

**Iowa**  
**Medical Malpractice Closed Claim Study**  
**For Claims Closed from 2001 through 2005**

December 2006  
Iowa Insurance Division

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## Executive Summary

The Iowa Insurance Division requested closed claim data from insurance companies in order to provide a snapshot portrayal of Iowa's medical malpractice insurance market. Companies that wrote medical malpractice insurance from January 1, 2001, through December 31, 2005, were asked to provide data for claims that were closed during the same period.

The number of claims closed decreased from 2001 to 2005. About two thirds of the claims closed without an indemnity payment. More than two thirds had an expense payment. For claims that resulted in an indemnity payment, the average indemnity payment increased slightly over the five year period while the average payment to external defense counsel rose noticeably.

Initial reserves, for both indemnity and allocated loss adjustment expenses were fairly consistent across the size of indemnity payment. Final reserves were much more closely aligned to the final payment amount. On average, the initial and final reserves are smallest for claims that ultimately close without payment.

Medical malpractice claims can take over ten years to close, and have on average remained open for 1.64 years after being reported. Claims that ultimately closed with an indemnity payment took on average slightly longer to close. The average time from the date of the alleged injury to the date the claim was closed was on average 3.1 years. A few claims took over 10 years from the date of occurrence to closure. The time that money is held from when a premium is received to when a loss is paid is influenced both lengthening and shortening the time by factors not within scope of this report.

Medical malpractice is a diverse line of business, covering a range of professions or institutions and medical provider specialties. The professions with the highest average indemnity payments were surgeons and family or general practitioners. If only claims with indemnity payments were considered, clinics and corporations had the second highest average payment. However, for clinics and corporations, about 83% of the claims were closed without payment. Considering all claims, the average indemnity payment was well below average. The specialties with the highest awards on average were obstetrics/gynecology, family practice, and orthopedics.

Alleged injuries range in severity from minor to grave. Indemnity payments increase on average with the severity of the injury. Death claims account for 21% of the claims with indemnity payments.

The most common method for disposition of a claim was settlement. Less than one percent of claims were closed by means of arbitration.

While the Division received responses from nearly the entire group of companies, the total number of closed claims in the report does not necessarily represent all claims

closed in the five year period. The policies which cover the losses included in this report cross over many years. The losses do not correspond to the premiums written over the past five years.

A large percentage of the companies that wrote medical malpractice insurance in the five year period from 2001 through 2005 responded to the Division's data call for closed claim information. The unadjusted data provides a snapshot of what claims are being paid and for how much.

Fluctuations in the data can be caused by the dramatic shifts in the companies writing the business from year to year. Typically a few large carriers write most of the direct premiums, but even the percentage of their writings shifts. Other potential causes of distortions in the data include company business practices, external factors such as inflation, and alternative sources of coverage. The report includes unadjusted data and is not sufficient for a review of medical malpractice rates.

## **Introduction**

The Iowa Insurance Division requested closed claim data from insurance companies in order to provide a snapshot portrayal of Iowa's medical malpractice insurance market.

Companies that wrote medical malpractice insurance in Iowa during the period from January 1, 2001, through December 31, 2005, were asked to provide specific data for claims that were closed during the same period.

### **Data Request**

The Division requested that companies submit data for each closed claim or lawsuit, whether disposition was with or without payment.

Claims were defined as formal or written demands for compensation under a medical malpractice insurance policy relating to allegations of liability on the part of one or more providers for any act, error, or omission in the rendering of, or failure to render medical services for medically related injuries.

A lawsuit was defined as a complaint filed in any court in Iowa alleging liability on the part of one or more providers for any act, error, or omission in the rendering of, or failure to render medical services for medically related injuries.

Only direct business was to be included in the report. Adjustments for subrogation were to be made. Claims were to be reported separately for each insured associated with a claim; for each injured party associated with an incident; for each claimant that filed a claim for the same injury; and for each policy if filed under more than one policy. Reopened claims were to be reported considering only their final disposition date.

A copy of the data request is included in this report as Appendix A.

## **Calendar**

The data call was mailed and e-mailed to individual companies on July 10, 2006. Companies had an option to submit the data electronically in an Excel spreadsheet or use a data entry form provided by the Division. The electronic data form was available to companies on the Division's web site beginning July 20, 2006.

The due date for companies to report their closed claim medical malpractice insurance data was August 15, 2006. An extension until September 15, 2006, was granted for companies that requested more time to comply.

With the report due December 2006, the Division chose to accept the data as submitted. The data was reviewed for completeness, reasonableness, and consistency with other data elements. Where data appeared inconsistent, it was not included in the individual exhibits.

## **Companies**

The companies writing medical malpractice insurance in Iowa have changed from year to year. New companies start writing, others cease writing the business. The premium volume that each company wrote also changed dramatically for some companies from year to year.

Over the past ten years, 121 insurance companies have written medical malpractice insurance in Iowa. Many of these have written very small amounts of business or wrote coverage only in one year. In any given calendar year, the number of companies that have written some business has ranged from 54 to 68 companies.

Most of the business is written by a few companies, but even those companies have changed year to year and the market share they write has shifted. In calendar year 2005, the five companies that wrote the most premiums had 69% of the market share in Iowa as determined by the percentage of direct premiums written in the calendar year. Those same five companies had 48% of the market share in 2001 and 27% ten years ago in 1996.

There were 97 insurers who wrote medical malpractice insurance during the period from January 1, 2001, through December 31, 2005. Of these, about 40% were authorized companies. The percentage of premiums written by the authorized companies and the number of those companies has been increasing over the most recent five year period.

Although it was possible to obtain data for nearly the entire group of companies that wrote business in the last five calendar years, the study pertains to data from claims that were closed in the last five calendar years. Claims closed in that time period were often reported years earlier, when a different group of companies were writing medical malpractice insurance. Premiums reported by the companies for the last five years do not correspond to the claims closed within the last five years.

Appendix B lists market shares for admitted and authorized companies for calendar years 2001 through 2005.

## **Responses**

Ninety three companies responded to the data request, either with data or to acknowledge that no claims were closed during the period from January 1, 2001, through December 31, 2005. These companies represent 97% of the 2005 medical malpractice insurance market. Respondents included admitted and authorized companies.

Exhibit 1 shows the percentage of companies that responded to the medical malpractice closed claim data call by the type of company, admitted and authorized. Consistent with the shift in the overall market, the percentage of respondents that were authorized companies increased each year.

As described in the previous section, the companies that write medical malpractice insurance change dramatically from year to year. While the response rate was quite high based on market shares, the same percentage of total claims closed in each calendar year has not necessarily been captured. This is because the claims that closed within the five year period were from claims originating often many years earlier.

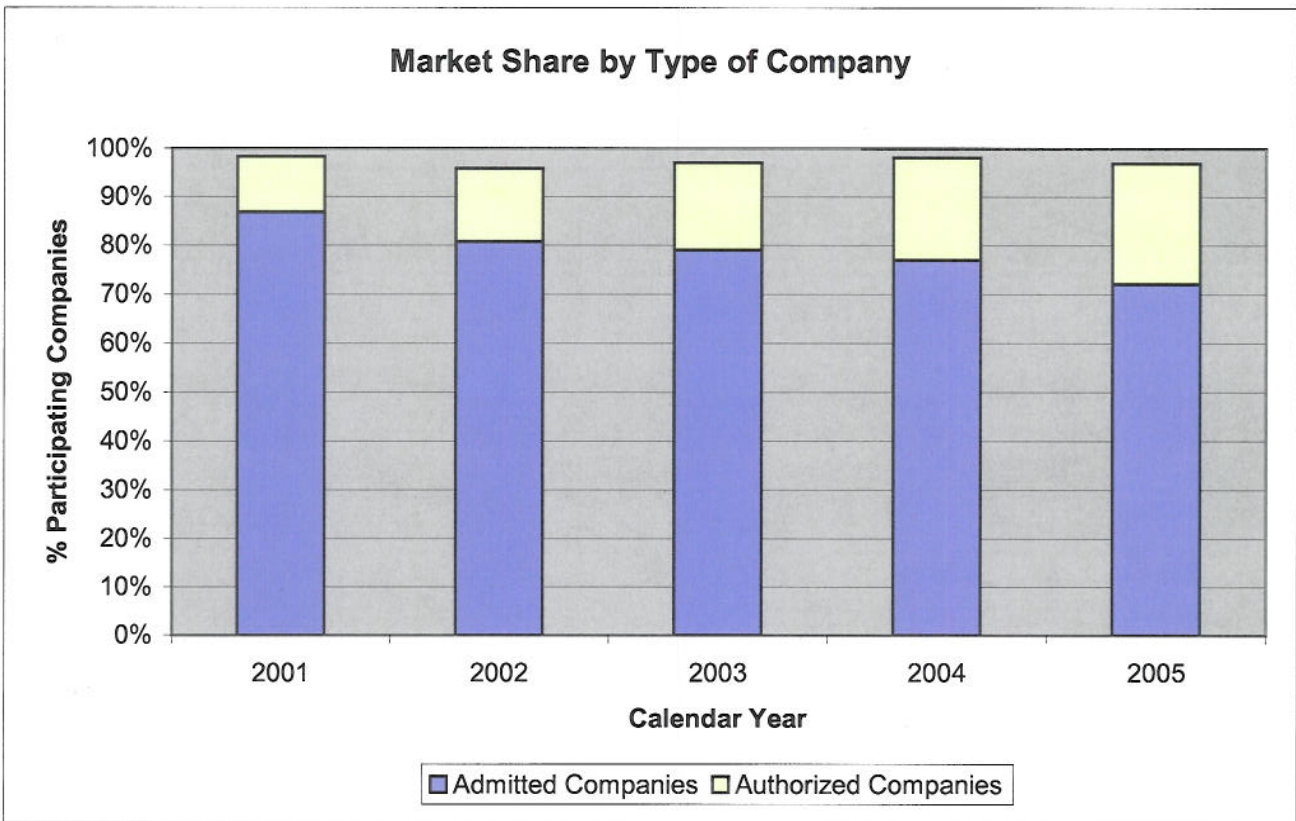
The shift in companies and the shift in types of companies writing the business are significant in reviewing closed claim data. To the extent that individual companies or types of companies do business differently or are affected differently by external conditions, data can be affected.

Internal factors that affect the results of the study include, but are not limited to, the type of medical malpractice business written, the type of policies written, the limits of insurance requested by policyholders, the size of deductibles, company underwriting considerations and claim practices. External factors include, but are not limited to, regulation, the legal environment, the general economy, and medical inflation.



## Market Shares of Participating Companies by Type of Company

	Calendar Year 2001	Calendar Year 2002	Calendar Year 2003	Calendar Year 2004	Calendar Year 2005
Admitted Companies	86.8%	80.7%	79.0%	77.0%	72.1%
Authorized Companies	11.5%	15.2%	18.0%	21.2%	24.9%
<b>All Participating Companies</b>	<b>98.4%</b>	<b>95.9%</b>	<b>97.1%</b>	<b>98.2%</b>	<b>97.0%</b>



## **Data**

All responses received were reviewed for consistency with the data request. Data elements were reviewed for completeness, reasonableness, and consistency with other data elements.

Claims that were outside of the scope of the study were eliminated. This included claims that were closed before or after the time period in question and claims that had been reopened but not closed before December 31, 2005.

Not all companies were able to provide all requested data elements. Some companies were able to provide certain elements, but not in the format requested. For exhibits where not all companies responded, to the extent possible, exhibits were created based on available data.

Some data elements were captured, but due to the type of data, sufficient data points for a summary exhibit were not available.

## Limitations

For purposes of reviewing the closed claim data, the shifts in the individual carriers writing medical malpractice insurance and the shifts in the type of companies writing the business are significant. Many companies have entered the medical malpractice line of business for one or two years and then promptly exited the market. From 1996 to 2000 the market shares appeared to be consistent when comparing the percentage of admitted and authorized companies. Between 2001 and 2005, the market shares of authorized companies more than doubled. These shifts in the individual companies and types of companies writing the business affect the analysis. Although these factors exist, no adjustments to the data have been made to reflect shifting business.

Other sources of providing medical malpractice coverage such as self insurance exist but data was not collected for these other sources. The extent to which business shifted to the alternate sources and the effect of any such shift is beyond the scope of this report.

Compounding the effects of shifts in companies writing the business is that medical malpractice is a diverse line of business. Included within medical malpractice is coverage for a range of medical provider specialties, for example, dentists, chiropractors, nurses, surgeons, and psychiatrists. Medical malpractice insurance is available for individuals and for a variety of institutions, including hospitals, clinics, and nursing homes. Insurance companies often specialize in what medical malpractice insurance they write. Differences in data between specialties or types of policyholders may be a result of or compounded by the companies writing the business.

The accuracy of this report depends on the accuracy of the data provided by the companies. Given the time constraints and limited resources, it was impractical to test the accuracy of the data. Rather, the Division reviewed the data for completeness, reasonableness, and consistency with other data elements. Where data appeared inconsistent, it was not included in the individual exhibits.

Although attempts were made to gather uniform data from all companies, complete uniformity was not possible. Some companies did not maintain records of all the data as requested. Some used company specific definitions that could not be manipulated to completely match the requested categories. Companies may have interpreted data elements differently from each other. To the extent possible, only comparable data was used in the exhibits.

Since many medical malpractice claims take years to close, premiums charged today do not match the losses that are being paid today. No adjustment was made for this mismatch.

The report makes no adjustments for and does not attempt to analyze changes in economic conditions, exposures, medical practices, legal climate, rate levels, or medical inflation. To the extent that conditions change, data included in the report may be distorted.

This report provides a snapshot portrayal of Iowa's medical malpractice insurance market. The report includes unadjusted closed claim data only and is not sufficient for a review of medical malpractice rates. No attempt is made to adjust for distortions.

Premiums reported by the companies for the last five years do not correspond to the claims closed within the last five years. The total number of claims closed does not necessarily represent all claims closed in Iowa by insurance companies during the five year period.

## Claim Payments

Exhibit 2 shows the number of closed claims with and without indemnity payment. A total of 3,076 claims were reported as closed within the five calendar year period.

Only companies that had written business during the five year period were required to submit data in response to the closed claim data request. The total number of claims closed does not necessarily represent all claims closed in Iowa by insurance companies during that period.

The number of claims closed has been on average about 615 claims per year. There has been a slight decline in the number of claims closed in each calendar year.

Exhibit 3 shows that, on average, slightly more than two thirds of the claims are closed without an indemnity payment. However, allocated loss adjustment expenses, much of which goes to external defense counsel, was paid on over two thirds of the claims. Allocated loss adjustment expenses include expenses attributable to a particular claim, and do not include any general company expenses.

Unadjusted indemnity payments averaged \$177,000 per claim over the five year period. Average payments have shown only a slight upward trend during the period considered. The average indemnity payment in calendar year 2005 is less than 2% higher than that in calendar year 2001. The highest average payment was for calendar year 2004, which was 32% higher than the 2001 average.

Total indemnity benefits paid in 2005 were the lowest of the five years considered. Both the number of claims closed and the average payment were smaller in 2005.

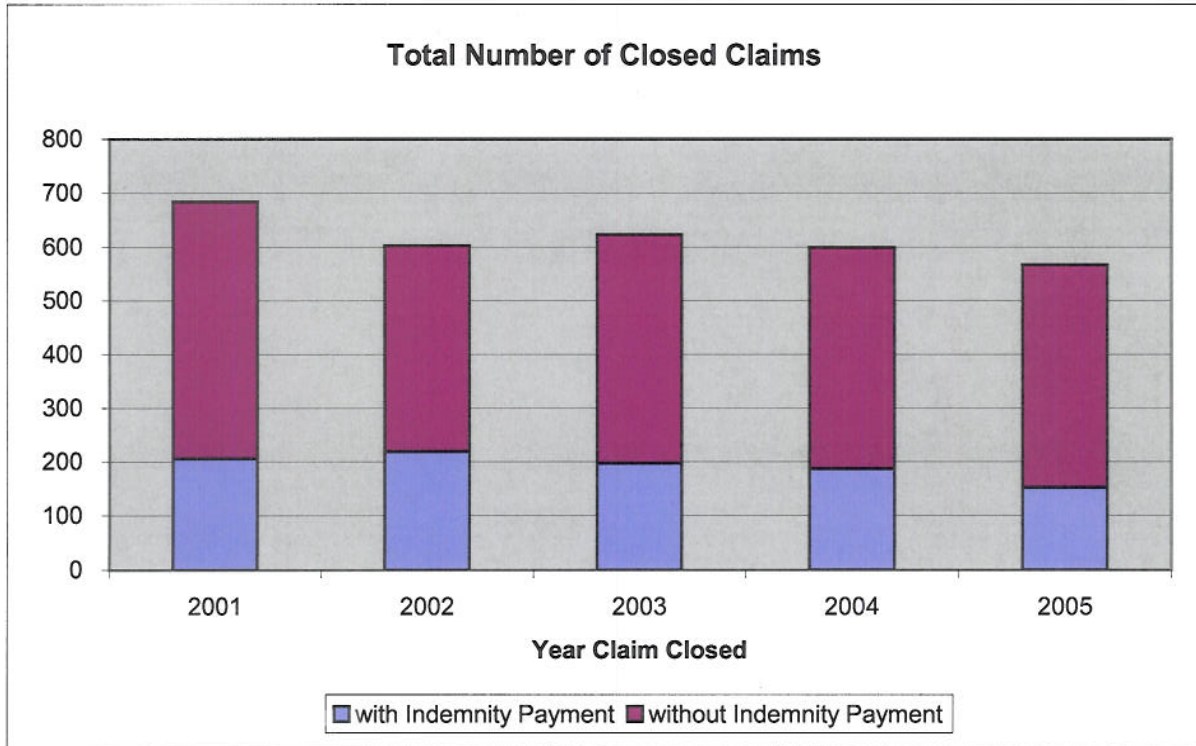
Some breakdown of indemnity benefits was provided. Non-economic loss (pain and suffering) amounts were provided for 57 claims. The total amount of non-economic losses reported was \$15,146,325. The average non-economic loss payment was \$265,725.

Punitive damage amounts were provided for only one claim. The amount was \$100,000.

Plaintiff attorney fees that were paid were provided for only one claim. The amount was \$5,573.

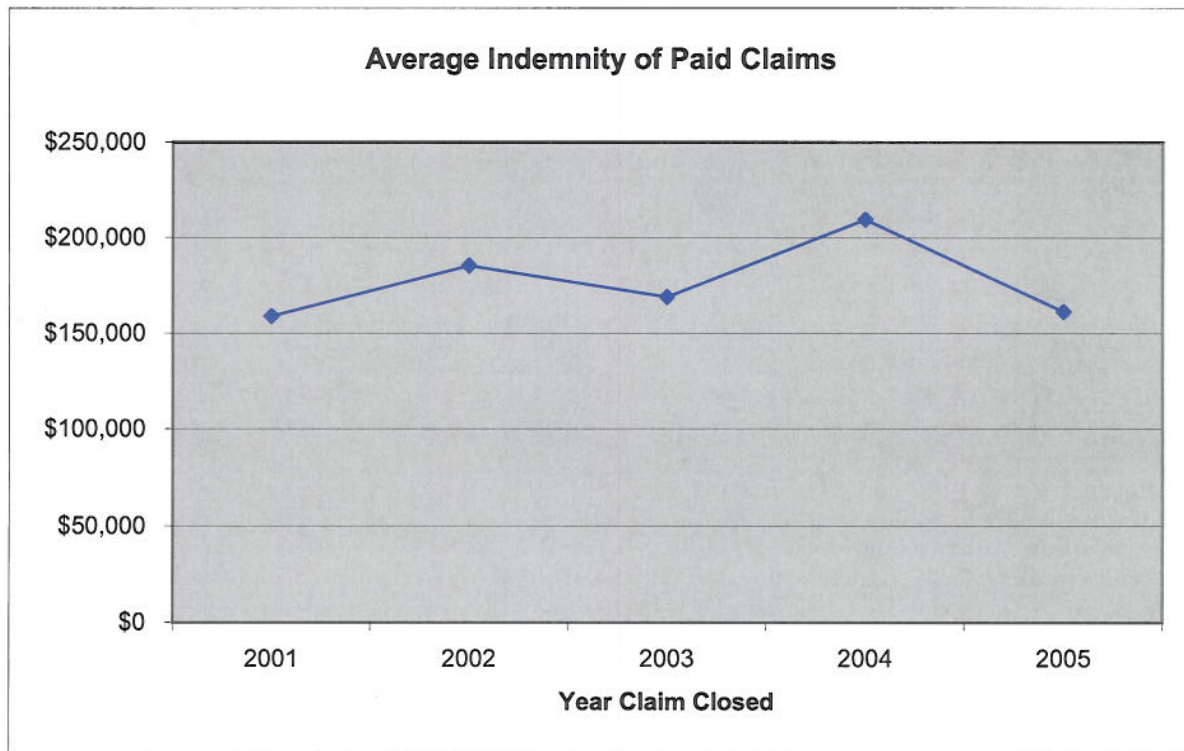
## Number of Closed Claims

Year Claim Closed	Total Number of Closed Claims	Number of Claims with Indemnity Payment	Number of Claims without Indemnity Payment
2001	684	206	478
2002	603	219	384
2003	623	197	426
2004	599	187	412
2005	567	152	415
2001-2005	3,076	961	2,115



## Indemnity Payments

Year Claim Closed	Total Number of Closed Claims	Number of Claims with Indemnity Payment	Number of Claims without Indemnity Payment	Total Indemnity Benefits Paid	Average Indemnity of Paid Claims
2001	684	206	478	\$ 32,699,565	\$ 158,736
2002	603	219	384	40,565,057	185,229
2003	623	197	426	33,252,097	168,792
2004	599	187	412	39,169,654	209,463
2005	567	152	415	24,482,853	161,071
2001-2005	3,076	961	2,115	\$ 170,169,226	\$ 177,075



## Expenses

Expenses are involved in closing claims. Some expenses, allocated loss adjustment expenses, are specifically attributable to the individual claim. These are the only expenses captured by the data call. A large portion of the allocated loss adjustment expenses (ALAE) is payments to external defense counsel.

Of the 3,076 claims closed between January 1, 2001, and December 31, 2005, 74% had allocated loss adjustment expenses paid. Sixty two percent had payments made to external defense counsel.

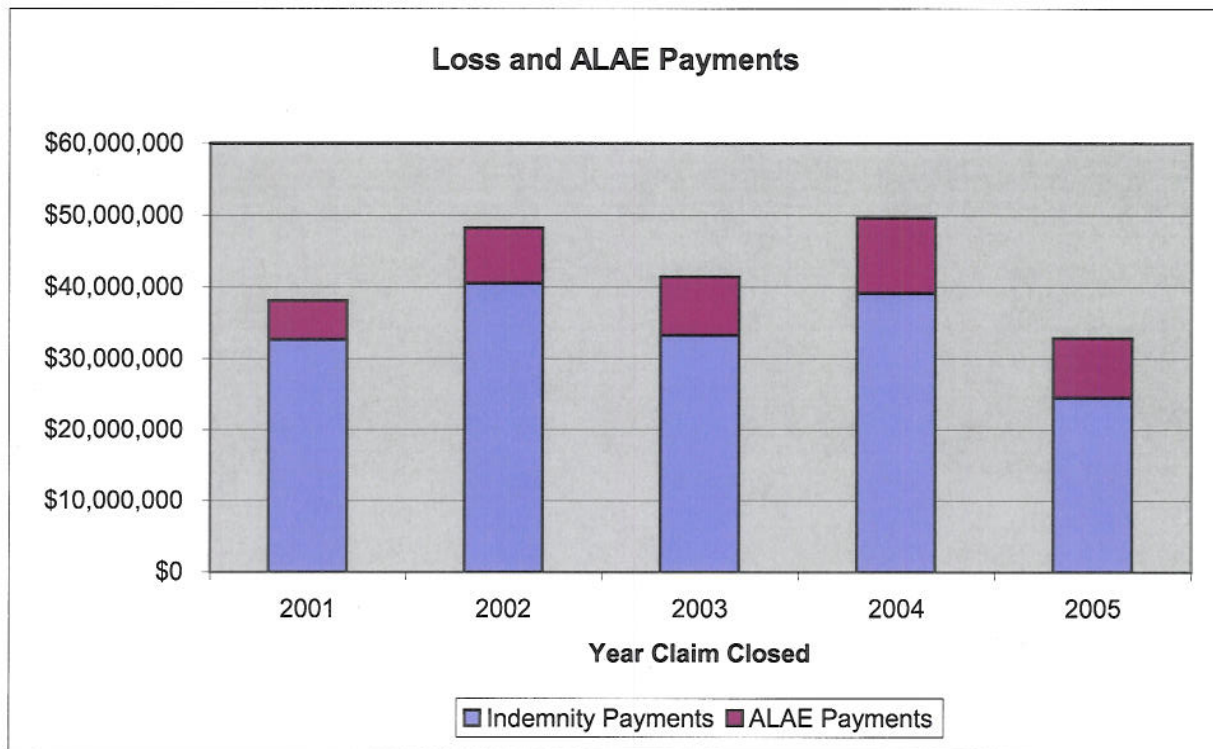
Allocated loss adjustment expense, shown on Exhibit 4, represented on average 24% of total indemnity benefits paid. Loss adjustment expenses paid to external defense counsel was on average 19% of total indemnity benefits paid. Both increased as a percentage of indemnity payments over the years.

Exhibit 5 shows an average external defense counsel payment of \$16,993 for all claims. For those claims that closed without an indemnity payment, the average loss adjustment expense paid to external defense counsel was \$14,038. Comparing data by year, the average payment to external defense counsel was consistently lower when no indemnity payment was ultimately made.



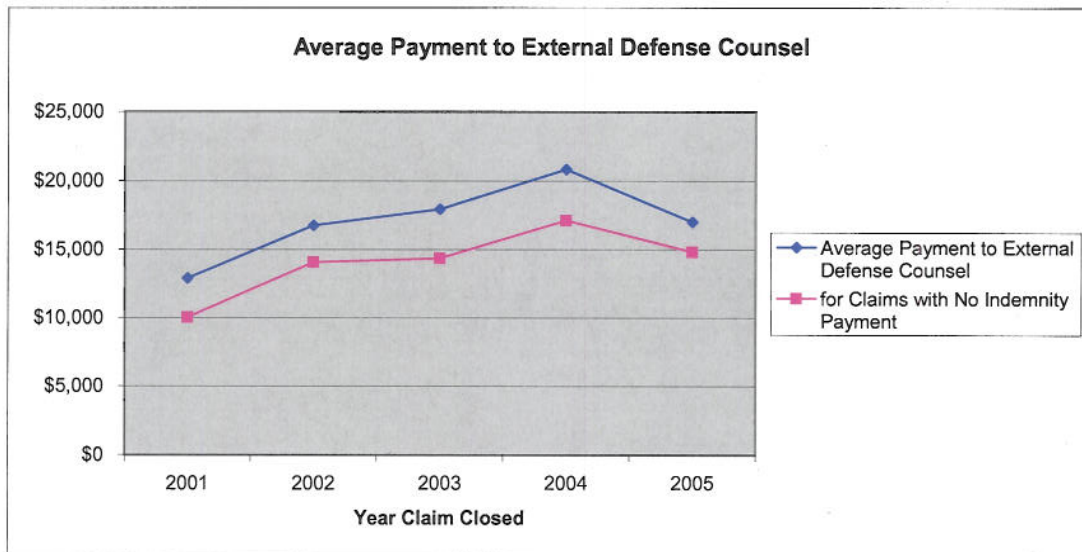
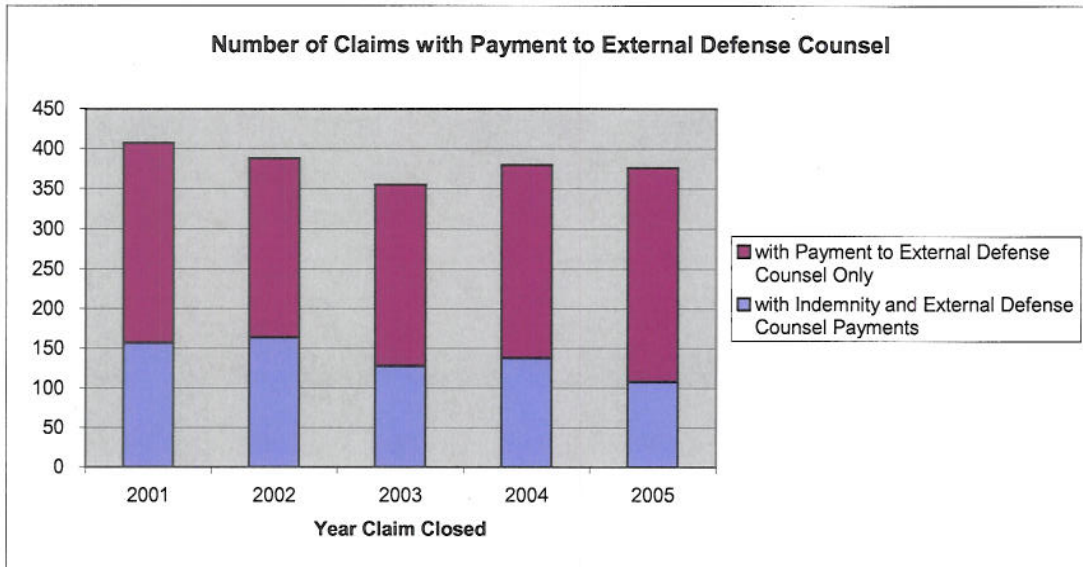
## Loss and Allocated Loss Adjustment Expense Payments

Year Claim Closed	Total Number of Closed Claims	Total Indemnity Benefits Paid	Total Allocated Loss Adjustment Expenses Paid	Loss Adjustment Expense Paid to External Defense Counsel	Payment to External Defense Counsel as a Percentage of Total Indemnity Payments
2001	684	\$ 32,699,565	\$ 5,431,781	\$ 5,237,949	16.0%
2002	603	40,565,057	7,719,584	6,494,034	16.0%
2003	623	33,252,097	8,192,511	6,359,210	19.1%
2004	599	39,169,654	10,482,150	7,909,090	20.2%
2005	567	24,482,853	8,382,510	6,388,720	26.1%
2001-2005	3,076	\$ 170,169,226	\$ 40,208,537	\$ 32,389,003	19.0%



## Payments to External Defense Counsel

Year Claim Closed	Total Number of Closed Claims	Number of Claims with Payment to External Defense Counsel	Loss Adjustment Expense Paid to External Defense Counsel	Average Loss Adjustment Expense Paid to External Defense Counsel	Number of Claims with External Defense Counsel Payments but No Indemnity Payments	Total External Defense Counsel Payments for Claims with No Indemnity Payments	Average Loss Adjustment Expense Paid to External Defense Counsel on Claims with No Indemnity Payments
2001	684	407	\$ 5,237,949	\$ 12,870	250	\$ 2,498,913	\$ 9,996
2002	603	388	6,494,034	16,737	224	3,144,590	14,038
2003	623	355	6,359,210	17,913	227	3,252,981	14,330
2004	599	380	7,909,090	20,813	242	4,141,342	17,113
2005	567	376	6,388,720	16,991	268	3,961,660	14,782
2001-2005	3,076	1,906	\$ 32,389,003	\$ 16,993	1,211	\$ 16,999,487	\$ 14,038



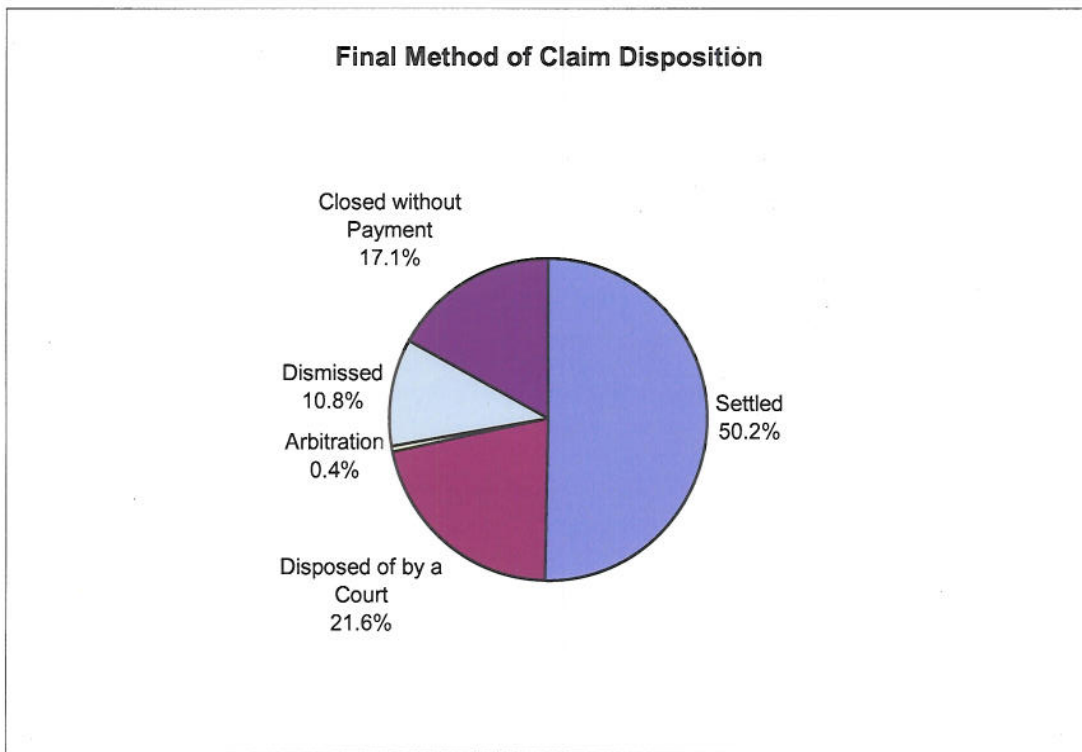
## **Method of Claim Disposition**

Companies were asked to provide for each closed claim the method of claim disposition, whether the claim was disposed of through a settlement, by a court, through an arbitration process, or in some other way. Companies stated that for a number of the claims, the information had not been maintained. For other claims, a description was provided.

The most common method of disposition was settlement, followed by disposition by a court. Of the written descriptions provided by companies, closed without pay and dismissed were common. Arbitration accounted for very few of the closed claims. Exhibit 6 compares the percentage of claims closed by each of the five methods.

## Final Method of Claim Disposition

Year Claim Closed	Settled	Disposed of by a Court	Arbitration	Dismissed	Closed without Payment
2001	44.1%	24.5%	0.4%	5.2%	25.8%
2002	60.8%	15.3%	0.2%	6.4%	17.2%
2003	54.0%	19.9%	0.5%	11.4%	14.2%
2004	46.6%	24.2%	0.2%	14.8%	14.1%
2005	46.0%	23.8%	0.5%	16.6%	13.0%
<b>2001-2005</b>	<b>50.2%</b>	<b>21.6%</b>	<b>0.4%</b>	<b>10.8%</b>	<b>17.1%</b>



## Reserves

When a claim is reported, a company will typically set up a dollar amount in reserve for when the claim will ultimately be closed. As the claim matures, the reserve will be adjusted to better reflect what might be ultimately paid. Reserves can be set up for potential indemnity payments and allocated loss adjustment expenses separately or combined.

Companies have different reserving philosophies. Some readjust reserves periodically, some only when a substantial change is made. The amounts set aside in reserves for similar claims may differ between companies. To the extent that the companies included in the report differ from year to year, changes in the reserves may reflect changes in company philosophies. Within companies, reserving philosophies may also change.

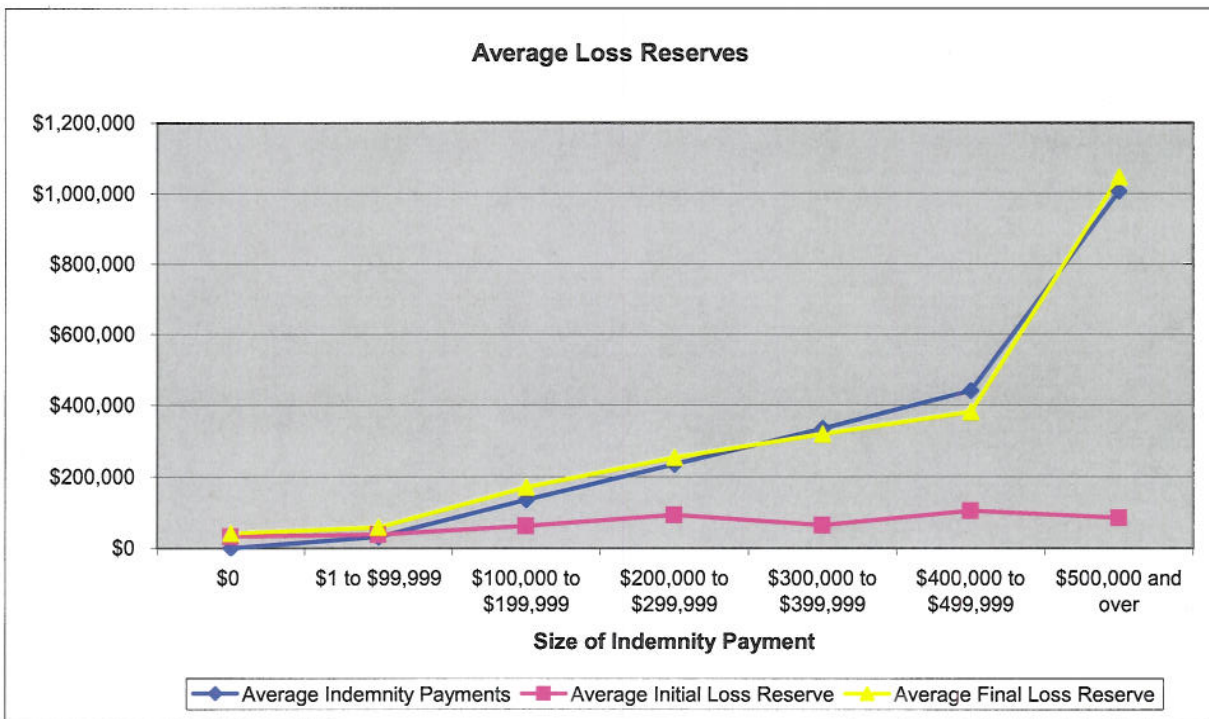
Companies were asked to provide both the initial reserves set for closed claims and the reserve just prior to when the claim was closed. Not all companies captured the data for all claims. Some companies were only able to report reserves for losses and allocated loss adjustment expenses combined. Others only had initial or final reserves.

With the data provided, it was possible to compare the initial and final reserves and how they related to the amount of indemnity payment ultimately paid. For consistency, only claims for companies that reported both initial and final reserves for both losses and allocated loss adjustment expenses separately were included.

Exhibit 7 shows that initial reserves are fairly consistent, with only slight increases as the ultimate size of the indemnity payment increased. Final reserves were much more closely aligned with the final indemnity payment. A similar pattern occurs for loss and allocated loss expense reserves. See Exhibit 8. Exhibit 8 is based on the same set of claims as Exhibit 7.

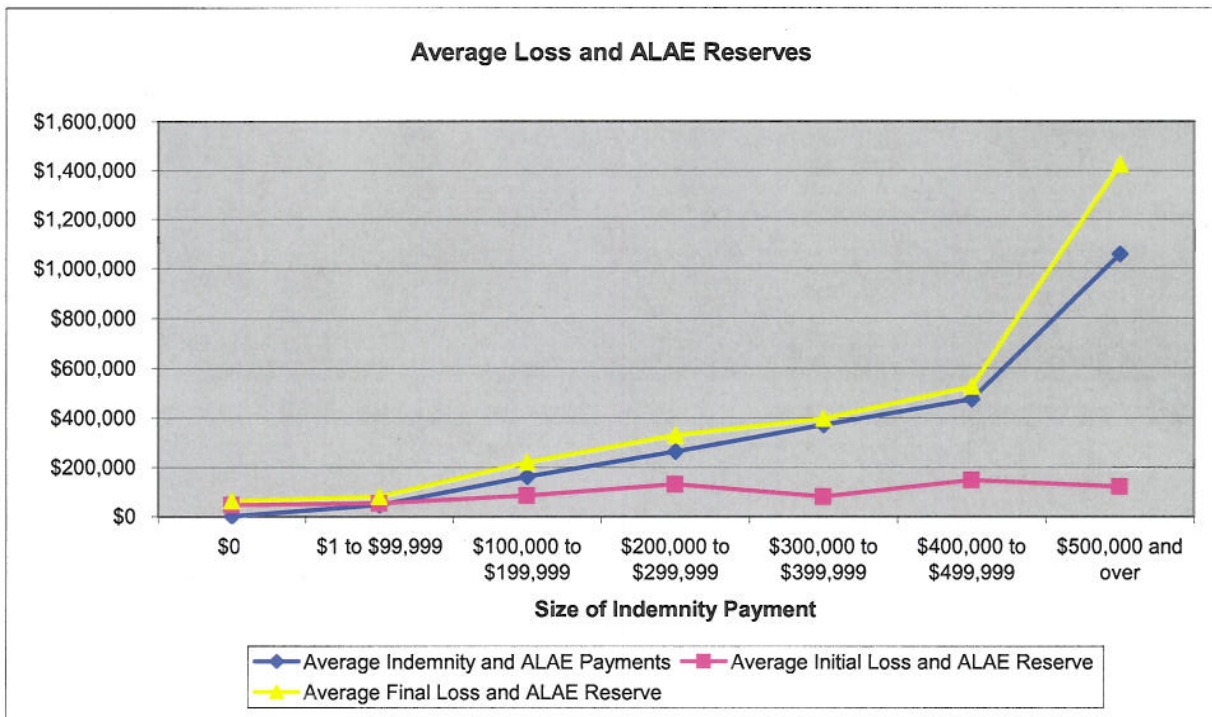
### Average Initial and Final Loss Reserves

	No Indemnity Payment	Indemnity Payments Between \$1 and \$99,999	Indemnity Payments Between \$100,000 and \$199,999	Indemnity Payments Between \$200,000 and \$299,999	Indemnity Payments Between \$300,000 and \$399,999	Indemnity Payments Between \$400,000 and \$499,999	Indemnity Payments \$500,000 and over
<b>Number of Closed Claims</b>	1,158	288	76	46	26	17	42
<b>Total Indemnity Payments</b>	\$ -	\$ 9,155,440	\$ 10,385,098	\$ 10,839,422	\$ 8,693,145	\$ 7,502,956	\$ 42,214,227
<b>Total Initial Loss Reserves</b>	\$ 37,839,724	\$ 11,003,813	\$ 4,744,001	\$ 4,318,998	\$ 1,680,000	\$ 1,792,000	\$ 3,573,504
<b>Total Final Loss Reserves</b>	\$ 48,916,049	\$ 17,100,226	\$ 13,040,973	\$ 11,720,000	\$ 8,326,867	\$ 6,490,001	\$ 43,937,544
<b>Average Indemnity Payments</b>	\$ -	\$ 31,790	\$ 136,646	\$ 235,640	\$ 334,352	\$ 441,350	\$ 1,005,101
<b>Average Initial Loss Reserve</b>	\$ 32,677	\$ 38,208	\$ 62,421	\$ 93,891	\$ 64,615	\$ 105,412	\$ 85,083
<b>Average Final Loss Reserve</b>	\$ 42,242	\$ 59,376	\$ 171,592	\$ 254,783	\$ 320,264	\$ 381,765	\$ 1,046,132



## Average Initial and Final Loss and Allocated Loss Adjustment Expense Reserves

	No Indemnity Payment	Indemnity Payments Between \$1 and \$99,999	Indemnity Payments Between \$100,000 and \$199,999	Indemnity Payments Between \$200,000 and \$299,999	Indemnity Payments Between \$300,000 and \$399,999	Indemnity Payments Between \$400,000 and \$499,999	Indemnity Payments \$500,000 and over
<b>Number of Closed Claims</b>	1,158	288	76	46	26	17	42
<b>Total Indemnity and ALAE Payments</b>	\$ -	\$ 13,029,172	\$ 12,251,715	\$ 12,051,795	\$ 9,599,981	\$ 8,035,208	\$ 44,383,468
<b>Total Initial Loss and ALAE Reserves</b>	\$ 52,224,080	\$ 14,869,868	\$ 6,379,201	\$ 5,921,898	\$ 2,074,100	\$ 2,482,200	\$ 5,032,504
<b>Total Final Loss and ALAE Reserves</b>	\$ 72,809,816	\$ 22,812,310	\$ 16,716,049	\$ 15,153,762	\$ 10,294,092	\$ 8,925,451	\$ 59,864,834
<b>Average Indemnity and ALAE Payments</b>	\$ -	\$ 45,240	\$ 161,207	\$ 261,996	\$ 369,230	\$ 472,659	\$ 1,056,749
<b>Average Initial Loss and ALAE Reserve</b>	\$ 45,099	\$ 51,631	\$ 83,937	\$ 128,737	\$ 79,773	\$ 146,012	\$ 119,822
<b>Average Final Loss and ALAE Reserve</b>	\$ 62,875	\$ 79,209	\$ 219,948	\$ 329,430	\$ 395,927	\$ 525,027	\$ 1,425,353



## **Length of Time until Closure**

Medical malpractice claims often take years to close. While many claims are closed within a year of being reported, others remain open even after ten years.

Responses to the closed claim data request were reviewed to determine if all the dates requested were provided, if the dates were consistent with each other, and whether the dates themselves were reasonable. Some companies were not able to provide all dates requested. Over 90% of the claims reported in response to the closed claim data request were usable for this report.

Of the 2,812 closed claims considered for the analysis by date, 876 or 31% had an indemnity payment. Sixty-three percent had payments to external defense counsel.

On average, claims remained open for 1.64 years after they were reported to the insurance company. This includes all claims, whether they were closed without any payments or not. Considering only claims where an indemnity payment was made, the length of time a claim stayed open after initial reporting of the claims was 1.98 years. See Exhibit 9.

The length of time that money is held before a claim is paid is beyond the scope of this study. To the extent that claims closed for higher dollar amounts take longer to close, the time is lengthened. When indemnity payments or expense payments are made before the final closing date, the time is shortened. Items that can influence the length of time a claim is open include, but are not limited to, policy limit payments, severity of the injury, pre-trial judgments, and willingness of the parties to negotiate. Lengthening the time are factors such as appeals, multiple defendants, impact of inflation on structured settlements.

Claims are reported to insurance companies on average within 1.46 years after the occurrence date of the alleged injury. Adding to this the average time until a claim is closed, the total length of time on average from the occurrence of an alleged injury to the claim being closed is 3.10 years. This increases to 3.68 years for those claims for which a payment to external defense counsel was made and 3.21 years on claims for which an indemnity payment was ultimately made.

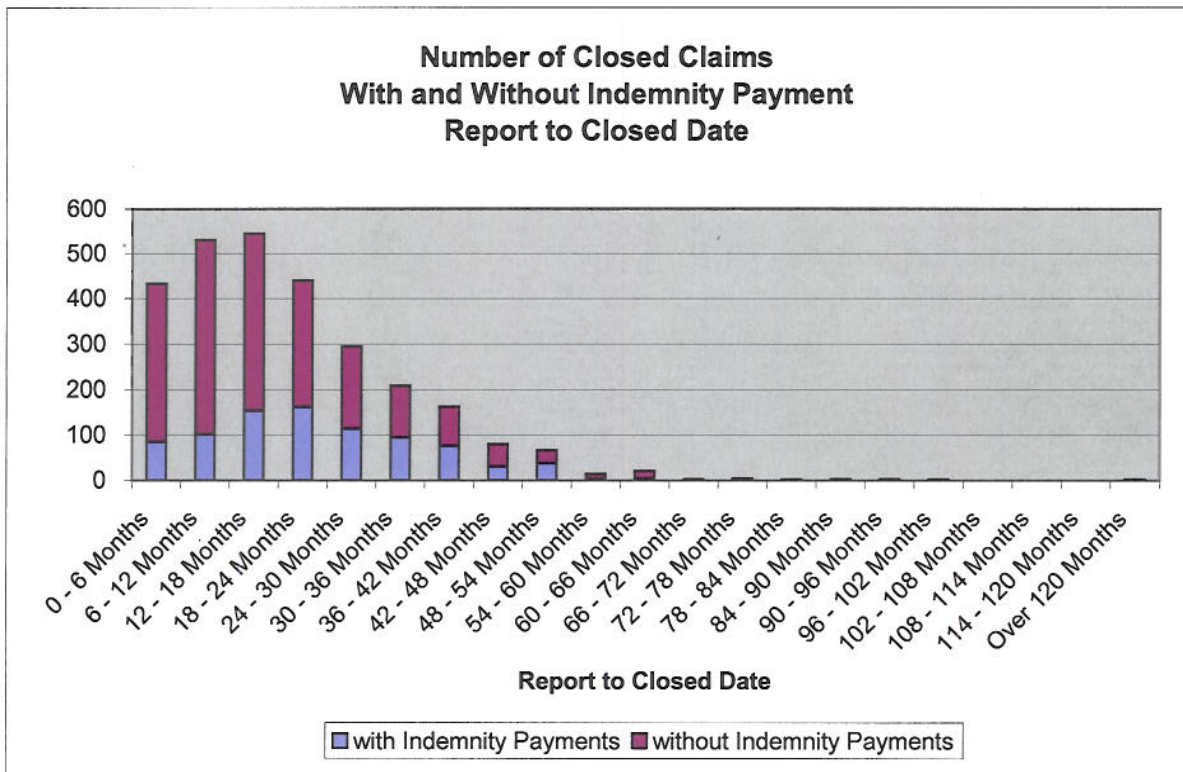
Of the claims in the study, only 33, or 1.2% of the total claims did not close until after 10 years from the date of the alleged occurrence.

A review of the data shows some increase in indemnity payments as the length of time from reporting of the claim to the date it is closed increases. The increase in external defense counsel payments is more pronounced. However, for both types of payments, the number of claims, especially for lengths of time over five years, is too small to give stable results. The length of time from the occurrence of an alleged injury to the date the claim was reported to the insurance company does not show a pattern of increasing payments of indemnity or external defense counsel.



### Length of Time from Report to Closed Date

Report to Closed Date	Total Number of Closed Claims	Percent of Total Closed Claims	Number of Claims with Indemnity Payments	Percent of Total Closed Claims
0 - 6 Months	433	15.4%	85	9.7%
6 - 12 Months	530	18.8%	101	11.5%
12 - 18 Months	544	19.3%	154	17.6%
18 - 24 Months	440	15.6%	162	18.5%
24 - 30 Months	294	10.5%	114	13.0%
30 - 36 Months	208	7.4%	95	10.8%
36 - 42 Months	163	5.8%	76	8.7%
42 - 48 Months	80	2.8%	31	3.5%
48 - 54 Months	66	2.3%	38	4.3%
54 - 60 Months	14	0.5%	4	0.5%
60 - 66 Months	21	0.7%	4	0.5%
66 - 72 Months	3	0.1%	2	0.2%
72 - 78 Months	4	0.1%	3	0.3%
78 - 84 Months	2	0.1%	2	0.2%
84 - 90 Months	3	0.1%	1	0.1%
90 - 96 Months	3	0.1%	2	0.2%
96 - 102 Months	2	0.1%	-	0.0%
102 - 108 Months	-	0.0%	-	0.0%
108 - 114 Months	-	0.0%	-	0.0%
114 - 120 Months	-	0.0%	-	0.0%
Over 120 Months	2	0.1%	2	0.2%
<b>Total</b>	<b>2,812</b>	<b>100.0%</b>	<b>876</b>	<b>100.0%</b>
<b>Average Length of Claims</b>	<b>1.64 Years</b>		<b>1.98 Years</b>	



## **Type of Defendant**

The average indemnity payment for a claim closed with payment was \$177,075. However, just over two thirds of the claims were closed without an indemnity payment. For any claim that was closed, on average, the indemnity payment was \$55,322. These amounts are only for the actual indemnity payment, and do not include any expense payments.

Companies were asked to provide details about the defendant for each closed claim regarding the profession of the individual or type of organization and the medical provider's specialty.

Eleven types of professions or institutions were available for companies to select along with an opportunity for the company to specify a different profession or institution. Two thousand three hundred and seven (2,307) claims were identified as one of the eleven types provided. Of those, surgeons had the highest average indemnity payment at \$74,245. Family or general practitioners were also above average at \$70,717. Exhibit 10 shows average indemnity payments for nine classifications along with the number of claims of each type. Two classifications were not included in the chart because the total number of claims reported over the five year period was less than 50. The totals are for all closed claims.

The percentage of claims closed with pay differed significantly between the professions and institutions. While the average payment over all claims for clinic and corporations was well below average, only 17% of the claims resulted in an indemnity payment. When indemnity payments were made, payments for clinics and corporations were on average \$196,356. This was the second highest average payment, following only surgeons. Surgeons ranked highest for both average indemnity payments over all closed claims and over only claims closed with payment.

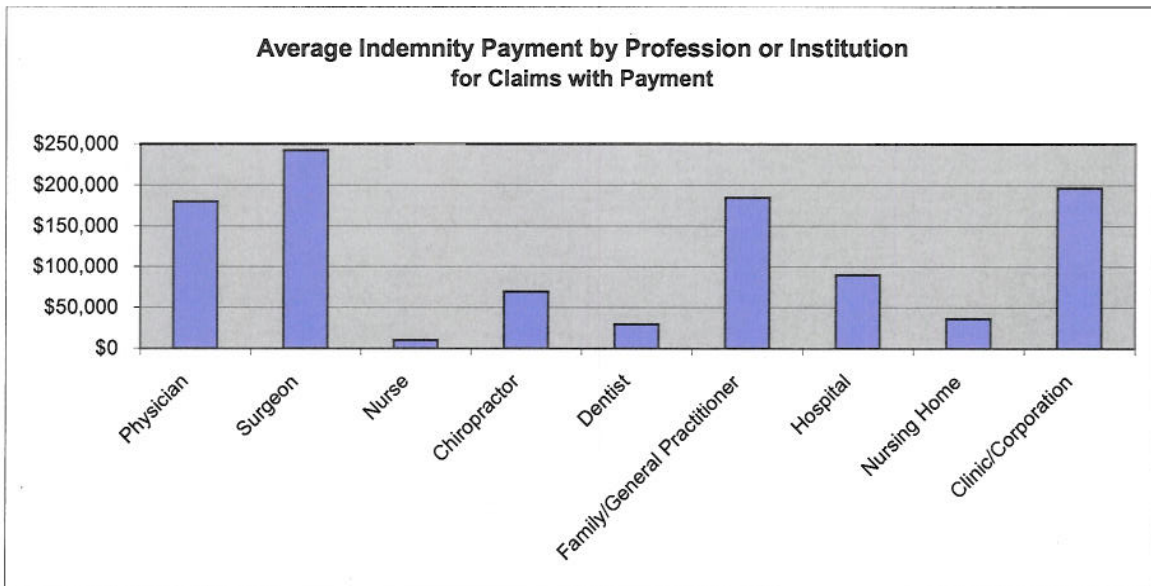
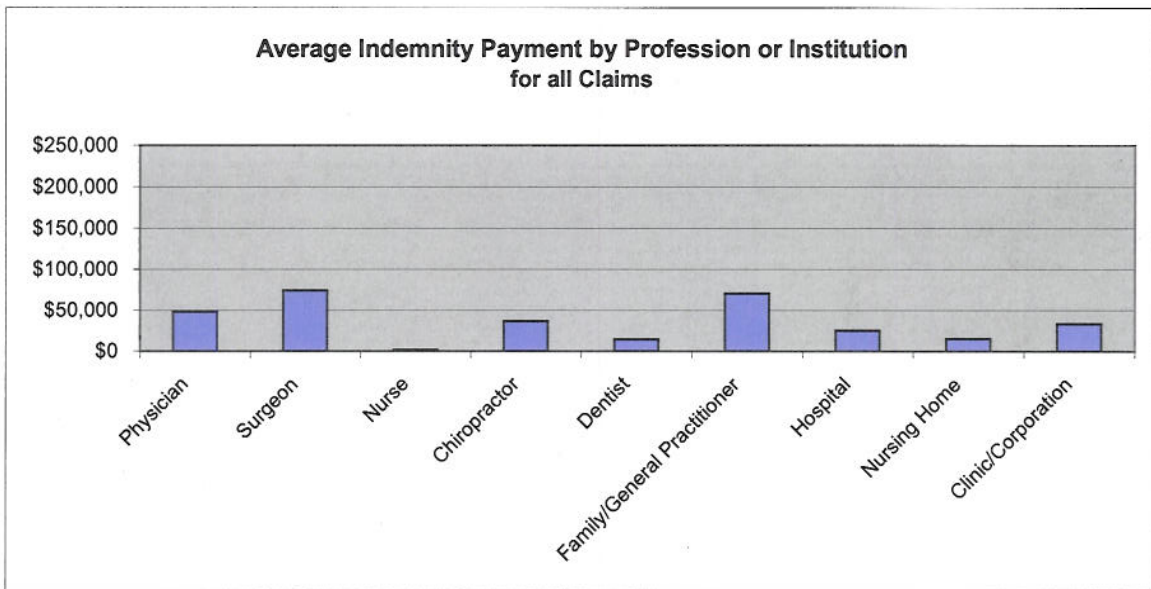
Companies were also asked to provide classification of closed claims by the medical provider's specialty. Exhibit 11 shows average indemnity payments for claims closed with and without pay. On this exhibit also, only categories with 50 or more claims were included. The totals are for all closed claims.

The differences in the percentages of claims closed without indemnity payments were not nearly as great as for the distinctions by profession or institution. The three specialties with the highest average indemnity payments, both including and excluding claims closed without pay, were in order of size, obstetrics/gynecology, family practice, and orthopedics.

Companies were also asked to identify the number of defendants for each claim. Not all companies captured such data. The number of defendants was listed for over two thirds of the 3,076 claims closed during the five years from January 1, 2001, through December 31, 2005. While most claims had only one defendant, five claims had ten or more defendants. Exhibit 12 shows the distribution of the claims by the number of defendants.

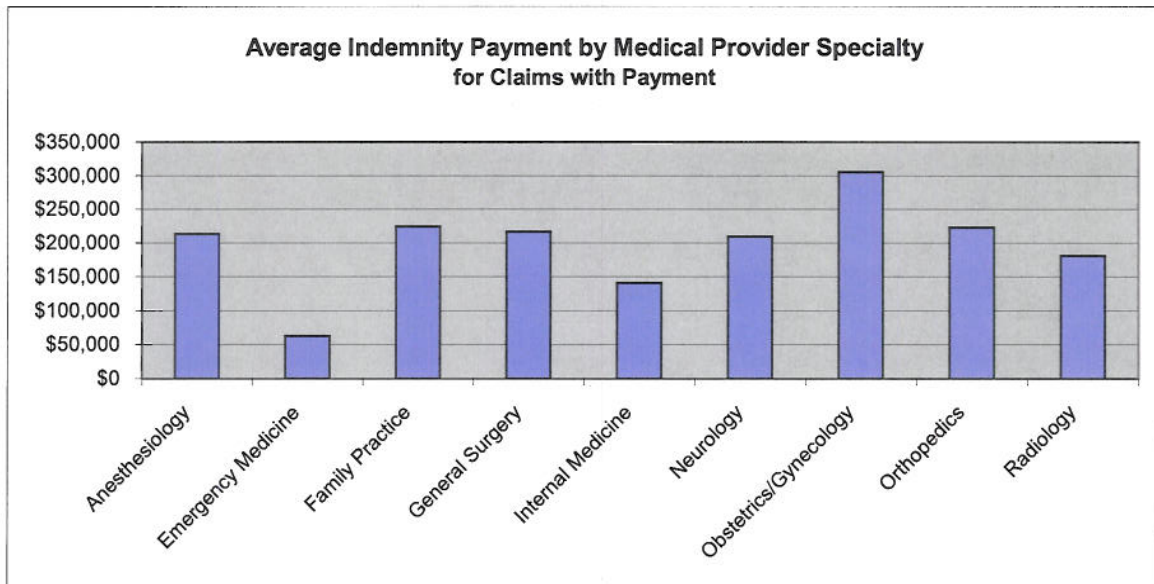
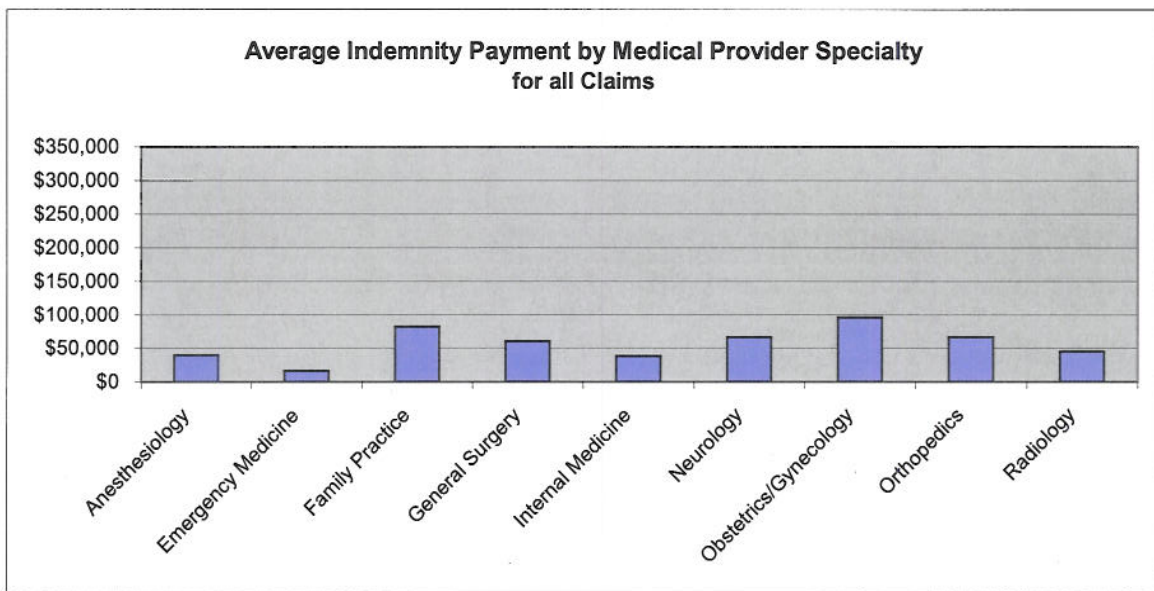
### Average Indemnity Payments by Profession or Institution

Profession or Institution	Total Number of Claims	Number of Claims with Indemnity Payment	Total Indemnity Payments	Average Indemnity Payment	Average Indemnity Payment for Claims with Payment
Physician	723	195	\$ 35,125,799	\$ 48,583	\$ 180,132
Surgeon	558	171	41,428,887	74,245	242,274
Nurse	63	9	90,660	1,439	10,073
Chiropractor	68	36	2,510,825	36,924	69,745
Dentist	151	73	2,173,790	14,396	29,778
Family/General Practitioner	107	41	7,566,714	70,717	184,554
Hospital	232	66	5,935,126	25,582	89,926
Nursing Home	71	30	1,094,029	15,409	36,468
Clinic/Corporation	296	51	10,014,143	33,832	196,356
All Professions	3,076	961	\$ 170,169,226	\$ 55,322	\$ 177,075



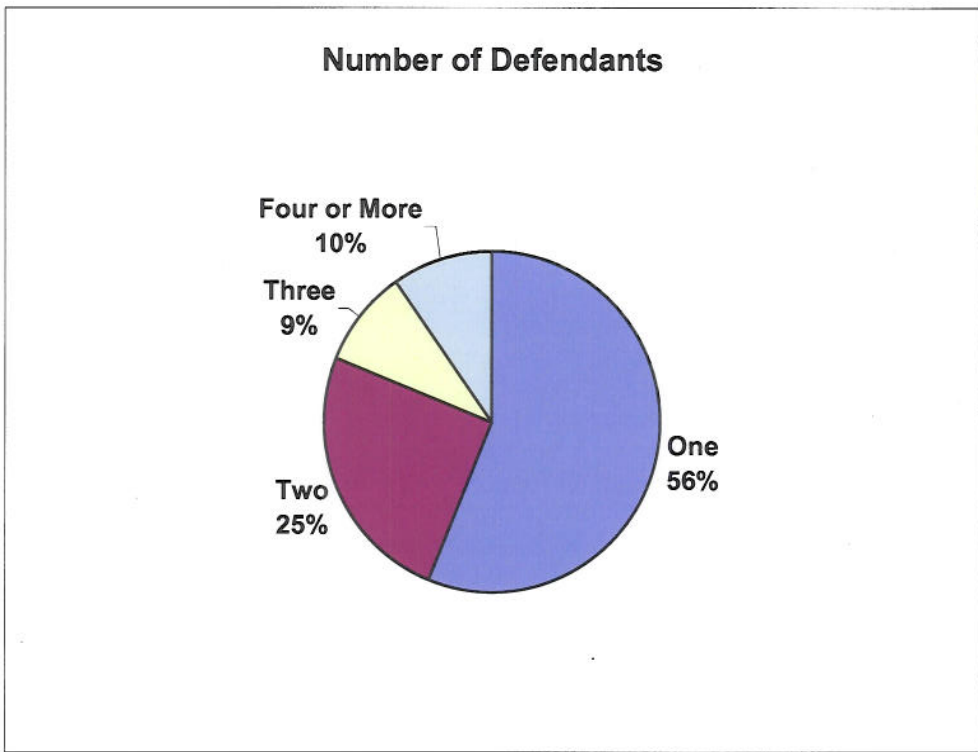
## Average Indemnity Payments by Medical Provider Specialty

Medical Provider Specialty	Total Number of Claims	Number of Claims with Indemnity Payment	Total Indemnity Payments	Average Indemnity Payment	Average Indemnity Payment for Claims with Payment
Anesthesiology	70	13	\$ 2,772,344	\$ 39,605	\$ 213,257
Emergency Medicine	70	18	1,126,953	16,099	62,609
Family Practice	156	57	12,795,629	82,023	224,485
General Surgery	130	36	7,796,485	59,973	216,569
Internal Medicine	100	27	3,804,648	38,046	140,913
Neurology	76	24	5,027,115	66,146	209,463
Obstetrics/Gynecology	200	63	19,238,295	96,191	305,370
Orthopedics	154	46	10,255,000	66,591	222,935
Radiology	97	24	4,344,500	44,789	181,021
All Specialties	3,076	961	\$ 170,169,226	\$ 55,322	\$ 177,075



## Number of Defendants

Number of Defendants	Total Number of Claims	Number of Claims with Indemnity Payment	Total Indemnity Payments
One	1,237	407	\$ 51,265,640
Two	549	167	35,249,317
Three	202	44	9,167,284
Four or More	215	32	6,761,718
Total	2,203	650	\$ 102,443,960



## Alleged Injury

Companies were asked to classify each closed claim by the following severity of injury types.

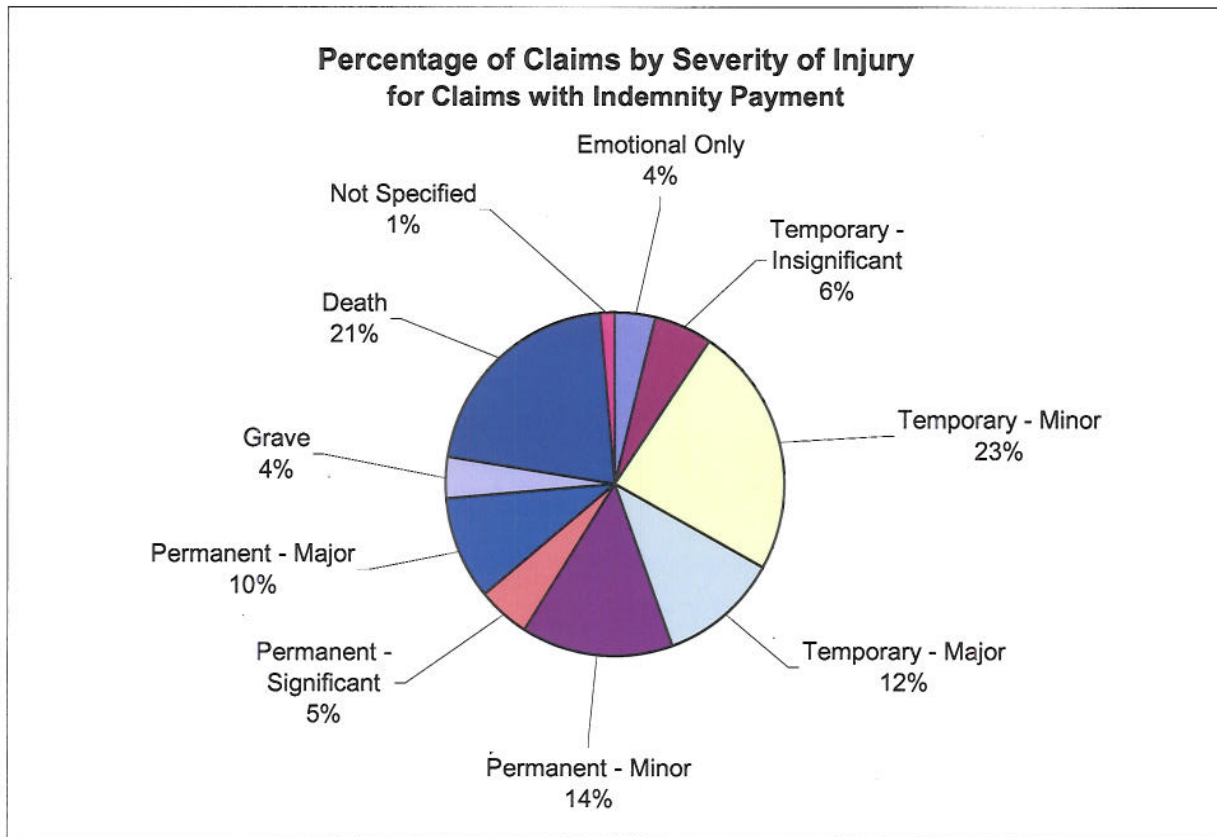
- Emotional Only (e.g. fright, no physical damage)
- Temporary - Insignificant (e.g. lacerations, contusions, minor scars, rash; no delay)
- Temporary - Minor (e.g. infections, misset fracture, fall in hospital; recovery delayed)
- Temporary - Major (e.g. surgical material left, drug side effect, brain damage; recovery delayed)
- Permanent - Minor (e.g. loss of fingers, loss or damage to organs; includes non-disabling injuries)
- Permanent - Significant (e.g. deafness, loss of limb, loss of eye, loss of one kidney or lung)
- Permanent - Major (e.g. paraplegia, blindness, loss of two limbs, brain damage)
- Grave (e.g. quadriplegia, severe brain damage, lifelong care or fatal prognosis)
- Death

For all but 14 of the claims the severity of injury was identified. Exhibit 13 shows for claims with indemnity payments the percentage of each severity. Temporary – minor claims were the most common, followed by death claims.

Exhibit 14 shows the average indemnity payments for those claims that had an indemnity payment. The most severe injuries resulted in the largest average indemnity payments.

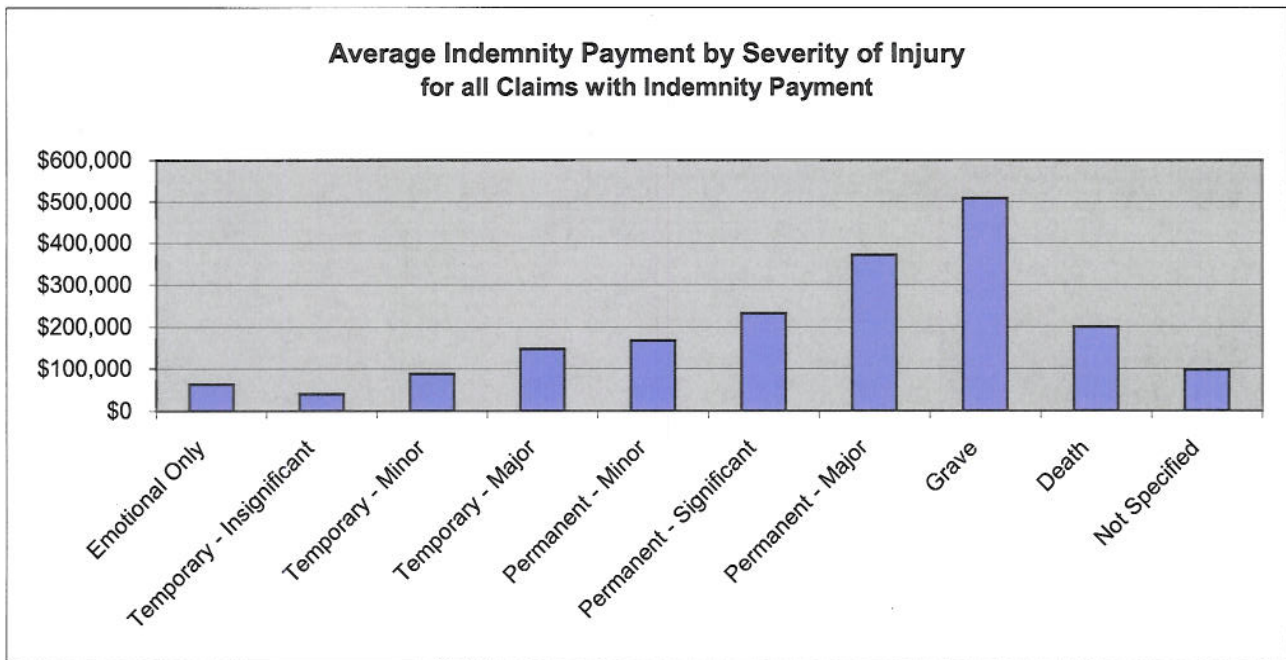
## Percentage of Claims by Severity of Injury

Severity of Injury	Total Number of Claims	Number of Claims with Indemnity Payment	Percentage of Claims with Indemnity Payment
Emotional Only	137	37	3.9%
Temporary - Insignificant	173	55	5.7%
Temporary - Minor	799	225	23.4%
Temporary - Major	317	111	11.6%
Permanent - Minor	400	139	14.5%
Permanent - Significant	159	46	4.8%
Permanent - Major	242	95	9.9%
Grave	85	36	3.7%
Death	574	203	21.1%
Not Specified	190	14	1.5%
All Claims	3,076	961	100.0%



### Average Indemnity Payments by Severity of Injury

Severity of Injury	Total Number of Claims	Number of Claims with Indemnity Payment	Total Indemnity Payments	Average Indemnity Payment	Average Indemnity Payment for Claims with Payment
Emotional Only	137	37	\$ 2,341,835	\$ 17,094	\$ 63,293
Temporary - Insignificant	173	55	2,214,308	12,799	40,260
Temporary - Minor	799	225	19,828,988	24,817	88,129
Temporary - Major	317	111	16,368,026	51,634	147,460
Permanent - Minor	400	139	23,248,004	58,120	167,252
Permanent - Significant	159	46	10,638,252	66,907	231,266
Permanent - Major	242	95	35,339,540	146,031	371,995
Grave	85	36	18,292,359	215,204	508,121
Death	574	203	40,538,866	70,625	199,699
Not Specified	190	14	1,359,048	7,153	97,075
<b>All Claims</b>	<b>3,076</b>	<b>961</b>	<b>170,169,226</b>	<b>\$ 55,322</b>	<b>\$ 177,075</b>





## Summary

The Iowa Insurance Division requested closed claim data from insurance companies in order to provide a snapshot portrayal of Iowa's medical malpractice insurance market. Companies that wrote medical malpractice insurance in Iowa during the period from January 1, 2001, through December 31, 2005, were asked to provide specific data for claims that were closed during the same period.

Companies were provided one month to respond with the data from claims that were closed during the five year period. Premiums reported by the companies for the last five years do not correspond to the claims closed within the last five years. The total number of claims closed does not necessarily represent all claims closed in Iowa by insurance companies during that period.

Over 95% of the companies by market share writing medical malpractice insurance during 2001 through 2005 responded to the data call. To the extent possible in the given time frame for the report, data was reviewed for consistency within and between companies, and for completeness and reasonableness. The accuracy of the report depends on the accuracy of the data obtained from the companies.

No adjustments were made to the data supplied by the companies. No adjustments were made for internal or external factors that cause fluctuations in the data.

The analysis showed that on average slightly more than two thirds of the claims were closed without indemnity payments. Some claims did not close until after 10 years from the date of the alleged occurrence. Of the 11 types of professions or institutions available for companies to select, surgeons had the highest average indemnity payment. The most severe injuries typically resulted in the largest average indemnity payments.

## Acknowledgements

This report including the data call was developed by staff of the Iowa Insurance Division. A number of people assisted directly and indirectly in the creation of the report. The analysis and report was completed by the following individuals.

Karen Armstrong, CFE, CPA, Insurance Company Examiner Specialist.

Karen Armstrong joined the Iowa Insurance Division in 1989 as an insurance examiner. She is a graduate of Loras College with a Bachelor of Arts in finance and a concentration in business computers and of the American Institute of Business with accounting and business administration degrees. She is a Certified Financial Examiner, a Certified Public Accountant, and a member of the Society of Financial Examiners and the American Institute of Certified Public Accountants. Her responsibilities include examinations of insurance companies domiciled within the State of Iowa, special projects, and other assignments as needed.

Angela Burke Boston, JD, Assistant Commissioner.

Angela Burke Boston joined the Division in 1988 as the property/casualty attorney in Consumer Affairs. She is a graduate of Creighton University and Creighton University School of Law with an undergraduate major in Finance. Ms. Boston is admitted to the practice of Law in Iowa and Nebraska. She has worked with four commissioners: William Hager, David Lyons, Therese Vaughan, and currently Susan Voss as well as overseen rates and forms and producer licensing. Her responsibilities include overall coordination of administrative rules, representation of the Division on all mandated boards and committees, coordination of all special insurance projects and studies especially in the area of health and medical malpractice.

Ramona Lee, ACAS, MAAA, Actuarial Administrator.

Ramona Lee joined the Division in 1998. She graduated from the University of Illinois at Chicago with a Bachelor of Science degree in mathematics. Ramona has been a regulator since 1990. Her experience also includes working in the actuarial departments in reinsurance, consulting, and insurance companies. For the State of Iowa she reviews property and casualty rate and rule filings, assists in financial audits and reserve reviews of insurance companies, analyzes bond requirements for self insureds, and does anything else of an actuarial nature that concerns the property and casualty business.



THOMAS J. VILSACK  
GOVERNOR

SUSAN E. VOSS  
COMMISSIONER OF INSURANCE

SALLY J. PEDERSON  
LT. GOVERNOR

July 10, 2006

Medical Malpractice Insurer:

The Iowa Insurance Division continues its role in addressing issues pertaining to the affordability and availability of medical malpractice insurance in Iowa. In order to provide an accurate portrait of Iowa's medical malpractice insurance market, the Division has begun an examination of closed claims over a recent five year period. Details regarding the process are attached. Electronic reporting is afforded in order to ease the burden of providing the requested information.

House File 2716 was enacted by the 2006 Iowa Legislature. The act relates to civil actions for personal injury or death, and includes certain evidentiary, reporting, and procedural requirements. Please note that the survey described herein is separate and distinct from the annual reporting requirements set forth in House File 2716. The format of the annual report is being developed, and more information will be available over the next several months.

Your cooperation and attention to the closed claim survey is greatly appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Susan E. Voss".

Susan E. Voss  
Commissioner

**DATE:** July 10, 2006  
**FROM:** Iowa Insurance Division  
**TO:** All Companies Writing Medical Malpractice Insurance in Iowa

**DATA CALL – MANDATORY**

**LINE(S) OF BUSINESS:** Medical Malpractice Insurance per Line #11 of the Annual Statement.  
**REPORTING COMPANIES:** All companies with written premiums for the above line of business reported in any Annual Statement from 2001 through 2005.  
**DATA REQUESTED:** Regarding *closed claims* only.  
**DUE DATE:** August 15, 2006  
**IID CONTACT PERSON:** Karen Armstrong 515-281-4450 or Ramona Lee 515-281-4095

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**REPORT INSTRUCTIONS/SPECIFICATIONS**

1. Please provide data for all medical malpractice insurance claims and lawsuits closed or disposed of on or after January 1, 2001 through December 31, 2005.
2. A claim for the purpose of this report is a formal or written demand for compensation under a medical malpractice insurance policy relating to allegations of liability on the part of one or more providers for any act, error, or omission in the rendering of, or failure to render medical services for medically related injuries.
3. A lawsuit for the purpose of this report is a complaint filed in any court in this state alleging liability on the part of one or more providers for any act, error, or omission in the rendering of, or failure to render medical services for medically related injuries.
4. If more than one insured is associated with an incident, report separately for each insured.
5. If more than one injured party is associated with an incident, report separately for each injured party.
6. If a claimant filed claims for the same injury under more than one policy, report separately for each policy.
7. Include direct business only.
8. If a claim has been re-opened, but not yet closed, do **NOT** report.
9. If a claim was re-opened and later closed, please include in the report.
10. Submit a report for each closed claim, whether closed with or without payment.
11. Reports should be submitted electronically using EXCEL. The completed EXCEL spreadsheet(s) should be submitted to [Karen.Armstrong@iid.state.ia.us](mailto:Karen.Armstrong@iid.state.ia.us). The EXCEL spreadsheet(s) may be zipped via WinZip program if too large for e-mail. If explanations are needed or additional problems occur you may e-mail or telephone us for additional assistance. See the next page for electronic reporting instructions.

NOTE: An electronic data single claim entry form is being developed and scheduled to be completed by the end of next week, July 14<sup>th</sup>. If the electronic data single entry claim form is more desirable than extracting the requested data from the computer system, then e-mail one of the individuals listed above to receive access to such feature on the Iowa Insurance Division's web site upon completion.

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# MEDICAL MALPRACTICE INSURANCE CLOSED CLAIM REPORT ELECTRONIC REPORTING INSTRUCTIONS

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1. Please provide data in an EXCEL spreadsheet in accordance with the attached record layout.
2. You may report data on separate spreadsheets for each year or combine all your data on one spreadsheet.
3. The EXCEL spreadsheet(s) should contain one row for each closed claim.
4. There should be thirty six (36) columns of data in EXCEL columns A through AJ, one for each numbered question and each lettered sub-question.
5. Data should be entered in date format as MM/DD/YYYY for dates; numeric format for dollar amounts, numbers, and any designated codes; and alpha-numeric format for other entries. For any columns where "Other" is chosen, enter in alpha-numeric format instead of a numeric code.
6. If for a particular claim neither losses nor allocated loss adjustment expenses were paid by you, only questions 1 through 14 (columns A through N) need be completed.
7. An electronic data single claim entry form is being developed and scheduled to be completed by the end of next week, July 14<sup>th</sup>. If the electronic data single claim entry form is more desirable than extracting the requested data from the computer system, then e-mail one of the individuals listed below to receive access to such feature on the Iowa Insurance Division's web site upon completion.
8. Please submit your completed EXCEL spreadsheet(s) and a copy of the Contact Information sheet via e-mail to Karen Armstrong at [Karen.Armstrong@iid.state.ia.us](mailto:Karen.Armstrong@iid.state.ia.us). The EXCEL spreadsheet(s) may be zipped via WinZip program if too large for e-mail.
9. If you prefer to send the Contact Information sheet via mail, please send it to:  
Karen Armstrong  
Iowa Insurance Division  
330 Maple  
Des Moines, IA 50319
10. The report is due August 15, 2006.
11. If you have any questions, feel free to call or e-mail either Karen Armstrong at 515-281-4450, [Karen.Armstrong@iid.state.ia.us](mailto:Karen.Armstrong@iid.state.ia.us) or Ramona Lee at 515-281-4095, [Ramona.Lee@iid.state.ia.us](mailto:Ramona.Lee@iid.state.ia.us).

**Medical Malpractice Insurance Closed Claim Report**

(col. A) 1. Name of Insurance Company: \_\_\_\_\_

(col. B) 2. Claim Number: \_\_\_\_\_

**Policy**

(col. C) 3. Policy Limits: \_\_\_\_\_

(col. D) 4. Deductible: \_\_\_\_\_

(col. E) 5. Self-Insured Retention: \_\_\_\_\_

(col. F) 6. Type of Policy:

<input type="checkbox"/> 1 Occurrence	<input type="checkbox"/> 3 Extended Reporting Period/Tail Coverage
<input type="checkbox"/> 2 Claims Made	<input type="checkbox"/> 4 Prior Acts Coverage

**Defendant**

(col. G) 7. Profession or Institution (select one most applicable):

<input type="checkbox"/> 1 Physician	<input type="checkbox"/> 5 Chiropractor	<input type="checkbox"/> 9 Hospital
<input type="checkbox"/> 2 Surgeon	<input type="checkbox"/> 6 Dentist	<input type="checkbox"/> 10 Nursing Home
<input type="checkbox"/> 3 Nurse	<input type="checkbox"/> 7 Family/General Practitioner	<input type="checkbox"/> 11 Clinic/Corporation
<input type="checkbox"/> 4 Technician	<input type="checkbox"/> 8 Pharmacist	<input type="checkbox"/> Other (specify): _____

(col. H) 8. Medical Provider Specialty (select one most applicable):

<input type="checkbox"/> 1 Allergy/Immunology	<input type="checkbox"/> 8 General Surgery	<input type="checkbox"/> 15 Pediatrics
<input type="checkbox"/> 2 Anesthesiology	<input type="checkbox"/> 9 Internal Medicine	<input type="checkbox"/> 16 Plastic Surgery
<input type="checkbox"/> 3 Cardiology	<input type="checkbox"/> 10 Neurology	<input type="checkbox"/> 17 Podiatry
<input type="checkbox"/> 4 Dermatology	<input type="checkbox"/> 11 Obstetrics/Gynecology	<input type="checkbox"/> 18 Psychiatry
<input type="checkbox"/> 5 Emergency Medicine	<input type="checkbox"/> 12 Ophthalmology	<input type="checkbox"/> 19 Radiology
<input type="checkbox"/> 6 Family Practice	<input type="checkbox"/> 13 Orthopedics	<input type="checkbox"/> Other (specify): _____
<input type="checkbox"/> 7 Gastroenterology	<input type="checkbox"/> 14 Pathology	

(col. I) 9. Total number of defendants involved in claim including defendant for which report made: \_\_\_\_\_

**Claim**

(col. J) 10. Date injury occurred (MM/DD/YYYY): \_\_\_\_\_

(col. K) 11. Date injury was reported to insurer (MM/DD/YYYY): \_\_\_\_\_

(col. L) 12. Date claim was opened (MM/DD/YYYY): \_\_\_\_\_

(col. M) 13. Date claim was re-opened, if applicable (MM/DD/YYYY): \_\_\_\_\_

(col. N) 14. Date claim was closed (MM/DD/YYYY): \_\_\_\_\_

**NOTE: If neither losses nor allocated loss adjustment expenses were paid by you, stop here - you are finished with this claim!**

**Injured Person**

(col. O) 15. Sex of Injured Person:  1 Male  2 Female

(col. P) 16. Injured Person's Date of Birth (MM/DD/YYYY): \_\_\_\_\_

**Alleged Injury**

(col. Q) 17. Alleged Cause of Loss:

<input type="checkbox"/> 1 Failure to Diagnose	<input type="checkbox"/> 8 Inappropriate Surgical Procedure
<input type="checkbox"/> 2 Misdiagnosis	<input type="checkbox"/> 9 Unnecessary Surgical Procedure
<input type="checkbox"/> 3 Delay in Diagnosis	<input type="checkbox"/> 10 Instrument/Sponge Left after Surgery
<input type="checkbox"/> 4 Incorrect Medication	<input type="checkbox"/> 11 Post-Operative Complications
<input type="checkbox"/> 5 Lack of Monitoring Medication	<input type="checkbox"/> 12 Treatment-Related Cause
<input type="checkbox"/> 6 Side Effect of Medication	<input type="checkbox"/> 13 Pregnancy- or Birth-Related Problems
<input type="checkbox"/> 7 Lack of Supervision or Control	<input type="checkbox"/> 14 Lack of Informed Consent or Failure to Obtain Consent
	<input type="checkbox"/> Other (specify): _____

(col. R)

18. Severity of Injury:

- 1 Emotional Only (e.g. fright, no physical damage)
- 2 Temporary - Insignificant (e.g. lacerations, contusions, minor scars, rash; no delay)
- 3 Temporary - Minor (e.g. infections, misset fracture, fall in hospital; recovery delayed)
- 4 Temporary - Major (e.g. surgical material left, drug side effect, brain damage; recovery delayed)
- 5 Permanent - Minor (e.g. loss of fingers, loss or damage to organs; includes non-disabling injuries)
- 6 Permanent - Significant (e.g. deafness, loss of limb, loss of eye, loss of one kidney or lung)
- 7 Permanent - Major (e.g. paraplegia, blindness, loss of two limbs, brain damage)
- 8 Grave (e.g. quadriplegia, severe brain damage, lifelong care or fatal prognosis)
- 9 Death

**Claim Disposition**

(col. S)

19. Final Method of Claim Disposition:

- 1 Settled                       2 Disposed of by a Court                       3 Arbitration  
 Other (specify): \_\_\_\_\_

**Claim Payments**

*Amounts should include only those paid by you on behalf of this insured/defendant under this policy. All payments should be reported net of salvage and subrogation.*

(col. T)

20. Total Indemnity Benefits paid: \$ \_\_\_\_\_

*Report lines a-h only if the data is captured.*

(col. U)

a Total Compensatory Payments (if declared): \$ \_\_\_\_\_

(col. V)

b Total Economic Loss: \_\_\_\_\_

(col. W)

c Medical Payments: \_\_\_\_\_

(col. X)

d Wage Loss: \_\_\_\_\_

(col. Y)

e Other Economic Loss: \_\_\_\_\_

(col. Z)

f Non-Economic Loss (Pain & Suffering): \_\_\_\_\_

(col. AA)

g Punitive Damages (if declared): \_\_\_\_\_

(col. AB)

h Plaintiff Attorney Fees (if declared): \_\_\_\_\_

(col. AC)

21. Total Allocated Loss Adjustment Expenses paid: \$ \_\_\_\_\_

(col. AD)

a Loss Adjustment Expense paid to internal defense counsel: \$ \_\_\_\_\_

(col. AE)

b Loss Adjustment Expense paid to external defense counsel: \_\_\_\_\_

(col. AF)

c All other Allocated Loss Adjustment Expenses paid: \_\_\_\_\_

*Loss reserve amounts should exclude any amounts for deductibles or self-insured retentions.*

(col. AG)

22. Initial Loss Reserve established for this Claim: \$ \_\_\_\_\_

(col. AH)

23. Initial Allocated Loss Adjustment Expense Reserve established for this claim: \_\_\_\_\_

(col. AI)

24. Loss Reserve for this claim immediately before disposition: \_\_\_\_\_

(col. AJ)

25. Allocated Loss Adjustment Expense Reserve for this claim immediately before disposition: \_\_\_\_\_

**MEDICAL MALPRACTICE INSURANCE  
CLOSED CLAIM REPORT  
CONTACT INFORMATION**

---

Please complete the following and return to the Iowa Insurance Division.

Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

E-mail: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, ZIP: \_\_\_\_\_

I have provided all relevant and accurate closed claim data for the medical malpractice line of business for this data call. To the best of my knowledge, the information provided for this company is true and accurate as of December 31, 2005.

Person Responsible for Data Call: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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## Iowa Medical Malpractice Market Shares

### Admitted Companies

NAIC Code	Company Name	Calendar Year 2001	Calendar Year 2002	Calendar Year 2003	Calendar Year 2004	Calendar Year 2005
16942	Midwest Medical Ins Co	33.0%	32.8%	33.4%	35.5%	35.9%
23400	Physicians Ins Co Of WI	6.1%	14.6%	20.9%	19.6%	15.0%
32921	ISMIE Mut Ins Co				3.5%	3.3%
19100	Amco Ins Co	3.1%	2.9%	3.5%	3.2%	3.0%
11843	Medical Protective Co	4.8%	4.7%	5.9%	3.8%	2.5%
36234	Preferred Professional Ins Co	3.6%	5.6%	2.8%	2.2%	2.4%
20427	American Cas Co Of Reading PA	1.3%	1.3%	1.3%	1.3%	1.4%
15865	NCMIC Ins Co	1.5%	1.4%	1.3%	1.2%	1.3%
10677	Cincinnati Ins Co	0.9%	1.0%	1.0%	1.5%	1.2%
11832	Health Care Industry Liab Recip Ins					1.2%
38954	Pronational Ins Co	0.1%	0.2%	0.3%	0.4%	1.2%
14460	Podiatry Ins Co Of Amer A Mut Co	0.8%	0.7%	0.7%	0.8%	0.9%
20443	Continental Cas Co	2.3%	0.6%	0.5%	0.6%	0.5%
11860	Copic Ins Co				0.0%	0.5%
34495	Doctors Co An Interins Exchn	1.9%	2.8%	1.6%	0.6%	0.4%
22810	Chicago Ins Co	0.8%	0.6%	0.5%	0.5%	0.4%
12015	Emergency Medicine RRG Inc				0.5%	0.4%
33111	MHA Ins Co					0.3%
19720	American Alt Ins Corp	0.0%	0.0%	0.0%	0.3%	0.3%
22667	Ace American Ins Co	0.1%	0.1%	0.2%	0.2%	0.3%
19445	National Union Fire Ins Co Of Pitts	-0.5%	0.4%	0.4%	0.5%	0.3%
13714	Pharmacists Mut Ins Co	0.4%	0.3%	0.3%	0.3%	0.3%
18767	Church Mut Ins Co	0.0%	0.0%	0.0%	0.0%	0.1%
25143	State Farm Fire And Cas Co	0.0%	0.0%	0.0%	0.1%	0.1%
11127	Professional Solutions Ins Co	0.0%	0.0%	0.0%	0.0%	0.1%
21857	American Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
16535	Zurich American Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
23809	Granite State Ins Co	0.1%	0.1%	0.1%	0.1%	0.0%
10752	Novus Ins Co RRG					0.0%
10801	Fortress Ins Co	0.0%	0.0%	3.2%	0.0%	0.0%
24767	St Paul Fire & Marine Ins Co	19.3%	3.5%	0.3%	0.0%	0.0%
16624	Darwin Natl Assur Cp	0.0%	0.0%	0.0%	0.0%	0.0%
25658	Travelers Ind Co	0.0%	0.0%	0.0%	0.0%	0.0%
34207	Westport Ins Corp	0.0%	0.0%	0.0%	0.0%	0.0%
24732	General Ins Co Of Amer	0.1%	0.0%	0.0%	0.0%	0.0%
21881	National Surety Corp	0.0%	0.0%	0.0%	0.0%	0.0%
35181	Executive Risk Ind Inc	0.5%	0.5%	0.6%	0.5%	0.0%
19380	American Home Assur Co	0.0%	0.0%	0.0%	0.0%	0.0%
21873	Firemans Fund Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
33006	American Physicians Assur Corp	0.6%	0.9%	0.1%	0.0%	0.0%
18279	Bankers Standard Ins Co	0.1%	0.0%	0.0%	0.0%	0.0%
34266	Frontier Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
27138	Kemper Cas Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
22977	Lumbermens Mut Cas Co	0.7%	4.0%	-0.1%	0.0%	0.0%
20478	National Fire Ins Co Of Hartford	0.0%	0.0%	0.0%	0.0%	0.0%
21970	OneBeacon Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
41750	St Paul Medical Liability Ins Co	0.2%	0.1%	0.0%	0.0%	0.0%
24791	St Paul Mercury Ins Co	3.3%	0.8%	0.1%	0.0%	0.0%
25534	TIG Ins Co	0.2%	0.6%	0.2%	0.1%	0.0%
25674	Travelers Property Cas Co Of Amer	0.0%	0.0%	0.0%	0.0%	0.0%
22217	Gulf Ins Co	0.3%	0.3%	0.2%	0.2%	
23906	Northwestern Natl Cas Co	0.0%	0.0%			
18864	Fairmont Ins Co		0.0%			
29785	NN Ins Co	0.0%				
24422	Legion Ins Co	0.3%				
12246	American Continental Ins Co	1.2%				
<b>Admitted Companies</b>		<b>87.0%</b>	<b>81.0%</b>	<b>79.3%</b>	<b>77.4%</b>	<b>73.3%</b>

## Iowa Medical Malpractice Market Shares

### Authorized Companies

NAIC Code	Company Name	Calendar Year 2001	Calendar Year 2002	Calendar Year 2003	Calendar Year 2004	Calendar Year 2005
19437	Lexington Ins Co	8.7%	9.1%	9.9%	9.9%	9.9%
31127	Columbia Cas Co	0.0%	0.1%	0.6%	0.5%	4.6%
37079	Hudson Specialty Ins Co	0.0%	0.0%	0.0%	2.9%	4.1%
10328	Capitol Specialty Ins Corp			0.0%	0.9%	1.2%
26387	Steadfast Ins Co	0.4%	0.3%	0.8%	0.6%	1.1%
35378	Evanston Ins Co	1.2%	2.3%	1.7%	1.3%	1.1%
24856	Admiral Ins Co	0.0%	0.0%	1.0%	0.9%	1.0%
10210	United Medical Liability Ins Co RRG					0.6%
44121	Oms Natl Ins Co Rrg	0.4%	0.5%	0.4%	0.4%	0.5%
21199	Arch Specialty Ins Co	0.0%	0.0%	0.4%	2.8%	0.4%
37362	General Star Ind Co	0.0%	0.5%	0.9%	0.2%	0.4%
44083	Preferred Physicians Medical RRG	0.1%	0.3%	0.3%	0.3%	0.3%
34487	Professional Undrwrts Liab Ins Co	0.3%	0.6%	1.7%	0.5%	0.3%
13893	Community Blood Cntr Exch RRG	0.1%	0.1%	0.2%	0.2%	0.2%
33138	Landmark Amer Ins Co	0.0%	0.0%	0.1%	0.2%	0.2%
22829	Interstate Fire & Cas Co	0.2%	0.2%	0.0%	0.0%	0.1%
35637	Landmark Ins Co	0.0%	0.0%	0.0%	0.0%	0.1%
34452	Homeland Ins Co of NY		0.0%	0.0%	0.0%	0.1%
10179	Red Mountain Cas Ins Co Inc			0.0%	0.1%	0.1%
44105	Ophthalmic Mut Ins Co RRG	0.1%	0.1%	0.1%	0.1%	0.1%
39020	Essex Ins Co	0.2%	0.3%	0.1%	0.1%	0.1%
20079	National Fire & Marine Ins Co	0.0%	0.0%	0.3%	0.3%	0.1%
10232	American Assoc Of Othodontists RRG	0.0%	0.0%	0.0%	0.0%	0.0%
13196	Western World Ins Co	0.1%	0.2%	0.2%	0.1%	0.0%
11798	Continuing Care RRG Inc				0.0%	0.0%
12203	James River Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
11941	Green Hills Ins Co RRG				0.0%	0.0%
11710	Allied Professionals Ins Co RRG			0.0%	0.0%	0.0%
27960	Illinois Union Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
34916	First Specialty Ins Corp	0.8%	1.2%	1.5%	0.4%	0.0%
44792	Executive Risk Specialty Ins Co	0.0%	0.3%	-0.1%	0.1%	0.0%
42811	Gulf Underwriters Ins Co	0.1%	0.1%	0.0%	0.0%	0.0%
43117	American Equity Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
10903	American Excess Ins Exchange RRG	0.0%	1.8%	0.0%	0.0%	0.0%
39993	Colony Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
39640	Firemans Fund Ins Co Of OH	0.0%	0.0%	0.0%	0.0%	0.0%
33189	Monticello Ins Co	0.0%	0.0%	0.0%	0.0%	0.0%
41807	Royal Surplus Lines Ins Co	0.1%	0.3%	-0.1%	0.0%	0.0%
25445	TIG Specialty Ins Corp	0.1%	0.4%	0.6%	0.0%	0.0%
37338	Pacific Ins Co			0.0%		
40991	Kemper Ind Ins Co	0.0%	0.2%			
10355	Reciprocal Alliance RRG	0.1%				
<b>Authorized Companies</b>		<b>13.0%</b>	<b>19.0%</b>	<b>20.7%</b>	<b>22.6%</b>	<b>26.7%</b>
<b>All Companies</b>		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## **Definitions**

**Admitted Insurance Company** – An insurer who has been licensed by the insurance department within the state to write specific lines of business.

**Authorized Insurance Company** – An insurer who is not licensed but has been permitted by the insurance department within the state to write specific lines of business.

**Allocated Loss Adjustment Expenses** – Expenses attributable to a particular claim.

**Calendar Year** – January 1 through December 31.

**Claim** – For the purpose of this report, a formal or written demand for compensation under a medical malpractice insurance policy relating to allegations of liability on the part of one or more providers for any act, error, or omission in the rendering of, or failure to render medical services for medically related injuries.

**Claims Made Policy** – A policy that provides coverage for claims that are reported to the insurer within the policy period.

**Claim Practices** – Business practices a company uses in handling claims, from recording a reported claim through final payment of any amounts.

**Closed Claim** – A claim for which no further action is expected; final payment if any has been made.

**Deductible** – An amount of money set within a policy that must be paid by an insured before the insurer is liable for any payments.

**Direct Business** – Policies written by an insurer without consideration of reinsurance.

**Direct Written Premium** – Premiums for policies without consideration of reinsurance.

**Final Loss Reserve** – The liability established to pay for a claim as valued just before a claim is closed.

**Indemnity Payment** – Losses, but not expenses paid to a claimant to close a claim.

**Lawsuit** – For the purpose of this report, a complaint filed in any court in Iowa alleging liability on the part of one or more providers for any act, error, or omission in the rendering of, or failure to render medical services for medically related injuries.

**Limit of Insurance** – The maximum amount an insurer will pay as set forth in a contract of insurance.

**Market Share** – As used in this report, the percentage of direct premiums written by a company or group of companies within a state to total direct premiums written.

**Medical Inflation** – Changing value of a dollar specific to medical insurance.

**Occurrence Policy** – A policy that provides coverage for claims occurring within the policy period, regardless of when the claim was reported.

**Premium** – Remuneration by a policyholder for an insurance policy.

**Reinsurance** – Insurance coverage for the risks covered by other insurance companies.

**Reopened Claim** – A claim that had been closed, but for some reason, needs further action or payment.

**Reserves** – The liability set up to pay for a claim when the claim is ultimately closed. Reserves may be established for potential indemnity payments and allocated loss adjustment expenses separately or combined.

**Self Insurance** – Covering the risk of loss of one's self or company.

**Subrogation** – Reimbursement by a party responsible for a payment to another party that had paid the amount.

**Underwriting Considerations** – A company's internal guidelines regarding what type of and which policies to write.

## **Table of Exhibits**

Exhibit 1	Market Shares of Participating Companies by Type of Company
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## **Appendix D**