code §33-20B-6(a), the Commissioner is required to "*...review annually the rules, rates and rating plans filed and in effect for each insurer providing five percent or more of the malpractice insurance coverage in this state in the proceeding calendar year to determine whether such filings continue to meet the requirements of this article and whether such filings are unfair or inappropriate given the loss experience in this state in the preceding year*."

In 1986, the legislature passed §33-20B-7 which required a study of the feasibility and desirability of creating a joint underwriting association or alternative pooling agreement to facilitate the issuance and underwriting of malpractice policies in West Virginia. As nothing in Chapter 33 (*Insurance*) of the Code of West Virginia would expressly prohibit the forming of any such JUA, it can only be assumed that desirability for the same has historically been absent and remains so to this day as no JUA has ever been formed in West Virginia for the purposes of issuing or underwriting policies of medical malpractice insurance.

III-B: Discussion of Market Positions

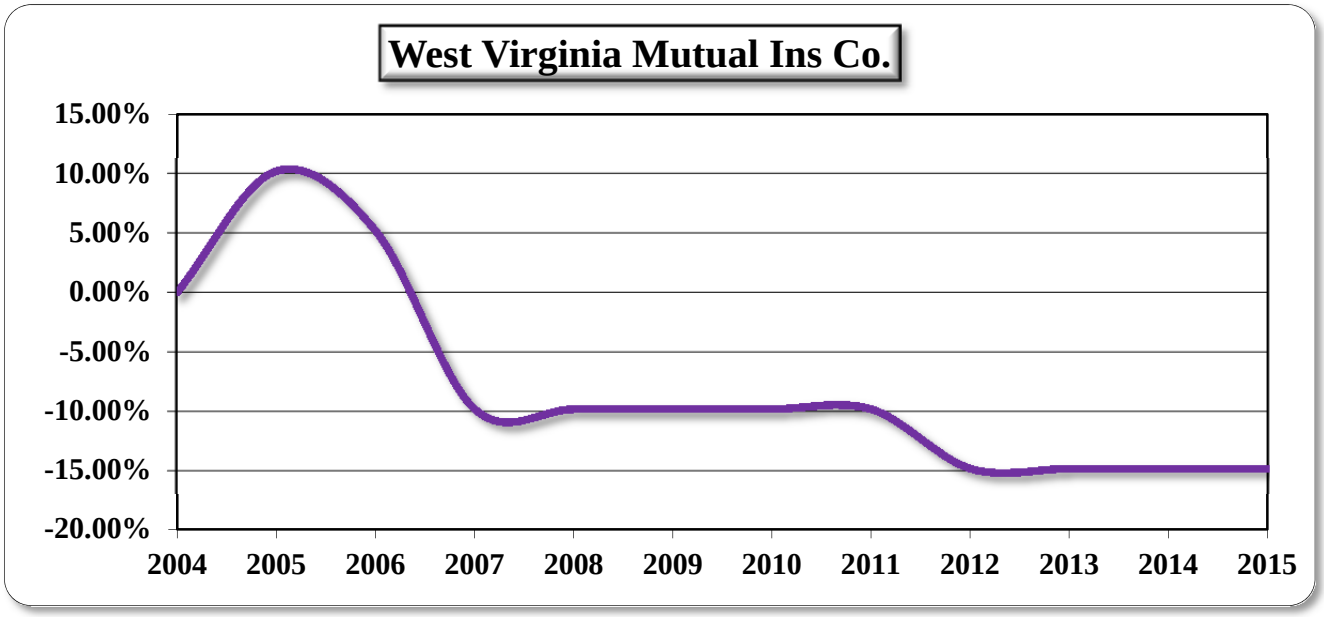
West Virginia Mutual Insurance Company (WVMIC)

Since its inception in July 1, 2004, *WVMIC* has dominated the Physicians and Surgeons market in West Virginia. During the height of the most recent Medical Malpractice "hard market" in West Virginia, a very large number of West Virginia Physicians and Surgeons that were unable to procure coverage via the admitted market were ultimately insured by the State of West Virginia itself utilizing our Board of Risk and Insurance Management (*BRIM—generally the insurer of State owned property and liability exposures*).

As a long term solution to the availability of coverage for Physicians and Surgeons in West Virginia, §33-20F established *WVMIC* and all policies previously insured in the *BRIM II* program novated to the new Company upon inception. *WVMIC* has since added new business and has worked with the Offices of the West Virginia Insurance Commissioner to accommodate difficult situations while maintaining underwriting standards. The rate history of *WVMIC* since inception follows:

2014 Market Share	Company	Effective date	%Requested	% Granted*	WV #:
61.50%	***West Virginia Mutual Ins Co***	1/20/2015	0%	0%	100030006
	**fka W.V. Physicians Mutual*	1/1/2014	0%	0%	100023353
		1/1/2013	0%	0%	100016727
		1/1/2012	-5%	-5%	100011255
		1/1/2011	0%	0%	100006008
		1/1/2010	0%	0%	90918009
		1/1/2009	0%	0%	80903007
		1/1/2008	0%	0%	70918006
		1/1/2007	-15.00%	-15.00%	60915016
		1/1/2006	-5.00%	-5.00%	50826007
		1/1/2005	10.20%	10.20%	41006013
		7/1/2004	initial filing	initial filing	40331017

* Does not include renewal credit adjustments



The company's results continue to be favorable and subsequent changes made to their rating plan establish their current rates below those that were utilized upon inception, as per the graph above. *WVMIC* writes only Physicians and Surgeons coverage and historically had only written within West Virginia. However, having fully repaid their original surplus note *($26.1M start-up loan*) back to the State of West Virginia before the end of 2008, they have begun to explore opportunities for expansion into neighboring states. Their medical malpractice market share has declined from an all-time high of 83.69% as of 2008, to 62% as of 2014 (*albeit up from 2013*) on an admitted basis, and was 35.6% on a business written basis. Notably, *WVMIC* paid dividends to its policyholders in 2013 of $7,538,000 and $6,250,000 in 2014. They had never paid dividends prior to 2013.

As West Virginia Mutual market share for licensed companies writing Physicians and Surgeons is 61.5% in 2014, their results have a substantial impact on the overall market. In 2014, the pure loss ratio for the Mutual was 55.4% based on the data from the annual statement. This is an increase from the pure loss ratio of 33.17% in 2013. Still, a 55.4% loss ratio is an acceptable loss ratio.

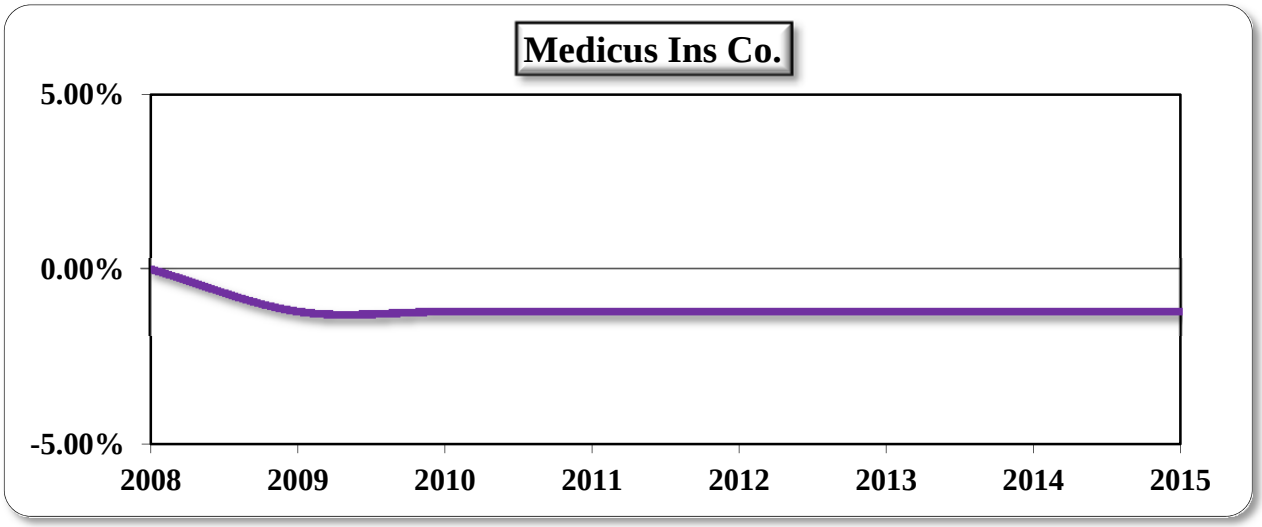
Medicus Insurance Company

Domiciled in Texas and initially incorporated in 2006, *Medicus* provides medical malpractice insurance to physicians, surgeons and related medical service providers. They received their initial Certificate of Authority to write casualty insurance in West Virginia in December 2007 and had gained approval of their first Physicians and Surgeons rate, rule and form filing by March 2008. They are currently licensed in 38 states and did $63,211,522 in medical malpractice business countywide in 2014. In 2011, *Medicus* was purchased by the *NORCAL Group*. Notably, they became 2nd in overall admitted West Virginia market share by the end of 2009 with 9.17% of the market, and held 15.8% of the market as of 2014 (*up from 13.95% in 2013*) . Likewise, they were also 2nd in market share on a business written basis with 9.1%

The pure loss ratio for Medicus in WV over the past two years has been 99.64% in 2013 and 122.9% in 2014. These loss ratios indicate the company is not profitable in WV. The company has not filed for a rate change in the past few years.

The rate history of *Medicus* follows, and likewise includes a graph of their current rates relative to inception:

2014 Market Share	Company	Effective date	%Requested	% Granted	WV #:
15.80%	***Medicus Insurance Company***	1/1/2016	0%	0%	100033411
		1/1/2015	0%	0%	100027505
		1/1/2014	0%	0%	100021635
		10/10/2012	0%	0%	100015802
		10/27/2011	0%	0%	100010073
		9/24/2010	0%	0%	100004152
		10/1/2009	-1%	-1%	90630015
		3/20/2008	initial filing	initial filing	80212014



Mountaineer Freedom RRG, Inc.

Mountaineer Freedom is a West Virginia domiciled risk retention group which was newly incorporated during 2006. This RRG was formed in order to provide professional and general liability coverage to Wheeling Hospital and its affiliated staff (*which had previously been self-insured*.) As *Mountaineer Freedom* was a risk retention group, they do not have to file rates and consequently no rate history is available for review. Mountaineer ceased to do business on December 30, 2014. The company relinquished their Certificate of Authority. As Mountaineer had 12.35% market share of the Physicians and Surgeons in 2013, their exiting our market is a significant event in 2014.

Community Hospital RRG

Community Hospital RRG, also known as *CHART*, is a Vermont domiciled insurer newly formed in 2002. As a reciprocal risk retention group, it is owned by its member insurers and this includes 8 West Virginia hospitals. *CHART* also operates in Pennsylvania and New York. As a surplus lines insurer (*non-admitted*) *CHART* did not provide 5% market share information and no rate history information is available for this company. In 2014, their market share was 8.1% on a business written basis. They wrote only hospitals.

Liberty Surplus Insurance Corp

Liberty Surplus Insurance Corporation is a member of the Liberty Mutual Insurance Group and is domiciled in New Hampshire. A non-admitted carrier, they held a market share of 3.3% in West Virginia on a business written basis in 2014, and no rate information is available for this company. They wrote other health care providers and facilities insurance which means they wrote no hospitals or individual Physicians and Surgeons.

Health Care Industry Liab Recip Ins

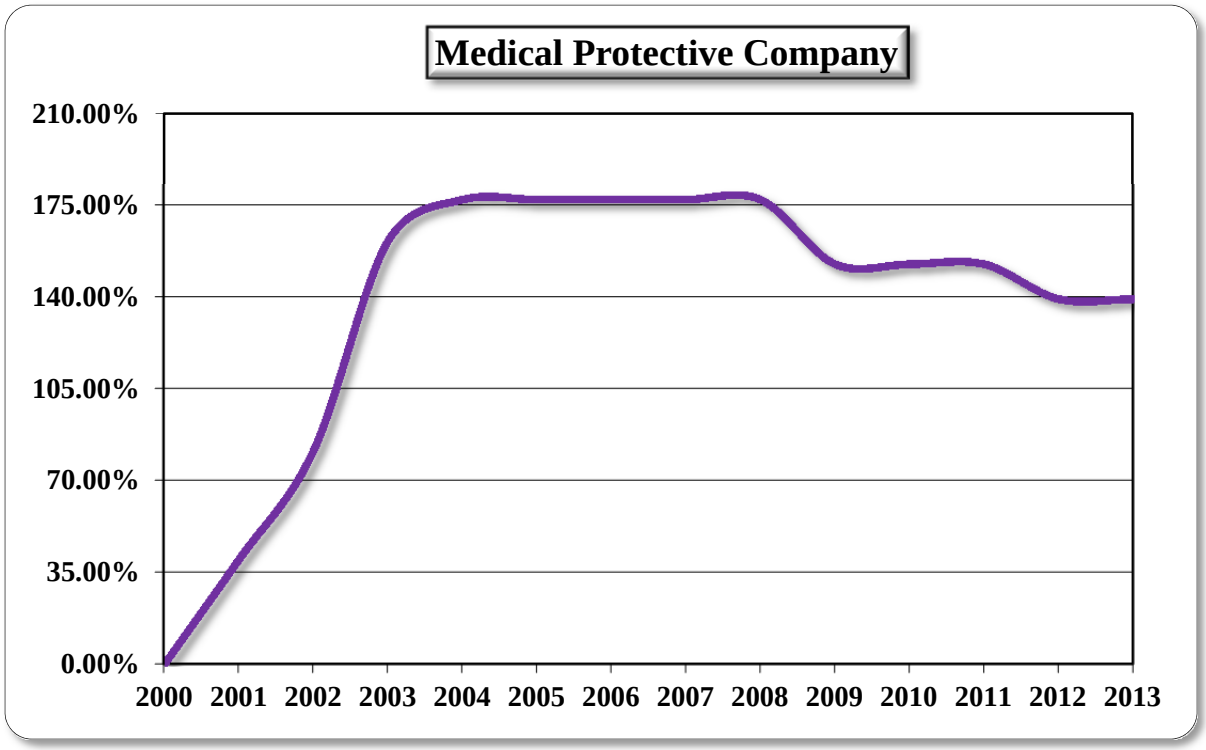
The *Health Care Industry Liability Reciprocal Insurance Company, a Risk Retention Group*, also known as *HealthCap,* is a domestic risk retention group domiciled in Washington, D.C. Formed in 2001, they offer liability insurance products for the senior care industry. As a non-admitted carrier, their market share was 2.7% on a business written basis in West Virginia during 2014. They also wrote other healthcare providers.

Medical Protective Company

Medical Protective Company currently operates as an independent unit of the *Berkshire Hathaway Insurance Group* and is domiciled in Indiana. Having quite a long history, they were first incorporated in during 1909 as the successor to the *Physicians Defense Company* which formed in 1901. Prior to this, they were named the Physicians Guaranty Company which was initially incorporated in 1899. Much more recently, they were acquired by *Columbia Insurance Company* during 2005, which ultimately made them part of the *Berkshire Hathaway Insurance Group*. In 2014, they held a market share of 3.2% on an admitted basis, and 2.1% on a non-admitted basis. Being below the 5% or more threshold in market share for inclusion in this report, no supplementary information was requested from them in 2014. The loss ratio for Physicians and Surgeons in 2014 was 56.1%.

The rate history of their Allied Healthcare Providers product since inception follows:

2014 Market Share	Company	Effective date	%Requested	% Granted	WV #:
3.20%	***Medical Protective Co***	10/1/2013	0.00%	0.00%	100021941
		1/14/2013	-13.30%	-13.30%	100018489
		10/3/2012	0.00%	0.00%	100017223
		9/1/2010	-24.60%	-24.60%	100003026
		6/9/2006	0.00%	0.00%	60605009
		5/13/2005	15.80%	15.80%	41026015
		1/1/2004	100.00%	80.00%	30825019
		11/4/2003	41.40%	41.40%	30703006
		4/1/2003	160.50%	40.00%	21219013
		1/14/2000	initial filing	initial filing	99110136



Allied World Surplus Lines

This company was formerly *Darwin Select Insurance Company*. The name change to Allied World was effective June 2014. The company was purchased by the *Allied World Insurance* in 2008. The company has had numerous owners and name changes prior. Another non-admitted carrier in West Virginia, they had a market share of 1.8% in on a business written basis in 2014. They did write some Physicians and Surgeons in 2014. They had written premiums of $255,000 in physicians and surgeons in WV with a loss ratio of 14%.

Illinois Union Insurance Company

The company was licensed to transact surplus lines in WV in 2004. The company is now part of the Ace group. They write hospitals and other medical specialties in WV. The company wrote over $55,000,000 in medical malpractice business on a countrywide basis in 2014.

American Excess Insurance Exch

They are a Risk Retention Group licensed in Vermont. They have been admitted to do business in WV since 2004. They wrote only hospitals in WV in 2014.

III-C: Rating Plans and Rating Rules

Physicians and Surgeons Programs

Coverage is provided by each of the insurers on a claims-made (*or less frequently, occurrence*) basis. The coverage provided by all plans is relatively standard. Differences may occur in:

- Number of classes
- Assignment of specialties to class
- Definition of specialties
- Class relativities
- Maturity and tail factors
- Discounts offered

None of these differences produce an unfair advantage or inappropriate rating plan. Physicians and Surgeons rating plans are consistent with other industry plans and are reasonable.

Hospital Programs

Each insurer provides coverage on a claims-made (*or less frequently, occurrence*) basis. Variations in the rating plans may occur in the:

- Exposure base
- Experience rating plan
- Schedule rating plan
- Surcharge programs
- Deductible credits
- Increased limits factors

Flexibility in pricing through the use of guide (a) rating (*aka 'refer to company'*) allows underwriters the ability to customize the price and coverage to the risk. Such a feature is common when rating large, unique risks such as hospitals.

III-D: Reconciliation of Filed Information to Rate Filing Information

As required by West Virginia Code §33-20B-3.

1. **Reconcile the most recent filed information to the experience reported in the rate filings.**
   Exhibit I-Sheet 1a – 1b provides the premium and loss for each carrier.

   - ✓ *WVMIC* figures (**Exhibit I-Sheet 1a**) are noted to have undergone favorable development as the experience of the legacy program which they had inherited (*BRIM II*) is now better known. Pure loss and premium experience while showing a change from 2013 to 2014 still appears to be favorable for *WVMIC*.

   - ✓ *Medicus* figures (**Exhibit I-Sheet 1b**) show the data is increasing in credibility but remain immature and should be anticipated to undergo further development. Volatility is still an item of concern due to the small volume of business written by *Medicus* at this time. The experience over the past few years has not been favorable.

2. **Reconcile the experience in the filed information to the most recent experience reported in the company's financial statements.**

   - ✓ **Exhibit VI** provides the comparison of Annual Statement information with the filed 5% Report information for all companies. The results are demonstrated to wholly reconcile for all companies participating in the report.

3. **Compare the assumptions underlying the filed information to the most recent rate filing assumptions or other information.**

   Exhibits II-V provides the key assumptions underlying the most recent rate filings to the filed 5% Reports.

   - ✓ **Exhibit II** compares budgeted expenses.

- *WVMIC* has a permissible loss ratio of 53%. They have a fixed expense load per policy of $5,184. They have a 2.3% profit and contingencies loading factor.

- *Medicus* has a permissible loss ratio of 63.8%. They include a 5% profit and contingencies load in their filing.

To comprehend the reasonability of the Expense Provisions being employed, we can look at the most recently available data (*2014*) from A.M. Best's Aggregates and Averages. These data demonstrate averaged expenses for all writers of the Medical Malpractice line of business in the country.

Company	Commissions	Other Acquisition Expenses	General Expenses	Total Underwriting Exp
WVMIC	7.5%	12.4%	11.7%	35.5%
Medicus (NORCAL Group)	7.8%	7.1%	7.0%	24.6%
Industry Average (A.M. Best)	6.3%	5.1%	9.8%	23.7%

- ✓ **Exhibit III** compares investment income provisions.

- ➢ *WVMIC's* net investment gain has become rather substantial as their surplus has grown. The rate of return assumed as underlying their profit and contingencies load remains absent as it has since 2005.

- ➢ *Medicus'* net investment gain is shown to be quite modest and notably is well exceeded by the assumed rate of return underlying their profit and contingencies load. This should be monitored, but does not provide significant concern.

- ✓ **Exhibit IV** compares pure premium trend assumptions.
  The pure premium trend assumptions of each of the companies included in the report demonstrate no areas of concern.

- ✓ **Exhibit V** compares incurred loss development factors.
  Although it is on a somewhat later basis (*18 months to ultimate*), the incurred loss development factors utilized by *WVMIC* appear to be somewhat low. The factors employed by *Medicus* appear reasonable and similar to previously provided information.

4. <u>Is the filed information filled out correctly and accurately?</u>

- ✓ It is clear that each company has attempted to provide accurate information in response to the 5% Report data call.

5. **<u>Does the filed information support our conclusion on the rates as of 12/31/14?</u>**

- ✓ **Exhibit VII** provides rate comparisons for a number of specialties utilizing the filed rates of several companies writing physicians and surgeon's coverage in West Virginia as well as those filed by a rating organization. Note that in review of the by-company rate histories as provided in Section III-B above, that by premium volume **rates have generally remained stable in West Virginia after having declined during the most recent prior years.**

III-E: Analysis of Rate Filings

West Virginia Mutual Insurance Company

The company most recently filed for and received approval of a 0.0% change to their base rates to become effective on January 1, 2015. The policy renewal credit changed from 15% to 12% which has a +3% premium impact to policyholders. As noted earlier, the company has returned dividends in both 2013 and 2014 which offset previous adjustments to the renewal credit. They likewise filed for and received approval of a 0.0% change to their base rates effective January 1, 2014 as well as January 1, 2013. An overall decrease of 5% was filed for and approved effective January 1, 2012. Additional "no change" (0%) filings were approved for January 1, 2011, 2010, 2009 and 2008. In January of 2007, the company filed for and received approval of an overall rate level decrease of 15%; this followed a similar overall decrease of 5% in 2006. As indicated in Section **III-B**, the Company's current rates are about -15% below that of their initial rate filing which became effective on July 1, 2004.

Medicus Insurance Company

The company most recently filed for and received approval of a 0.0% change to their base rates to become effective January 01, 2015. Prior to this filing, "no change" filings were approved for 2014, 2012 and 2011, as well as September 2010. *Medicus* filed for and received approval of a -1.2% overall filing effective as of October 1, 2009. That filing was subsequent to their initial rate filing in the state which became effective on March 20, 2008. As also indicated in Section **III-B**, the Company's current rates are about -1.2% below that of their initial rate filing.

III-F: Investment Portfolio

Exhibit III presents a comparison of net investment gains and investment income provisions from rate filings. In earlier years, investment gains had generally declined but are now showing upward movement. As indicated above *WVMIC* is not accounting for investment income offset within its future rate filings and this should be amended.

A review of each of the three reporting companies Annual Statement information demonstrates that investment yields are relatively modest as a percentage of assets invested, but are otherwise performing reasonably well in today's investment marketplace.

III-G: Overall Medical Malpractice Market (Annual Statement Line of Business 11)

Although sub-lines of medical malpractice (*e.g. physicians, hospitals, etc.*) are considered individually in the Appendix of this report, a detailed view of the entire medical malpractice line of business on an admitted company basis for 2014 provides the following: (*Companies under $5,000.00 omitted*)

Company Name	$ Written	Market Share	$ Earned	Losses Incurred	Loss Ratio
West Virginia Mut Ins Co	$25,553,001	61.5%	$25,340,227	$14,043,211	33.9%
Medicus Ins Co	$6,551,141	15.8%	$6,441,461	$7,915,620	19.1%
Medical Protective Co	$1,314,734	3.2%	$1,171,522	$657,000	1.6%
ProAssurance Ind Co Inc	$936,302	2.3%	$1,049,227	($456,980)	-1.1%
Ophthalmic Mut Ins Co RRG	$864,810	2.1%	$879,769	($295,527)	-0.7%
National Guardian RRG Inc	$849,775	2.0%	$849,775	$692,286	1.7%
Capson Physicians Ins Co	$824,572	2.0%	$852,218	$1,081,857	2.6%
General Star Ind Co	$794,161	1.9%	$688,195	$627,000	1.5%
Oceanus Ins Co A RRG	$690,898	1.7%	$614,458	$655,242	1.6%
Doctors Co An Interins Exch	$507,086	1.2%	$608,580	$480,739	1.2%
Fair Amer Ins & Reins Co	$403,782	1.0%	$394,296	$88,150	0.2%
Catlin Specialty Ins Co	$297,636	0.7%	$215,897	($16,136)	0.0%
Physicians Specialty Ltd RRG	$289,791	0.7%	$289,791	($30,740)	-0.1%
Allied World Surplus Lines Ins Co	$255,000	0.6%	$235,099	$33,304	0.1%
Preferred Physicians Medical RRG	$230,883	0.6%	$230,701	$1,858	0.0%
National Fire & Marine Ins Co	$219,700	0.5%	$234,133	($48,450)	-0.1%
Evanston Ins Co	$135,591	0.3%	$154,793	($32,148)	-0.1%
Medical Security Ins Co	$134,214	0.3%	$101,367	$42,199	0.1%
Care RRG Inc	$126,637	0.3%	$141,508	$188,341	0.5%
Allied World Specialty Ins Co	$106,175	0.3%	$89,790	$6,042	0.0%
Admiral Ins Co	$65,457	0.2%	$60,050	($92,139)	-0.2%
Hallmark Specialty Ins Co	$62,470	0.2%	$51,082	($45,078)	-0.1%
TDC Specialty Ins Co	$59,600	0.1%	$62,363	$5,232	0.0%
MT Hawley Ins Co	$56,810	0.1%	$121,917	$30,651	0.1%
National Medical Professional RRG In	$42,120	0.1%	$42,120	($8,257)	0.0%
Doctors & Surgeons Natl RRG Inc	$31,442	0.1%	$37,629	$7,365	0.0%
Community Hospital RRG	$28,538	0.1%	$28,538	$0	0.0%
Cherokee Guar Co Inc a RRG	$28,137	0.1%	$64,598	($57)	0.0%
Southwest Physicians RRG Inc	$25,761	0.1%	$25,761	$126,329	0.3%
Green Hills Ins Co RRG	$18,262	0.0%	$23,637	($1,082)	0.0%
Landmark Amer Ins Co	$14,959	0.0%	$37,048	$23,792	0.1%
Berkley Assur Co	$13,020	0.0%	$5,562	$9,012	0.0%
20 Other Companies	$4,589	0.0%	$250,295	($2,567,131)	-6.2%
Totals 52 Companies	$41,537,054	100.0%	$41,393,407	$23,121,505	55.9%

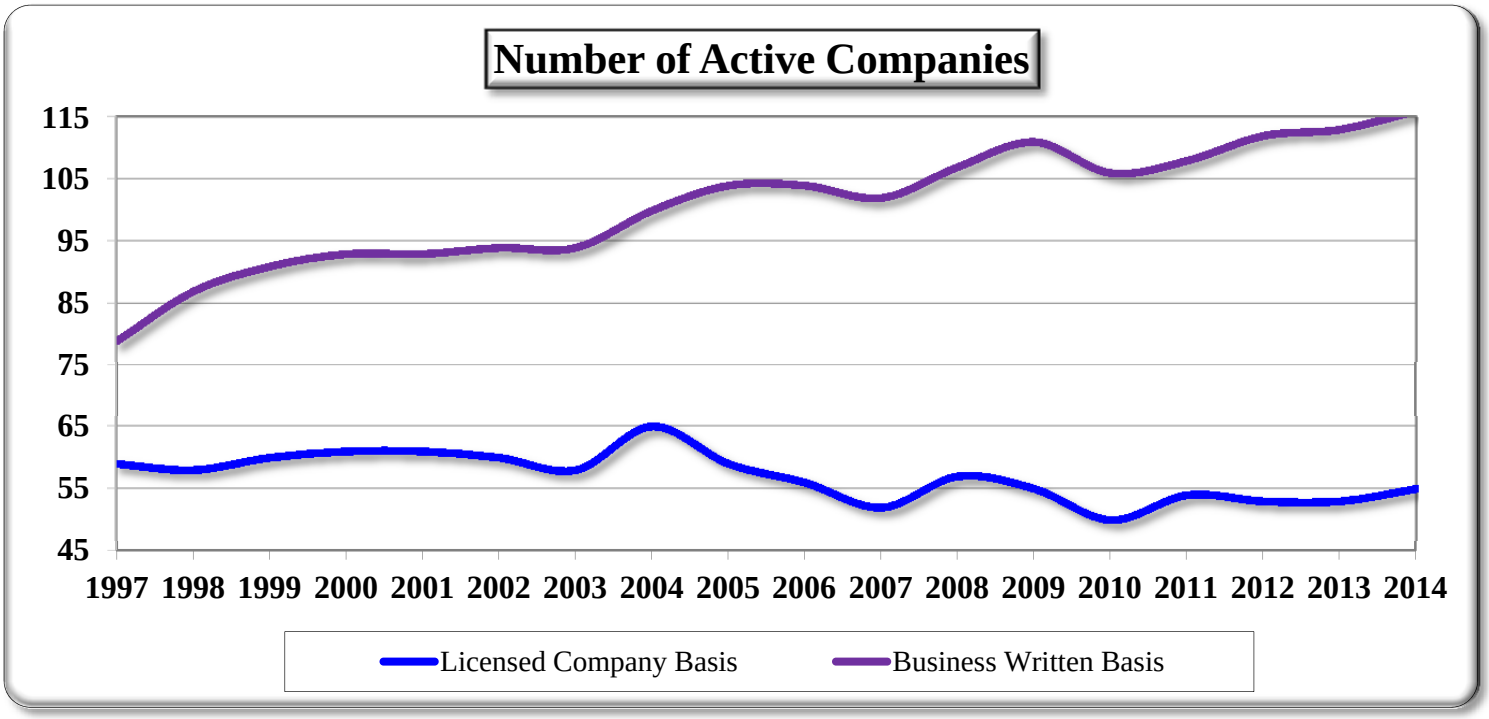
Note that only a very small number of companies (*52*) are reporting any activity in West Virginia for 2014, and that our domiciled mutual company (*West Virginia Mutual*) has a material concentration of total market share.

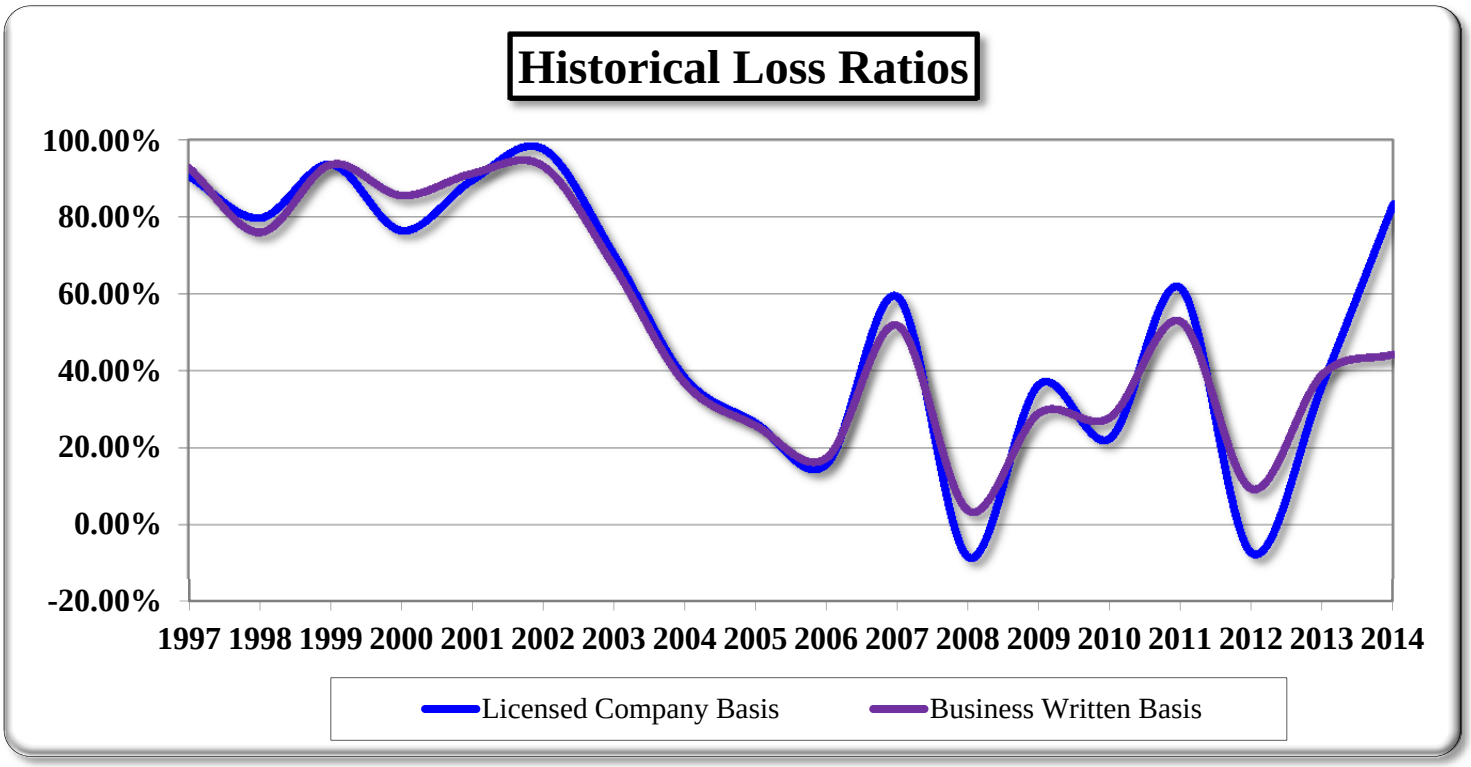
Looking back on these considerations historically, on an admitted basis as well as on a business written basis, the following summary information can be found.

Licensed Company Basis		
	Company Count	**Loss Ratio**
1997	59	90.69%
1998	58	79.77%
1999	60	93.82%
2000	61	76.51%
2001	61	89.68%
2002	60	97.76%
2003	58	70.17%
2004	65	38.23%
2005	59	26.54%
2006	56	15.78%
2007	52	59.39%
2008	57	-8.35%
2009	55	36.55%
2010	50	22.52%
2011	54	61.62%
2012	53	-7.27%
2013	53	36.49%
2014	52	83.42%

Business Written Basis		
	Company count	**Loss Ratio**
1997	79	92.81%
1998	87	76.04%
1999	91	93.69%
2000	93	85.64%
2001	93	91.36%
2002	94	93.27%
2003	94	67.19%
2004	100	36.84%
2005	104	25.85%
2006	104	17.44%
2007	102	51.90%
2008	107	3.73%
2009	111	29.14%
2010	106	27.95%
2011	108	52.89%
2012	112	9.41%
2013	113	39.17%
2014	116	44.36%

Other graphical representations of the historical market data:





Section IV

Other Sources of Data

IV: Other Sources of Data

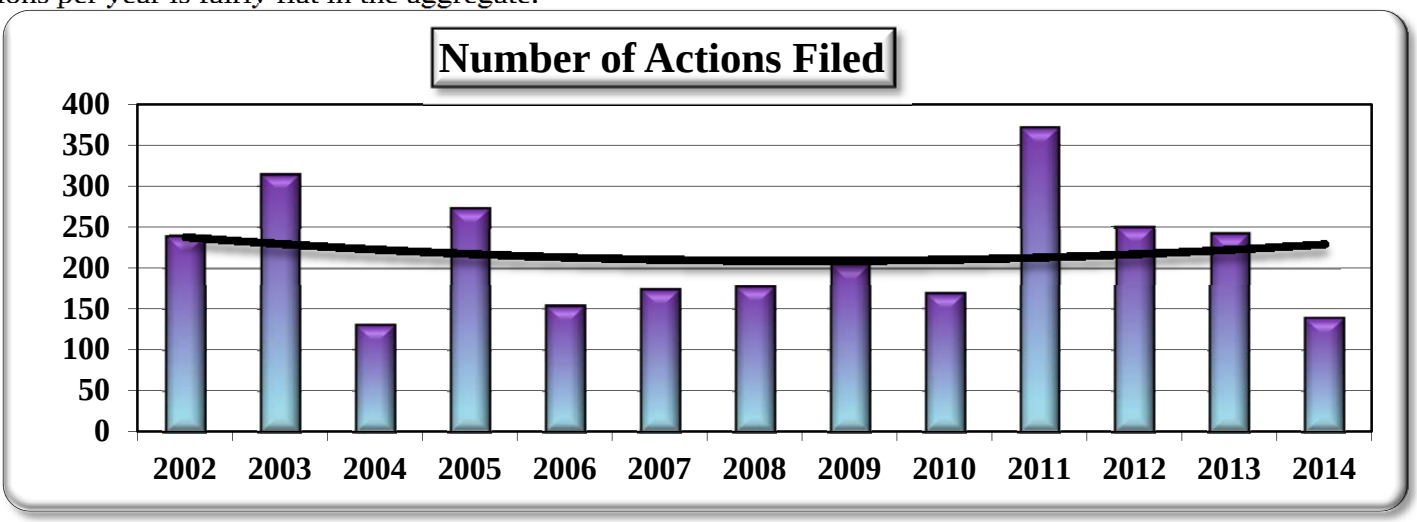
IV-A: Medical Liability Fund Data

Becoming effective on January 1, 2002, *HB 601* increased the fee associated with filing a medical professional liability action in part to support the Medical Liability Fund created pursuant to §29-12B-1 et seq. As part of this change, a portion of the moneys received for each action filed are received by the State Treasurers Office. The data associated with these transactions can be examined to establish the total number of actions involving Medical Professional Liability filed in West Virginia per year and as well the total number filed per county of venue. It is noted that due to the particular timing involved in posting these transactions, the data appears to lag by a period of approximately one month from the actual date that the action in consideration was actually filed in a court of law.

Examining this data in aggregate, the following information is noted:

Year	# of Filed Actions
2002	239
2003	315
2004	130
2005	273
2006	154
2007	174
2008	178
2009	205
2010	169
2011	372
2012	250
2013	242
2014	139

Up until 2011 which appears to be a bit of an anomaly, a general decline in the number of filed actions per year had taken place. The polynomial trend (*black*) line in the graph below demonstrates that the number of filed actions per year is fairly flat in the aggregate.



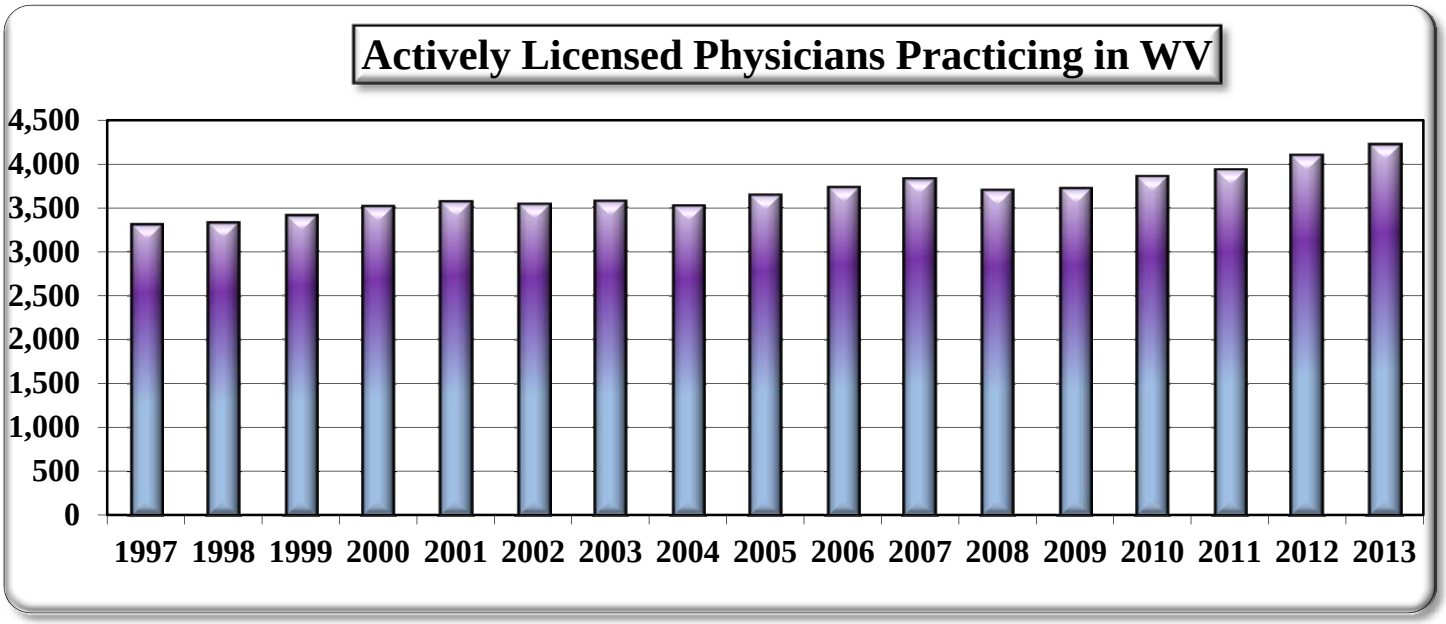
IV-B: Board of Medicine Data

Obtaining data from the West Virginia Board of Medicine regarding physician licensure in West Virginia, the following history is observed.

West Virginia Board of Medicine Licensure Data	1997	1998	1999	2000	2001	2002	2003	2004	2005
Actively Licensed Physicians (M.D.)	5,026	5,107	5,251	5,212	5,246	5,199	5,182	4,873	5,058
Inactively Licensed Physicians	937	896	869	920	947	901	631	853	757
Actively Licensed Podiatrists (D.P.M.)	102	115	104	110	104	114	110	105	99
Inactively Licensed Podiatrists	13	13	22	24	22	22	17	22	20
Actively Licensed Physicians Practicing in WV	3,317	3,339	3,415	3,525	3,570	3,552	3,575	3,532	3,650
Actively Licensed Podiatrists Practicing in WV	58	59	65	67	68	71	73	72	68
Physician Assistants (P.A.)	289	333	335	371	378	405	421	467	480
Medical Corporations	585	595	590	603	611	568	565	557	540
Professional Limited Liability Companies	11	26	34	42	41	45	55	57	54
Special Volunteer Medical Licenses	-----	-----	-----	4	9	13	21	20	16
Medical School Faculty Limited Licenses	-----	-----	-----	-----	-----	-----	2	4	4

West Virginia Board of Medicine Licensure Data	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actively Licensed Physicians (M.D.)	5,187	5,379	5,594	5,776	5,857	5,962	6,020	6,282	6,636
Inactively Licensed Physicians	734	692	650	627	628	628	632	613	484
Actively Licensed Podiatrists (D.P.M.)	105	103	104	101	111	101	103	100	101
Inactively Licensed Podiatrists	20	16	16	15	14	15	15	12	12
Actively Licensed Physicians Practicing in WV	3,743	3,837	3,708	3,730	3,864	3,946	4,111	4,231	4,327
Actively Licensed Podiatrists Practicing in WV	66	75	73	64	68	72	74	65	67
Physician Assistants (P.A.)	540	542	580	604	658	671	732	781	821
Medical Corporations	521	513	502	500	498	495	498	487	432
Professional Limited Liability Companies	51	47	50	50	53	59	79	100	98
Special Volunteer Medical Licenses	15	13	16	15	16	17	16	15	11
Medical School Faculty Limited Licenses	4	4	2	3	4	3	3	3	3

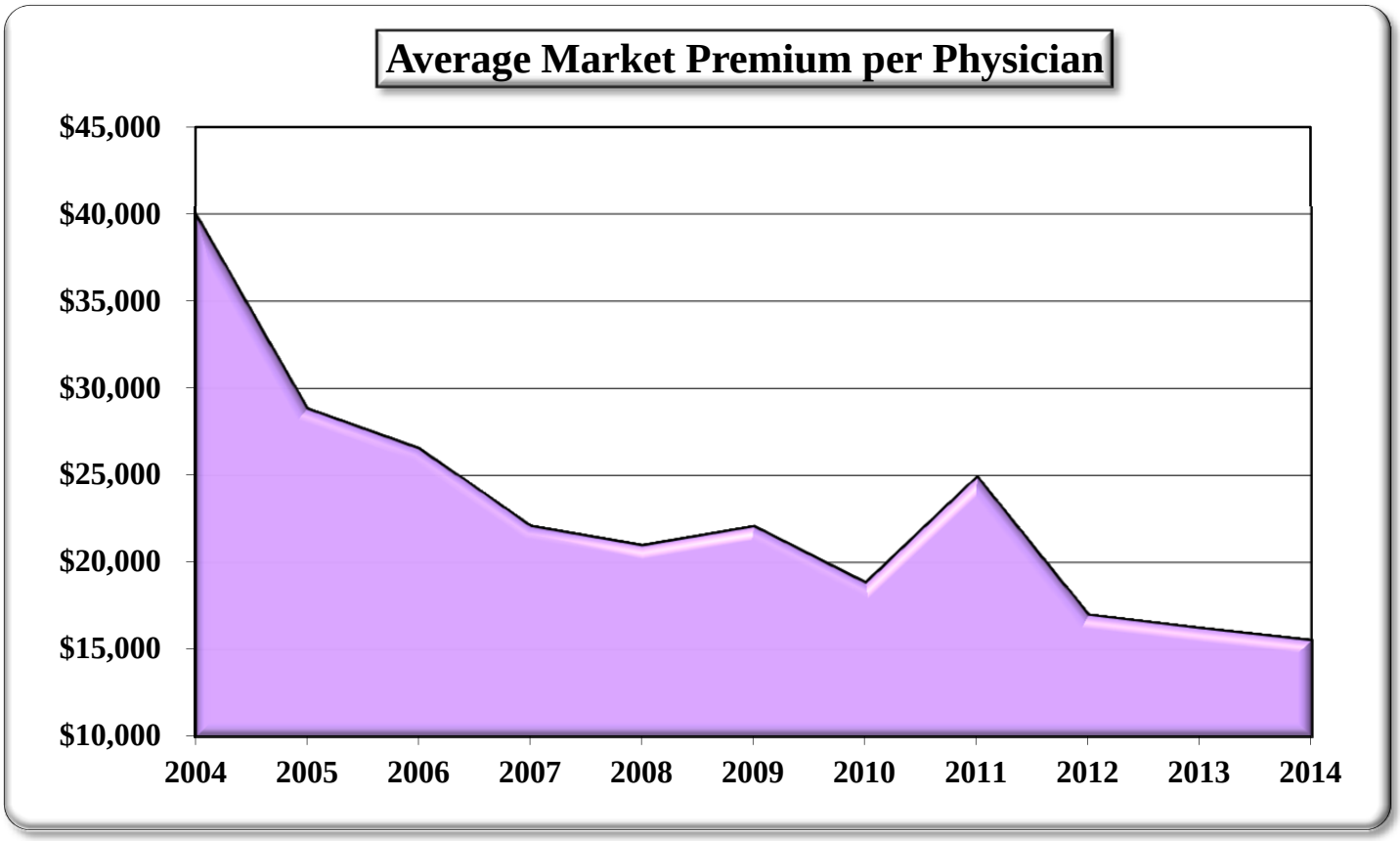
Looking at only licensed physicians that report as actively practicing in West Virginia, an overall favorable increase in physicians is observed for the State.



Tying the active physician licensure data to historical premium data for the physician sub-line of medical malpractice, we can also estimate how the cost of malpractice premiums might be spread on average throughout our physician population.

	Business Written Basis			
	P&S Written Premiums	**Physicians Practicing in WV**	**Board of Risk Insured Physicians**	**Averaged Premium per Physician**
2004	$104,451,130	3,532	923	$40,034.93
2005	$77,791,000	3,650	955	$28,864.94
2006	$76,117,773	3,743	881	$26,596.01
2007	$63,070,586	3,837	988	$22,137.80
2008	$55,572,225	3,708	1,065	$21,026.19
2009	$53,932,735	3,730	1,291	$22,112.64
2010	$49,672,860	3,864	1,237	$18,907.44
2011	$64,270,333	3,946	1,371	$24,959.35
2012	$43,657,853	4,111	1,547	$17,027.24
2013	$42,760,927	4,231	1,602	$16,265.09
2014	$41,537,054	4,327	1,658	$15,562.78

Note the significant decrease in average premium occurring from 2004 to present.



Note also that the “averaged” premiums above are not necessarily representative of the premium that a given physician doing business in West Virginia may actually be paying, as that premium would be influenced by the physicians specialty (*e.g. physician classes versus surgeon classes*), the maturity of their claims-made policy, the limits of insurance afforded, presence of rating credits and debits, etc.

However it is clear from the representative information above that, on average, malpractice rates in West Virginia are stable.

Section V

Summary Observations

V: Summary Observations

- In 2014, medical malpractice insurance in West Virginia continued to demonstrate favorable results, concluding with an overall loss ratio of 44.6%; this being for all companies and types of medical malpractice. The premium volume remained relatively the same. The Physicians and Surgeons business only had a loss ratio of 55.9%, which was up slightly from the 2013 ratio of 49.3%. The premium volume remained relatively the same.

- Countrywide net operating results for all property and casualty lines of business in 2014 were at 92.0%.

- During 2014 medical malpractice rates in West Virginia remained relatively unchanged. *WVMIC* held the substantial majority of the market share and initiated no overall rate changes. *Medicus* had the second greatest market share and also proposed no rate changes during 2013. *Medical Protective Co* (*whose market share was below the 5% threshold at 2.83%*) actually decreased their rates by -13.3% in 2013 and made no changes in 2014.

- One of the key elements underlying the historical adverse results for West Virginia has been a very high level of defense costs. Since 2004, loss adjustment expenses in West Virginia have exceeded 50% of incurred losses during the years 2004, 2006, 2007, 2010, and again in 2013. Although influenced by the large reduction in loss reserves during 2008 and again in 2012, in total West Virginia loss adjustment expenses were 68.17% of loss over the 2004 to 2014 period, whereas on a countrywide basis the loss adjustment expenses were 55.8% of loss. Even though averaging out the large reduction in loss reserves would render us comparable to the countrywide figure, volatility in this area is an item of concern for the future.

- In the admitted market for physicians and surgeons, the top five malpractice writers in West Virginia by premium written accounted for 84.8% of the entire admitted market (*previously 87.5%*), and the continued favorable decline in market concentration ratios demonstrates an increase in competition. In the entire market (*admitted and non-admitted*), the top five writers account for 63.3% of the market (*previously 69.98% in 2012*).

- The small size of the medical malpractice marketplace in West Virginia, with only 4,327 active physicians or surgeons practicing in our State, inherently lends itself toward volatility, as can be demonstrated by simply considering the 2006 through 2014 results (*with Direct Loss Ratios of 15.8%, 59.4%, -8.4%, 36.6%, 22.5%, 61.61%, -7.3%, and 36.49% 55.8% respectively*).

- An analysis of West Virginia Board of Medicine data revealed the following:
  - The number of **paid claims** was shown to have generally **declined** in West Virginia, although there was an increase from 2013 (87) to 2014 (119).
  - The total number of **claims in 2014** (119) is about **a third** of that experienced in 2001 (*375 or 31.7%*).
  - Roughly 33% of claims were dismissed in 2014, which is comparable to prior years.
  - Approximately 8% of claims filed actually go to court.
  - Most claims are settled outside of court, approximately 60%.

- A review of the Medical Liability fund data indicates that the number of filed actions in West Virginia decreased over 2013.

- Examination of the 5% market share companies data as required by §114CSR22, §114CSR23, and §33-20B-6 notes several expense issues, but found no areas of material concern.

Glossary of Terms

Accident Year Experience: Measures premiums and losses relating to accidents which occurred during a 12-month period. Ties loss dollars to the year in which the premiums were earned.

Admitted Market: Comprised of only Insurance Companies that are specifically authorized and licensed to write business in a given state. Contrast this with the market as a whole which would also include non-admitted insurers who write in a given state on an Excess and Surplus lines basis. (i.e. Business Written Basis.)

BRIM: ***West Virginia Board of Risk and Insurance Management***

BRIM I: Term to identify the medical malpractice program for teaching schools and their physicians. This program is administered by *National Union Fire of Pittsburgh* (an *AIG* subsidiary) under a fronting arrangement. *AIG* assumes no real risk under this arrangement; they simply issue the policies on *AIG* paper and are fully reimbursed by BRIM for loss and other expenses. They receive a percentage of premium for providing this service. BRIM I policies are written on an occurrence basis.

BRIM II: Term to identify the medical malpractice program for private physicians and hospitals. This program was administered by *Marsh*. BRIM II was written on a claims-made basis. All BRIM II business novated to the *West Virginia Mutual Insurance Company* (*WVMIC*) on July 1, 2004.

Calendar Year Experience: Measures premiums and losses entered on accounting records during the 12-month calendar. Losses may be from prior years.

Claims-made Coverage: A policy which provides coverage only when a claim is made during its active policy period or any automatic or purchased supplemental extended reporting period. For example, generally a claim that is made in the current year will be charged against the current policy even if the injury or loss giving rise to the claim had occurred many years in the past. However, a claims-made policy will also have a set specific retroactive date, prior to which any occurrence giving rise to a claim will not be covered. From a pricing perspective, claims-made coverage is much more straightforward since it strictly limits the insurers' exposure only to unknown future liabilities (called "incurred but not reported" claims). Contrast this coverage with "*Occurrence Coverage*". Claims-made coverage became a more accepted approach towards writing long-tailed exposure lines like medical malpractice and products liability during the mid-'80's after its introduction by the *Insurance Services Organization* (*ISO*).

Combined Ratio: The percentage of each premium dollar a property/casualty insurer spends on claims and expenses. A decrease in the combined ratio means financial results are improving; an increase means that they are deteriorating. When the ratio is over 100%, the insurer has an *underwriting* loss.

Direct Combined Ratio: The sum of expenses and incurred losses combined versus earned premiums. On a direct basis, this ratio does not take into account any adjustments for reinsurance recoveries or payments for reinsurance coverage.

Direct Loss Ratio: The ratio of incurred losses to earned premium. The direct loss ratio is in contrast to a 'net loss ratio' which compares losses after reinsurance recoveries to earned premiums after paying for reinsurance.

Earned Premium: The pro rata portion of written premium which represents the expired portion of the insurance contract. For example, an annual policy of $100 written on July 1, 2001, assuming a calendar year accounting period, will be shown on the company's books as being partially earned in 2001 and 2002, i.e. fifty dollars earned in 2001 and fifty dollars in 2002.

Guide (a) rating (also known as 'refer to company' and 'judgment rating'): (a)-rating is typically used for large and/or unique commercial risks. It is generally provided for in the rules section of a company's underwriting manual. When a risk, such as a hospital, qualifies for (a)-rating, the actual price for the risk will be determined by an experienced underwriter. In this situation, actual filed rates are superseded by the underwriter's judgment.

Incurred Loss: A monetary payment and/or reserve on the part of the insurance company to cover claims of the insureds which are payable by the terms of the insurance contract.

Investment Gain/(Loss): The investment gain relates a company's total *return on all invested funds* (premiums, reserves, and equity) to the calendar year earned premium. Thus this figure will usually be quite substantial for a long-tailed line like medical malpractice which requires considerable funds to be held in reserves and surplus.

Loss Adjustment Expense (LAE): Costs on the part of an insurance company to cover expenses incurred in settling their claims. This expense can be divided into two types: Allocated Loss Adjustment Expenses (ALAE aka Direct Cost Containment Expense [DCCE]) which are those expenses such as outside attorney and necessary court fees which can be directly tied to a specific claim, and Unallocated Loss Adjustment Expenses (ULAE aka Adjusting and Other [AO]) which are insurance company general claim department expenses, etc. and are not directly allocated to a particular claim.

Loss Development Factors: Designed to account for the subsequent development of losses or those that are late in being reported in order to attempt to reasonably estimate ultimate settlement amounts. Loss development factors are frequently utilized in those lines of insurance where claims develop slowly or are commonly reported later than the year in which the original premiums were earned. Prospective loss development factors are based upon changes in the relationships of historical claim data at specific and set periods during their subsequent development, such as after 12, 24, and 36 months, etc.

Occurrence Coverage: A policy that pays claims arising out of incidents that occur during the policy term, even if the claims are filed many years later.

Operating Profit/(Loss): Bottom-line profit or loss of an insurance company. Calculated by adding investment income to underwriting profit/(loss).

Premium-to-Surplus Ratio: The ratio of written premium to surplus. This ratio is commonly used in the property/casualty insurance industry as a measure of financial strength or to indicate the degree to which a company is leveraged. In Medical Malpractice insurance, this ratio is often less than one-to-one.

Punitive Damages: Damages awarded over and above compensatory (economic) damages to punish a negligent party because of wanton, reckless, or malicious acts or omissions.

Pure Premium: The portion of the total premium only needed to pay expected losses. The pure premium does not take into account the portion of premium necessary for company expenses (e.g., commissions, taxes, etc.)

Risk Retention Group: Liability Insurance Companies which are owned by their policyholders. Membership is limited to people in the same business or activity which exposes them to similar risks. The purpose is to assume and spread liability exposure to group members and to provide an alternative risk financing mechanism for liability. (*See also the Federal Liability Risk Retention Act of 1986.*)

Severity: Average loss per claim.

Surplus Line: (aka **Excess Line**) A risk or part of a risk for which there is no market available through the original broker or agent in its jurisdiction. Therefore, it is placed with non-admitted insurers on an unregulated basis, in accordance with the surplus or excess lines provisions of the state law.

Underwriting Expense: The expenses which are realized by an insurance company in acquiring, selecting, and servicing policies. Underwriting expense includes agents' commissions, general administration expenses, inspection and bureau expenses, and taxes, licenses and fees. It does not include any loss adjustment expenses.

Underwriting Profit/(Loss): The remainder when loss, loss adjustment expense and underwriting expense are subtracted from earned premium income.

Written Premium: The total premium from all policies with effective dates within a given time period.

Exhibits

West Virginia Offices of the Insurance Commissioner

5% Market Share Report **Exhibit I--Sheet 1a**

Loss and Premium Information/Reconciliation

West Virginia Mutual Ins Co

Physicians and Surgeons

2015 Rate Filing	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	38,651,754	39,848,500	41,833,663	41,122,570	38,925,960	35,381,537	32,665,819	30,681,459	26,957,703	12,244,808
Tr, Dev Ult Loss & ALAE	12,124,467	10,421,437	19,937,794	23,657,252	21,829,868	20,127,410	19,272,231	23,573,986	22,714,980	9,678,252
Loss & ALAE Ratio	31.4%	26.2%	47.7%	57.5%	56.1%	56.9%	59.0%	76.8%	84.3%	79.0%
2014 Rate Filing	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	43,629,418	40,178,290	41,843,393	41,144,486	38,934,789	35,387,432	32,670,654	30,690,493	13,871,753	---
Tr, Dev Ult Loss & ALAE	13,527,884	10,133,428	19,872,371	22,454,086	21,412,931	18,270,087	23,288,932	26,917,398	5,327,533	---
Loss & ALAE Ratio	31.0%	25.2%	47.5%	54.6%	55.0%	51.6%	71.3%	87.7%	38.4%	---
2013 Rate Filing	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	43,629,418	40,178,290	41,843,393	41,144,486	38,934,789	35,387,432	32,670,654	30,690,493	---	---
Tr, Dev Ult Loss & ALAE	13,527,884	10,133,428	19,872,371	22,454,086	21,412,931	18,270,087	23,288,932	26,917,398	---	---
Loss & ALAE Ratio	31.0%	25.2%	47.5%	54.6%	55.0%	51.6%	71.3%	87.7%	---	---
2012 Rate Filing	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	43,661,462	40,203,167	41,865,275	41,147,049	38,952,784	35,403,530	32,683,858	---	---	---
Tr, Dev Ult Loss & ALAE	10,206,161	7,881,675	15,883,100	18,823,495	18,426,464	15,904,672	19,334,225	---	---	---
Loss & ALAE Ratio	23.4%	19.6%	37.9%	45.7%	47.3%	44.9%	59.2%	---	---	---
2011 Rate Filing	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	---	42,371,112	44,117,064	43,350,125	41,043,960	37,300,513	---	---	---	---
Tr, Dev Ult Loss & ALAE	---	9,694,646	18,824,555	22,845,334	22,179,936	26,917,398	---	---	---	---
Loss & ALAE Ratio	---	22.9%	42.7%	52.7%	54.0%	72.2%	---	---	---	---
2010 Rate Filing	**2005**	**2006**	**2007**	**2008**	*half year	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	43,726,967	42,058,272	44,141,025	42,314,798	19,048,681	---	---	---	---	---
Tr, Dev Ult Loss & ALAE	13,315,023	11,422,667	22,179,936	33,915,921	10,819,226	---	---	---	---	---
Loss & ALAE Ratio	30.5%	27.2%	50.2%	80.2%	56.8%	---	---	---	---	---
2009 Rate Filing	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	43,727,000	42,058,000	44,141,000	42,315,000	---	---	---	---	---	---
Tr, Dev Ult Loss & ALAE	13,494,000	11,891,000	24,407,000	34,101,000	---	---	---	---	---	---
Loss & ALAE Ratio	30.9%	28.3%	55.3%	80.6%	---	---	---	---	---	---
2008 Rate Filing	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	44,832,000	42,951,000	44,979,000	---	---	---	---	---	---	---
Tr, Dev Ult Loss & ALAE	15,340,000	14,595,000	33,415,000	---	---	---	---	---	---	---
Loss & ALAE Ratio	34.2%	34.0%	74.3%	---	---	---	---	---	---	---
2007 Rate Filing	**2005**	**2006**	*half year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	39,504,147	43,510,815	21,755,014	---	---	---	---	---	---	---
Tr, Dev Ult Loss & ALAE	18,815,166	16,550,040	13,081,000	---	---	---	---	---	---	---
Loss & ALAE Ratio	47.6%	38.0%	60.1%	---	---	---	---	---	---	---
2006 Rate Filing	**2005**	*half year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	51,300,290	26,274,295	---	---	---	---	---	---	---	---
Tr, Dev Ult Loss & ALAE	28,416,681	16,601,162	---	---	---	---	---	---	---	---
Loss & ALAE Ratio	55.4%	63.2%	---	---	---	---	---	---	---	---

5% Market Share Report **Exhibit I--Sheet 1b**

Loss and Premium Information/Reconciliation *continued*

Medicus Insurance Company

Physicians and Surgeons

2015 Rate Filing	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	---	---	3,706,000	4,935,000	5,539,000	6,493,000	6,497,000	6,441,000
Tr, Dev Ult Loss & ALAE	---	---	1,990,000	4,915,000	9,855,000	2,224,000	9,064,000	12,279,000
Loss & ALAE Ratio	---	---	53.7%	99.6%	177.9%	34.3%	139.5%	190.6%

2014 Rate Filing	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	---	---	3,662,000	4,911,000	5,539,000	6,493,000	6,497,000	---
Tr, Dev Ult Loss & ALAE	---	---	1,990,000	4,915,000	9,855,000	2,224,000	9,064,000	---
Loss & ALAE Ratio	---	---	54.3%	100.1%	177.9%	34.3%	139.5%	---

2013 Rate Filing	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	---	535,000	3,662,000	4,911,000	5,539,000	6,493,000	---	---
Tr, Dev Ult Loss & ALAE	---	1,008,000	5,373,000	4,763,000	4,514,000	4,382,000	---	---
Loss & ALAE Ratio	---	188.4%	146.7%	97.0%	81.5%	67.5%	---	---

2012 Rate Filing	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	---	535,000	3,662,000	4,911,000	5,539,000	---	---	---
Tr, Dev Ult Loss & ALAE	---	2,225,000	2,990,000	2,887,000	6,143,000	---	---	---
Loss & ALAE Ratio	---	415.9%	81.6%	58.8%	110.9%	---	---	---

2011 Rate Filing	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	---	535,288	3,554,347	4,668,761	---	---	---	---
Tr, Dev Ult Loss & ALAE	---	939,225	3,681,941	2,543,309	---	---	---	---
Loss & ALAE Ratio	---	175.5%	103.6%	54.5%	---	---	---	---

2010 Rate Filing	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	---	541,789	3,706,372	---	---	---	---	---
Tr, Dev Ult Loss & ALAE	---	218,000	1,123,000	---	---	---	---	---
Loss & ALAE Ratio	---	40.2%	30.3%	---	---	---	---	---

2009 Rate Filing	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Adj On-Lev EP	---	535,288	---	---	---	---	---	---
Tr, Dev Ult Loss & ALAE	---	69,832	---	---	---	---	---	---
Loss & ALAE Ratio	---	13.0%	---	---	---	---	---	---

5% Market Share Report

Budgeted Expenses - Exhibit II

West Virginia Mutual Insurance Company							
Physicians and Surgeons							
Filing Number	100030006	100023353	100016727	100011255	100006008	90918009	80903007
Effective Date	1/1/2015	1/1/2014	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009
Variable Expense							
Commission	7.00%	7.00%	n/a	n/a	n/a	n/a	n/a
Gen & Acq	7.30%	n/a	7.00%	6.50%	6.50%	6.00%	6.00%
Taxes & Fees	4.20%	4.20%	5.00%	5.00%	5.00%	5.00%	5.00%
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Profit & Cont	2.30%	2.30%	2.25%	6.10%	6.10%	6.10%	6.10%
Total Var Exp	**20.80%**	**13.50%**	**14.25%**	**17.60%**	**17.60%**	**17.10%**	**17.10%**
Fixed Expense							
F E (Per Pol)	$5,184	$6,616	$5,994	$5,532	$5,532	$4,977	$4,481
Base Rate	$20,118	$19,501	$19,501	$20,528	$20,528	$20,528	$20,528
F E load	**25.77%**	**33.93%**	**30.74%**	**26.95%**	**26.95%**	**24.24%**	**21.83%**
Total Exp	**20.80%**	**47.43%**	**44.99%**	**44.55%**	**44.55%**	**41.34%**	**38.93%**

Medicus Insurance Company							
Physicians and Surgeons							
Filing Number	100033411	100027505	100021635	100015802	100010073	100004152	90630015
Effective Date	1/1/2016	1/1/2015	1/1/2014	10/10/2012	10/27/2011	9/24/2010	10/1/2009
Variable Expense							
Commission	8.00%	8.00%	8.00%	8.00%	9.00%	8.00%	9.00%
Gen & Acq	14.00%	13.00%	13.00%	13.00%	12.00%	10.00%	12.00%
Taxes & Fees	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Other	2.70%	5.20%	0.00%	0.00%	0.00%	0.00%	0.00%
Profit & Cont	5.00%	5.00%	5.00%	0.00%	0.00%	1.50%	0.00%
Total Var Exp	**34.70%**	**36.20%**	**31.00%**	**26.00%**	**26.00%**	**24.50%**	**26.00%**
Fixed Expense							
F E (Per Pol)	n/a	n/a	$5,994	n/a	n/a	n/a	n/a
Base Rate	n/a	n/a	$19,501	n/a	n/a	n/a	n/a
F E load	**n/a**	**n/a**	**30.74%**	n/a	n/a	n/a	n/a
Total Exp	**34.70%**	**36.20%**	**61.74%**	**26.00%**	**26.00%**	**24.50%**	**26.00%**

5% Market Share Report

Investment Income Provisions - Exhibit III

	WVMIC	Medicus
Bonds	$ 150,228,893	$ 48,466,405
Preferred Stocks	$ -	$ -
Common Stocks	$ 10,996,647	$ -
Mortgage Loans on Real Estate	$ -	$ -
Real Estate	$ -	$ -
Cash	$ 1,512,244	$ 11,784,898
Cash Equivalents	$ 1,250,494	$ -
Short-Term Investments	$ 761,646	$ 185,105
Contract Loans	$ -	$ -
Derivatives	$ -	$ -
Other Invested Assets	$ -	$ -
Receivables for Securities	$ -	$ -
Securities Lending Reinv. Coll. Assets	$ -	$ -
Agg. w/ins for Invested Assets	$ -	$ -
Total Cash and Invested Assets	**$ 164,749,924**	**$ 60,436,406**
Net Investment Income Earned	$ 4,882,492	$ 955,605
Investment Yield	**2.96%**	**1.58%**
Total Loss Reserves	**$ 35,463,075**	**$ -**
Total LAE Reserves	**$ 14,238,630**	**$ 8,335,000**
Total Loss and LAE Reserves	**$ 49,701,705**	**$ 8,335,000**

West Virginia Offices of the Insurance Commissioner
5% Market Share Report

Comparison of Pure Premium Trends **Exhibit IV**

	2008 through 2012	2013	2014	2015	5% Report Physicians and Surgeons
West Virginia Mutual Ins Co	3.0%	3.0%	3.0%	3.0%	3.0%

	2008 through 2012	2013	2014	2015	5% Report Physicians and Surgeons
Medicus Insurance Company	3.0%*	3.0%*	3.0%*	3.0%*	3.0%*

*Medicus Insurance Company utilizes West Virginia Mutual Insurance Company's trended pure premium in ratemaking. The 3.0% pure premium trend of West Virginia Mutual Insurance Company is implied in Medicus Insurance Company rates.

West Virginia Offices of the Insurance Commissioner
5% Market Share Report

Comparison of Incurred Loss Development Factors **Exhibit V**

Physicians and Surgeons

West Virginia Mutual Insurance Company	
Maturity (mos)	**Incurred LDFs**
18-ultimate	1.049
30-ultimate	1.000
42-ultimate	1.000
54-ultimate	1.000
66-ultimate	1.000
78-ultimate	1.000
90-ultimate	1.000
102-ultimate	1.000
138-ultimate	1.000

Physicians and Surgeons

Medicus Insurance Company	
Maturity (mos)	**Incurred LDFs**
12-ultimate	2.703
24-ultimate	1.547
36-ultimate	1.162
48-ultimate	1.086
60-ultimate	1.039
72-ultimate	1.024
84-ultimate	1.015
96-ultimate	1.008

West Virginia Offices of the Insurance Commissioner
5% Market Share Report
Premium Reconciliation - Exhibit VI

Company	Schedule T-Written Premium	Filing Forms
West Virginia Mutual Ins Co	$25,553,001	$25,553,001
All Other Lines of Business	$0	$0
Total	$25,553,001	$25,553,001

Medicus Ins Co	$6,551,141	$6,551,141
All Other Lines of Business	$0	$0
Total	$6,551,141	$6,551,141

West Virginia Offices of the Insurance Commissioner

5% Market Share Report

Sample Comparison of Physicians and Surgeons Rates **Exhibit VII**

Claims Made Policies -- Mature Rate -- $1M/$3M Limits

Class Code	Description Eff. Date=>	WVMIC 1/1/2014	Medicus 1/1/2015	ProAssurance 1/1/2014	Med Pro 1/14/2013	Doctors Co. 10/1/2014	ISO* 11/1/2013
80254	Allergy	$12,340	$12,214	$10,275	$11,461	$9,153	$5,170
80151	Anesthesiology - Major Surgery	$30,959	$25,476	$24,466	$22,920	$27,946	$17,518
80150	Cardiovascular Disease - Major Surgery	$69,630	$27,744	$85,962	$73,216	$38,108	$46,893
80282	Dermatology - Minor Surgery	$26,663	$17,449	$29,197	$15,280	$18,959	$8,272
80102 (C)	Emergency Medicine - Minor Surgery	$33,824	$30,012	$38,657	$49,625	$53,351	$25,848
80420	Family Practitioner - No Surgery	$19,501	$17,449	$19,736	$18,030	$20,578	$10,339
80117 (A)	General Practitioner - Major Surgery	$40,985	$36,817	$29,197	$41,490	$36,838	$28,136
80143	General Surgery	$55,308	$52,870	$67,040	$73,216	$94,127	$52,102
80244	Gynecology - No Surgery	$19,501	$17,449	$19,736	$15,280	$50,303	$7,755
80284	Internal Medicine - Minor Surgery	$26,663	$23,207	$29,197	$30,560	$25,405	$15,509
80152	Neurology- Major Surgery	$105,437	$110,976	$133,266	$128,536	$197,146	$55,228
80153	Obstetrics/Gynecology	$76,792	$80,789	$95,422	$83,791	$109,751	$57,313
80286	Oncology - Minor Surgery	$26,663	$17,449	$29,197	$25,976	$21,595	$18,236
80114	Ophthalmology - Major Surgery	$23,082	$20,066	$24,466	$18,030	$23,754	$13,546
80154 (B)	Orthopedics - Incl Spinal Surgery	$69,630	$71,890	$85,962	$59,386	$77,487	$31,532
80155	Otorhinolaryngology-Incl Plastic Surgery	$48,146	$48,508	$48,118	$41,490	$53,351	$33,866
80266	Pathology	$15,921	$14,832	$19,736	$18,030	$23,373	$6,253
80267	Pediatrics - No Surgery	$19,501	$17,449	$19,736	$18,030	$25,405	$9,305
80145 (C)	Urology - Major Surgery	$30,959	$27,744	$29,197	$30,560	$39,887	$20,841

These rates are a starting point for rating a physician. Rates may be further adjusted by other rating plans.

**ISO only files loss costs and increased limit factors. Affiliated Insurers may use ISO as a basis for their rates.*

An underwriting expense load of 25% was used to convert ISO loss costs to rates.

Appendix

2014 Physicians Business Written Totals

Physicians	2014 West Virginia Business Written				
Company	Direct Premium Written	Physicians Market Share	Direct Premium Earned	Direct Loss Incurred	Pure Direct Loss Ratio
West Virginia Mut Ins Co	$25,553,001	61.52%	$25,340,227	$14,043,211	55.42%
Medicus Ins Co	$6,551,141	15.77%	$6,441,461	$7,915,620	122.89%
Medical Protective Co	$1,314,734	3.17%	$1,171,522	$657,000	56.08%
ProAssurance Ind Co Inc	$936,302	2.25%	$1,049,227	-$456,980	-43.55%
Ophthalmic Mut Ins Co RRG	$864,810	2.08%	$879,769	-$295,527	-33.59%
National Guardian RRG Inc	$849,775	2.05%	$849,775	$692,286	81.47%
Capson Physicians Ins Co	$824,572	1.99%	$852,218	$1,081,857	126.95%
General Star Ind Co	$794,161	1.91%	$688,195	$627,000	91.11%
Oceanus Ins Co A RRG	$690,898	1.66%	$614,458	$655,242	106.64%
Doctors Co An Interins Exch	$507,086	1.22%	$608,580	$480,739	78.99%
Fair Amer Ins & Reins Co	$403,782	0.97%	$394,296	$88,150	22.36%
Catlin Specialty Ins Co	$297,636	0.72%	$215,897	-$16,136	-7.47%
Physicians Specialty Ltd RRG	$289,791	0.70%	$289,791	-$30,740	-10.61%
Allied World Surplus Lines Ins Co	$255,000	0.61%	$235,099	$33,304	14.17%
Preferred Physicians Medical RRG	$230,883	0.56%	$230,701	$1,858	0.81%
National Fire & Marine Ins Co	$219,700	0.53%	$234,133	-$48,450	-20.69%
Evanston Ins Co	$135,591	0.33%	$154,793	-$32,148	-20.77%
Medical Security Ins Co	$134,214	0.32%	$101,367	$42,199	41.63%
Care RRG Inc	$126,637	0.30%	$141,508	$188,341	133.10%
Allied World Specialty Ins Co	$106,175	0.26%	$89,790	$6,042	6.73%
Admiral Ins Co	$65,457	0.16%	$60,050	-$92,139	-153.44%
Hallmark Specialty Ins Co	$62,470	0.15%	$51,082	-$45,078	-88.25%
TDC Specialty Ins Co	$59,600	0.14%	$62,363	$5,232	8.39%
MT Hawley Ins Co	$56,810	0.14%	$121,917	$30,651	25.14%
National Medical Professional RRG	$42,120	0.10%	$42,120	-$8,257	-19.60%
Doctors & Surgeons Natl RRG Inc	$31,442	0.08%	$37,629	$7,365	19.57%
Community Hospital RRG	$28,538	0.07%	$28,538	$0	0.00%
Cherokee Guar Co Inc a RRG	$28,137	0.07%	$64,598	-$57	-0.09%
Southwest Physicians RRG Inc	$25,761	0.06%	$25,761	$126,329	490.39%
Green Hills Ins Co RRG	$18,262	0.04%	$23,637	-$1,082	-4.58%
Landmark Amer Ins Co	$14,959	0.04%	$37,048	$23,792	64.22%
Berkley Assur Co	$13,020	0.03%	$5,562	$9,012	162.03%
Cincinnati Ins Co	$4,507	0.01%	$3,745	$1,866	49.83%
Academic Medical Professionals Ins	$2,471	0.01%	$2,471	$675	27.32%
Ace Amer Ins Co	$1,518	0.00%	$1,518	$223	14.69%
Homeland Ins Co of NY	$1,274	0.00%	$236,720	-$17,735	-7.49%
17 Other Companies	-$5,181	-0.01%	$5,841	-$2,552,162	-43693.92%
Totals	$41,537,054	100%	$41,393,407	$23,121,503	55.86%

2014 Hospitals Business Written Totals

Hospitals	2014 West Virginia Business Written				
Company	Direct Premium Written	Hospitals Market Share	Direct Premium Earned	Direct Loss Incurred	Pure Direct Loss Ratio
Community Hospital RRG	$5,805,666	34.01%	$5,805,666	-$1,127,798	-19.43%
Mountaineer Freedom RRG Inc	$5,103,857	29.90%	$5,103,857	-$6,905,602	-135.30%
American Excess Ins Exch RRG	$1,143,800	6.70%	$1,031,005	$399,980	38.80%
Illinois Union Ins Co	$1,138,000	6.67%	$1,068,580	$370,834	34.70%
Nautilus Ins Co	$955,408	5.60%	$1,420,311	$804,950	56.67%
Endurance Amer Specialty Ins Co	$825,000	4.83%	$816,298	$423,990	51.94%
Allied World Surplus Lines Ins Co	$764,293	4.48%	$833,442	$83,196	9.98%
Homeland Ins Co of NY	$618,233	3.62%	$378,762	-$79,101	-20.88%
Lexington Ins Co	$226,861	1.33%	$278,782	$350,213	125.62%
Arch Specialty Ins Co	$206,640	1.21%	$409,955	-$15,351	-3.74%
National Fire & Marine Ins Co	$137,123	0.80%	$137,236	$100,894	73.52%
Ironshore Specialty Ins Co	$119,304	0.70%	$119,304	$0	0.00%
Zurich Amer Ins Co Of IL	$25,238	0.15%	$17,436	$8,967	51.43%
Ace Amer Ins Co	$630	0.00%	$630	$77	12.22%
15 Other Companies	$0	0.00%	$26,432	-$3,557,433	-13458.81%
Totals	$17,070,053	100.00%	$17,447,696	-$9,142,184	-52.40%

2014 Other Professionals Business Written Totals

Other Professionals	2014 West Virginia Business Written				
Company	Direct Premium Written	Other Prof Market Share	Direct Premium Earned	Direct Loss Incurred	Pure Direct Loss Ratio
Liberty Surplus Ins Corp	$2,353,286	29.64%	$2,026,872	$305,972	15.10%
American Cas Co Of Reading PA	$1,040,493	13.11%	$1,008,370	$53,143	5.27%
Continental Cas Co	$722,737	9.10%	$753,212	$516,560	68.58%
Podiatry Ins Co Of Amer	$535,287	6.74%	$551,224	-$7,017	-1.27%
Landmark Amer Ins Co	$491,860	6.20%	$424,218	-$44,926	-10.59%
Cincinnati Ins Co	$365,373	4.60%	$395,480	-$141,215	-35.71%
NCMIC Ins Co	$320,038	4.03%	$314,398	-$69,513	-22.11%
Western World Ins Co	$275,234	3.47%	$273,312	-$180,179	-65.92%
Liberty Ins Underwriters Inc	$250,548	3.16%	$249,085	-$7,031	-2.82%
Oms Natl Ins Co Rrg	$229,493	2.89%	$303,992	$542,963	178.61%
Medical Protective Co	$225,181	2.84%	$201,804	$1,000	0.50%
Ace Amer Ins Co	$191,456	2.41%	$199,252	-$26,818	-13.46%
National Union Fire Ins Co Of Pitts	$177,493	2.24%	$159,522	$108,155	67.80%
Evanston Ins Co	$162,854	2.05%	$142,421	-$262,977	-184.65%
Columbia Cas Co	$136,815	1.72%	$130,877	-$290,133	-221.68%
Lexington Ins Co	$81,422	1.03%	$152,082	-$242,974	-159.77%
Beazley Ins Co Inc	$81,141	1.02%	$9,959	$8,439	84.74%
Admiral Ins Co	$74,137	0.93%	$51,505	-$22,389	-43.47%
Pharmacists Mut Ins Co	$23,843	0.30%	$18,962	$620	3.27%
The Cincinnati Specialty Underwriter	$22,937	0.29%	$18,146	$637	3.51%
Allied Professionals Ins Co RRG	$21,273	0.27%	$22,789	$2,336	10.25%
Interstate Fire & Cas Co	$21,032	0.26%	$21,111	$19,146	90.69%
State Farm Fire & Cas Co	$19,470	0.25%	$19,968	-$61,015	-305.56%
Doctors Co An Interins Exch	$18,794	0.24%	$14,368	$0	0.00%
The Cincinnati Ind Co	$15,500	0.20%	$12,162	$3,864	31.77%
PACO Assur Co Inc	$13,371	0.17%	$13,503	-$40,608	-300.73%
Great Divide Ins Co	$12,891	0.16%	$5,716	$27,933	488.68%
Capson Physicians Ins Co	$12,827	0.16%	$12,827	$0	0.00%
ProAssurance Ind Co Inc	$12,665	0.16%	$12,665	$681,147	5378.18%
American Assoc Of Orthodontists RRG	$11,822	0.15%	$11,846	$1,117	9.43%
Fortress Ins Co	$11,806	0.15%	$11,812	$27,953	236.65%
Granite State Ins Co	$10,264	0.13%	$13,024	$201	1.54%
Cincinnati Cas Co	$5,191	0.07%	$4,045	$1,013	25.04%
Berkley Assur Co	$4,875	0.06%	$3,080	$4,936	160.26%
ProAssurance Specialty Ins Co	$4,488	0.06%	$4,437	-$6,343	-142.96%
American Ins Co	$379	0.00%	$379	$492	129.82%
20 Other Companies	-$18,997	0.00%	-$15,564	$848,617	-5452.44%
Totals	$7,939,279	100.00%	$7,552,861	$1,753,106	23.21%

2014 Other Healthcare Facilities Business Written Totals

Other Healthcare Facilities	2014 West Virginia Business Written				
Company	Direct Premium Written	Other Healthcare Facilities Market Share	Direct Premium Earned	Direct Loss Incurred	Pure Direct Loss Ratio
Health Care Industry Liab Recip Ins	$1,941,316	37.55%	$1,780,948	$953,370	53.53%
Evanston Ins Co	$594,408	11.50%	$446,438	$374,322	83.85%
National Union Fire Ins Co Of Pitts	$465,734	9.01%	$465,734	$13,912,530	2987.23%
Homeland Ins Co of NY	$415,661	8.04%	$362,861	$346,983	95.62%
Guardian RRG Inc	$279,352	5.40%	$279,352	$459,974	164.66%
Allied World Surplus Lines Ins Co	$266,438	5.15%	$257,579	$42,216	16.39%
MT Hawley Ins Co	$170,124	3.29%	$164,637	$55,440	33.67%
Ironshore Specialty Ins Co	$150,025	2.90%	$141,573	$119,706	84.55%
Arch Specialty Ins Co	$146,677	2.84%	$152,886	$10,982	7.18%
Nautilus Ins Co	$120,168	2.32%	$97,194	$47,082	48.44%
Lexington Ins Co	$119,093	2.30%	$121,297	-$212,853	-175.48%
Cincinnati Ins Co	$97,436	1.88%	$98,590	$117,645	119.33%
ProAssurance Specialty Ins Co	$69,744	1.35%	$64,560	$8,244	12.77%
American Alt Ins Corp	$68,437	1.32%	$70,965	-$977	-1.38%
Columbia Cas Co	$68,155	1.32%	$29,932	$5,532	18.48%
Capitol Specialty Ins Corp	$58,687	1.14%	$30,323	$9,709	32.02%
Church Mut Ins Co	$50,921	0.98%	$49,233	$338	0.69%
Illinois Union Ins Co	$44,736	0.87%	$114,827	$67,368	58.67%
General Star Ind Co	$43,543	0.84%	$43,910	$17,000	38.72%
The Cincinnati Specialty Underwriter	$41,682	0.81%	$40,011	-$12,882	-32.20%
Princeton Excess & Surplus Lines Ins	$13,700	0.26%	$13,228	$1,901	14.37%
Affiliates Ins Recip a RRG	$420	0.01%	$420	$565	134.52%
16 Other Companies	-$56,540	0.00%	-$48,114	-$189,616	394.10%
Totals	$5,169,917	100.00%	$4,778,384	$16,134,579	337.66%

2014 Total Medical Malpractice

2014 West Virginia Business Written					
Company	$ Written	Market Share	$ Earned	Loss Incurred	Loss Ratio
West Virginia Mut Ins Co	$25,553,001	35.63%	$25,340,227	$14,043,211	55.42%
Medicus Ins Co	$6,551,141	9.13%	$6,441,461	$7,915,620	122.89%
Community Hospital RRG	$5,834,204	8.14%	$5,834,204	-$1,127,798	-19.33%
Mountaineer Freedom RRG Inc	$5,103,857	7.12%	$5,103,857	-$6,968,652	-136.54%
Liberty Surplus Ins Corp	$2,353,286	3.28%	$2,026,872	$305,972	15.10%
Health Care Industry Liab Recip Ins	$1,941,316	2.71%	$1,780,948	$953,370	53.53%
Medical Protective Co	$1,539,915	2.15%	$1,373,326	$658,000	47.91%
Allied World Surplus Lines Ins Co	$1,285,731	1.79%	$1,326,120	$158,716	11.97%
Illinois Union Ins Co	$1,182,736	1.65%	$1,183,407	$437,062	36.93%
American Excess Ins Exch RRG	$1,143,800	1.59%	$1,031,005	$399,980	38.80%
Nautilus Ins Co	$1,075,118	1.50%	$1,517,209	$851,062	56.09%
American Cas Co Of Reading PA	$1,040,493	1.45%	$1,008,370	$41,428	4.11%
Homeland Ins Co of NY	$1,035,168	1.44%	$978,343	$250,147	25.57%
ProAssurance Ind Co Inc	$948,967	1.32%	$1,061,892	$161,167	15.18%
Evanston Ins Co	$892,853	1.24%	$743,652	$79,197	10.65%
Ophthalmic Mut Ins Co RRG	$864,810	1.21%	$879,769	-$295,527	-33.59%
National Guardian RRG Inc	$849,775	1.18%	$849,775	$692,286	81.47%
General Star Ind Co	$837,704	1.17%	$732,105	$644,000	87.97%
Capson Physicians Ins Co	$837,399	1.17%	$865,045	$1,081,857	125.06%
Endurance Amer Specialty Ins Co	$825,000	1.15%	$816,298	$423,990	51.94%
Continental Cas Co	$722,737	1.01%	$753,212	$659,620	87.57%
Oceanus Ins Co A RRG	$690,898	0.96%	$614,458	$655,242	106.64%
National Union Fire Ins Co Of Pitts	$643,227	0.90%	$625,256	$11,245,251	1798.50%
Podiatry Ins Co Of Amer	$535,287	0.75%	$551,224	-$7,017	-1.27%
Doctors Co An Interins Exch	$525,880	0.73%	$622,948	$480,739	77.17%
Landmark Amer Ins Co	$506,819	0.71%	$461,266	-$21,134	-4.58%
Cincinnati Ins Co	$467,316	0.65%	$497,815	-$21,704	-4.36%
Lexington Ins Co	$427,376	0.60%	$552,161	-$105,614	-19.13%
Fair Amer Ins & Reins Co	$403,782	0.56%	$394,296	$88,150	22.36%
National Fire & Marine Ins Co	$356,823	0.50%	$378,748	$47,802	12.62%
79 Other Companies	$4,739,884	6.61%	$4,827,079	-$1,859,419	-38.52%
Totals	$71,716,303	100.00%	$71,172,348	$31,867,004	44.77%

Malpractice Actions Filed by County

County	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Barbour	0	1	0	1	0	0	1	0	0	0	0	0	2	**5**
Berkeley	6	9	2	4	3	3	2	2	2	5	12	9	9	**68**
Boone	0	1	1	0	1	1	0	1	1	0	4	6	5	**21**
Braxton	0	0	1	1	1	0	0	0	1	0	0	0	1	**5**
Brooke	5	7	1	4	0	2	3	2	1	4	3	4	7	**43**
Cabell	29	28	15	7	14	14	13	27	17	18	18	13	9	**222**
Calhoun	0	0	0	0	0	0	0	0	0	0	1	0	0	**1**
Clay	1	0	0	0	0	0	0	0	0	0	0	0	0	**1**
Doddridge	0	0	0	0	0	1	0	0	0	0	0	0	0	**1**
Fayette	1	5	0	1	5	3	2	5	0	9	1	6	2	**40**
Gilmer	1	0	0	0	0	0	0	0	0	0	0	0	0	**1**
Grant	4	2	0	0	1	1	1	0	0	0	0	2	1	**12**
Greenbrier	5	7	3	4	3	5	5	6	5	4	5	3	2	**57**
Hampshire	0	1	1	1	0	1	0	0	0	0	0	0	0	**4**
Hancock	0	1	2	0	1	0	1	0	0	0	0	0	0	**5**
Hardy	0	1	1	0	0	0	0	0	0	0	0	0	0	**2**
Harrison	2	14	6	8	5	9	6	5	7	6	8	5	14	**95**
Jackson	1	1	1	1	3	4	1	4	1	1	1	1	1	**21**
Jefferson	1	2	1	1	0	2	3	2	1	2	2	2	3	**22**
Kanawha	70	66	20	37	47	46	49	53	56	84	100	98	74	**800**
Lewis	2	2	4	1	1	1	0	0	0	0	0	0	0	**11**
Lincoln	0	0	0	0	1	0	0	0	0	0	0	0	0	**1**
Logan	15	10	4	9	2	4	6	7	9	6	9	8	6	**95**
Marion	0	2	0	2	1	0	4	4	2	3	6	3	8	**35**
Marshall	4	6	2	2	2	2	0	0	0	1	1	1	3	**24**
Mason	8	2	1	3	1	2	5	3	2	3	0	1	1	**32**
McDowell	3	3	1	0	1	1	3	4	0	1	2	1	8	**28**
Mercer	8	17	9	4	8	9	8	15	5	11	7	8	11	**120**
Mineral	0	0	0	3	0	0	0	1	1	1	1	1	1	**9**
Mingo	4	4	2	5	3	3	2	4	3	5	6	1	1	**43**
Monongalia	17	31	7	10	15	15	14	17	15	16	21	6	16	**200**
Monroe	0	0	0	1	0	1	0	0	0	0	0	0	3	**5**
Morgan	0	1	1	0	0	0	0	1	0	1	0	0	0	**4**
Nicholas	0	4	1	2	1	2	1	5	0	3	4	3	4	**30**
Ohio	15	20	7	10	5	6	5	4	11	9	8	14	15	**129**
Pendleton	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Pleasants	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Pocahontas	0	0	0	1	0	0	0	0	0	0	0	0	0	**1**
Preston	2	1	0	0	2	0	0	0	0	1	1	1	0	**8**
Putnam	4	20	10	126	4	5	7	6	5	15	3	5	3	**213**
Raleigh	13	21	6	10	7	14	18	11	6	135	14	20	18	**293**
Randolph	2	3	3	4	2	5	3	4	4	2	1	1	2	**36**
Ritchie	0	0	0	0	0	1	0	0	0	0	0	0	0	**1**
Roane	2	0	0	1	0	1	1	0	0	1	1	1	2	**10**
Summers	0	0	1	0	0	1	0	1	0	2	0	0	0	**5**
Taylor	0	1	3	0	2	0	1	0	0	0	0	0	0	**7**
Tucker	0	1	0	0	0	1	0	0	0	0	0	0	0	**2**
Tyler	1	1	0	0	0	0	0	0	0	1	0	0	0	**3**
Upshur	1	2	1	1	3	1	1	0	4	3	3	2	2	**24**
Wayne	0	1	0	0	0	0	0	0	0	0	0	0	0	**1**
Webster	0	0	0	0	0	0	0	1	0	1	0	0	0	**2**
Wetzel	3	2	1	2	1	0	1	1	1	1	1	0	1	**15**
Wirt	0	0	0	0	1	0	0	0	0	0	0	0	0	**1**
Wood	9	14	11	6	5	6	11	8	9	15	5	15	8	**122**
Wyoming	0	0	0	0	2	1	0	1	0	2	1	1	1	**9**
Total	**239**	**315**	**130**	**273**	**154**	**174**	**178**	**205**	**169**	**372**	**250**	**242**	**244**	**2,945**