

State of West Virginia

Medical Malpractice

**Report on Insurers with over 5% Market
Share**

Provided by the Office of the West Virginia
Insurance Commission

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Introduction

The West Virginia Insurance Commission has prepared this report in response to the Medical Malpractice situation in West Virginia and to fulfill the requirements and intent of WV Regulations 114CSR22, 114CSR23 and WV Code 33-20B-6. The information used in the preparation of this report encompasses the experience found in the filed information of those insurers with 5% or greater market share, the rate filings of those companies, NAIC supplementary information, Insurance Services Office (ISO) loss cost filings, other ISO reports, and Bests Aggregates and Averages.

This year's report is designed to provide a broad insight into Medical Malpractice insurance by examining three distinct areas:

- **Section I:** An overview of the Industry's insurance results in 2001 coupled with a *direct comparison* of Industry results and West Virginia results for Medical Malpractice.
- **Section II:** 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. An analysis of rate filings and investment returns is also provided.
- **Section III:** A statement of conclusions from this year's report. A look at what might be expected for the upcoming year in the area of Medical Malpractice. A comparison of current approved rates amongst various writers.

The overall goal of this report is to provide the reader with a complete picture of Medical Malpractice in the State of West Virginia.

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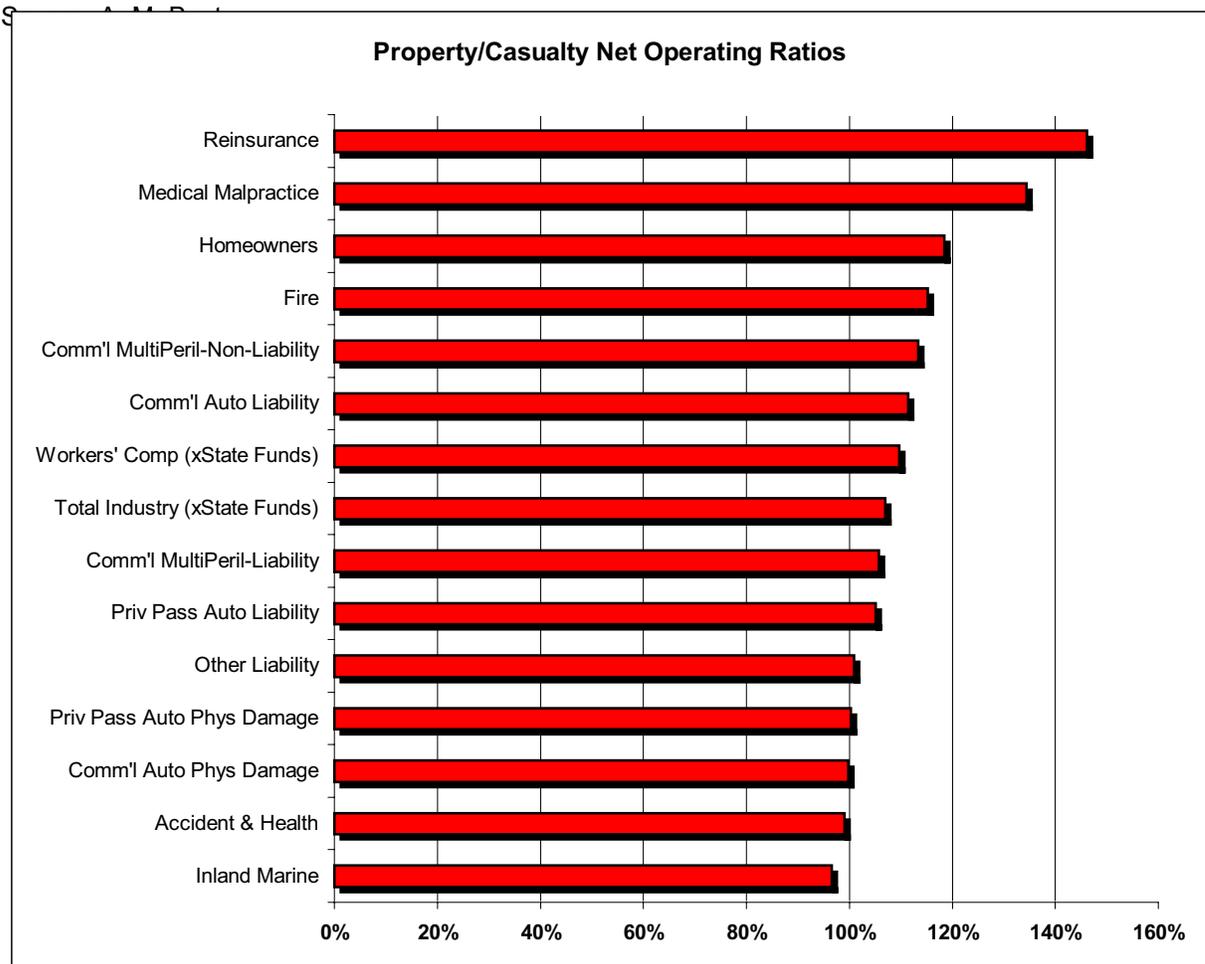
Section I

Overview

Section I. Introduction: Overview of Insurance Industry Results for 2001

The property/casualty insurance industry sustained a \$7.9 billion net loss after taxes in 2001. *This was the first net loss for a full year that the industry has suffered.*

Insurance company operations are comprised of two component parts – underwriting and investment. Companies anticipate losing money on their underwriting operations and offsetting the losses with their investments. In 2001, however, property/casualty companies faced the third worst underwriting year on record *and* a record decline in investment income. The chart below displays the industry's net operating results by line of business for 2001. Net operating results reflect the industry's true gains/losses after reinsurance and investment income returns. Results exceeding 100% represent a net loss.

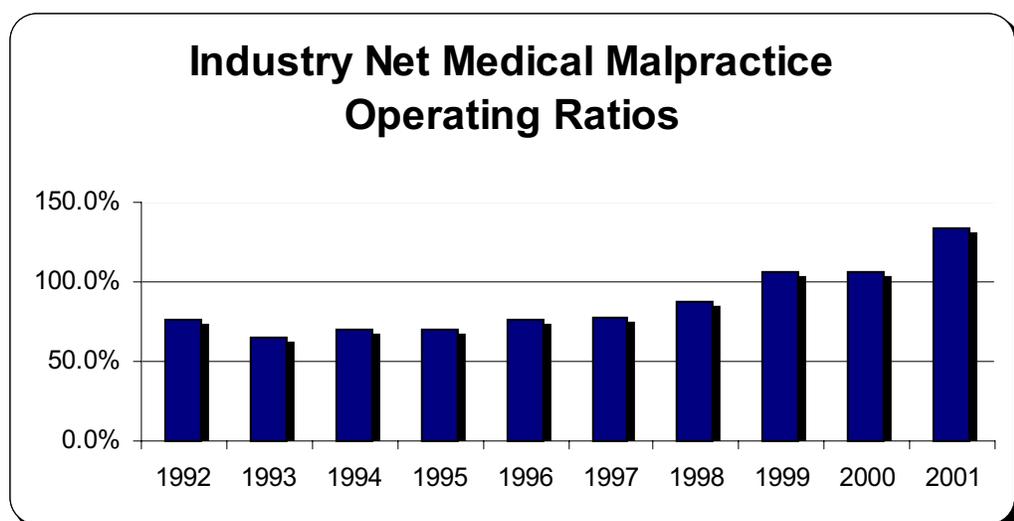


Several points should be noted on the industry results for 2001:

- While reinsurance produced the poorest results, **medical malpractice** came in as a close second.
- The poor reinsurance results for 2001 have led to strong price increases for reinsurance and, in some cases, an actual lack of reinsurance availability for some lines of business and primary insurance writers.
- The net operating loss for the industry caused a drop in industry surplus. However, premium-to-surplus ratios remain strong, closing the year at 1.2 to 1. For medical malpractice writers, the premium-to-surplus ratio at the end of 2001 was at .7 to 1.
- The decline in investment income combined with poor underwriting results and higher priced reinsurance will place increased pricing pressures on the insurance market during the 2002-2003 period.

I-A. Medical Malpractice Insurance Results for the Industry

As noted in the industry overview, Medical Malpractice was the second poorest performing line of insurance in 2001. In fact, *the 134.3% net operating ratio posted for 2001 is 28.4 points worse than the 105.9% net operating ratio for 2000. The graph below displays industry net operating ratios over the last ten years:*



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

The exhibit below provides a direct comparison of medical malpractice results for the industry with results for West Virginia over the 1996 – 2001 time period. In reviewing this exhibit, it is important to note that many of the costs for the industry are not allocated to a state level. Thus, unallocated loss adjustment expense (ULAE), underwriting expense, dividends and investment gain are only available at the countrywide level. This actually makes it easy to compare the results in West Virginia against the countrywide results, since the two areas of difference (other than premium) are *the direct loss ratio and the allocated loss adjustment expense (ALAE)*.

Industry vs. West Virginia Medical Malpractice Results

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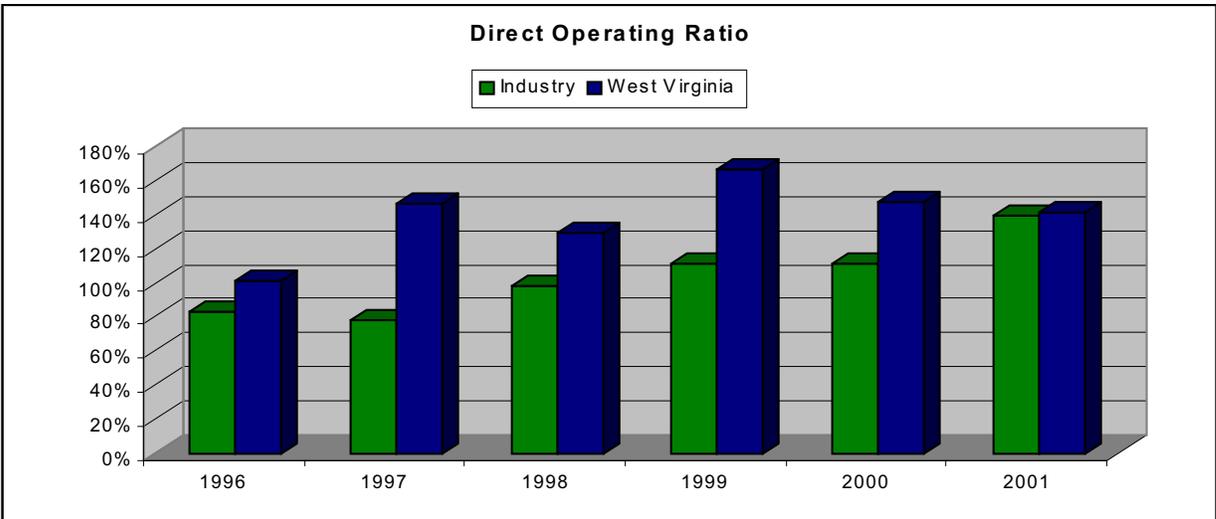
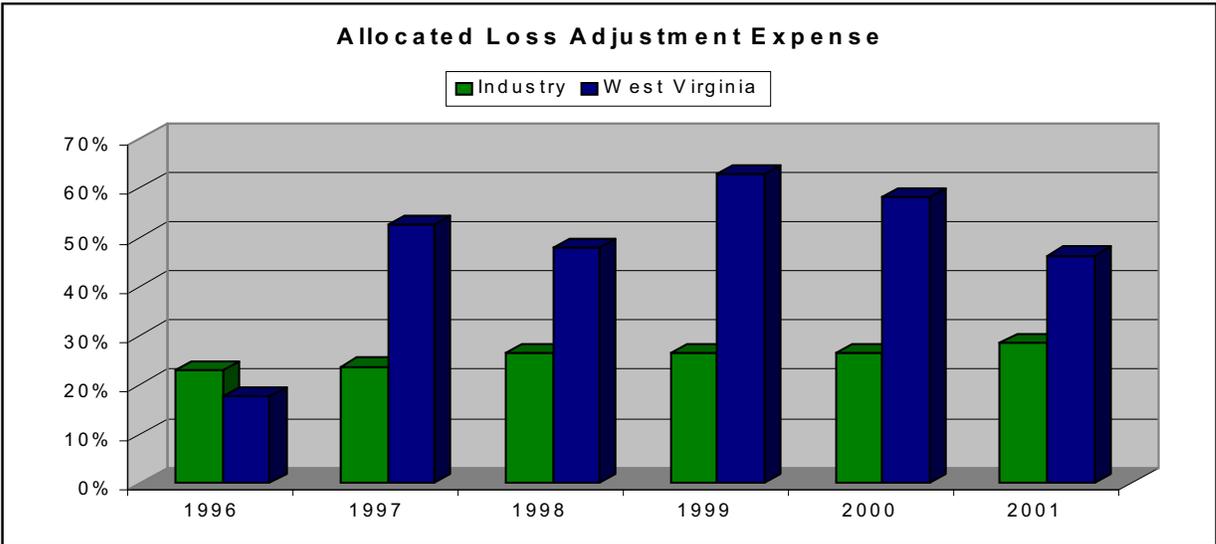
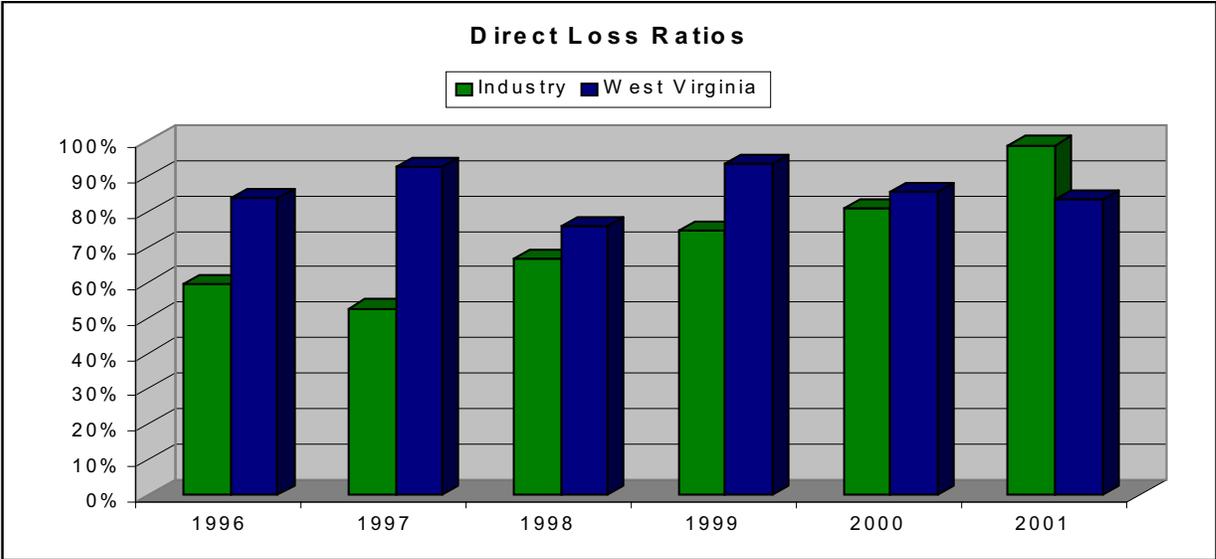
INDUSTRY (Best's Aggregates & Averages)

Year	Direct Written Premium	Direct Earned Premium	Direct Loss Ratio	ULAE	ALAE	Loss Adjustment Expense	Underwriting Expense	Direct Combined Ratio	Dividend	Combined Ratio(after Investment Gain)	Direct Operating Ratio	
1996	5,892,820	5,815,213	59.8%	4.8%	23.0%	27.8%	17.2%	104.8%	2.7%	107.5%	25.0%	82.5%
1997	5,739,225	5,752,095	52.7%	4.9%	23.7%	28.6%	18.4%	99.7%	3.4%	103.1%	25.6%	77.5%
1998	6,058,554	6,051,739	66.7%	5.5%	26.4%	31.9%	19.8%	118.4%	3.3%	121.7%	23.8%	97.9%
1999	6,003,177	5,987,900	74.8%	5.6%	26.5%	32.1%	20.1%	127.0%	3.4%	130.4%	19.5%	110.9%
2000	6,299,002	6,254,398	80.9%	5.6%	26.6%	32.2%	19.4%	132.5%	3.2%	135.7%	24.2%	111.5%
2001	7,327,811	6,796,573	98.8%	6.0%	28.6%	34.6%	18.8%	152.2%	2.3%	154.5%	15.7%	138.8%
Total	37,320,589	36,657,918	73.1%	5.4%	25.9%	31.3%	19.0%	123.4%	3.0%	126.4%	22.2%	104.3%

WEST VIRGINIA (NAIC Annual Statement Data)

Year	Direct Written Premium	Direct Earned Premium	Direct Loss Ratio	ULAE	ALAE	Loss Adjustment Expense	Underwriting Expense	Direct Combined Ratio	Dividend	Combined Ratio(after Investment Gain)	Direct Operating Ratio	
1996	65,166	59,206	83.8%	4.8%	17.7%	22.5%	17.2%	123.4%	2.7%	126.1%	25.0%	101.1%
1997	51,624	43,970	92.8%	4.9%	52.6%	57.6%	18.4%	168.8%	3.4%	172.2%	25.6%	146.6%
1998	58,538	57,920	76.0%	5.5%	47.9%	53.4%	19.8%	149.3%	3.3%	152.6%	23.8%	128.8%
1999	50,303	48,996	93.7%	5.6%	62.8%	68.3%	20.1%	182.1%	3.4%	185.5%	19.5%	166.0%
2000	73,320	62,785	85.6%	5.6%	58.1%	63.6%	19.4%	168.7%	3.2%	171.9%	24.2%	147.6%
2001	84,701	79,215	83.7%	6.0%	46.3%	52.3%	18.8%	154.8%	2.3%	157.1%	15.7%	141.3%
Total	383,652	352,092	85.3%	5.4%	46.9%	52.4%	18.9%	156.6%	3.0%	159.6%	21.9%	137.7%

Visually, the comparison of Industry results with West Virginia results for Medical Malpractice can be seen in the three graphs that follow:



A number of observations can be made from the Industry vs. West Virginia comparison:

- Written premium in West Virginia rose 15.5% in 2001, while countrywide written premium rose 16.1%.
- Direct loss dollars in West Virginia rose 23.4% $((.837 \times 79215)/(.856 \times 62785))$ in 2001, while countrywide direct loss dollars rose 32.7% $((.988 \times 6796673)/(.809 \times 6254398))$.
- *In every year but 2001, the direct loss ratios in West Virginia have been considerably worse than countrywide.*
- *Allocated loss adjustment expenses (the amounts paid for legal fees directly associated with a claim) in West Virginia have far exceeded the amounts paid countrywide. Over the six-year period shown, West Virginia has incurred nearly \$.47 for every premium dollar earned. The comparable countrywide figure was about \$.26 for every premium dollar earned.*
- Based on the direct operating ratios, medical malpractice insurers have lost money in each of the six years by writing business in West Virginia. Countrywide, insurers have only lost money in the latest three years.
- The countrywide direct loss ratio in 2001 rose to its *worse* level in the past six years (98.8%), while the West Virginia loss ratio in 2001 was 15 points *better* than countrywide (83.7%). However, *West Virginia's 2001 operating ratio was still worse than the industry due to very high claim defense costs.*
- Finally, the investment gain (which is critical to the success of writing medical malpractice insurance) fell from 24.2% in 2000 to 15.7% in 2001.

I-C. West Virginia Medical Malpractice Claim Severity and Claim Counts

The next chart provides claim severity (average claim cost) and claim counts.

West Virginia Medical Malpractice Writers Average Paid and Outstanding Claims by Calendar Year

Total Medical Malpractice

Year	Direct Losses Paid			Direct Losses Unpaid			Direct Losses Paid + Unpaid		
	Amount	# Claims	Average	Amount	# Claims	Average	Amount	# Claims	Average
1998	31,227,503	207	\$150,858	108,100,402	1,333	\$81,096	139,327,905	1,540	\$90,473
1999	31,576,233	178	\$177,395	118,553,982	1,411	\$84,021	150,130,215	1,589	\$94,481
2000	40,130,802	225	\$178,359	131,648,005	1,432	\$91,933	171,778,807	1,657	\$103,669
2001	58,448,829	415	\$140,841	139,047,462	1,311	\$106,062	197,496,291	1,726	\$114,424

Source: NAIC Database

Paid Losses

- Total losses paid rose 27% in 2000 and an additional 46% in 2001.
- The number of claims paid rose 26% in 2000 and 84% in 2001.
- It is encouraging to see that the average claim paid in 2001 is less than the average in previous years. However, the strong increase in the number of claims paid together with the lower average paid amount, *may* be indicative of a growth in the number of smaller claims being filed and settled.

Unpaid Losses

- Outstanding losses rose 11% in 2000 and an additional 6% in 2001.
- The number of claims outstanding remained relatively flat in 2000 and dropped by 8% in 2001.
- The average outstanding claim has been rising steadily over the four years shown. The average outstanding claim grew 9% in 2000 and 15% in 2001.

Combined Paid and Unpaid Losses

- Combining the paid losses with the unpaid losses provides the best picture of what is happening with medical malpractice claims in West Virginia. Total losses grew 14% in 2000 and 15% in 2001. The total number of claims increased by 4% in both 2000 and 2001.
- If these trends continue into 2002, we should expect the average paid + unpaid claim to exceed \$125,000 at next year's review. Note that these claim figures do *not* include claim defense costs.

I-D. Concluding Observations

- The record loss of \$7.9 billion to the industry in 2001 will impact the drive to increase rates, not only in medical malpractice, but also in virtually all other lines of business. Continued due diligence to verify that all requests for rate increases are actuarially justified will be critical over the next couple of years.
- The reinsurance market (which provides insurance to the insurers) will demand significantly higher prices for the service it provides. These additional costs will be passed on to the primary insurance market in their rate filing requests.
- Medical malpractice results in West Virginia have been (and continue to be) worse than the national averages. Coupled with considerably lower investment income expectations, increased pressure to raise rates should be anticipated.
- The very high cost of defending medical malpractice claims in West Virginia needs to be examined further. Identifying the cause(s) for this high expense may lead to possible solutions for reducing the expense and thus, stabilizing the rising costs of medical malpractice insurance. The next section of this paper will examine the 5% market share insurers and provide some insight into this situation. H.B 601 contained various measures to correct the high cost of defending claims in West Virginia. As this bill was passed in December, 2001 these changes were not effective during 2001 and therefore not reflected in this year's report.
- It should be noted that while the exit of St. Paul from the medical malpractice market certainly helped precipitate the present medical malpractice crisis, the drive to increase medical malpractice rates would have occurred in any event. This is a natural result of the underwriting cycle. After the last crisis in 1985, rates rose to a level considered profitable by insurers and capital again flowed into the medical malpractice market. In the intervening years, companies wishing to participate in the medical malpractice marketplace did not file for rate revisions to maintain adequate rate levels. Instead, companies competed for the business and, for the last dozen years, the medical community enjoyed the benefit of this competition in the form of artificially lower rates. Now medical malpractice insurers are once again working to get rates to an acceptable level. And this will, at some point, happen. Then the cycle will start again. Thus, simply allowing rates to rise to an adequate level will not offer a permanent solution; it will simply buy time until the cycle repeats itself. Recommendations on how to break the underwriting cycle are made in Section III.

Section II

Review of 5% Market Share Writers

Section II. Review of Key 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, thereby fulfilling the requirements and intent of WV Regulations 114CSR22, 114CSR23 and WV Code 33-20B-6. As shown below, four insurers passed the 5% threshold in 2001: The four companies comprise 71.3% of the 2001 West Virginia Medical

(NAIC Database) Company	2001 West Virginia Business Written				
	Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio*
St Paul Companies (xACIC)	27,622,277	32.6%	19,245,618	18,209,132	94.6%
Medical Assurance of WV Inc	22,310,234	26.3%	24,860,685	18,189,935	73.2%
American Continental Ins Co	6,040,611	7.1%	8,757,162	16,966,060	193.7%
Health Care Ind Inc*	4,376,762	5.2%	4,376,762	5,835,984	133.3%
Subtotal	60,349,884	71.3%	57,240,227	59,201,111	103.4%
National Union Fire Ins Co of Pitts	8,913,864	10.5%	8,973,807	3,046,257	33.9%
Other Companies	15,437,263	18.2%	13,000,759	4,087,812	31.4%
Total	84,701,011	100.0%	79,214,793	66,335,180	83.7%

* Direct Loss Ratio does not include loss adjustment expenses

Malpractice written premium. National Union Fire Insurance Company of Pittsburgh actually writes only \$630,639 of direct premium for physicians. The balance of the premium shown, \$8,283,225 represents the BRIM I program which is only fronted by National Union. BRIM I is the medical malpractice portion of BRIM which provides coverage for medical teaching schools and their physicians. This report will not analyze the BRIM I program. Health Care Indemnity Inc* is presently a surplus lines writer in West Virginia. American Continental Insurance Company was acquired by St Paul in 1999 and for this report will be incorporated into the analysis of the St Paul group. Breaking down the written premiums into medical malpractice sublines shows the following:

Company	Subline	2001 Written Premium
St Paul Companies	Physicians and Surgeons	\$ 28,337,270
	Hospitals	\$ 3,823,140
	Other	\$ 1,502,478
	Total	\$ 33,662,888
Medical Assurance of WV	Physicians and Surgeons	\$ 19,398,329
	Hospitals	\$ 2,911,905
	Total	\$ 22,310,234
Health Care Indemnity Co	Hospitals	Total \$ 4,376,762

II-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:

WV Regulation 114CSR22
WV Regulation 114CSR23
WV Code 33-20B-6

The regulations and referenced statutes set forth the form on which certain information needs to be reported to the Commissioner.

Per WV 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 WV 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."

This report is provided to assist the Commissioner in fulfilling her obligations under the above regulations and code section.

II-B. Discussion of Market Positions

Medical Assurance of West Virginia (MAWV)

Physicians & Surgeons

MAWV was, at one time, the leading writer of malpractice insurance for physicians and surgeons in West Virginia. Their exposure, however, has decreased since its peak in 1998. Inforce *policies* have declined from 856 in 1998 to 417 policies as of 12/31/01 with a comparable decline in the number of insureds. For 2001, the company wrote \$19,398,329 in direct written premium.

On March 20, 2002 MAWV filed for a rate and rule increase of 23% with a proposed effective date of July 1, 2002. The Commissioner, after due consideration, subsequently approved an overall increase of 16% to be effective on 9/14/02 (the one year anniversary of their prior increase of 18%). Combined

with a base rate increase of 35% in 2000, MAWV rates have risen over 85% since July, 2000.

Hospitals

MAWV wrote \$2,911,905 in hospital premium during 2001. They were the second largest writer of hospitals in the state. The MAWV filed rates and rating program has not been altered since 1992. According to company management, they will no longer be writing hospitals in West Virginia.

American Continental Insurance Company (ACIC)

ACIC was acquired by the St Paul Companies in late 1999. ACIC wrote \$5,331,532 in physicians and surgeons coverage during 2001. They also wrote \$651,573 in hospitals and an additional \$57,506 of other health care professionals.

Health Care Indemnity Inc. (HCI)

HCI, a surplus lines writer, provided \$4,376,762 in hospital coverage during 2001. They were the number one writer for hospitals. Since they are a surplus lines company, they were only able to provide limited information.

St Paul Fire & Marine

As is well known by all, St Paul is withdrawing from the medical malpractice market. It is expected that by March, 2003 St Paul (and ACIC) will no longer be in the West Virginia malpractice market. St Paul together with ACIC represented over 39% of the 2001 direct written premium in the state. Thus, over the course of the current year, nearly 40% of the market will need to find a new carrier. It is known that BRIM II has been picking up a sizeable share of this business.

II-D. Rating Plans and Rating Rules

Physicians and Surgeons

Coverage is provided by each of the insurers on a claims-made basis. Coverage of all plans is relatively standard. Where differences may occur are 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 reasonable.

Hospitals

Each insurer provides coverage on a claims-made basis (although it should be noted that BRIM I provides occurrence coverage). 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 allows underwriters the ability to customize the price to the risk. Such a feature is common when rating large, unique risks.

II-E. Comparison of Filed Information to Rate Filings Information

- 1. Reconcile the most recent filed information to the experience reported in the rate filings.*

Exhibit I, sheets 1-3 provide the premium and losses of each carrier. For St Paul, there are significant differences between the filed information and the rate filing information. However, there is consistency when comparing the 2002 and 2001 rate filings. Likewise, there is consistency when comparing the 2002 filed information with the 2001 filed information.

For Medical Assurance, the information is considerably more consistent and raises no concerns.

For HCI, this was the first year that they provided filed information. As a surplus lines writer, HCI has not made rate filings

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

Exhibit VI shows the comparison of Annual Statement information with the filed information. The results show a fairly solid reconciliation.

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

Exhibits II-V provide the assumptions underlying the rate analysis in the filed information, rate filings, rate filing abstracts, or other source documents. In general, all the information that could be obtained from the various documents is provided for review. The limitations on the information provided do not allow the Agency Actuary to draw any significant conclusions.

- 4. Is the filed information filled out correctly and accurately.*

It is the Agency Actuary's opinion that more explicit instructions and direction are necessary to reconcile the filed information, rate filings and financial statements. Furthermore, it is suggested that the companies should be required to reconcile the various information sources. It is clear, that to varying degrees, the companies have attempted to provide accurate filed information.

- 5. Does the filed information support our conclusion on the rates as of 12/31/01?*

The inconsistencies in the data presented on Exhibit I, sheets 1-3 make it difficult to assess the rate adequacy of the companies. For St Paul, based on the information provided, it appears that their rates are not adequate.

Medical Assurance Physicians and Surgeons rates appear to have reached an adequate level based on their latest rate filing. However, based on the filed information, their hospital program has inadequate rates. These rates have been in effect since 1992. However, Medical Assurance is non-renewing its hospital risks.

For HCI, we can only look at their unadjusted results and surmise that they will be looking for more premium for their hospital program in the year ahead.

II-F: Analysis of Rate Filings

Medical Assurance of West Virginia

MAWV made a rate filing in 2002, requesting a base rate increase of 17.9% together with a reduction in their discount program. The filing was reviewed by an outside consulting firm. The firm recommended, and the Commissioner concurred, that the base rate increase requested by MAWV be reduced to 11.1%. It was also determined that the increase granted would take place on 7/1/02 for new business and 9/14/02 for renewal business. It is the Agency Actuary's opinion that the increase granted was actuarially supported and provides for an adequate rate level for MAWV going forward.

II-G: Investment Portfolio

Exhibit III presents a comparison of investment yields and investment income provisions as available from various sources.

For MAWV and the St Paul Companies, investment yields were reasonably comparable with investment yields for the industry. For HCI, investment yields were noticeably lower than the industry.

The selected rate of return of 6.5% for MAWV's 2002 filing is reasonable in view of declining interest and investment returns. Likewise the selected rate of return for the St Paul Companies (4.95-5.77%) is also reasonable.

Section III

Observations, Thoughts, Expectations

Section III. Observations, Thoughts and Expectations

This section provides some observations gleaned from this analysis, provides thoughts on the state of Medical Malpractice in West Virginia and offers possible expectations for the forthcoming year.

- The insurance industry is cyclical and necessarily competitive. We have witnessed these cycles in the Medical Malpractice line in the mid-'70's, the mid-80's and the present situation. This particular cycle is, perhaps, worse than previous cycles as it was delayed by a booming economy in the '90's and is now experiencing not just a shortfall in rates due to competition, but a subdued economy, lower interest rates and investment yields, the withdrawal of a major medical malpractice writer and a strong hardening of the reinsurance market. Rates will, at some point, reach an acceptable level to insurers and capital will once again flow into the Medical Malpractice market.
- West Virginia results have been worse than the industry over the last six years. One of the key elements in these results has been the very high defense costs. These higher defense costs have been driven by Medical Assurance of West Virginia. A closer look at Allocated Loss Adjustment Expenses (ALAE) by company shows the following figures for 2001:

	<u>ALAE</u>
St Paul Companies	39.3%
HCI	16.5%
National Union Fire	30.3%
Medical Assurance	88.0%

If we remove MAWV's ALAE from the West Virginia Medical Malpractice figures, the ALAE for the state drops to 28%. MAWV had approached claims with a vigorous defense stance. According to company management they are in the midst of changing that strategy and looking to settle more claims without the vigorous defense. MAWV's paid claim figures for 2001 do show that this strategy is occurring. This may account for the smaller average paid claim and the increased number of paid claims shown on page 9. It should also be pointed out that House Bill 601, passed in December, 2001, attempts to fix this problem for the future. These changes were not effective during 2001 and therefore not reflected in this report. The effectiveness of the changes will be measurable as legal proceedings governed by the new law are resolved.

- On Exhibit VII, a sample comparison of rates is provided for MAWV, National Union, St Paul, Commonwealth, and ISO. The comparison shows that MAWV rates presently are the highest and in many cases, significantly more than the rates of their competitors. The comparison shows the considerable

diversity in base rate levels amongst the various specialties. ISO (Insurance Services Office) has been included as ISO estimates that its subscribers write 28% of the of the Medical Malpractice premium written in West Virginia.

- Exhibit VII provides a comparison of Medical Services Inflation vs. Medical Malpractice premium growth. Using the assumption that the growth in medical malpractice premiums should generally keep pace with the inflation costs of medical services, this exhibit provides further insight into the underwriting cycle. Since 1987, the last year of the mid-'80's medical malpractice crisis, medical services inflation has risen 113.4%. Over the same time period, written premiums have risen only 51.7%. At the bottom of the exhibit, the mid-'80's medical malpractice figures are provided. Note that between 1983 and 1987, medical malpractice premiums rose 155.4%. Such is the nature of the underwriting cycle.
- Regarding the filed information, it is the Agency Actuary's opinion that the information was not completed to the level of detail expected. It is suggested that the requirements and guidelines for filed information be re-visited to clarify expectations and make the filed information of greater value in future reports.
- The current rates on file meet the rating standard of not being excessive or unfairly discriminatory. However, it appears that for some companies and areas of malpractice, rates may not be adequate.
- Based on this analysis, the state of West Virginia should anticipate companies to seek additional rate increases in the forthcoming year. However, approval of any additional rate increases will continue to be based on sound actuarial pricing presented by the insurer.
- It is the Agency Actuary's opinion that for the state of West Virginia to avoid future 'crises' in medical malpractice coverage, the underwriting cycle needs to be broken. Two approaches, which probably would work best in tandem, towards accomplishing this are:
 1. Require companies writing medical malpractice in the state to provide yearly filings. This will allow the Insurance Commissioner to be certain that rates are being maintained at an adequate level. This approach is likely to require a rule change. It should also be noted that intervention by the Insurance Commission to maintain rate adequacy by companies in this market of business would interfere with competitive aspect of this line of business.
 2. As has been discussed and is allowed by H.B. 601, the state could work towards the establishment of a mutual insurance company set up to provide physicians and hospitals with medical malpractice

insurance. While beyond the scope of this report, such a company could provide the state with greater rate stability and break the underwriting cycle of the commercial marketplace especially if incorporated with suggestion (1) above.

Glossary of Terms

1. BRIM: 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 is administered by Marsh. BRIM II is written on a claims-made basis.

2. Written Premium: The total premium from all policies with effective dates within a given time period.
3. Earned Premium: The pro rata portion of written premium which represents the expired portion of the insurance contract. For example, and 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. Fifty dollars will be earned in 2001 and fifty dollars in 2002.
4. Incurred Loss: A monetary payment and/or reserve on the part of the insurance company to cover claims of the insureds which are covered by the terms of the insurance contract.
5. Loss Adjustment Expense: Cost on the part of the insurance company to cover expenses incurred in settling claims. This expense can be divided into two types: allocated (ALAE), those expenses such as court fees which can be directly tied to a specific claim, and unallocated (ULAE), such as insurance company claims department expenses, which are not directly allocated to a particular claim.
6. Underwriting Expense: The expenses incurred by the insurance company in acquiring and selecting risks. Underwriting expense includes agents commissions, general administration expenses, inspection and bureau expenses and taxes, licenses and fees. It does not include loss adjustment expenses.

7. Underwriting Profit/(Loss): The remainder when loss, loss adjustment expense and underwriting expense are subtracted from earned premium income.
8. Operating Profit/(Loss): Bottom-line profit or loss of an insurance company. It is calculated by adding net investment income to underwriting profit/(loss).
9. Severity: Average loss per claim.
10. 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.
11. Guide (a) rating (also known as 'consent to rate' 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 can be determined by an experienced underwriter. In this situation, actual filed rates are superceded by the underwriter's judgment.

Exhibits

West Virginia Department of Insurance
5% Market Share Report

Exhibit I -- Sheet 1

Loss and Premium Information/Reconciliation

St. Paul Companies

2002 Rate Filing				2001 Rate Filing			
Physicians & Surgeons							
Accident Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio	Accident Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
1997				1995	832,276	826,722	99%
1998				1996	704,733	1,276,557	181%
1999		N/A		1997	701,626	1,563,504	223%
2000				1998	688,370	2,371,560	345%
2001				1999	942,005	1,565,735	166%
				2000	486,289	184,837	38%

2002 Filed Information				2001 Filed Information			
Physicians & Surgeons							
Accident Year	Earned Premium	Incurred Losses	Loss Ratio	Accident Year	Earned Premium	Incurred Losses	Loss Ratio
1996	3,984,000	3,084,000	77%	1995	3,500,000	649,000	19%
1997	5,788,000	3,601,000	62%	1996	3,984,000	3,084,000	77%
1998	7,494,000	8,702,000	116%	1997	5,788,000	3,601,000	62%
1999	10,395,000	11,967,000	115%	1998	7,494,000	8,702,000	116%
2000	13,323,000	16,340,000	123%	1999	10,395,000	11,967,000	115%
2001	21,272,000	29,234,000	137%	2000	13,323,000	16,340,000	123%

Accident Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio	Accident Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
1996	NA	NA	NA	1995	NA	NA	NA
1997	702,000	1,509,000	215%	1996	705,000	1,833,000	260%
1998	688,000	3,378,000	491%	1997	702,000	2,158,000	307%
1999	942,000	3,054,000	324%	1998	688,000	3,271,000	475%
2000	1,040,000	2,511,000	241%	1999	942,000	2,438,000	259%
6/2001	885,000	923,000	104%	6/2000	486,000	242,000	50%

Hospitals							
Accident Year	Earned Premium	Incurred Losses	Loss Ratio	Accident Year	Earned Premium	Incurred Losses	Loss Ratio
1996	2,554,000	801,000	31%				
1997	3,457,000	2,971,000	86%				
1998	4,167,000	2,639,000	63%				
1999	4,981,000	5,788,000	116%				
2000	5,842,000	3,372,000	58%				
2001	5,500,000	4,801,000	87%				

Accident Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio	Accident Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
1996	42,664	1,399	3%				
1997	1,611,493	1,649,329	102%				
1998	2,117,168	5,888,398	278%				
1999	2,307,009	2,228,977	97%				
2000	3,081,171	2,909,450	94%				
2001	NA	NA	NA				

N/A

N/A

Loss and Premium Information/Reconciliation

Medical Assurance of West Virginia

Physicians & Surgeons	2002 Rate Filing				2001 Rate Filing			
	Accident Year	Current Level	Trended, Developed	Loss & ALAE Ratio	Accident Year	Current Level	Trended, Developed	Loss & ALAE Ratio
		Earned Premium	Incurred Loss & ALAE			Earned Premium	Incurred Loss & ALAE	
	1997	13,438,000	20,600,000	153%	1995	11,431,000	14,071,000	123%
1998	30,813,000	39,246,000	127%	1996	12,289,000	17,420,000	142%	
1999	31,671,000	34,974,000	110%	1997	15,445,000	20,420,000	132%	
2000	34,968,000	30,664,000	88%	1998	28,128,000	34,156,000	121%	
2001	23,287,000	18,063,000	78%	1999	24,400,000	28,942,000	119%	

Physicians & Surgeons	2002 Filed Information				2001 Filed Information			
	Accident Year	Earned Premium	Incurred Losses	Loss Ratio	Accident Year	Earned Premium	Incurred Losses	Loss Ratio
	1996	10,150,000	7,650,000	75%	1995	9,284,000	9,332,000	101%
	1997	13,215,000	7,796,000	59%	1996	10,150,000	7,650,000	75%
	1998	23,875,000	10,379,000	43%	1997	13,215,000	7,796,000	59%
	1999	19,954,000	11,466,000	57%	1998	23,875,000	10,379,000	43%
	2000	22,500,000	16,784,000	75%	1999	19,954,000	11,466,000	57%
	2001	21,491,000	16,414,000	76%	2000	22,500,000	16,784,000	75%

	2002				2001			
	Accident Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio	Accident Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
	1995	17,440,000	14,504,000	83%	1995	11,431,000	14,071,000	123%
	1996	12,145,000	17,450,000	144%	1996	12,289,000	17,420,000	142%
	1997	16,190,000	20,600,000	127%	1997	15,445,000	20,420,000	132%
	1998	40,491,000	39,246,000	97%	1998	28,128,000	34,156,000	121%
	1999	40,090,000	34,974,000	87%	1999	24,406,000	28,942,000	119%
	2000	39,001,000	30,664,000	79%	2000	NA	NA	NA

Hospitals	2002 Filed Information				2001 Filed Information			
	Accident Year	Earned Premium	Incurred Losses	Loss Ratio	Accident Year	Earned Premium	Incurred Losses	Loss Ratio
	1996	2,554,000	166,000	6%	1995	4,341,000	4,335,000	100%
	1997	1,804,000	(5,203,000)	-288%	1996	2,554,000	166,000	6%
	1998	1,948,000	(1,778,000)	-91%	1997	1,894,000	(5,203,000)	-275%
	1999	2,045,000	1,175,000	57%	1998	1,948,000	-1,778,000	-91%
	2000	2,469,000	1,876,000	76%	1999	2,045,000	1,175,000	57%
	2001	3,163,000	1,776,000	56%	2000	2,469,000	1,876,000	76%

	2002				2001			
	Accident Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio	Accident Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
	1996	2,554,000	3,350,000	131%	1995	4,341,000	11,354,000	262%
	1997	1,804,000	4,455,000	247%	1996	2,554,000	3,122,000	122%
	1998	1,948,000	7,292,000	374%	1997	1,894,000	3,718,000	196%
	1999	2,045,000	6,188,000	303%	1998	1,948,000	6,174,000	317%
	2000	2,469,000	4,716,000	191%	1999	2,045,000	5,015,000	245%
	2001	3,163,000	7,232,000	229%	2000	2,469,000	4,991,000	202%

West Virginia Department of Insurance
5% Market Share Report

Exhibit II

Comparison of Budgeted Expenses

Medical Assurance of West Virginia

		2002 Rate Filing	2001 Rate Filing	Filing Forms
<u>Physicians & Surgeons</u>	Commission & Brokerage	6.2%	8.0%	8.0%
	New Acquisition	2.8%	2.0%	2.0%
	General	10.2%	4.0%	4.0%
	Taxes, Lics, & Fees	4.0%	4.0%	4.0%
	Other	0.0%	0.0%	0.0%
	Profit & Contingency	6.5%	5.0%	5.0%

<u>Hospitals</u>	Commission & Brokerage			6.2%
	New Acquisition			2.8%
	General			10.2%
	Taxes, Lics, & Fees	N/A	N/A	4.0%
	Other			0.0%
	Profit & Contingency			6.5%

St Paul Companies

		2002 Rate Filing	2001 Rate Filing	Filing Forms
<u>Physicians & Surgeons</u>	Commission & Brokerage		8.1%	10.5%
	New Acquisition		1.0%	(in General)
	General		6.2%	6.1%
	Taxes, Lics, & Fees	N/A	4.2%	4.2%
	Other		2.0%	2.0%
	Profit & Contingency		0.3%	-0.3%

<u>Hospitals</u>	Commission & Brokerage			8.1%
	New Acquisition			(in General)
	General			16.2%
	Taxes, Lics, & Fees	N/A	N/A	4.2%
	Other			0.0%
	Profit & Contingency			-1.2%

Health Care Indemnity, Inc.

		2002 Rate Filing	2001 Rate Filing	Filing Forms
<u>Hospitals</u>	Commission & Brokerage			0.0%
	New Acquisition			0.0%
	General			2.0%
	Taxes, Lics, & Fees	N/A	N/A	2.0%
	Other			-3.0%
	Profit & Contingency			0.0%

West Virginia Department of Insurance
5% Market Share Report

Exhibit III

Comparison of Investment Income Provisions

Calendar Year	Total Return*	Investment Yield*	Industry Invest. Yield*
------------------	------------------	----------------------	----------------------------

Medical Assurance of West Virginia

1996	N/A	5.5%	6.1%
1997	N/A	4.7%	6.3%
1998	N/A	5.6%	5.7%
1999	N/A	6.9%	5.4%
2000	N/A	6.9%	6.1%
2001	N/A	5.9%	

Rate of Return Underlying	2001 Filing:	5.0%
	2002 Filing:	6.5%

St Paul Companies

1996	8.1%	6.5%	6.1%
1997	7.3%	6.0%	6.3%
1998	7.4%	5.9%	5.7%
1999	10.0%	6.5%	5.4%
2000	7.9%	9.0%	6.1%
2001	4.7%	5.8%	

Rate of Return Underlying	2001 Filing:	Not Specified
	Filing Forms:	4.95-5.77%

Health Care Indemnity, Inc.

1996	10.0%	4.1%	6.1%
1997	14.1%	3.5%	6.3%
1998	6.2%	3.6%	5.7%
1999	6.3%	3.7%	5.4%
2000	10.8%	3.7%	6.1%
2001	5.0%	3.3%	

Rate of Return Underlying	Filings:	N/A
---------------------------	----------	-----

*Best's Insurance Reports

West Virginia Department of Insurance
5% Market Share Report

Exhibit IV

Comparison of Pure Premium Trends

Medical Assurance of West Virginia

	2002 <u>Filing</u>	2001 <u>Filing</u>	Form <u>Filing</u>
<u>Physicians & Surgeons</u>	5.0%	5.0%	5.0%
<u>Hospitals</u>		NA	

St Paul Companies

<u>Physicians & Surgeons</u>	N/A	2.5%	5.0%
<u>Hospitals</u>	N/A	N/A	5.5%

Health Care Indemnity, Inc.

<u>Hospitals</u>		NA	
------------------	--	----	--

West Virginia Department of Insurance
5% Market Share Report

Exhibit V

Comparison of Loss Development Factors

Physicians & Surgeons

Medical Assurance of West Virginia

Estimated	2002 Filing	2001 Filing
<u>Maturity (mos)</u>	<u>LDFs</u>	<u>LDFs</u>
12	0.796	0.682
24	0.788	0.718
36	0.765	0.797
48	0.827	0.875

St Paul Companies

<u>Maturity (mos)</u>	Case	
	<u>LDFs</u>	
9	0.678	From 2001 Rate Filing
21	0.630	
33	0.610	
45	0.546	
57	0.546	
69	0.585	

Health Care Indemnity, Inc.

Not Provided, only a general description of ratemaking process

West Virginia Department of Insurance

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Exhibit VI

Premium Reconciliation

<u>Company</u>	<u>Schedule T WP</u>		<u>Filing Forms</u>
Medical Assurance of WV	22,505,078		22,310,234
St Paul Companies	33,447,899		33,448,079
BRIM I	8,283,225		8,283,226
National Union Fire	630,639		630,639
Health Care Indemnity, Inc.	4,376,762		4,377,000
All Other	15,850,195		xxxxxx
Total (xAll Other)	69,243,603		69,049,178

<u>Subline</u>	<u>Medical Assurance</u>		<u>St Paul Companies</u>		<u>Health Care Indemnity, Inc.</u>
Physicians & Surgeons	19,398,329		28,337,270		
Hospitals	2,911,905		3,823,140		4,376,762
Other Malpractice	1,418,906		1,287,489		

West Virginia Department of Insurance
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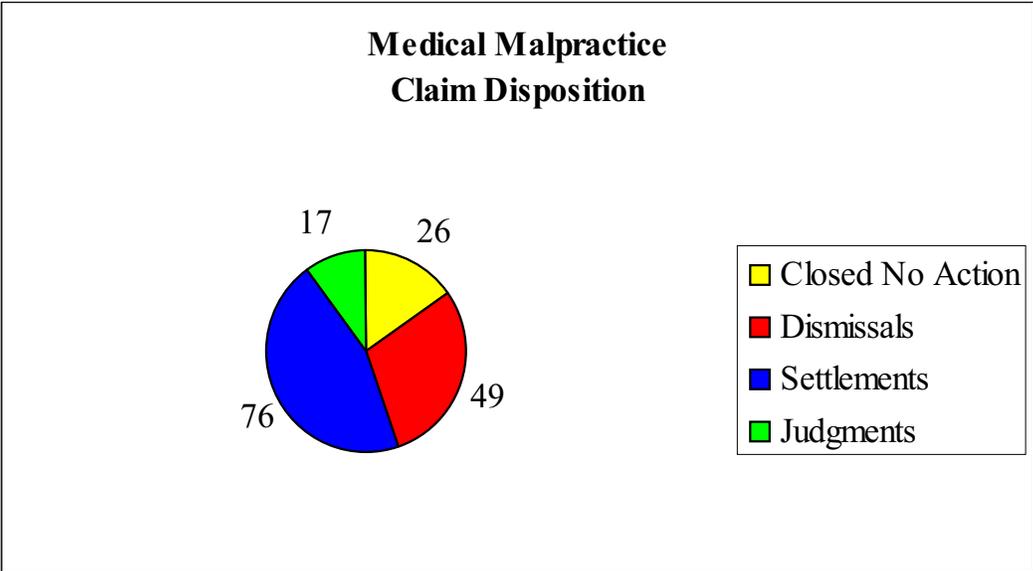
Exhibit VII

Specific Claim Filed Information

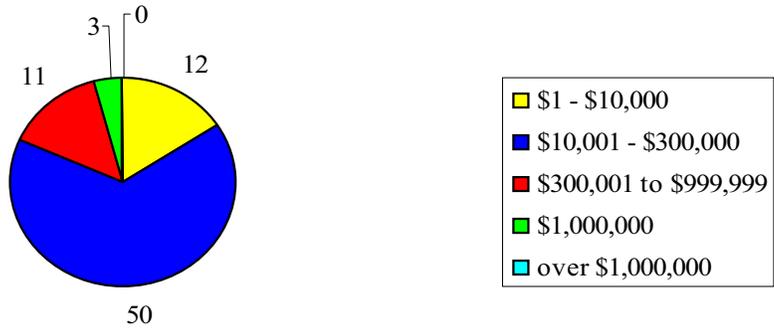
Physicians & Surgeons

Disposition Years	Disposition Year					
	2001					
	# Claims	Medical Assurance	St. Paul Fire & Marine	American Continental	St. Paul Mercury	Health Care Indemnity
Closed-No Action	26	23	2	1	0	0
Dismissals	49	31	3	14	1	0
Claims Appealed	6	5	1	0	0	0
Settlement Payments	\$ 15,998,606					
\$1 - \$10,000	12	7	0	5	0	0
\$10,001 - \$300,000	50	21	10	18	0	1
\$300,001 to \$999,999	11	2	5	4	0	0
\$1,000,000	3	1	2	0	0	0
over \$1,000,000	0	0	0	0	0	0
Subtotal	76	31	17	27	0	1
Judgment Amounts	\$ 2,721,672					
\$0	13	11	2	0	0	0
\$1 - \$10,000	0	0	0	0	0	0
\$10,001 - \$300,000	2	2	0	0	0	0
\$300,001 to \$999,999	1	0	1	0	0	0
\$1,000,000	0	0	0	0	0	0
over \$1,000,000	1	1	0	0	0	0
Subtotal	17	14	3	0	0	0
Total Claims	168					

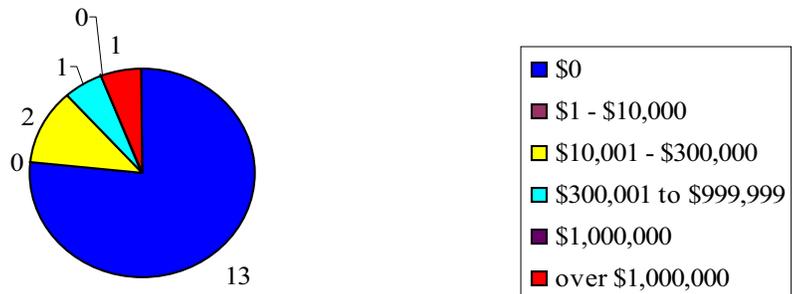
* Source - West Virginia Insurance Commission Filed Claim Reports



Medical Malpractice Settlement Payments



Medical Malpractice Judgment Amounts



West Virginia Department of Insurance
5% Market Share Report

Exhibit VIII

Sample Comparison of Physicians' Medical Malpractice Rates
Claims Made Policies – Mature Rate – \$1M/\$3M

Class Code	Description	Medical Assurance 9/02	National Union 10/00	St Paul 8/01	Commonwealth 7/02	ISO* 4/03
80254	Allergy	\$10,481	\$10,873	\$10,782	\$9,785	\$9,697
80266	Pathology	\$20,534	\$10,873	\$10,782	\$18,477	\$12,125
80420	Family Practice-GP (xOB)	\$20,534	\$13,507	\$15,106	\$18,477	\$16,165
80244	Gynecology (NS)	\$20,534	\$13,507	\$15,106	\$22,822	\$12,125
80293	Pediatrics (NS)	\$20,534	\$13,507	\$15,106	\$18,477	\$24,244
80284	Internal Medicine (MS)	\$30,586	\$20,085	\$22,315	\$27,168	\$24,244
80102	Emergency Medical (NMS)	\$40,639	\$32,566	\$37,453	\$43,477	\$40,409
80145	Surgery-Urological	\$36,615	\$26,123	\$28,802	\$34,058	\$41,224
80286	Neoplastic Disease (MS)	\$30,586	\$26,123	\$28,802	\$22,822	\$20,207
80117(C)	Family Practice-OB/Gyn	\$70,796	\$32,556	\$37,453	\$27,168	\$48,491
80154(B)	Surgery-Orthopedics(spines)	\$90,901	\$32,556	\$37,453	\$67,026	\$57,712
80143	Surgery-General	\$70,796	\$51,233	\$72,584	\$57,607	\$65,957
80153	Surgery-OB/Gyn	\$100,954	\$77,261	\$84,962	\$95,282	\$82,448
80152	Surgery-Neurology	\$141,163	\$110,786	\$123,747	\$114,119	\$107,181

The above rates are current as of 10/18/02. Note that these rates are generally a starting point for rating the physician. Rates are further adjusted by rating plans that may credit/debit an individual physician.

*ISO publishes loss costs and increased limits factors. ISO believes it represents roughly 28% of the Medical Malpractice premium in the state of West Virginia. An expense loading of 20% (roughly comparable to the industry's expense loading) was used to convert the loss costs to rates.

Bureau of Labor Statistics
 Medical Care Services Inflation vs. Growth in Malpractice Written Premium

Year	7/1 CPI-U Index*	Annual Percent Change	Cumulative Percent Change	Industry	Annual Percent Change	Cumulative Percent Change
				MedMal Net Written Premium (000's)**		
1987	130.4	--	--	4,004,185	--	--
1988	139.0	6.6%	6.6%	4,027,825	0.6%	0.6%
1989	147.9	6.4%	13.4%	4,278,009	6.2%	6.8%
1990	161.5	9.2%	23.8%	4,014,622	-6.2%	0.3%
1991	176.1	9.0%	35.0%	4,067,803	1.3%	1.6%
1992	189.7	7.7%	45.5%	4,133,567	1.6%	3.2%
1993	202.6	6.8%	55.4%	4,370,812	5.7%	9.2%
1994	212.6	4.9%	63.0%	4,780,537	9.4%	19.4%
1995	223.5	5.1%	71.4%	4,800,552	0.4%	19.9%
1996	231.9	3.8%	77.8%	4,875,486	1.6%	21.8%
1997	238.7	2.9%	83.1%	4,892,496	0.3%	22.2%
1998	246.5	3.3%	89.0%	5,145,066	5.2%	28.5%
1999	254.6	3.3%	95.2%	5,104,093	-0.8%	27.5%
2000	265.6	4.3%	103.7%	5,586,584	9.5%	39.5%
2001	278.3	4.8%	113.4%	6,072,468	8.7%	51.7%
2002	291.7	4.8%	123.7%	--	--	--

* Bureau of Labor Statistics -- Medical Services CPI

** Best's Aggregates and Averages

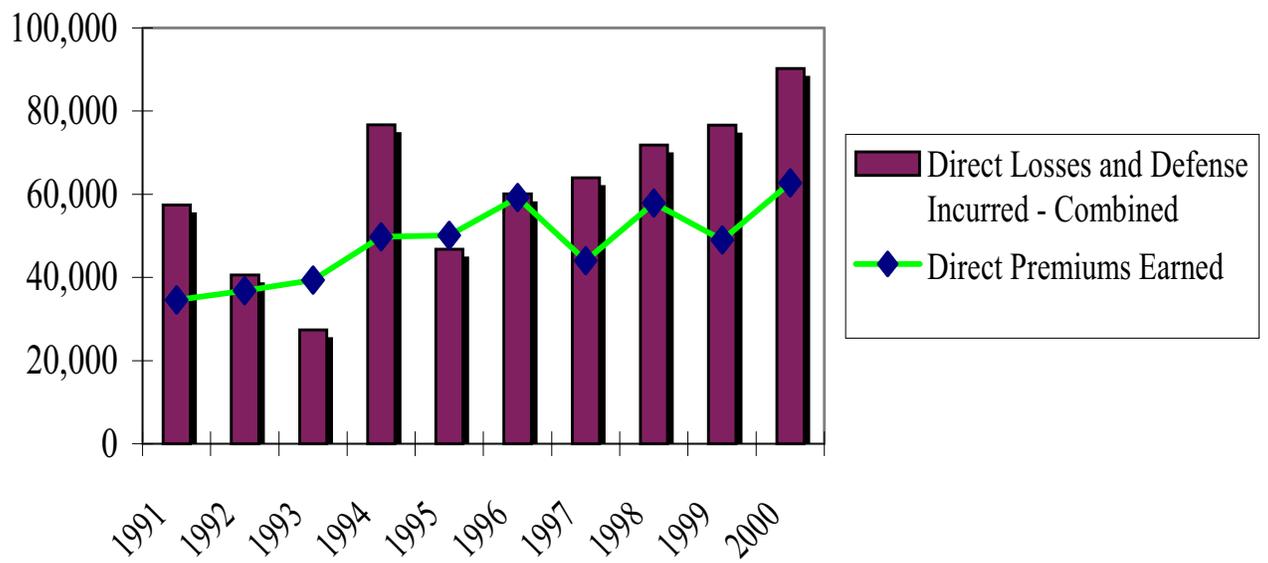
1985 Medical Malpractice Crisis

1983	100.0	--	--	1,568,001	--	--
1984	106.2	6.2%	6.2%	1,774,754	13.2%	13.2%
1985	112.6	6.0%	12.6%	2,769,230	56.0%	76.6%
1986	121.4	7.8%	21.4%	3,491,905	26.1%	122.7%
1987	130.4	7.4%	30.4%	4,004,185	14.7%	155.4%

Exhibit X

West Virginia Medical Malpractice
Combined Loss and Defense Costs Incurred (000's)

Chart 4



Appendix

Physicians***2001 West Virginia Business Written**

(NAIC Database)

Rank	Company	Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio
1	St Paul Fire & Marine Ins Co	23,000,857	43.4%	15,404,389	15,338,925	99.6%
2	Medical Assur Of WV Inc	19,398,329	36.6%	21,697,191	16,413,899	75.6%
3	American Continental Ins Co	5,331,532	10.1%	5,862,768	13,894,680	237.0%
4	Ohic Ins Co	1,072,773	2.0%	1,096,956	1,993,468	181.7%
5	Interstate Fire & Cas Co**	1,048,753	2.0%	736,863	256,203	34.8%
6	National Union Fire Ins Co Of Pitts	630,639	1.2%	805,041	-625,138	-77.7%
7	Medical Protective Co	553,311	1.0%	363,888	175,000	48.1%
8	American Healthcare Ind Co	465,689	0.9%	444,691	171,528	38.6%
9	American Physicians Assur Corp	463,878	0.9%	160,110	60,000	37.5%
10	Scottsdale Ins Co**	352,871	0.7%	409,989	-668,948	-163.2%
11	Podiatry Ins Co of Amer RRG Mut***	140,932	0.3%	133,798	69,335	51.8%
12	Professionals Advocate Ins Co	138,607	0.3%	130,291	6,305	4.8%
13	APSpecialty Ins Corp**	126,656	0.2%	28,292	20,000	70.7%
14	Preferred Physicians Medical RRG***	97,197	0.2%	0	0	0.0%
15	Reciprocal Alliance RRG***	70,412	0.1%	57,376	17,000	29.6%
16	Steadfast Ins Co**	59,160	0.1%	70,931	-51,700	-72.9%
17	MIIX Ins Co	32,672	0.1%	34,841	34,800	99.9%
18	Medical Assur Co Inc	19,717	0.0%	23,411	9,864	42.1%
19	St Paul Mercury Ins Co	4,881	0.0%	4,522	221	4.9%
20	American Cas Co Of Reading PA	3,073	0.0%	-22,424	-18,635	83.1%
21	Doctors Ins Recip RRG***	1,691	0.0%	1,812	0	0.0%
22	Continental Cas Co	744	0.0%	2,548,497	1,785,136	70.0%
	Admiral Ins Co**	0	0.0%	0	-11	0.0%
	Caliber One Ind Co**	0	0.0%	4,262	140,666	3300.5%
	Gulf Ins Co	0	0.0%	97,800	-145,510	-148.8%
	Evanston Ins Co**	0	0.0%	44,078	-90,455	-205.2%
	Columbia Cas Co**	0	0.0%	-19,322	260,376	-1347.6%
	Century Ind	0	0.0%	0	-25,000	0.0%
	Travelers Ind Co Of IL	0	0.0%	0	163,486	0.0%
	American Equity Specialty Ins Co	0	0.0%	0	26,306	0.0%
	Illinois Natl Ins Co	0	0.0%	0	1,173,063	0.0%
	Boston Old Colony Ins Co	0	0.0%	0	-4,942	0.0%
	Pacific Employers Ins Co	0	0.0%	0	-181	0.0%
	Continental Ins Co	0	0.0%	0	-40,000	0.0%
	America Equity Ins Co**	0	0.0%	80,472	494,945	615.1%
	Travelers Ind Co Of CT	0	0.0%	0	-2,692,214	0.0%
	Standard Fire Ins Co	0	0.0%	0	-2,965,136	0.0%
	Nationwide Mut Ins Co	0	0.0%	0	-1	0.0%
	Western Ind Ins Co**	0	0.0%	8,887	205,030	2307.1%
	One Beacon Ins Co**	0	0.0%	0	-455	0.0%
	American Intl Specialty Lines Ins**	0	0.0%	0	-318	0.0%

25	Licensed Companies	51,059,233	96.3%	48,582,853	44,781,624	92.2%
12	Surplus Lines Writers**	1,587,440	3.0%	1,364,452	565,333	41.4%
4	Risk Retention Groups***	367,701	0.7%	262,105	34,635	13.2%

41	Grand Total	53,014,374	100.0%	50,209,410	45,381,592	90.4%
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*Physicians, including surgeons and osteopaths

11/14/02

Hospitals

2001-WV-Business Written

(NAIC Database)		Direct	Market	Direct	Direct	Direct
Rank	Company	Premiums	Share	Premiums	Loss	Loss
		Written		Earned	Incurred	Ratio
1	Health Care Ind Inc**	4,376,762	34.8%	4,376,762	5,835,984	133.3%
2	Medical Assur of WV Inc	2,911,905	23.1%	3,163,494	1,776,036	56.1%
3	St Paul Fire & Marine Ins Co	2,789,582	22.2%	2,076,556	1,256,513	60.5%
4	Lexington Ins Co**	696,697	5.5%	256,751	0	0.0%
5	American Continental Ins Co	651,573	5.2%	2,856,973	3,083,044	107.9%
6	Gulf Ins Co	383,500	3.0%	158,618	0	0.0%
7	St Paul Mercury Ins Co	381,985	3.0%	566,588	461,166	81.4%
8	Cincinnati Ins Co	140,313	1.1%	113,969	674,013	591.4%
9	Doctors Co An Intl Exchange	106,175	0.8%	106,175	227,437	214.2%
10	Steadfast Ins Co**	65,000	0.5%	28,129	627,933	2232.3%
11	Columbia Cas Co**	33,393	0.3%	31,869	319	1.0%
12	Gulf Underwriters Ins Co**	21,000	0.2%	15,764	0	0.0%
13	Evanston Ins Co**	20,063	0.2%	39,174	737,723	1883.2%
14	Reciprocal of America	8,366	0.1%	40,828	163,750	401.1%
15	Continental Cas Co	405	0.0%	636	164,736	25901.9%
16	Admiral Ins Co**	0	0.0%	0	-142	0.0%
17	Firemens Fund Ins Co of OH	0	0.0%	0	-13	0.0%
18	Standard Fire Ins Co	0	0.0%	0	-813,615	0.0%
19	Travelers Cas & Surety Co	0	0.0%	0	660,109	0.0%
20	American Cas Co of Reading PA	0	0.0%	2,419	-1,093	-45.2%
21	Ace American Ins Co	0	0.0%	0	-344	0.0%
22	MIIX Ins Co	0	0.0%	2,689	2,024	75.3%
23	Century Ind Co	0	0.0%	0	-106	0.0%
24	Ace Fire Underwriters Ins Co	0	0.0%	0	26,828	0.0%
25	Bankers Standard Ins Co	0	0.0%	0	-1,026	0.0%
26	Firemens Fund Ins Co	0	0.0%	0	-5,259	0.0%
27	Executive Risk Ind Inc	0	0.0%	0	1,713	0.0%
28	Pacific Employers Ins Co	0	0.0%	0	-1,025	0.0%
29	Western Ind Ins Co**	0	0.0%	0	-1	0.0%
30	OHIC Ins Co	0	0.0%	0	836,007	0.0%
22	Licensed Companies	7,373,804	58.6%	9,088,945	8,510,895	93.6%
8	Surplus Lines Writers**	5,212,915	41.4%	4,748,449	7,201,816	151.7%
30	Grand Total	12,586,719	100.0%	13,837,394	15,712,711	113.6%

11/14/02

Other Health Care Facilities*

2001 West Virginia Business Written

(NAIC Database)		Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio
Rank	Company					
1	National Union Fire Ins Co of Pitts	8,283,225	75.1%	8,168,766	3,671,395	44.9%
2	Executive Risk Ind Inc	1,022,907	9.3%	384,796	-44,014	-11.4%
3	Lexington Ins Co**	753,686	6.8%	153,328	0	0.0%
4	St Paul Fire & Marine Ins Co	683,526	6.2%	520,391	887,626	170.6%
5	Royal Surplus Lines Ins Co**	83,600	0.8%	58,869	56,336	95.7%
6	Western World Ins Co**	62,065	0.6%	53,566	21,340	39.8%
7	Interstate Fire & Cas Co**	50,000	0.5%	50,000	42,433	84.9%
8	Admiral Ins Co**	34,718	0.3%	38,117	-39,140	-102.7%
9	St Paul Mercury Ins Co	26,066	0.2%	136,778	61,033	44.6%
10	American Home Assur Co	11,850	0.1%	8,137	1,705	21.0%
11	Steadfast Ins Co**	10,071	0.1%	5,439	5,476	100.7%
12	Cincinnati Ins Co	1,770	0.0%	1,894	126,175	6661.8%
13	Church Mutual Ins Co	1,350	0.0%	1,302	1,861	142.9%
14	American Continental Ins Co				5,396	0.0%
15	Travelers Ind Co of IL				200,626	0.0%
16	Standard Fire Ins Co				-6,290	0.0%
17	American Intl Specialty Lines Ins**				-320,928	0.0%
18	Nationwide Mut Ins Co				-1	0.0%
	BRIM I (Nat'l Union Fire)	8,283,225	75.1%	8,168,766	3,671,395	44.9%
10	Licensed Companies	1,747,469	15.9%	1,053,298	1,234,117	117.2%
7	Surplus Lines Writers*	994,140	9.0%	359,319	-234,483	-65.3%
17	Grand Total	11,024,834	100.0%	9,581,383	4,671,029	48.8%

* Other health care facilities including nursing homes & BRIM I (reported by National Union Fire)

OTHER MED MAL POLICIES*

2001 West Virginia Business Written

(NAIC Database)		Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio
Rank	Company					
1	Commonwealth Med Liab Ins	2,885,598	63.7%	1,071,284	918,750	85.8%
2	Doctors Co An Intl Exchange	1,091,125	24.1%	667,748	312,668	46.8%
3	Ophthalmic Mut Ins Co RRG***	434,237	9.6%	314,268	-154,662	-49.2%
4	Oms Natl Ins Co RRG***	85,330	1.9%	82,839	53,871	65.0%
5	Professional UW Liab Ins Co**	21,064	0.5%	126,400	28,807	22.8%
6	American Alt Ins Corp**	5,659	0.1%	4,768	920	19.3%
7	American Assoc Of Othodontists**	4,316	0.1%	4,097	-5,845	-142.7%
8	USF&G	0	0.0%	0	-116	0.0%
9	Mt Vernon Fire Ins Co**	0	0.0%	0	-5,430	0.0%
3	Licensed Companies	3,976,723	87.8%	1,739,032	1,231,302	70.8%
4	Surplus Lines Writers**	31,039	0.7%	135,265	18,452	13.6%
2	Risk Retention Groups***	1,525,362	33.7%	0	0	0.0%
9	Grand Total	4,527,329	100.0%	2,271,404	1,148,963	50.6%

* Medical Malpractice policies effective prior to January 1, 1976

Other Health Care Professionals*

2001 West Virginia Business Written

(NAIC Database)		Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio
Rank	Company					
1	St Paul Fire & Marine Ins Co	735,380	20.7%	536,291	203,625	38.0%
2	American Cas Co of Reading PA	454,989	12.8%	450,675	-64,839	-14.4%
3	Continental Cas Co	431,184	12.2%	482,355	-2,098,335	-435.0%
4	Legion Ins Co	331,737	9.4%	366,780	28,624	7.8%
5	TIG Specialty Ins Corp**	292,423	8.2%	320,220	95,000	29.7%
6	Chicago Ins Co	249,739	7.0%	257,324	-51,102	-19.9%
7	NCMIC Ins Co	199,163	5.6%	181,462	114,335	63.0%
8	Cincinnati Ins Co	189,603	5.3%	155,598	389,416	250.3%
9	Gulf Ins Co	188,260	5.3%	107,258	473,378	441.3%
10	Evanston Ins Co**	147,930	4.2%	86,137	152,240	176.7%
11	TIG Ins Co	76,852	2.2%	79,766	6,906	8.7%
12	American Continental Ins Co	57,506	1.6%	37,421	-17,060	-45.6%
13	Ace American Ins Co	31,912	0.9%	28,684	2,607	9.1%
14	Western World Ins Co**	31,778	0.9%	35,319	14,071	39.8%
15	Reciprocal Alliance RRG***	24,127	0.7%	16,765	5,000	29.8%
16	Medical Protective Co	21,260	0.6%	19,560	1,000	5.1%
17	Connecticut Ind Co	21,069	0.6%	20,189	1,886	9.3%
18	Granite State Ins Co	15,683	0.4%	15,688	0	0.0%
19	Safeco Surplus Lines Ins Co**	14,597	0.4%	14,018	22	0.2%
20	Firemans Fund Ins Co	7,888	0.2%	4,071	0	0.0%
21	National Fire Ins Co of Hartford	6,046	0.2%	76,517	207,482	271.2%
22	Nationwide Mutual Ins Co	5,892	0.2%	6,127	-1,085	-17.7%
23	Admiral Ins Co**	5,625	0.2%	5,039	-4,505	-89.4%
24	Columbia Cas Co**	2,231	0.1%	3,565	-45,982	-1289.8%
25	Fairmont Ins Co	1,230	0.0%	666	0	0.0%
26	General Ins Co of America	1,089	0.0%	893	184	20.6%
27	Nationwide Mutual Fire Ins Co	911	0.0%	940	40	4.3%
28	National Surety Corp	709	0.0%	502	0	0.0%
29	Westport Ins Corp	702	0.0%	88	0	0.0%
30	Kemper Cas Ins Co	243	0.0%	92	0	0.0%
	St Paul Mercury Ins Co	0	0.0%	103	23	22.3%
	Medical Assurance Co Inc	0	0.0%	478	201	42.1%
	Ace Fire Underwriters Ins Co	0	0.0%	0	-17,825	0.0%
	Gulf Underwriters Ins Co**	0	0.0%	4,275	25,641	599.8%
	Travelers Ind Co	0	0.0%	0	-1,426	0.0%
	Pacific Employers Ins Co	0	0.0%	0	186	0.0%
	Preferred Natl Ins Co**	0	0.0%	337	0	0.0%
	Ohic Ins Co	0	0.0%	0	1,174	0.0%

29	Licensed Companies	3,029,047	85.4%	2,829,528	-815,605	-28.8%
8	Surplus Lines Writers*	494,584	13.9%	468,910	236,487	50.4%
1	Risk Retention Groups**	24,127	0.7%	16,765	0	0.0%

38	Grand Total	3,547,758	100.0%	3,315,203	-579,118	-17.5%
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* Other Health Care Professionals, including dentists

11/14/02

Total Medical Malpractice (NAIC Database)	2001 West Virginia Business Written				
	Direct		Direct	Direct	Direct
	Premiums	Market	Premiums	Loss	Loss
Company	Written	Share	Earned	Incurred	Ratio
St Paul Fire & Marine Ins Co	27,209,345	32.12%	18,537,627	17,686,689	95.4%
Medical Assurance of WV Inc	22,310,234	26.34%	24,860,685	18,189,935	73.2%
National Union Fire Ins Co of Pitts	8,913,864	10.52%	8,973,807	3,046,257	33.9%
American Continental Ins Co	6,040,611	7.13%	8,757,162	16,966,060	193.7%
Health Care Ind Inc*	4,376,762	5.17%	4,376,762	5,835,984	133.3%
Commonwealth Med Liab Ins	2,885,598	3.41%	1,071,284	918,750	85.8%
Lexington Ins Co*	1,450,383	1.71%	410,079	0	0.0%
Doctors Co an Intl Exchange	1,197,300	1.41%	773,923	540,105	69.8%
Interstate Fire & Cas Co*	1,098,753	1.30%	786,863	298,636	38.0%
Ohic Ins Co	1,072,773	1.27%	1,096,956	2,830,649	258.0%
Executive Risk Ind Inc	1,022,904	1.21%	384,795	-42,298	-11.0%
Medical Protective Co	574,571	0.68%	383,448	176,000	45.9%
Gulf Ins Co	571,760	0.68%	363,676	327,868	90.2%
American Healthcare Ind Co	465,689	0.55%	444,691	171,528	38.6%
American Physicians Assur Corp	463,878	0.55%	160,110	60,000	37.5%
American Cas Co of Reading PA	458,062	0.54%	430,670	-84,567	-19.6%
Ophthalmic Mut Ins Co RRG**	434,237	0.51%	314,268	-154,662	-49.2%
Continental Cas Co	432,333	0.51%	3,031,488	-148,463	-4.9%
St Paul Mercury Ins Co	412,932	0.49%	707,991	522,443	73.8%
Scottsdale Ins Co*	352,871	0.42%	409,989	-668,948	-163.2%
Legion Ins Co	331,737	0.39%	366,780	28,624	7.8%
Cincinnati Ins Co	331,686	0.39%	271,461	1,189,604	438.2%
TIG Specialty Ins Corp*	292,423	0.35%	320,220	95,000	29.7%
Chicago Ins Co	249,739	0.29%	257,324	-51,102	-19.9%
NCMIC Ins Co	199,163	0.24%	181,462	114,335	63.0%
Evanston Ins Co*	167,993	0.20%	169,389	799,508	472.0%
Podiatry Ins Co of Amer RRG Mut**	140,932	0.17%	133,798	69,335	51.8%
Professionals Advocate Ins Co	138,607	0.16%	130,291	6,305	4.8%
Steadfast Ins Co*	134,231	0.16%	104,499	581,709	556.7%
APSpecialty Ins Corp*	126,656	0.15%	28,292	20,000	70.7%
Preferred Physicians Medical RRG**	97,197	0.11%	0	0	0.0%
Reciprocal Alliance RRG**	94,539	0.11%	74,141	22,000	29.7%
Western World Ins Co*	93,843	0.11%	88,885	35,411	39.8%
Aaoms Natl Ins Co RRG**	85,330	0.10%	82,839	53,871	65.0%
Royal Surplus Lines Ins Co*	83,600	0.10%	58,869	56,336	95.7%
TIG Ins Co	76,852	0.09%	79,766	6,906	8.7%
Admiral Ins Co*	40,343	0.05%	43,156	-43,798	0.0%
Columbia Cas Co*	35,624	0.04%	16,112	214,713	1332.6%
MIIX Ins Co	32,672	0.04%	37,530	36,824	98.1%
Ace American Ins Co	31,912	0.04%	28,684	2,263	0.0%
Connecticut Ind Co	21,069	0.02%	20,189	1,886	9.3%
Professional UW Liab Ins Co*	21,064	0.02%	126,400	28,807	22.8%
Gulf Underwriters Ins Co*	21,000	0.02%	20,039	25,641	128.0%
Medical Assurance Co Inc	19,717	0.02%	23,889	10,065	42.1%
Granite State Ins Co	15,683	0.02%	15,688	0	0.0%
Safeco Surplus Lines Ins Co*	14,597	0.02%	14,018	22	0.2%
American Home Assurance Co	11,850	0.01%	8,137	1,705	21.0%
Reciprocal of America	8,366	0.01%	40,828	163,750	401.1%
Firemens Fund Ins Co	7,888	0.01%	4,071	-5,259	0.0%
National Fire Ins Co of Hartford	6,046	0.01%	76,517	207,482	271.2%
Nationwide Mut Ins Co	5,892	0.01%	6,127	-1,087	0.0%
American Alt Ins Corp	5,659	0.01%	4,768	920	19.3%
Amer Assoc of Orthodontists RRG**	4,316	0.01%	4,097	-5,845	-142.7%
Doctors Ins Recip RRG**	1,691	0.00%	1,812	0	0.0%
Church Mutual Ins Co	1,350	0.00%	1,302	1,861	142.9%
Fairmont Ins Co	1,230	0.00%	666	0	0.0%
General Ins Co of America	1,089	0.00%	893	184	20.6%
Nationwide Mut Fire Ins Co	911	0.00%	940	40	4.3%

National Surety Corp	709	0.00%	502	0	0.0%
Westport Ins Corp	702	0.00%	88	0	0.0%
Kemper Cas Ins Co	243	0.00%	92	0	0.0%
Caliber One Ind Co*	0	0.00%	4,262	140,666	3300.5%
Century Ind Co	0	0.00%	0	-25,106	0.0%
Travelers Ind Co of IL	0	0.00%	0	364,112	0.0%
American Equity Specialty Ins Co	0	0.00%	0	26,306	0.0%
Illinois Natl Ins Co	0	0.00%	0	1,173,063	0.0%
Boston Old Colony Ins Co	0	0.00%	0	-4,942	0.0%
Pacific Employers Ins Co	0	0.00%	0	-1,020	0.0%
Continental Ins Co	0	0.00%	0	-40,000	0.0%
America Equity Ins Co*	0	0.00%	80,472	494,945	615.1%
Travelers Ind Co of CT	0	0.00%	0	-2,692,214	0.0%
Standard Fire Ins Co	0	0.00%	0	-3,785,041	0.0%
Western Ind Ins Co*	0	0.00%	8,887	205,029	2307.1%
One Beacon Ins Co*	0	0.00%	0	-455	0.0%
American Intl Specialty Lines Ins*	0	0.00%	0	-321,246	0.0%
Firemens Fund Ins Co of OH*	0	0.00%	0	-13	0.0%
Travelers Cas & Surety Co	0	0.00%	0	660,109	0.0%
Ace Fire Underwriters Ins Co	0	0.00%	0	9,003	0.0%
Bankers Standard Ins Co	0	0.00%	0	-1,026	0.0%
USF&G	0	0.00%	0	-116	0.0%
Mt Vernon Fire Ins Co*	0	0.00%	0	-5,430	0.0%
Travelers Ind Co	0	0.00%	0	-1,426	0.0%
Preferred Natl Ins Co*	0	0.00%	337	0	0.0%
BRIM I (Natl Union Fire)	8,238,225	9.73%	8,168,766	3,671,395	44.9%
Licensed Companies	67,294,401	79.45%	63,367,542	54,886,569	86.6%
Surplus Lines Writers*	8,310,143	9.81%	7,067,530	7,792,517	110.3%
Risk Retention Groups**	858,242	1.01%	610,955	-15,301	-2.5%
Grand Total	84,701,011	100.00%	79,214,793	66,335,180	83.7%