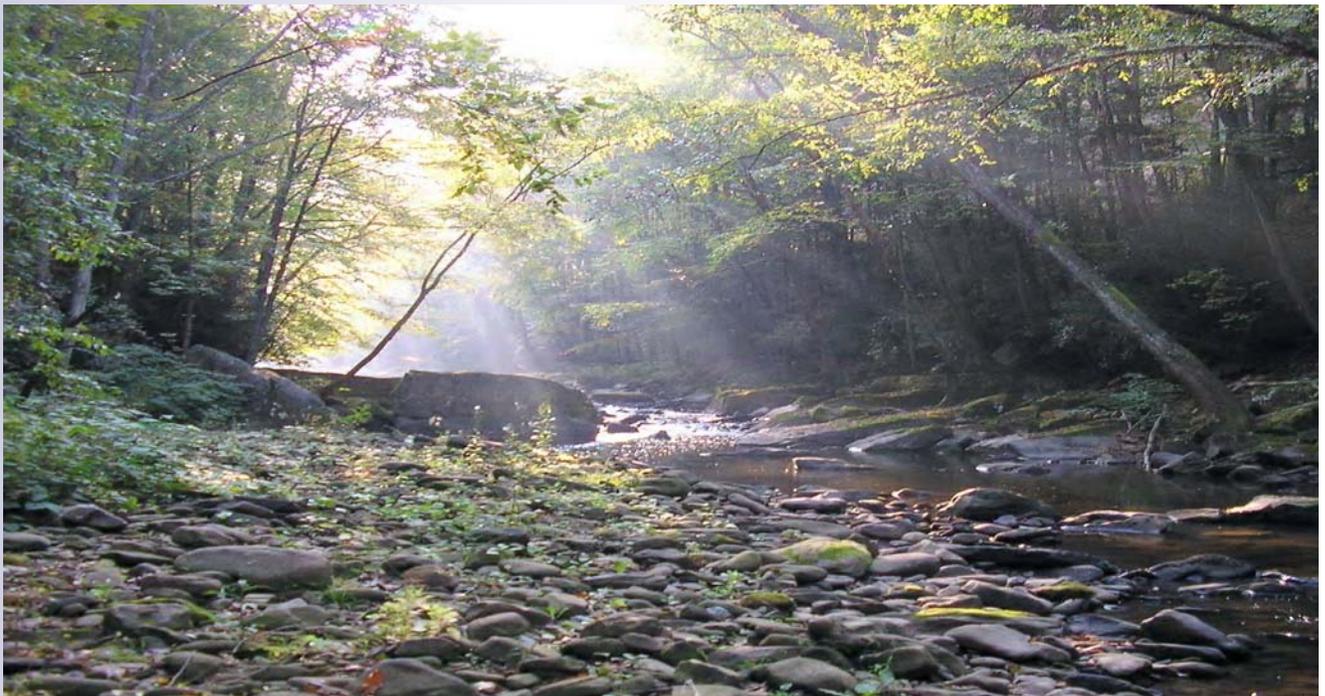


State of West Virginia

Medical Malpractice Report on Insurers with over 5% Market Share



Provided by the
West Virginia Offices of the
Insurance Commissioner

November 2006

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 and West Virginia Code §33-20B-6. The information used in the preparation of this report encompasses the experience found in the statutorily required ‘filed information’ of those insurers with 5% or greater market share, the rate filings of those companies, National Association of Insurance Commissioners (NAIC) supplementary information, Insurance Services Office (ISO) loss cost filings, other ISO reports, A. M. Best reports, 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 of any provider of healthcare.

In any action for recovery of damages based upon medical malpractice, the claimant has the burden of proving the alleged actions of the healthcare provider represented a breach in the prevailing standard of care for that type of healthcare provider. The prevailing professional standard of care for a given healthcare provider is that 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 market has gone through its third crisis or “hard” insurance market in thirty years. The first medical malpractice crisis occurred in the mid-to-late 1970s. The second medical malpractice crisis occurred in the mid-1980s. The latest medical malpractice crisis began in early 2001. The recent hard insurance market has been driven by a number of factors²:

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 capacity;
- Rising cost of reinsurance;
- Varying success of tort reform packages in multiple states (e.g., constitutionality, ability to pass tort reform); and
- Declining investment returns.

As this report will show, West Virginia's ***medical malpractice insurance results display a tremendous improvement during the 2004-2005 period.*** Rate increases approved over the last four years, 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. We are now seeing rates coming down for a number of writers in West Virginia.

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

- **Section I:** An overview of the Industry's *by-line* insurance results in 2005 together with a *comparison* of Industry results and West Virginia results for the Medical Malpractice Insurance line.
- **Section II:** A review of the West Virginia Board of Medicine paid claim data covering 1994–2005.
- **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. A review of rate filings and investment returns is provided. Also, a sample comparison of current approved physician's and surgeon's rates in West Virginia is included.
- **Section IV:** 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.

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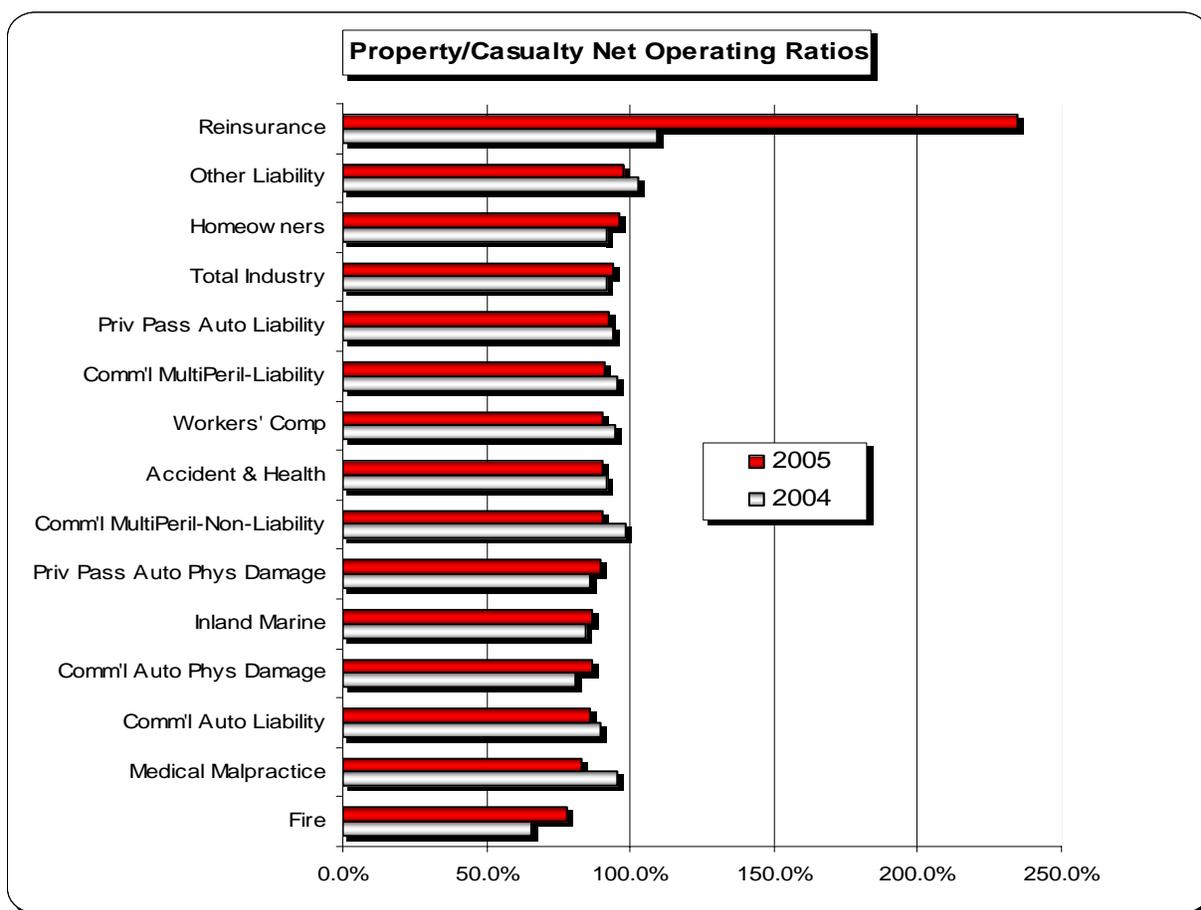
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Section I

Overview

Section I. Overview of Countrywide Insurance Results for 2005

Last year's report noted a strong improvement in **combined all lines property and casualty insurance industry results** posting a net operating ratio of 91.8%. The results for 2005 posted a 93.7%. The 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. 2005 results were impacted by record catastrophe losses of \$57.7 billion, and as the chart below displays, the impact was felt significantly in the reinsurance business.



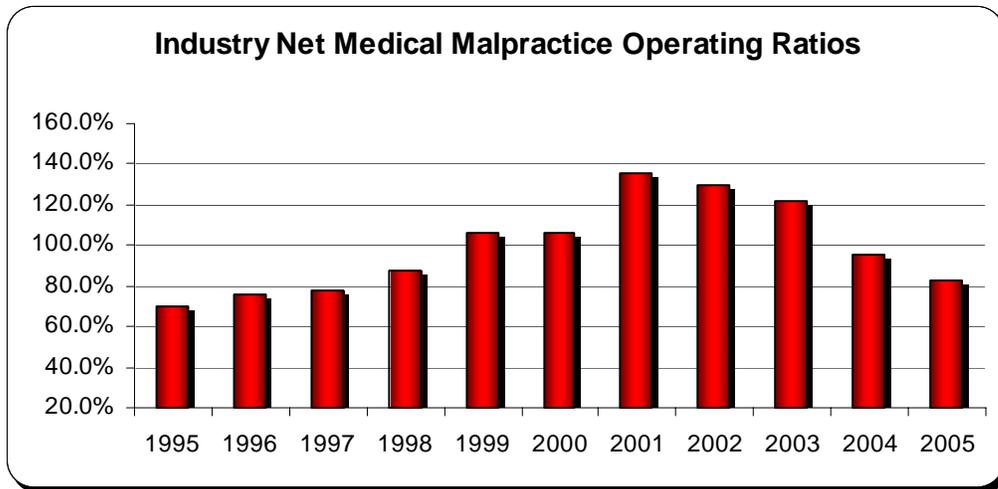
Source: A. M. Best

Several points should be noted on the industry results for 2005:

- The reinsurance industry displayed the poorest operating results in 2005 with a net operating ratio of 234.4%.
- Despite record catastrophe losses in 2005, the industry operating ratio only worsened from 91.8% in 2004 to 93.7% in 2005.

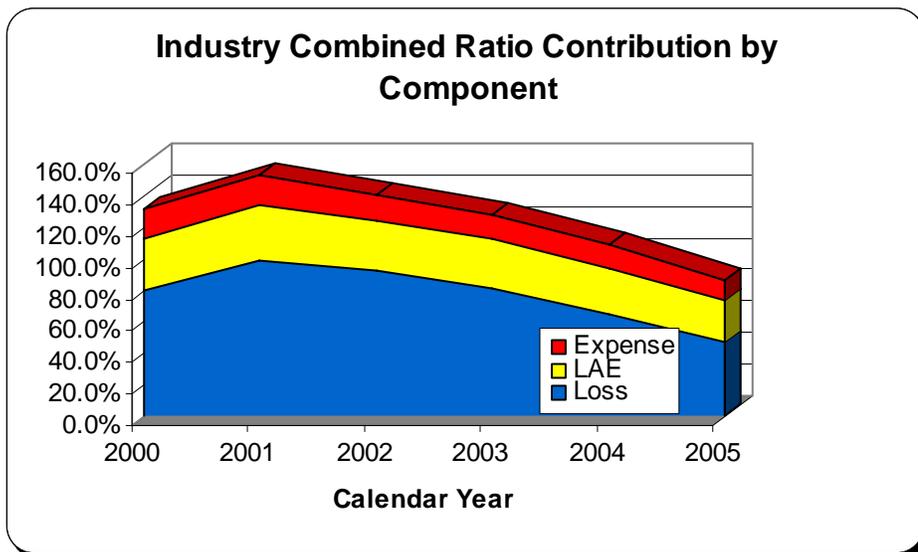
I-A. Medical Malpractice Insurance Results for the Industry

Medical Malpractice, which was the poorest performing line of insurance in 2002 and 2003, showed dramatic improvement in 2004 and further in 2005. The results show that this line improved its operating ratio from 129.6% in 2002 to 121.3% in 2003 to 96.3% in 2004 to 82.9% in 2005—its best result since 1997. *The graph below displays **industry net operating ratios** over the last ten years:*



Source: A. M. Best

The next chart displays the combined ratio contribution by component excluding dividends and investment income:



Source: A. M. Best

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 - 74 Medical Malpractice Organizations							
		2000	2001	2002	2003	2004	2005
Net Income (\$M)		\$523	(\$263)	(\$864)	(\$737)	\$51	\$633
Surplus (\$M)		\$7,102	\$6,678	\$5,538	\$5,538	\$6,339	\$7,135
Return on Surplus		7.3%	-3.8%	-14.2%	-13.3%	0.9%	8.9%

Source: A. M. Best

Over the past six years, the 74 medical malpractice organizations above have lost \$657 million.

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

The exhibit below provides a comparison of Medical Malpractice results for the Industry with results for West Virginia over the 2000 – 2005 time periods. In reviewing this exhibit, the two areas of difference (other than premium) are *the direct loss ratio and the allocated loss adjustment expense (ALAE)*. *BRIM II results are included in this comparison in the 2004 and 2005 years, as this business novated to the West Virginia Mutual Insurance Company*. Written premiums are at higher levels due to rate increases over the last several years.

Industry vs. West Virginia Medical Malpractice Results

(000's)

INDUSTRY (Best's Aggregates & Averages)

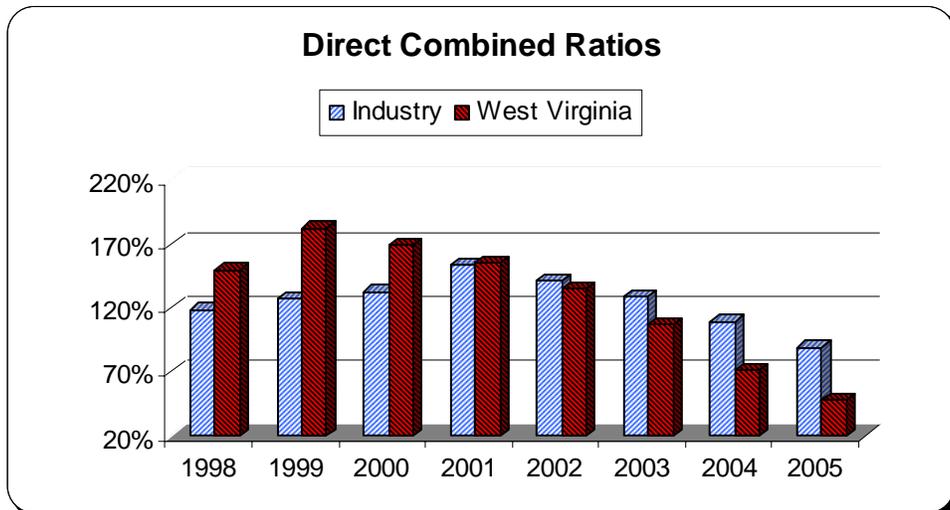
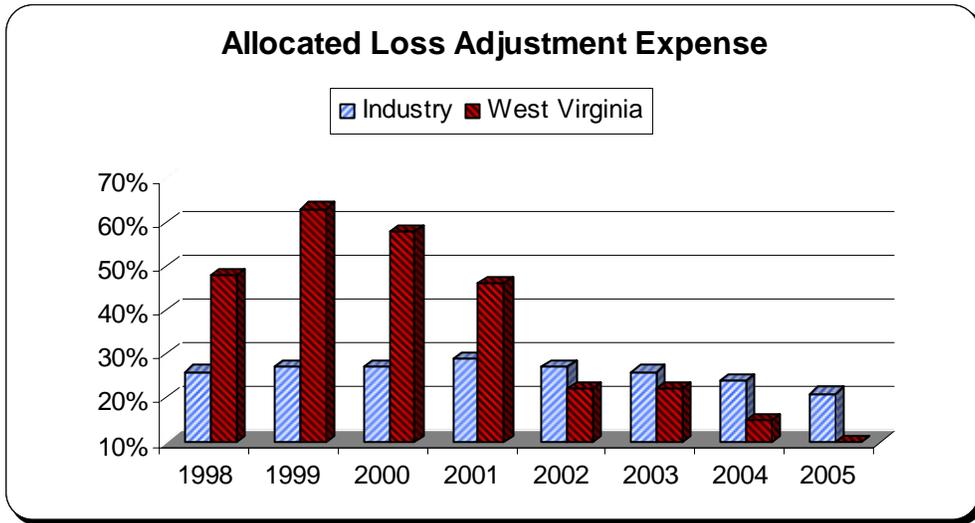
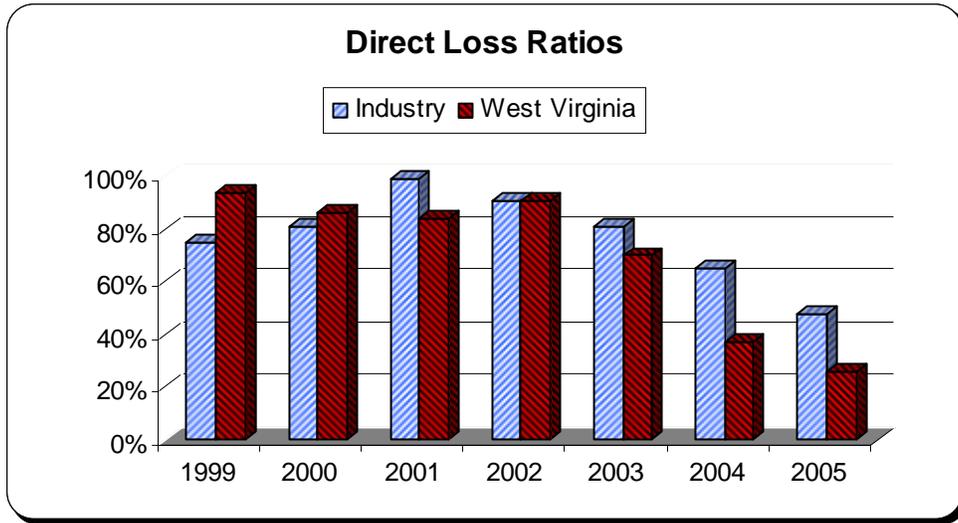
Year	Direct Written Premium	Direct Earned Premium	Direct Loss Ratio	ULAE	ALAE	Loss Adjustment Expense	Underwriting Expense	Direct Combined Ratio
2000	6,306,791	6,262,382	80.7%	5.6%	26.5%	32.2%	19.4%	132.2%
2001	7,355,013	6,842,009	99.6%	6.0%	28.6%	34.6%	18.7%	152.9%
2002	9,084,995	8,613,276	92.3%	5.5%	26.5%	32.0%	16.3%	140.6%
2003	10,420,347	9,967,661	81.9%	5.4%	25.9%	31.3%	15.4%	128.6%
2004	9,409,296	9,195,614	64.7%	5.4%	24.1%	29.5%	14.4%	108.6%
2005	10,234,218	10,075,019	47.5%	5.0%	21.0%	26.0%	15.8%	89.3%
Total	52,810,660	50,955,961	76.0%	5.4%	25.1%	30.6%	16.4%	123.0%

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
2000	73,320	62,785	85.6%	5.6%	58.1%	63.7%	19.4%	168.7%
2001	84,701	79,215	83.7%	6.0%	46.3%	52.3%	18.8%	154.8%
2002	91,978	100,556	91.0%	5.6%	21.5%	27.1%	16.5%	134.6%
2003	76,762	76,672	69.7%	5.5%	16.0%	21.5%	15.6%	106.8%
2004	142,976	123,472	36.8%	5.4%	14.8%	20.3%	14.4%	71.4%
2005	113,255	111,619	25.8%	5.0%	2.4%	7.4%	15.1%	48.3%
Total	582,992	554,319	61.2%	5.5%	23.1%	28.6%	16.3%	106.0%

Note the **outstanding** results in West Virginia for 2004 have continued to improve further in 2005.

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 very **favorable** observations can be made from the Industry vs. West Virginia Medical Malpractice comparison:

- The results for 2005 continue to show a **dramatic improvement in West Virginia**.
- The combined ratio fell to **48.3% in West Virginia** compared with 89.3% countrywide. Both results are excellent and clearly mark the end of the medical malpractice crisis.
- A large decline occurred in the West Virginia **direct loss ratio**, dropping 32.9 points, to 36.8% in 2004 and further declining to 25.8% in 2005. Thus, the direct loss ratio has dropped from a high of 93.7% in 1999, to its present low of **25.8%**.
- Additionally, the significant improvement in loss adjustment expense that occurred in 2002, continued in 2003, 2004 and on into 2005. The **loss adjustment expense ratio in West Virginia now stands at 7.4%**. It should be noted that a company error in reporting to the NAIC last year has caused the reported figure of 7.4% in 2005. Realistically, loss adjustment expense in West Virginia is running in the 20's.
- In 1999, the direct combined ratio in West Virginia was 182.2%; it now stands at 48.3%.
- Note that figures prior to 2004 **exclude BRIM results**, thus the drop in written premium from 2002 (\$92 M) to 2003 (\$77 M). The results for **2004 include** the BRIM II novation to the new Mutual. This explains the large increase in written premium shown in 2004 (\$143M). The written premium figures for 2003 are understated, while the same figures for 2004 are overstated. The 2005 results are not distorted. Results for the Mutual will be discussed later in this report.
- A review of the Direct *Operating* Ratio (which further reflects Dividends Paid and Investment Gain/Loss) produces the results which follow:

Direct Operating Ratio Comparison

Industry Med Mal

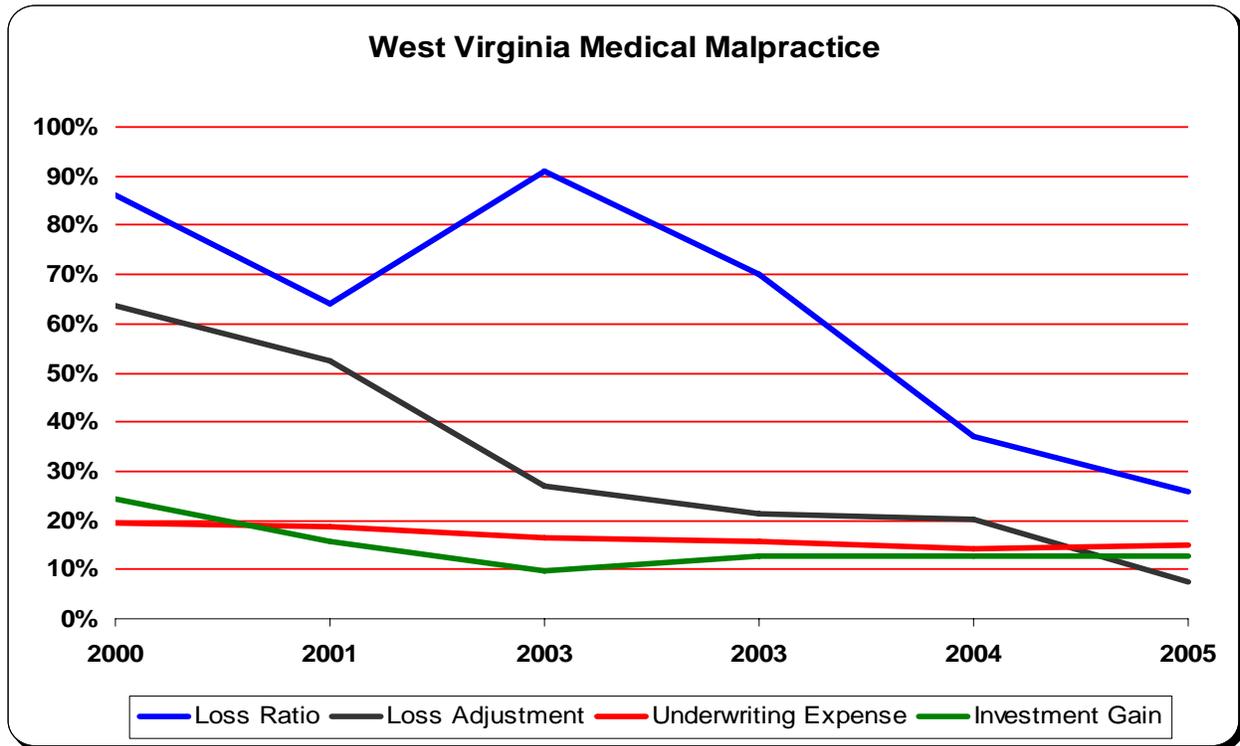
Year	Direct Combined Ratio	Dividend	Combined Ratio(after Dividend)	Investment Gain	Direct Operating Ratio
2000	132.2%	3.7%	135.9%	24.5%	111.4%
2001	152.9%	2.7%	155.6%	15.9%	139.7%
2002	140.6%	1.7%	142.3%	9.9%	132.4%
2003	128.6%	0.4%	129.0%	12.6%	116.4%
2004	108.6%	0.5%	109.1%	12.6%	96.5%
2005	89.3%	0.6%	89.9%	12.6%	77.3%
	123.0%	1.4%	124.3%	14.0%	110.3%

West Virginia Med Mal

Year	Direct Combined Ratio	Dividend	Combined Ratio(after Dividend)	Investment Gain	Direct Operating Ratio
2000	168.7%	3.7%	172.4%	24.5%	147.9%
2001	154.8%	2.7%	157.5%	15.9%	141.6%
2002	134.6%	1.7%	136.3%	9.9%	126.4%
2003	106.8%	0.4%	107.2%	12.6%	94.6%
2004	71.4%	0.5%	71.9%	12.6%	59.3%
2005	48.3%	0.6%	48.9%	12.6%	36.3%
	106.0%	1.4%	107.4%	13.9%	93.5%

- These figures show that after accounting for dividends and investment gain, medical malpractice produced an **operating profit for 2003, 2004 and 2005** in West Virginia.

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



Negative Factors

- None

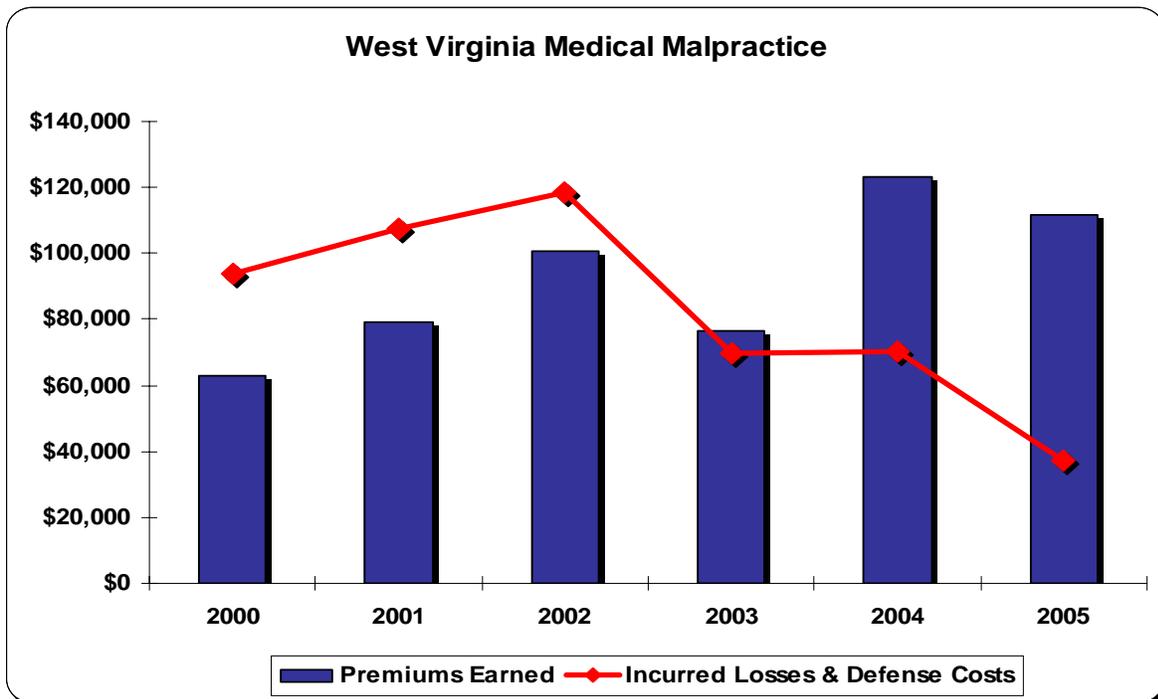
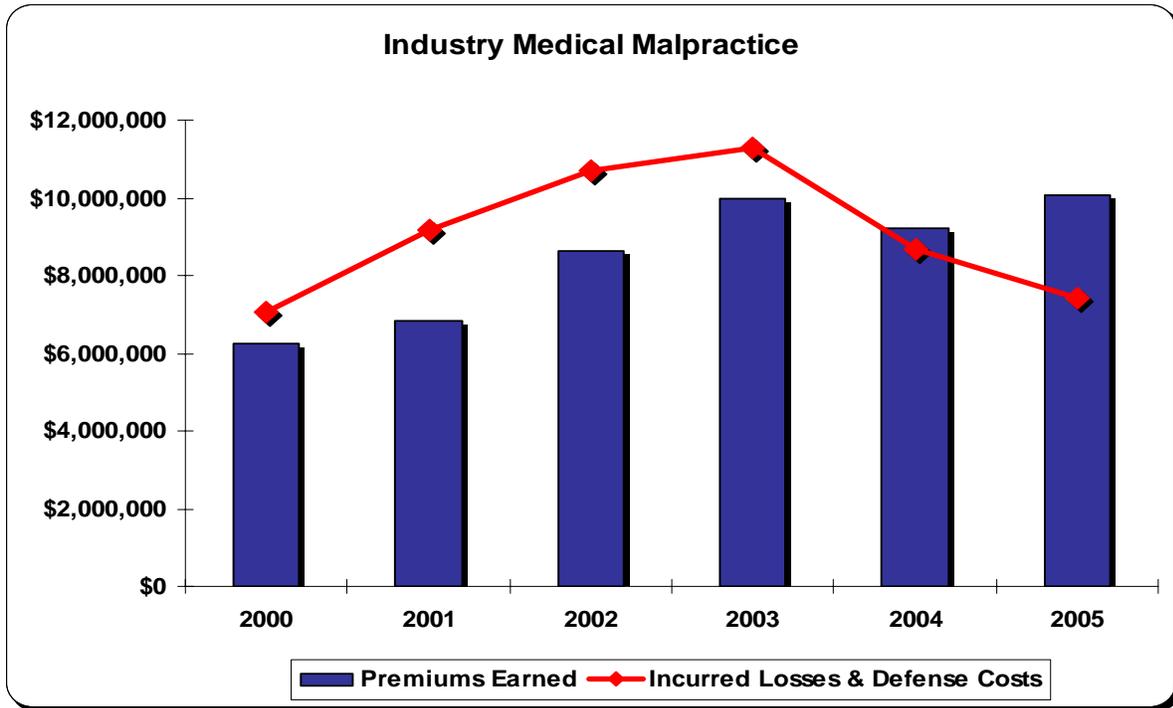
Positive Factors

- Sharp decline in Loss Ratio
- Continued decline in Loss Adjustment Expense
- Decline in Underwriting Expense
- Recovering and Stabilizing Investment Gains

Overall, the **graph above visually shows a significant return to stability and profitability in the West Virginia Medical Malpractice market.**

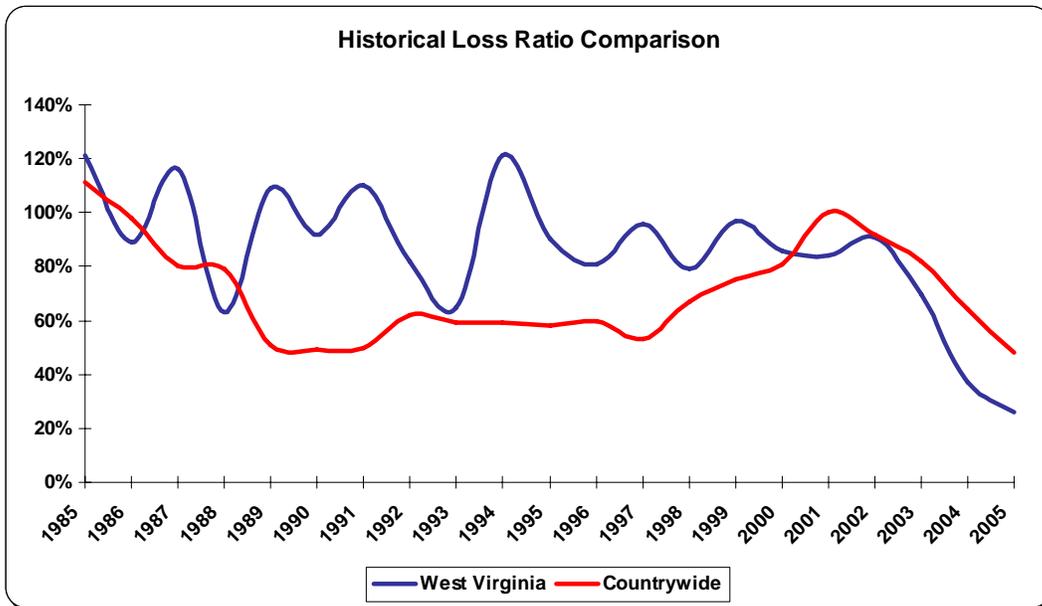
I-D. Loss and Defense Costs Incurred vs. Premiums Earned

The charts below compare losses and defense costs for the Industry against the comparable figures for West Virginia. They clearly show that results for losses and defense costs in West Virginia have exceeded premiums until the turnaround reported for 2003 and more dramatically, in 2004 and 2005.



IE. A Cautionary Note

The loss ratio in West Virginia for Medical Malpractice in 2005 is an outstanding improvement over prior years. However, as the graph below (comparing West Virginia Loss Ratios with Countrywide) suggests, West Virginia loss ratios have not been stable over the years. This is most likely the result of the limited amount of volume written in the State. West Virginia's loss ratio has shown significant improvement over the last two years. As a result, *rate changes stabilized in 2004 and the improved results in 2005 are leading to rate reductions.*



Section II

A Review of Paid Claim Data provided by the West Virginia Board of Medicine

Section II. Analysis of Paid Claim Information provided by the West Virginia Board of Medicine

Cautionary note: The following information is **not insurance data**; rather it is information provided to the West Virginia Board of Medicine on Medical Malpractice claims after their disposition; as such, it has not been audited for accuracy. “Disposition” in this case means claims which have been dismissed, settled, or adjudicated. These are indemnity payments only, thus, loss adjustment amounts are not included. While not strictly matching insurance data, this information is valuable in identifying trends. It should also be noted that the data does not include hospitals or doctors working within a corporate structure. Even with twelve years worth of data, the number of claims and loss dollars are small enough to limit the credibility of the information. This information does include BRIM claim payments.

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

The exhibit below displays paid claim count information for 1993 – 2005.

West Virginia Board of Medicine Claim Count Review

Year	Number of Dismissals	% of Total	Judgments		% of Total	Settlements		% of Total	All Total
			Non Zero	Total		Non Zero	Total		
1993	79	28%	8	18	6%	186	187	66%	284
1994	74	23%	10	36	11%	208	210	66%	320
1995	103	31%	14	38	11%	190	190	57%	331
1996	81	27%	5	20	7%	194	197	66%	298
1997	114	26%	9	28	6%	289	291	67%	433
1998	53	22%	9	27	11%	156	156	66%	236
1999	99	30%	15	28	8%	207	208	62%	335
2000	104	30%	7	37	11%	204	205	59%	346
2001	112	30%	9	37	10%	226	230	61%	379
2002	122	39%	7	25	8%	165	166	53%	313
2003	108	42%	4	23	9%	127	129	50%	260
2004	87	39%	6	24	11%	112	112	50%	223
2005	70	36%	7	20	11%	101	103	53%	193
Total	1,206	31%	110	361	9%	2,365	2,384	60%	3,951

- West Virginia averages 304 malpractice claims per year. Over the past thirteen years, **31% of malpractice claims have been dismissed**. In 2001, H.B. 601 was passed. One of its key elements was §55-7B-6, requiring a ‘certificate of merit’. As the provision reads a certificate of merit is required 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 by a health care provider qualified as an expert under the West Virginia rules of evidence and shall state with particularity: (1) the expert’s familiarity with the applicable standard of care in issue; (2) the expert’s qualifications; (3) the expert’s opinion as to how the breach of the applicable standard of care resulted in injury or death”. We believe that this **screening process explains the sharp and maintained rise in the percentage of dismissals seen beginning in 2002**. Additionally, **in 2002, we have seen a sharp drop in the percentage of claims settled**.
- Overall, **the number of claims filed has dropped significantly from 379 in 2001 to 193 in 2005—a decline of nearly 50%**.

- On average, less than 10% of malpractice claims go to court. Of the claims that do go to court, roughly 70% receive a judgment of \$0. Only 30% of the claims adjudicated actually receive a non-zero judgment.
- On average, **60% of malpractice claims are settled** without court involvement.

II-B. Historical Judgments

The next exhibit displays Paid Judgments by size of payment.

West Virginia Board of Medicine			
Non-zero judgments capped at \$1,000,000			
	#	Amount	Average
1993	6	\$785,547	\$130,925
1994	10	\$4,196,636	\$419,664
1995	12	\$2,155,745	\$179,645
1996	4	\$2,085,837	\$521,459
1997	8	\$2,951,907	\$368,988
1998	6	\$2,409,154	\$401,526
1999	12	\$3,566,668	\$297,222
2000	5	\$2,767,541	\$553,508
2001	7	\$1,179,290	\$168,470
2002	6	\$1,855,224	\$309,204
2003	4	\$1,355,000	\$338,750
2004	6	\$3,465,244	\$577,541
2005	7	\$3,652,409	\$521,773

- Over the last 12 years, there have been a total of 17 judgments in excess of \$1,000,000; or an average of 1.4 per year. There were no paid judgments reported during 2003 or 2004 in excess of \$1,000,000. Three were reported for 2005, however.
- The *average* judgment in excess of \$1,000,000 has been a bit less than \$2,000,000.
- It should be noted that the number of judgments in each year is small and actual paid amounts vary significantly from year to year. Even capping large awards at \$1,000,000 leads to the following table:

West Virginia Board of Medicine Size of Paid Judgments

Interval	1994		1995		1996		1997		1998		1999	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Loss=\$0	26	\$0	24	\$0	15	\$0	19	\$0	18	\$0	13	\$0
\$0<loss<=\$100K	0	\$0	7	\$301,907	1	\$18,000	0	\$0	2	\$132,514	6	\$197,576
\$100K<loss<=\$250K	2	\$320,000	2	\$355,200	1	\$130,337	5	\$914,921	2	\$336,640	2	\$371,829
\$250K<loss<=\$500K	5	\$1,731,819	2	\$647,127	1	\$437,500	0	\$0	0	\$0	0	\$0
\$500K<loss<=\$1M	3	\$1,894,600	1	\$751,511	1	\$1,000,000	3	\$2,036,986	2	\$1,940,000	4	\$2,997,264
\$1M<loss	0	\$0	2	\$3,966,624	1	\$1,500,000	1	\$3,684,822	3	\$4,270,552	3	\$3,527,451
Total Judgments	36	\$3,946,419	38	\$6,022,369	20	\$3,085,837	28	\$6,636,729	27	\$6,679,706	28	\$7,094,120
Total Non-Zero Judgments*	10	\$3,946,419	14	\$6,022,369	5	\$3,085,837	9	\$6,636,729	9	\$6,679,706	15	\$7,094,120

Interval	2000		2001		2002		2003		2004		2005	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Loss=\$0	30	\$0	28	\$0	18	\$0	19	\$0	18	\$0	13	\$0
\$0<loss<=\$100K	0	\$0	3	\$210,000	3	\$175,073	0	\$0	1	\$75,000	1	\$25,000
\$100K<loss<=\$250K	0	\$0	3	\$440,557	0	\$0	1	\$160,000	0	\$0	2	\$352,500
\$250K<loss<=\$500K	3	\$1,157,054	0	\$0	2	\$680,150	3	\$1,195,000	2	\$811,994	1	\$274,909
\$500K<loss<=\$1M	2	\$1,610,500	1	\$528,733	1	\$1,000,000	0	\$0	3	\$2,569,250	0	\$0
\$1M<loss	2	\$2,381,508	2	\$3,612,000	1	\$6,238,000	0	\$0	0	\$0	3	\$8,321,888
Total Judgments	37	\$5,149,062	37	\$4,791,290	25	\$8,093,223	23	\$1,355,000	24	\$3,465,244	20	\$8,974,297
Total Non-Zero Judgments*	7	\$5,149,062	9	\$4,791,290	7	\$8,093,223	4	\$1,355,000	6	\$3,465,244	7	\$8,974,297

*The second Total excludes claims which resulted in no indemnity payment.

- This table shows that even after limiting large awards to \$1,000,000, there is ***no clear pattern*** of either an increasing number of judgments or a consistent increase in the average paid judgment. Rather, the ***small number of judgments limit credible inferences.***

II-C. Historical Settlements

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

West Virginia Board of Medicine Size of Paid Settlements

Interval	1994		1995		1996		1997		1998		1999	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Loss=\$0	5	\$0	3	\$0	3	\$0	3	\$0	3	\$0	3	\$0
\$0<loss<=\$50K	78	\$1,704,102	79	\$1,811,405	75	\$1,718,264	177	\$1,756,801	67	\$1,152,744	87	\$1,488,737
\$50K<loss<=\$100K	40	\$3,199,200	23	\$1,892,250	33	\$2,642,584	24	\$2,040,933	19	\$1,612,092	28	\$2,278,500
\$100K<loss<=\$250K	38	\$6,665,678	44	\$8,410,952	37	\$6,786,025	33	\$5,987,500	28	\$4,700,000	34	\$5,936,000
\$250K<loss<=\$500K	32	\$11,980,951	26	\$10,015,000	33	\$11,947,319	39	\$14,664,111	21	\$7,188,000	42	\$13,884,542
\$500K<loss<=\$1M	15	\$11,694,010	15	\$11,940,000	13	\$8,560,000	13	\$9,425,000	18	\$13,660,000	12	\$9,615,000
\$1M<loss	5	\$9,175,000	3	\$7,650,000	3	\$4,159,000	3	\$6,550,000	3	\$5,468,431	3	\$10,995,605
Total Settlements	208	\$44,418,941	190	\$41,719,607	194	\$35,813,192	289	\$40,424,345	156	\$33,781,267	206	\$44,198,384
Total Non-Zero Settlements*	203	\$44,418,941	187	\$41,719,607	191	\$35,813,192	286	\$40,424,345	153	\$33,781,267	203	\$44,198,384

Interval	2000		2001		2002		2003		2004		2005	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Loss=\$0	4	\$0	1	\$0	1	\$0	2	\$0	0	\$0	2	\$0
\$0<loss<=\$50K	65	\$1,633,255	84	\$1,806,781	57	\$1,229,665	26	\$625,434	40	\$861,532	34	\$1,062,770
\$50K<loss<=\$100K	36	\$2,892,600	37	\$2,934,401	15	\$1,214,000	15	\$1,252,000	17	\$1,437,500	10	\$880,000
\$100K<loss<=\$250K	45	\$8,124,710	48	\$8,350,814	49	\$8,500,031	35	\$6,725,418	19	\$3,766,403	21	\$3,571,750
\$250K<loss<=\$500K	34	\$12,753,796	29	\$10,671,417	26	\$10,065,000	29	\$11,363,125	24	\$9,529,000	21	\$7,485,833
\$500K<loss<=\$1M	19	\$16,152,535	27	\$21,817,833	18	\$13,255,516	16	\$13,878,750	7	\$5,550,000	13	\$9,341,250
\$1M<loss	4	\$5,675,000	1	\$1,250,000	0	\$0	6	\$14,438,368	5	\$9,500,000	2	\$3,250,000
Total Settlements	203	\$47,231,896	226	\$46,831,246	165	\$34,264,212	129	\$48,283,095	112	\$30,644,435	103	\$25,591,603
Total Non-Zero Settlements*	199	\$47,231,896	225	\$46,831,246	164	\$34,264,212	127	\$48,283,095	112	\$30,644,435	101	\$25,591,603

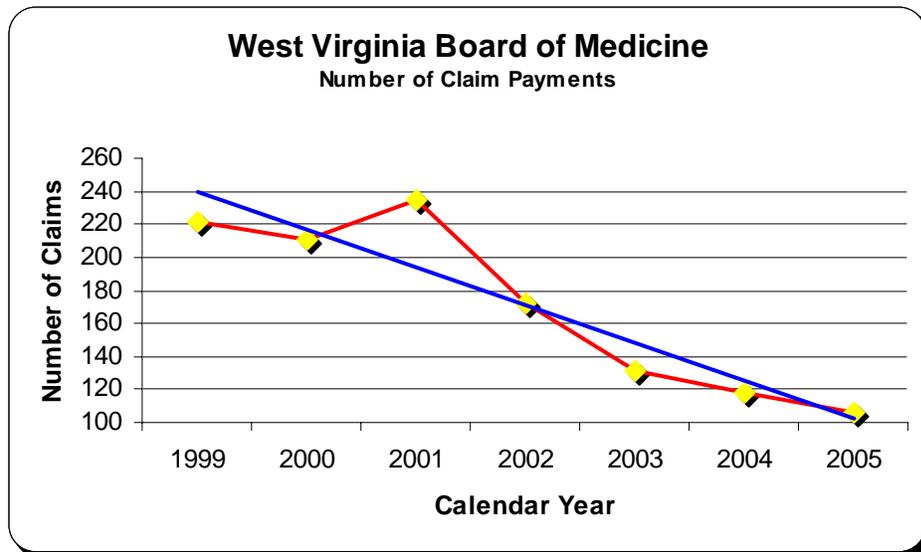
*The second Total excludes claims which resulted in no indemnity payment.

- Settlements comprise the most common resolution for claim payments. Over the last 12 years, 38 settlements have exceeded \$1,000,000, or a bit over 3 per year on average.
- The average settlement over \$1,000,000 has been just over \$1,500,000.
- As was done for judgments, we will cap claims at \$1,000,000 and look for trends:

West Virginia Board of Medicine			
Non-zero settlements capped at \$1,000,000			
	#	Amount	Average
1993	180	\$29,789,721	\$165,498
1994	198	\$35,243,941	\$178,000
1995	184	\$34,069,607	\$185,161
1996	188	\$31,654,192	\$168,373
1997	283	\$33,874,345	\$119,697
1998	150	\$28,312,836	\$188,752
1999	200	\$33,202,779	\$166,014
2000	195	\$41,556,896	\$213,112
2001	224	\$45,581,246	\$203,488
2002	165	\$34,264,212	\$207,662
2003	129	\$48,363,095	\$374,908
2004	112	\$26,319,435	\$234,995
2005	101	\$24,341,602	\$241,006

- From the above data, which limits claims to \$1,000,000, there is a clear escalation in the average settlement paid. For 1993 – 1999 the average paid settlement was \$163,519. For 2000 – 2004 the average paid settlement was \$238,042. The average limited paid settlement in 2005 was \$241,006. Thus, it appears that the significant jump in settlements shown in 2003 did not continue in 2004 and 2005.
- As with judgments, the small number of settlements restricts the data’s credibility. The actual number of settlements over the last four years suggests a steady decline in the number of paid settlements.

- Graphically, note the significant downward trend in the number of paid claims since 2001:



This is consistent with a report from AON which noted the drop in claims countrywide.

II-D. Paid data collection

Enhanced paid medical malpractice information is now being collected from insurers. Such information as the physician's primary specialty, the 'cause of loss', amounts paid on defense costs for each filed claim and the split of the indemnity payment between economic and non-economic damages is now being collected. It is too early in the collection process to use the data at this time. However, looking forward, this information should prove invaluable should another malpractice crisis occur in the future.

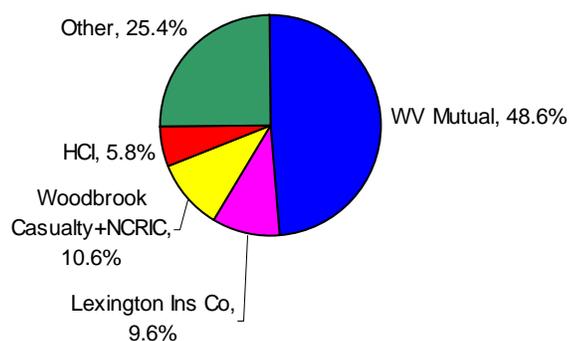
Section III

Review of 5% Market Share Companies

Section 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 written premiums for 2005, the West Virginia medical malpractice market looks like:

West Virginia Medical Malpractice Market Share



Shown below are the five insurers meeting the 5% threshold in 2005:

(NAIC Database) Company	2005 West Virginia Business Written				
	Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio*
West Virginia Mutual Ins Co	55,076,000	48.6%	51,303,000	15,551,000	30.3%
Lexington Ins Co	10,819,000	9.6%	11,909,000	1,387,000	11.6%
Woodbrook Cas Ins Inc	7,749,000	6.8%	7,968,000	2,124,000	26.7%
NCRIC	4,267,000	3.8%	4,265,000	296,000	6.9%
Health Care Indemnity Inc	6,514,000	5.8%	6,514,000	9,623,000	147.7%
Subtotal	84,425,000	74.6%	81,959,000	28,981,000	35.4%
Other Companies	28,830,000	25.4%	29,660,000	-166,000	-0.6%
Total	113,255,000	100.0%	111,619,000	28,815,000	25.8%

*Direct Loss Ratio does not include LAE or other expenses

The five companies comprise 74.6% of the 2005 West Virginia Medical Malpractice written premium. One of the five writers (Lexington Insurance Co) is an excess & surplus lines writer. Lexington has increased its West Virginia writings, making it the second largest writer in the State. Formerly known as Medical Assurance of WV, Woodbrook Casualty Ins Inc, has re-domiciled, renamed, and reduced its writings further. Below is a breakdown, by subline, for each of the key West Virginia malpractice writers:

<u>Company</u>	<u>Subline</u>	2005 Written Premium
WV Mutual Ins Co	Physicians & Surgeons	\$55,076,000
	Hospitals	\$0
	Other	\$0
	Total	\$55,076,000
Lexington Ins Co	Physicians & Surgeons	\$0
	Hospitals	\$10,281,000
	Other	\$538,000
	Total	\$10,819,000
Woodbrook Cas Ins Inc	Physicians & Surgeons	\$7,686,000
	Hospitals	\$0
	Other	\$63,000
	Total	\$7,749,000
NCRIC Inc	Physicians & Surgeons	\$4,267,000
	Hospitals	\$0
	Other	\$0
	Total	\$4,267,000
Health Care Indemnity Co	Physicians & Surgeons	\$247,000
	Hospitals	\$6,268,000
	Other	-\$1,000
	Total	\$6,514,000

*NCRIC is now owned by Woodbrook Casualty Ins Inc.

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.

Per 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."

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.

III-B. Discussion of Market Positions

Woodbrook Casualty Insurance Inc

Woodbrook Casualty (formerly Medical Assurance of West Virginia) was the leading commercial writer of malpractice insurance for physicians and surgeons in West Virginia until 2004. Their exposure, however, has declined since its peak in 1998. Inforce *policies* have dropped from 856 in 1998 to 119 policies as of 12/31/05. For 2005, the company wrote \$7,749,000 in direct written premium.

A **rate reduction of -2.8%** was approved for Woodbrook effective 10/20/06. Combined with base rate increases of 35.0% in 2000, 18.0% in 2001, 16.0% in 2002, 13.0% in 2003, 14.5% in 2004, -1.1% in 2005, and -2.8% in 2005, Woodbrook rates have risen 130% since July, 2000. *Improved experience as a result of these rate revisions and downward adjustments to their loss reserves have stabilized their rate requests and prompted the -1.1% rate filing in 2005 and a further reduction of -2.8% in 2006.*

Health Care Indemnity Inc. (HCI)

HCI, a licensed writer since the start of 2003, wrote \$6,514,000 in premium during 2005. HCI primarily provides hospital coverage and only writes their doctors. Their premium market share has declined from 10.5% in 2003 to 5.8% in 2005. HCI received a -11.6% **rate decrease** effective in January, 2006.

NCRIC Inc

NCRIC wrote \$4,257,000 in Physicians and Surgeons written premium during 2005. This equates to a 3.8% market share. NCRIC received a 9.8% rate increase in January, 2004 and an additional 9.5% in September, 2004. NCRIC has been purchased by Woodbrook Casualty. NCRIC has not had any rate activity since 2004.

National Fire Ins Co of Hartford

Technically not a 5% market share company, this CNA subsidiary is worthy of note since it now holds 3.8% of the medical malpractice market and 5.6% of the physicians & surgeons market.

Lexington Insurance Co

Lexington is a surplus lines writer (an AIG subsidiary) writing primarily hospitals and other healthcare facilities. They wrote \$10,819,000 in premium during 2005, representing a 9.6% market share. This is a substantial jump over their 2003 written premium of \$7,935,426. As a surplus lines writer Lexington did not provide 5% market share information.

West Virginia Mutual Ins Co

Since its inception, July 1, 2004, WVMIC has dominated the Physicians & Surgeons market in West Virginia. All policies previously provided by BRIM II novated to WVMIC. As a result, the Mutual's 2004 written premium is overstated and hence, so is their exhibited market share of 54.5%. The Mutual has added new business and worked with the Insurance Commission to accommodate difficult situations while maintaining their underwriting standards. WVMIC received approval for a **-5.0% rate reduction** to be effective in January, 2006. They are currently requesting approval for a **-15% rate reduction** to be effective in January, 2007.

The company's results in its first year of operation were very good. Their calendar year loss ratio was 55.3% and their combined ratio was 72%. They wrote \$55 million in premium during 2005.

III-C. Rating Plans and Rating Rules

Physicians and Surgeons

Coverage is provided by each of the insurers on a claims-made (or less frequently, occurrence) basis. Coverage of 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 reasonable.

Hospitals

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. Comparison of Filed Information to Rate Filings 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 - Sheets 1- 4 provide the premium and losses of each carrier.

For Woodbrook Casualty (Sheet 1), the information is consistent and raises no concerns.

WVMIC information (Sheet 2) does not provide concerns.

Health Care Indemnity (Sheet 3), shows data consistency.

For NCRIC (Sheet 4), their filed information is consistent. Rate filing information is not available in the traditional manner expected because of the recent merger with Woodbrook.

WVMIC rate filings have been submitted using predominately industry wide data due to the immaturity of their specific experience.

As a surplus lines writer, Lexington Insurance Co did not supply 5% market share information.

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 display a reasonable 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.

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

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 12/31/04?*

Exhibit VII provides a rate comparison for a number of specialties and companies.

Rates have stabilized in West Virginia and are generally declining. The lowest filed rates are provided by the West Virginia Mutual Ins Co.

III-E: Analysis of Rate Filings

Woodbrook Casualty Ins Co Inc

In June, 2006 Woodbrook Casualty filed for a rate decrease of -2.8% with a proposed effective date of October, 2006. The Commissioner, after due consideration and review, subsequently approved the filing.

NCRIC Inc

The company initially requested a rate increase during 2005. However, due to the company's acquisition by Woodbrook Casualty, the rate revision was withdrawn. No further rate activity has been made by this company.

Health Care Indemnity

The company received a rate decrease of -11.9% for its hospital program to be effective January, 2006.

West Virginia Physicians' Mutual Ins Co

The company received approval for a -5.0% average rate reduction to be effective January, 2006. A current request for a -15% reduction is under consideration by the Offices of the Insurance Commissioner.

III-F: Investment Portfolio

Exhibit III presents a comparison of actual investment yields and investment income provisions for rate filings as available from various sources. Investment yields had generally declined and now they are showing a movement upward.

Section IV

Summary Observations

Section IV. Summary Observations

- **West Virginia experienced outstanding results** for medical malpractice in 2005. A profitable combined ratio of 48.3% out-paced the industry malpractice combined ratio of 89.3%.
- The **West Virginia Mutual Insurance Company enjoyed a very good first year**, posting a loss ratio of 55.3% and a combined ratio of roughly 72% for 2004. This successful start has carried over into 2005, with the company showing a loss ratio of 30.3%.
- Medical Malpractice **rates have stabilized and are generally declining** in West Virginia.
- As pointed out in previous reports, one of the key elements in the adverse results for West Virginia had been very high defense costs. Loss adjustment expenses in West Virginia have fallen from 68.4% in 1999 to now be more in line with (or better) than the industry countrywide.
- Five malpractice writers in West Virginia (including NCRIC) accounted for 75% of the written premium for medical malpractice. The key excess & surplus writer was Lexington Insurance Company (an AIG surplus lines writer).
- An analysis of West Virginia Board of Medicine data revealed the following:
 - Since 2001, the number of paid claims has dropped by nearly 50%.
 - Roughly 31% of claims filed are dismissed.
 - Over the last four years (2001 – 2005), the percentage of claims dismissed averaged 40%; in previous years dismissal rates of 30% or less were normal.

This suggests that the 'certificate of merit' required by H. B. 601 is having a positive impact on claims going to court or settled.

- Less than 10% of claims filed actually go to court.
- Only 30% of claims adjudicated receive a non-zero judgment.
- 60% of Malpractice claims are settled outside of court.
- There does not appear to be a pattern of escalating jury awards; however, the small number of jury awards yields little credible data for drawing conclusions.

Glossary of Terms

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 was administered by Marsh. BRIM II was written on a claims-made basis. BRIM II business was novated to the West Virginia Physician's Mutual Insurance Company (WVPMIC) on July 1, 2004.

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

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. Fifty dollars will be earned in 2001 and fifty dollars in 2002.

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.

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 outside attorney and court fees which can be directly tied to a specific claim, and Unallocated (ULAE), such as insurance company claim department expenses, which are not directly allocated to a particular claim.

Underwriting Expense: The expenses incurred by the insurance company in acquiring and selecting risks. Underwriting expense includes agents' commissions, general administration expenses, inspection & bureau expenses, and taxes, licenses and fees. It does not include loss adjustment expenses.

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

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

Severity: Average loss per claim.

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.

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 can be determined by an experienced underwriter. In this situation, actual filed rates are superceded by the underwriter's judgment.

Claims-made Coverage: A policy providing coverage only if a written claim is made during the policy period (or any applicable extended reporting period). For example, a claim made in the current year could be charged against the current policy even if the injury or loss giving cause for the claim occurred many years in the past. If the policy has a retroactive date, an occurrence prior to that date is not covered. From a pricing perspective, claims-made coverage is more straightforward since it limits the insurers' exposure to unknown future liabilities (called "incurred but not reported" claims). Contrast this coverage with "occurrence". Claims-made coverage became a more accepted approach towards writing long-tailed lines like medical malpractice and products liability during the mid-'80's after introduction by the Insurance Services Organization.

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.

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 in reserves and surplus.

Combined Ratio: 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 they are deteriorating. When the ratio is over 100%, the insurer has an *underwriting* loss.

Pure Premium: The portion of the total premium 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.)

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

Exhibits

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

Loss and Premium Information/Reconciliation

Exhibit I -- Sheet 1

Woodbrook Casualty Ins Co

Physicians & Surgeons

<u>2006 Rate Filing</u>				<u>2005 Rate Filing</u>			
Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio	Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
2000	51,060,000	24,800,000	49%	2000	52,541,000	26,767,000	51%
2001	34,357,000	12,781,000	37%	2001	34,958,000	16,871,000	48%
2002	25,998,000	9,938,000	38%	2002	26,752,000	10,628,000	40%
2003	17,268,000	11,198,000	65%	2003	17,771,000	11,662,000	66%
2004	8,978,000	4,835,000	54%	2004	9,236,000	4,986,000	54%
2005	6,970,000	5,126,000	74%	2005			

Physicians & Surgeons

<u>2006 Filed Information</u>				<u>2005 Filed Information</u>			
Calendar Year	Earned Premium	Incurred Losses	Loss Ratio	Calendar Year	Earned Premium	Incurred Losses	Loss Ratio
2000	22,500,000	16,784,000	75%	2000	20,624,000	15,345,000	74%
2001	21,491,000	16,414,000	76%	2001	20,427,000	15,273,000	75%
2002	22,805,000	23,349,000	102%	2002	24,392,000	28,044,000	115%
2003	17,944,000	8,282,000	46%	2003	19,306,000	8,996,000	47%
2004	11,297,000	604,000	5%	2004	11,320,000	2,832,000	25%
2005	7,968,000	4,187,000	53%	2005			

Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio	Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
2000	51,060,000	24,800,000	49%	2000	52,541,000	26,767,000	51%
2001	34,357,000	12,781,000	37%	2001	34,958,000	16,871,000	48%
2002	25,998,000	9,938,000	38%	2002	26,752,000	10,628,000	40%
2003	17,268,000	11,198,000	65%	2003	17,771,000	11,682,000	66%
2004	8,978,000	4,835,000	54%	2004	9,235,000	4,965,000	54%
2005	6,970,000	5,126,000	74%	2005			

Hospitals

Calendar Year	<u>2006 Filed Information</u>				Calendar Year	<u>2005 Filed Information</u>		
	Earned Premium	Incurred Losses	Loss Ratio			Earned Premium	Incurred Losses	Loss Ratio
2000	2,469,000	1,876,000	76%		2000	2,459,000	1,876,000	76%
2001	3,163,000	1,776,000	56%		2001	3,163,000	1,776,000	56%
2002	1,185,000	-2,048,000	-173%		2002	1,185,000	-2,048,000	-173%
2003	92,000	-378,000	-411%		2003	92,000	-378,000	-411%
2004	77,000	-291,000	-378%		2004	77,000	-291,000	-378%
2005	0	-2,063,000	N/A		2005			

Report Year	Current Level	Trended, Developed	Loss & ALAE Ratio		Report Year	Current Level	Trended, Developed	Loss & ALAE Ratio
	Earned Premium	Incurred Loss & ALAE				Earned Premium	Incurred Loss & ALAE	
2000	2,469,000	5,861,000	237%		2000	2,459,000	7,062,000	287%
2001	3,163,000	8,170,000	258%		2001	3,163,000	7,029,000	222%
2002	1,185,000	2,412,000	204%		2002	1,185,000	2,436,000	206%
2003	92,000	3,802,000	4133%		2003	92,000	3,306,000	3593%
2004	77,000	132,000	171%		2004	77,000	173,000	225%
2005	0	0	N/A		2005			

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

Exhibit I -- Sheet 2

Loss and Premium Information/Reconciliation

West Virginia Mutual Ins Co

Physicians & Surgeons

<u>2006 Rate Filing</u>				<u>2005 Rate Filing</u>			
Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio	Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
2000				2000			
2001	104,000	490,000	471.2%	2001			
2002	7,342,000	1,312,000	17.9%	2002			
2003	24,849,000	15,848,000	63.8%	2003			
2004	43,605,000	12,026,000	27.6%	2004			
2005	51,303,000	29,261,000	57.0%	2005			

Physicians & Surgeons

<u>2006 Filed Information</u>				<u>2005 Filed Information</u>			
Calendar Year	Earned Premium	Incurred Losses	Loss Ratio	Calendar Year	Earned Premium	Incurred Losses	Loss Ratio
2000				2000			
2001				2001			
2002				2002			
2003				2003			
2004	57,965,000	32,051,000	55.3%	2004			
2005	51,303,000	15,521,000	30.3%	2005			

Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio	Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
2000				2000			
2001				2001			
2002				2002			
2003				2003			
2004				2004			
2005	71,232,000	51,017,000	71.6%	2005			

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

Exhibit I -- Sheet 3

Loss and Premium Information/Reconciliation

Health Care Indemnity, Inc.

Hospitals

<u>2006 Rate Filing</u>				<u>2005 Rate Filing</u>			
Calendar Year	Earned Premium	Incurred Losses	Loss Ratio	Calendar Year	Earned Premium	Incurred Losses	Loss Ratio
2000				2000	2,703,000	3,525,000	130%
2001				2001	3,961,000	4,925,000	124%
2002				2002	5,474,000	12,472,000	228%
2003				2003	7,788,000	6,434,000	83%
2004				2004	6,829,000	6,140,000	90%
2005				2005			

Hospitals

<u>2006 Filed Information</u>				<u>2005 Filed Information</u>			
Calendar Year	Earned Premium	Incurred Losses	Loss Ratio	Calendar Year	Earned Premium	Incurred Losses	Loss Ratio
2000	2,703	3,231	103%	2000	2,703,000	3,525,000	130%
2001	3,961	4,475	67%	2001	3,961,000	4,925,000	124%
2002	5,474	11,711	153%	2002	5,474,000	12,472,000	228%
2003	7,778	6,620	81%	2003	7,788,000	6,434,000	83%
2004	6,829	5,106	63%	2004	6,829,000	6,140,000	90%
2005	6,652	13,198	201%	2005			

Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio	Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
2000				2000			
2001	N/A			2001	N/A		
2002				2002			
2003				2003			
2004				2004			
2005				2005			

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

Exhibit I -- Sheet 4

Loss and Premium Information/Reconciliation

NCRIC Inc

Physicians & Surgeons

Report Year	<u>2006 Rate Filing</u>				<u>2005 Rate Filing</u>			
	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio		Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
2000					2000			
2001					2001			
2002	N/A				2002	N/A		
2003					2003			
2004					2004			
2005					2005			

Physicians & Surgeons

Calendar Year	<u>2006 Filed Information</u>				<u>2005 Filed Information</u>			
	Earned Premium	Incurred Losses	Loss Ratio		Calendar Year	Earned Premium	Incurred Losses	Loss Ratio
2000	6,000	0			2000	6,000	0	0%
2001	1,071,000	919,000	86%		2001	1,071,000	919,000	86%
2002	6,270,000	3,715,000	59%		2002	6,270,000	3,715,000	59%
2003	6,424,000	5,188,000	81%		2003	6,424,000	5,188,000	81%
2004	8,550,907	4,258,000	50%		2004	8,550,907	4,258,000	50%
2005					2005			

Report Year	<u>2006 Rate Filing</u>				<u>2005 Rate Filing</u>			
	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio		Report Year	Current Level Earned Premium	Trended, Developed Incurred Loss & ALAE	Loss & ALAE Ratio
2000					2000			
2001					2001			
2002	N/A				2002	N/A		
2003					2003			
2004					2004			
2005					2005			

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

Exhibit II

Comparison of Budgeted Expenses

Woodbrook Casualty Ins Inc

Physicians Surgeons

	2006 Rate Filing	2005 Rate Filing	Filing Forms
Commission & Brokerage	4.0%	4.9%	4.0%
New Acquisition	2.6%	4.1%	2.6%
General	5.2%	5.8%	5.2%
Taxes, Licenses, & Fees	4.3%	4.2%	4.3%
Other	0.0%	0.0%	0.0%
Profit & Contingency	5.0%	7.0%	5.0%
TOTAL	21.1%	26.0%	21.1%

West Virginia Mutual Ins Co

Physicians Surgeons

	2006 Rate Filing	2005 Rate Filing	Filing Forms
Commission & Brokerage	5.0%	5.0%	5.0%
New Acquisition	0.0%	0.0%	0.0%
General	8.2%	8.2%	8.2%
Taxes, Licenses, & Fees	5.0%	5.0%	5.0%
Other	5.5%	5.5%	5.5%
Profit & Contingency	6.1%	6.1%	6.1%
TOTAL	29.8%	29.8%	29.8%

NCRIC

Physicians Surgeons

	2006 Rate Filing	2005 Rate Filing	Filing Forms
Commission & Brokerage			
New Acquisition			
General	N/A	N/A	N/A
Taxes, Licenses, & Fees			
Other			
Profit & Contingency			
TOTAL			

Health Care Indemnity

Hospitals

	2006 Rate Filing	2005 Rate Filing	Filing Forms
Commission & Brokerage		1.0%	1.0%
New Acquisition		0.0%	0.0%
General		2.0%	2.0%
Taxes, Licenses, & Fees		2.0%	2.0%
Other		0.0%	0.0%
Profit & Contingency		0.0%	0.0%
TOTAL		5.0%	5.0%

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

Exhibit IV

Comparison of Pure Premium Trends

West Virginia Mutual Ins Co

	2006 <u>Filing</u>	2005 <u>Filing</u>	Form <u>Filing</u>
<u>Physicians & Surgeons</u>	3.0%	4.0%	4.0%

Woodbrook Casualty Ins Inc

<u>Physicians & Surgeons</u>	5.5%	6.5%	5.5%
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Health Care Indemnity Inc.

<u>Hospitals</u>		4.0%	
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NCRIC, Inc

<u>Physicians & Surgeons</u>	N/A	N/A	N/A
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**West Virginia Offices of the Insurance Commissioner
5% Market Share Report**

Exhibit V

Comparison of Accident Year Loss Development Factors

Physicians & Surgeons

West Virginia Mutual Ins Co

	<u>Maturity (mos)</u>	<u>Incurred LDFs</u>	
Policy Yr	3-ultimate	1.521	From 2006 Filed Information
	27-ultimate	1.084	
	39-ultimate	1.000	
	51-ultimate	1.000	
	63-ultimate	1.000	
	75-ultimate	1.000	

Woodbrook Casualty Ins Inc

	<u>Maturity (mos)</u>	<u>Incurred LDFs</u>	
	15-ultimate	0.935	From 2006 Filed Information
	27-ultimate	1.000	
	39-ultimate	1.000	
	51-ultimate	1.000	
	63-ultimate	1.000	
	75-ultimate	1.000	

Health Care Indemnity Ins Inc

N/A

NCRIC Inc

N/A

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

Exhibit VI

Premium Reconciliation

<u>Company</u>	<u>Schedule T-Written Premium</u>		<u>Filing Forms</u>
West Virginia Mutual Ins Co	55,076,000		55,076,000
Woodbrook Casualty Ins Co	7,749,000		7,749,000
Health Care Indemnity Inc	6,514,000		6,514,000
NCRIC Inc	4,267,000		4,267,000
Lexington Ins Co	10,819,000		N/A
All Other	28,830,000		xx
Total	113,255,000		

<u>Subline</u>	<u>Woodbrook Casualty Ins Co</u>	<u>WVMIC</u>
Physicians & Surgeons	7,686,000	55,076,000
Hospitals	0	0
Other	63,000	0

	<u>NCRIC Inc</u>	<u>Lexington Ins Co</u>
Physicians & Surgeons	4,267,000	0
Hospitals	0	10,281,000
Other	0	538,000

	<u>Health Care Indemnity Inc</u>	<u>Total</u>
Physicians & Surgeons	247,000	67,276,000
Hospitals	6,268,000	16,549,000
Other	-1,000	600,000

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

Exhibit VII

Sample Comparison of Physicians Medical Malpractice Rates
Claims Made Policies -- Mature Rate -- \$1M/\$M Limits

Class Code	Description	Proposed WVMIC 01/07	Woodbrook Casualty 10/06	NCRIC 9/04	ISO* 3/05
80254	Allergy	\$12,557	\$12,913	\$16,254	\$11,377
80266	Pathology	\$20,389	\$25,204	\$30,091	\$14,225
80282	Dermatology - Minor Surgery	\$28,219	\$37,495	\$30,091	\$23,707
80244	Gynecology - No Surgery	\$20,389	\$25,204	\$37,010	\$14,225
80267	Pediatrics - No Surgery	\$20,389	\$25,204	\$30,091	\$18,878
80284	Internal Medicine - Minor Surgery	\$28,219	\$37,495	\$43,929	\$28,443
80102	Emergency Medical (Hosp/Clinic)	\$36,051	\$49,787	\$64,686	\$47,408
80145	Surgery - Urological	\$32,910	\$44,870	\$50,848	\$48,364
80286	Oncology - Minor Surgery	\$28,219	\$37,495	\$43,929	\$23,707
80420	Family Practitioner - No Surgery	\$16,472	\$25,204	\$30,091	\$18,965
80154	Surgery - Orthopedics (spines)	\$83,037	\$111,243	\$99,280	\$67,708
80143	Surgery - General	\$67,375	\$86,660	\$85,443	\$77,381
80153	Surgery - OB/Gyn	\$98,698	\$123,534	\$140,794	\$96,728
80152	Surgery - Neurology	\$114,360	\$172,699	\$168,469	\$125,745

The above rates are current as of 10/06. 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 30% of the Medical Malpractice premium in the state of West Virginia. An expense loading of 25% (roughly comparable to the industry's expense loading) was used to convert the loss costs to rates.

Appendix

Physicians

2005 West Virginia Business Written

(NAIC Database)

Rank	Company	Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio
1	West Virginia Mutual Ins Co	\$55,076,270	70.8%	\$51,302,711	\$15,520,500	30.3%
2	Woodbrook Cas Ins Inc	\$7,685,776	9.9%	\$7,911,336	\$4,178,049	52.8%
3	National Fire Ins Co of Hartford	\$4,352,752	5.6%	\$4,472,648	\$568,814	12.7%
4	NCRIC Inc	\$4,266,610	5.5%	\$4,264,990	\$296,238	6.9%
5	Doctors Co An Interins Exchng	\$1,089,077	1.4%	\$1,045,590	\$151,524	14.5%
6	Capitol Specialty Ins Corp*	\$873,750	1.1%	\$449,500	\$198,769	44.2%
7	Podiatry Ins Co of America**	\$697,465	0.9%	\$481,866	-\$537,161	-111.5%
8	Evanston Ins Co*	\$599,997	0.8%	\$405,076	\$187,401	46.3%
9	Columbia Cas Co*	\$554,170	0.7%	\$450,076	\$282,143	62.7%
10	National Union Fire Ins Co Of Pitts	\$543,584	0.7%	\$539,691	\$3,473,589	643.6%
11	Preferred Physicians Medical RRG**	\$500,828	0.6%	\$503,224	\$2,063,262	410.0%
12	National Guardian RRG Inc**	\$459,672	0.6%	\$459,672	\$0	0.0%
13	General Star Ind Co*	\$362,290	0.5%	\$281,268	\$67,000	23.8%
14	Health Care Indemnity Inc	\$246,724	0.3%	\$246,724	\$197,378	80.0%
15	Professional Undrwtrs Liab Ins Co*	\$211,215	0.3%	\$211,683	\$13,956	6.6%
16	Everest Ind Ins Co*	\$200,082	0.3%	\$183,032	\$37,506	20.5%
17	Green Hills Ins Co RRG**	\$190,313	0.2%	\$180,001	\$52,640	29.2%
18	Lexington Ins Co*	\$135,647	0.2%	\$34,373	\$34,698	100.9%
19	Professionals Advocate Ins Co	\$96,291	0.1%	\$90,514	\$8,898	9.8%
20	Novus Ins Co RRG**	\$84,426	0.1%	\$42,560	\$47,518	111.6%
21	Emergency Physicians Ins Co RRG**	\$48,311	0.1%	\$48,311	\$0	0.0%
22	Darwin Natl Assur Cp	\$38,246	0.0%	\$26,453	\$1,698	6.4%
23	National Fire & Marine Ins Co*	\$27,500	0.0%	\$14,390	\$11,512	80.0%
24	American Cas Co Of Reading PA	\$7,281	0.0%	\$7,646	\$129,727	1696.7%
25	Chicago Ins Co	\$6,238	0.0%	\$3,919	\$0	0.0%
26	Essex Ins Co*	\$2,869	0.0%	\$2,655	\$4,594	173.0%
27	Illinois Natl Ins Co	\$1	0.0%	\$0	\$0	0.0%
	Remaining Insurers	-\$566,384	-0.7%	-\$218,122	-\$6,070,971	2783.3%
	Actively Writing					
	Licensed Companies (12)	\$68,420,582	88.0%	\$65,405,843	\$19,705,503	30.1%
	*Surplus Lines Writers (9)	\$2,967,520	3.8%	\$2,032,053	\$837,579	41.2%
	**Risk Retention Groups (6)	\$6,402,899	8.2%	\$6,003,891	\$376,200	6.3%
	Grand Total (27)	\$77,791,001	100.0%	\$73,441,787	\$20,919,282	28.5%

Physicians, including surgeons and osteopaths

Hospitals

2005 West Virginia Business Written

Hospitals (NAIC Database)		Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio
Rank	Company					
1	Lexington Ins Co*	\$10,280,957	40.1%	\$11,483,441	\$5,726,217	49.9%
2	Health Care Ind Inc	\$6,268,320	24.4%	\$6,267,320	\$29,425,642	469.5%
3	Capitol Specialty Ins Corp*	\$3,505,100	13.7%	\$3,623,254	\$951,876	26.3%
4	Illinois Union Ins Co	\$1,390,000	5.4%	\$346,527	\$236,872	68.4%
5	Admiral Ins Co	\$1,046,015	4.1%	\$1,043,150	\$636,163	61.0%
6	First Specialty Ins Corp*	\$954,257	3.7%	\$2,475,176	-\$1,176,400	-47.5%
7	Everest Ind Ins Co*	\$738,472	2.9%	\$960,243	\$596,419	62.1%
8	American Excess Ins Exchange RRG**	\$543,202	2.1%	\$543,202	\$392,838	72.3%
9	Arch Speciality Ins Co*	\$357,500	1.4%	\$445,521	\$243,678	54.7%
10	Chicago Ins Co	\$240,833	0.9%	\$253,323	\$93,231	36.8%
11	Cincinnati Ins Co	\$141,884	0.6%	\$114,130	-\$6,548	-5.7%
12	Evanston Ins Co*	\$100,960	0.4%	\$127,395	\$568,308	446.1%
13	Church Mutual Ins Co	\$90,265	0.4%	\$66,986	\$32,350	48.3%
14	Interstate Fire & Cas Co	\$6,122	0.0%	\$705	\$68,543	9722.4%
15	Columbia Cas Co*	\$200	0.0%	\$48,194	\$216,652	449.5%
	Remaining Insurers	-\$12,713	0.0%	-\$25,011,617	-\$941,050	3.8%

Actively Writing					
Licensed Companies (7)	\$8,323,928	32.5%	-\$16,722,801	\$29,701,169	-177.6%
*Surplus Lines Writers (7)	\$15,937,446	62.1%	\$19,163,224	\$7,126,750	37.2%
**Risk Retention Groups (1)	\$1,390,000	5.4%	\$346,527	\$236,872	68.4%
Grand Total (15)	\$25,651,374	100.0%	\$2,786,950	\$37,064,791	1329.9%

Excludes Self Insured Hospitals

Other Health Care Facilities

2005 West Virginia Business Written

(NAIC Database)		Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio
Rank	Company					
1	Everest Ind Ins Co*	\$730,455	35.1%	\$720,045	\$220,820	30.7%
2	Executive Risk Ind Inc	\$355,431	17.1%	\$90,448	-\$23,383	-25.9%
3	Guardian RRG Inc**	\$336,247	16.2%	\$336,247	\$620	0.2%
4	Arch Speciality Ins Co*	\$235,089	11.3%	\$262,120	\$4,839	1.8%
5	Lexington Ins Co*	\$200,590	9.6%	\$216,627	-\$4,429,135	-2044.6%
6	Landmark Ins Co	\$134,171	6.4%	\$133,438	\$61,942	46.4%
7	General Star Ind Co	\$58,049	2.8%	\$41,176	\$11,000	26.7%
8	American Alt Ins Corp	\$37,711	1.8%	\$37,067	\$15,133	40.8%
9	Capitol Specialty Ins Corp	\$25,000	1.2%	\$15,625	\$6,909	44.2%
10	Western World Ins Co*	\$19,008	0.9%	\$22,763	\$69,499	305.3%
11	Steadfast Ins Co*	\$1	0.0%	\$65	-\$26,735	-41130.8%
4	Arch Speciality Ins Co*	\$394,687	19.0%	\$482,339	\$197,745	41.0%
	Remaining Insurers	-\$445,986	-21.4%	-\$521,756	-\$6,318,029	1210.9%
	Actively Writing					
	Licensed Companies (5)	\$559,063	26.9%	\$278,337	-\$6,048,683	-2173.2%
	*Surplus Lines Writers (5)	\$1,185,143	57.0%	\$1,221,620	-\$4,160,712	-340.6%
	**Risk Retention Groups (1)	\$336,247	16.2%	\$336,247	\$620	0.2%
	Grand Total (11)	\$2,080,453	100.0%	\$1,836,204	-\$10,208,775	-556.0%

Other health care facilities include nursing homes

Other Health Care Professionals
(NAIC Database)

2005 West Virginia Business Written

Rank	Company	Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio
1	American Cas Co of Reading PA	\$961,901	23.0%	\$883,314	-\$184,680	-20.9%
2	Continental Casualty Co	\$797,663	19.1%	\$770,627	\$2,901,643	376.5%
3	Landmark Amer Ins Co*	\$400,659	9.6%	\$410,495	\$279,955	68.2%
4	National Union Fire Ins Co of Pittsburgh	\$314,644	7.5%	\$318,938	\$1,532,202	480.4%
5	NCMIC Ins Co	\$301,730	7.2%	\$269,990	-\$108,080	-40.0%
6	Cincinnati Ins Co	\$258,909	6.2%	\$255,069	-\$726,563	-284.8%
7	Evanston Ins Co*	\$252,588	6.1%	\$203,256	-\$1,502,010	-739.0%
8	Western World Ins Co*	\$204,817	4.9%	\$191,294	-\$43,228	-22.6%
9	Lexington Ins Co*	\$201,926	4.8%	\$174,886	\$55,266	31.6%
10	Ace American Ins Co	\$82,550	2.0%	\$64,314	\$49,593	77.1%
11	Columbia Cas Co*	\$80,501	1.9%	\$71,921	\$21,178	29.4%
12	Admiral Ins Co*	\$74,755	1.8%	\$27,600	-\$8,465	-30.7%
13	Woodbrook Cas Ins Inc	\$62,859	1.5%	\$57,089	\$8,997	15.8%
14	Granite State Ins Co	\$52,182	1.2%	\$54,089	\$37,806	69.9%
15	American Ins Co	\$29,824	0.7%	\$27,657	\$32,177	116.3%
16	Medical Protective Co	\$27,607	0.7%	\$22,950	\$3,000	13.1%
17	Travelers Ind Co	\$20,616	0.5%	\$172,658	-\$751,253	-435.1%
18	Westport Ins Corp	\$14,192	0.3%	\$13,626	-\$3,036	-22.3%
19	American Assoc of Othodontists RRG**	\$7,801	0.2%	\$7,518	\$1,193	15.9%
20	Pharmacists Mutual Ins Co	\$6,915	0.2%	\$5,490	\$360	6.6%
21	Essex Ins Co*	\$5,335	0.1%	\$7,149	-\$6,177	-86.4%
22	Nationwide Mut Ins Co	\$4,124	0.1%	\$4,352	-\$2,738	-62.9%
23	Allied Professional Ins Co*	\$3,620	0.1%	\$3,373	\$233	6.9%
24	Church Mutual Ins Co	\$1,813	0.0%	\$1,819	-\$477	-26.2%
25	American Home Assurance Co	\$989	0.0%	\$907	\$5,380	593.2%
26	Nationwide Mut Fire Ins Co	\$900	0.0%	\$915	-\$220	-24.0%
27	National Surety Co	\$827	0.0%	\$0	-\$21	0.0%
28	American Automobile Ins Co	\$96	0.0%	\$0	-\$532	0.0%
	Remaining Insurers	\$2,635	0.1%	\$1,728	-\$438,161	-25356.5%
	Actively Writing					
	Licensed Companies (23)	\$4,167,177	99.8%	\$4,015,506	\$1,152,149	28.7%
	*Surplus Lines Writers (9)	\$1,224,201	29.3%	\$1,089,974	-\$1,203,248	-110.4%
	**Risk Retention Groups (1)	\$7,801	0.2%	\$7,518	\$1,193	15.9%
	Grand Total (33)	\$4,174,978	100.0%	\$4,023,024	\$1,153,342	28.7%

Other Health Care Professionals, including dentists

OTHER MED MAL POLICIES

2004 West Virginia Business Written

(NAIC Database)		Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Loss Incurred	Direct Loss Ratio
Rank	Company					
1	Ophthalmic Mut Ins Co RRG**	\$1,291,465	65.5%	\$1,295,171	-\$3,901	-0.3%
2	Physicians Specialty Ltd RRG**	\$475,062	24.1%	\$1,498,114	\$1,090,450	72.8%
3	Oms Natl Ins Co RRG**	\$180,433	9.2%	\$186,677	\$48,371	25.9%
3	State Farm Fire & Cas Co	\$21,565	1.1%	\$21,626	\$0	0.0%
5	Fortress Ins Co	\$2,876	0.1%	\$2,389	\$133	5.6%
	Remaining Insurers	\$0	0.0%	\$0	\$0	0.0%
	Actively Writing					
	Licensed Companies (2)	\$24,441	1.2%	\$24,015	\$655,044	2727.6%
	**Risk Retention Groups (3)	\$1,946,960	98.8%	\$2,979,962	\$1,134,920	38.1%
	Grand Total (5)	\$1,971,401	100.0%	\$3,003,977	\$1,789,964	59.6%

Total Medical Malpractice
(NAIC Database)

2005 West Virginia Business Written

Rank	Company	Direct	Market	Direct	Direct	Direct
		Premiums	Share	Premiums	Loss	Loss
		Written		Earned	Incurred	Ratio
1	West Virginia Mut Ins Co	\$55,076,000	48.6%	\$51,303,000	\$15,521,000	30.3%
2	Lexington Ins Co*	\$10,819,000	9.6%	\$11,909,000	\$1,387,000	11.6%
3	Woodbrook Cas Ins Inc	\$7,749,000	6.8%	\$7,968,000	\$2,124,000	26.7%
4	Health Care Indemnity Inc	\$6,514,000	5.8%	\$6,514,000	\$9,623,000	147.7%
5	Capitol Speciality Ins Co*	\$4,404,000	3.9%	\$4,088,000	\$1,158,000	28.3%
6	National Fire Ins Co of Hartford	\$4,353,000	3.8%	\$4,473,000	\$1,588,000	35.5%
7	NCRIC Inc.	\$4,267,000	3.8%	\$4,265,000	\$296,000	6.9%
8	Everest Ind Ins Co*	\$1,669,000	1.5%	\$1,863,000	\$855,000	45.9%
9	Health Care Industry Liab Recip Ins	\$1,558,000	1.4%	\$1,508,000	\$781,000	51.8%
10	Illinois Union Ins Co	\$1,390,000	1.2%	\$347,000	\$237,000	68.3%
11	Ophthalmic Mut Ins Co RRG**	\$1,291,000	1.1%	\$1,295,000	-\$4,000	-0.3%
12	Admiral Ins Co	\$1,121,000	1.0%	\$1,071,000	\$626,000	58.5%
13	Doctors Co An Interins Exchange	\$1,088,000	1.0%	\$1,047,000	\$152,000	14.5%
14	American Cas Co of Reading PA	\$969,000	0.9%	\$891,000	\$107,000	12.0%
15	First Specialty Ins Corp*	\$954,000	0.8%	\$2,475,000	-\$1,176,000	-47.5%
16	Evanston Ins Co*	\$954,000	0.8%	\$736,000	\$219,000	29.8%
17	National Union Fire Ins Co of Pittsburgh	\$858,000	0.8%	\$859,000	-\$4,363,000	-507.9%
18	Continental Casualty Co	\$798,000	0.7%	\$771,000	\$7,768,000	1007.5%
19	Podiatry Ins Co of America RRG Mutual Co**	\$697,000	0.6%	\$482,000	-\$537,000	-111.4%
20	Columbia Cas Co	\$635,000	0.6%	\$570,000	\$520,000	91.2%
21	Arch Specialty Ins Co*	\$593,000	0.5%	\$708,000	\$249,000	35.2%
22	American Excess Ins Exchange RRG**	\$543,000	0.5%	\$543,000	\$393,000	72.4%
23	Preferred Physicians Medical RRG**	\$501,000	0.4%	\$503,000	\$2,063,000	410.1%
24	Physicians Specialty Ltd RRG**	\$475,000	0.4%	\$1,498,000	\$1,090,000	72.8%
25	National Guardian RRG Inc**	\$460,000	0.4%	\$460,000	\$0	0.0%
26	General Star Ind Co*	\$420,000	0.4%	\$322,000	\$78,000	24.2%
27	Cincinnati Ins Co	\$411,000	0.4%	\$369,000	-\$925,000	-250.7%
28	Landmark American Ins Co*	\$401,000	0.4%	\$410,000	\$234,000	57.1%
29	Executive Risk Indemnity Inc	\$355,000	0.3%	\$90,000	-\$34,000	-37.8%
30	Guardian RRG Inc**	\$336,000	0.3%	\$336,000	\$1,000	0.3%
31	NCMIC Ins Co	\$302,000	0.3%	\$270,000	-\$131,000	-48.5%
32	Chicago Ins Co	\$247,000	0.2%	\$268,000	\$26,000	9.7%
33	Western World Ins Co*	\$224,000	0.2%	\$214,000	\$26,000	12.1%
34	Professional UW Liab Ins Co*	\$211,000	0.2%	\$212,000	\$14,000	6.6%
35	Green Hills Ins Co RRG**	\$190,000	0.2%	\$180,000	\$53,000	29.4%
36	Oms National Ins Co RRG**	\$180,000	0.2%	\$187,000	\$48,000	25.7%
37	Landmark Ins Co	\$134,000	0.1%	\$133,000	\$62,000	46.6%
38	Professionals Advocate Ins Co	\$96,000	0.1%	\$91,000	\$9,000	9.9%
39	Church Mutual Ins Co	\$92,000	0.1%	\$69,000	\$32,000	46.4%
40	Novus Ins Co RRG**	\$84,000	0.1%	\$43,000	\$48,000	111.6%

