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November 4, 2015

Report Pursuant to NRS 690B.360 Regarding the Health of the Market for Medical Professional Liability Insurance (2014)

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Introduction

NRS 690B.360[1] requires the Commissioner of Insurance to collect certain information pertaining to the market for medical professional liability insurance for practitioners licensed pursuant to chapters 630, 631, 632, and 633 of NRS. NRS 690B.360(4) states that the Commissioner shall, on an ongoing basis, analyze and evaluate this information to determine trends in and measure the health of the market for such medical professional liability insurance, and report the Commissioner's findings and recommendations to the Director of the Legislative Counsel Bureau. This report is being prepared pursuant to NRS 690B.360(4) and applies to the time period encompassing the calendar year 2014.

Overall, the medical professional liability insurance market in Nevada continues to be extremely stable and competitive. The market has remained unconcentrated, with concentration declining substantially and the number of competitors increasing in 2014. Continued monitoring of the market has not given rise to any material issues of concern.

Medical Professional Liability Insurance: An Overview

Medical professional liability insurance provides defense and indemnification for claims arising out of alleged errors and omissions or failure to meet the standard of care in the practice of medicine. It is more commonly known as medical malpractice insurance. With few exceptions, medical professional liability insurance is not mandated by the State of Nevada. However, physicians and certain other medical professionals are typically required to show proof of coverage in order to receive hospital privileges or to be included in preferred-provider networks. Since many medical professionals would be unable to practice medicine without medical professional liability insurance and since the public's well-being depends on access to medical care, it is considered an essential insurance product.

There are two basic types of medical professional liability insurance policies:

- **Occurrence-based policies** provide coverage for insured events that occurred during the effective period of the policy, provided that claims arise out of such events within the applicable statute of limitations. In Nevada, pursuant to NRS 41A.097, the statute of limitations expires one year after the alleged medical malpractice has been or should have been discovered, or three years after the date of the occurrence of the incident that gives rise to the claim, whichever is earlier (with some exceptions regarding minors).[2]
- By contrast, **claims-made policies** provide coverage for any claims made during the policy period, provided that the incident that gave rise to the claim occurred after a certain date, called the retroactive date, specified in the insurance contract. Claims-made policies are generally less expensive, because the insurer's obligation is limited to covering incidents that are reported to the insurer during the policy term. However, occurrence-based policies may provide broader coverage.

[1] NRS 690B.360: http://leg.state.nv.us/NRS/NRS-690B.html#NRS690BSec360
[2] NRS 41A.097: http://leg.state.nv.us/NRS/NRS-041A.html#NRS041ASec097

With regard to claims-made policies, practitioners who move to a different insurer, leave the profession, or experience disability or death may be protected by an extended reporting period (or "tail") which may be offered free of charge or for an additional premium. The extended reporting period allows covered claims to be reported after the policy term ends. However, tail coverage is only provided for claims pertaining to occurrences that took place after the retroactive date and before policy expiration. Occurrences that took place after policy expiration are not covered unless a separate policy applicable to subsequent time periods is purchased. With respect to claims-made policies, NRS 690B.320 requires an insurer to offer the practitioner the *option* to purchase an extended reporting period of unlimited duration.[3] Limited durations of extended reporting periods may also be offered by insurers. NRS 690B.290 further specifies that, for practitioners licensed pursuant to Chapters 630, 631, 632, or 633 of NRS (e.g., physicians, physicians' assistants, dentists, dental hygienists, nurses, and osteopathic physicians and physicians' assistants), the cost of the unlimited extended reporting period must not be greater than twice the amount of the premium at the time of the claims-made policy's termination.[4] Typically, an extended reporting period may not be cancelled by either the insurer or the insured once it is in effect. As a result of this non-cancellable nature, the insurer may consider the premium for the extended reporting period to by fully earned at the period's inception (i.e., upon termination of the claims-made policy).

In Nevada, medical professional liability insurance is offered by admitted insurers (insurers with a Certificate of Authority from the Commissioner), nonadmitted insurers (insurers eligible to write coverage that is difficult to procure in the admitted market and regulated pursuant to Chapter 685A of NRS), and risk-retention groups (RRGs). Nevada-domiciled RRGs are licensed as association captive insurers pursuant to Chapter 694C of NRS.[5] RRGs are a form of self-insurance authorized by the federal Liability Risk Retention Act of 1986. Risk-retention groups may be formed by a group of insureds, each of whom is engaged in a similar or related business, in order to insure the liability risk exposures of that group. Once an RRG is licensed in its state of domicile, it may operate in any other state, subject to registration requirements and compliance with each state's laws regarding premium taxation, unfair trade practices, and other generally applicable insurance matters. RRGs are particularly significant providers of medical professional liability insurance in Nevada. Eight of the top 25 medical professional liability insurers by market share in 2014 were RRGs, including the insurer with the fifth-largest market share.

Market and Rate Trends

Exhibits I and II represent Nevada medical professional liability experience reported on the insurers' Annual Statements, filed with the National Association of

[3] NRS 690B.320: http://leg.state.nv.us/NRS/NRS-690B.html#NRS690BSec320
[4] NRS 690B.290: http://leg.state.nv.us/NRS/NRS-690B.html#NRS690BSec290
[5] The term "association captive insurer" is defined in NRS 694C.050: http://leg.state.nv.us/NRS/NRS-694C.html#NRS694CSec050.

Insurance Commissioners (NAIC), for calendar years 2014 and 2013, respectively. The exhibits show that medical professional liability insurance has been a profitable line of business during the time period in question. Historically, the pure direct loss ratio – the proportion of earned premium used to pay for insured losses – was 39.28 percent in 2009, 10.08 percent in 2010, 17.28 percent in 2011, -5.57 percent in 2012,[6] 45.08 percent in 2013, and 13.22% in 2014. While the loss ratios have fluctuated throughout the previous six years, none exceeded 50%, and two-thirds of the years exhibited loss ratios below 20%. Losses remain sufficiently low that that less than half of the premiums earned by medical professional liability insurers – and, in four of the past six years, less than a fifth of those premiums – were used to pay claims.

The losses and premiums are reported to the NAIC on a calendar-year basis, and losses include increases or decreases in case reserves associated with open claims. The occurrence of "negative" losses for some insurers can be attributed to significant decreases in case reserves, which are estimates of the insurer's ultimate future payments on its known claims. For instance, the negative industry-wide loss ratio in 2012 is indicative of insurers decreasing reserves pertaining to certain medical malpractice claims. A decrease in reserves occurs when an insurer recognizes that its previous estimate of its ultimate payout on a claim was too high, in light of more recent developments.

However, there is another source of loss exposure to medical professional liability insurers: claims that may arise in the future out of losses that may have occurred during the time period in question but would not be reported to the insurer until subsequent years. This is a particularly significant risk exposure with regard to occurrence-based policies. Insurers do establish reserves for IBNR (incurred but not reported) claims, but IBNR reserves are subject to considerable uncertainty. Calendar-year data reflect paid losses and changes in case and IBNR reserves for the calendar year in question, irrespective of when the underlying insured events occurred. However, favorable calendar-year loss data in current time periods may indicate that earlier years' loss experience was generally favorable, since relatively few losses from those earlier years have emerged more recently. Overall, the low calendar-year loss ratios from the years 2009 through 2014 do corroborate the conclusion that medical professional liability insurance in Nevada is consistently profitable and that insurers collect enough premium to pay all eligible claims.

Claims-made policies are one response by some insurers to the "long-tailed" nature of medical professional liability coverage – i.e., the fact that events giving rise to claims may be discovered and reported to the insurer many years after those events occurred. Another response enacted in Nevada in 2004 is the statute of limitations on filing a claim. The three-year upper limit from the time of discovery implies (with some specific exceptions relating to minors) that, after three years have elapsed, there is no subsequent exposure to losses that were incurred but have not yet been reported.

[6] The loss ratio in 2012 was negative because insurers' total reductions in carried loss reserves pertaining to prior loss years exceeded incremental payments on claims during the year.

One notable shift in the relative rankings among the top five Nevada medical professional liability insurers, as measured by direct written premium, occurred between 2014 and 2013. In 2012, the Texas-domiciled Medicus Insurance Company ("Medicus"), part of the NORCAL Group, attained the largest market share (14.48 percent of written premium) in Nevada. In 2013, Medicus's market share declined to the second-largest market share at 13.10 percent of written premium. In late 2013, an affiliate of Medicus, the California-domiciled NORCAL Mutual Insurance Company – also part of the NORCAL Group – received the Division's approval to assume the book of business of Medicus Insurance Company for business written or renewing on or after May 1, 2014. The transition between the two companies was implemented in such a manner as not to effectuate any mid-term policy termination. Rather, a policy previously written by Medicus would, upon its annual renewal, be rewritten in NORCAL Mutual with the same rates and coverages. This has led to a gradual decline in the market share of Medicus and an increase in the market share of NORCAL Mutual throughout 2014. At year-end 2014, some policies remained on Medicus paper because they still had not reached their first annual renewals occurring after May 1, 2014. For the full calendar year of 2014, NORCAL Mutual attained the second-largest market share at 10.80 percent of written premium, while Medicus declined to the sixth-largest market share at 3.67 percent of written premium. The combined 2014 market share of these two companies was 14.47 percent of written premium – a 1.37 percent increase over Medicus's 2013 market share.

In 2014, as in 2013, ProAssurance Casualty Company maintained the largest market share in Nevada. However, this market share declined both in absolute dollar terms (from approximately $16,525,000 in direct premiums written in 2013 to approximately $13,465,000 in direct premiums written in 2014) and in percentage terms (from 20.44 percent in 2013 to 18.19 percent in 2014). The largest market share was attained by ProAssurance Casualty Company in 2013 as a consequence of its merger with Independent Nevada Doctors Insurance Company (IND), approved by the Nevada Division of Insurance to take place effective October 1, 2013. IND was acquired by the ProAssurance Group in late 2012, and the combined 2012 market share of the two previously separate ProAssurance companies operating in Nevada (IND and ProAssurance Casualty Insurance Company) was 24.21 percent.

Nevada Mutual Insurance Company, continued to hold the third-highest market share in 2014, with 10.80 percent of the written premium in 2014, compared to 9.94 percent of the written premium in 2013, and 11.04 percent of the written premium in 2012. The market share of Nevada Mutual Insurance Company was higher in prior years: 16.02 percent in 2009, 14.26 percent in 2010, and 12.31 percent in 2011.

The Medical Protective Company continued to hold the fourth-highest market share (9.03 percent) in 2014. The company's percentage market share, however, increased significantly as compared to 2013, when it was 6.80 percent, and to 2012, when it was 6.13 percent. Premier Physicians Insurance Company, Inc., a Risk-Retention Group, continued to hold the fifth-highest market share (6.67 percent) in 2014, a slight increase from its 6.42 percent market share in 2013.

The number of companies offering medical professional liability insurance in Nevada has been relatively stable over the long term, with modest fluctuations from year to year. The NAIC Annual Statements show that 69 insurers wrote non-zero premium in Nevada in 2009, compared to 77 in 2010, 82 in 2011, 77 in 2012, 81 in 2013, and 87 in 2014. The 2014 count of active insurers may be an early sign of increasing participation in the market by additional insurers, but additional years of data would be needed to establish the existence of a trend. In 2014, for the first time since at least 2009, the top 25 insurers wrote less than 90 percent of the premium – with a combined market share of 89.41 percent, as compared to 90.32 percent in 2013, 91.28 percent in 2012 and 92.92 percent in 2009.

The Herfindahl-Hirschman Index (HHI) is a measure of market concentration, calculated as the sum of the squares of the market-share percentages of all the firms in the market. The possible values of HHI range from a lower bound of 0 (a number approached, but never reached, in a situation where the market is characterized by many small competitors) to 1 (a complete monopoly). Higher values of the HHI indicate greater market concentration. The U.S. Department of Justice considers HHI values below 0.15 to reflect a relative lack of market concentration.[7]

The company-based HHI for medical professional liability insurance in Nevada was 0.0820 in 2009, 0.0818 in 2010, 0.0801 in 2011, 0.0800 in 2012, 0.0866 in 2013, and 0.0764 in 2014. This suggests that the market has remained unconcentrated during those years, with the HHI declining substantially by over 0.01 in 2014. This suggests a healthy and increasing level of competition. A company-based calculation of the HHI is particularly informative regarding market concentration, because different companies within the same insurance group often offer different insurance programs in terms of coverage options, underwriting guidelines, rating structures, and targeted segments of the market. However, the group-based HHI is also useful to examine as a measure of concentration that takes into account the common affiliations of some insurers. In 2014, the group-based HHI declined to 0.0960, compared to its 2013 value of 0.0991 and its 2012 value of 0.118 – all of which are significantly below the U.S. Department of Justice threshold of 0.15. The group-based HHI is a measure that, in both years, reflects the common affiliation of certain large insurance companies, such as Medicus Insurance Company and NORCAL Mutual Insurance Company, as well as the previously existing IND and ProAssurance Casualty Company. The merger of IND and ProAssurance Casualty Company is the primary reason why the company-based HHI increased in 2013. This merger did not affect the group-based HHI, which declined due to the fact that premiums became more evenly distributed among various insurance groups than has been the case in previous years. In 2014, both the company-based and the group-based HHI values decreased, as more competitors entered the market and some smaller competitors experienced modest market-share gains relative to larger competitors. This observation reinforces the conclusion of the Nevada Division of Insurance that recent insurer merger activity has not diminished competitiveness within the medical professional liability

[7] Source: U.S. Department of Justice, Antitrust Division. "Herfindahl-Hirschman Index". Available at http://www.justice.gov/atr/public/guidelines/hhi.html.

insurance market in Nevada. Indeed, market concentration has declined in the aftermath of the IND/ProAssurance merger.

The Nevada Division of Insurance plays a key role in continuing to facilitate a competitive market through reasonable regulation, which includes a prompt but thorough and even-handed review of rate, rule, and form filings, consistent with the Division's dual focus on the interrelated goals of consumer protection and insurer solvency.

Exhibit III summarizes the approved rate and rule filings for medical malpractice insurance covering physicians and surgeons in Nevada during the time period from January 1, 2014, to May 8, 2015. During the time period in question, several new programs of medical malpractice insurance were introduced, and several insurers entered the market. This is indicative of a healthy level of competition and an increasing array of choices for medical practitioners. Rates have largely remained stable, and most filings submitted during this time period had no rate impact. Several insurers proposed neutral overall rate changes (while altering classification-specific relativities, rating rules, and other elements of their rating plans), while several other insurers received approval for overall decreases to their rates The Insurance Services Office – a rate-service organization that files loss costs that its client insurers have the option to adopt – filed and received approval for two overall decreases in loss costs effective October 1, 2014, and October 1, 2015, respectively. The Division approved these changes as reasonable, not excessive, not inadequate, and not unfairly discriminatory, as supported by actuarial justifications provided by the filing entities. As Exhibits I and II, along with numerous submissions of company-specific data to the Division, demonstrate, medical professional liability insurers have generally achieved highly favorable experience in Nevada. Therefore, all of the approved decreases in rates are consistent with the requirement that rates be adequate to pay for insurers' expected future losses and to maintain insurers' minimum required capital and surplus levels.

To summarize, the market for medical professional liability insurance remains favorable in Nevada – with healthy and growing competition, available and affordable coverages, and an undiminished capacity of insurers to pay claims.

Closed-Claim Reporting and Trends

NRS 679B.144 requires the Commissioner to collect information regarding closed claims for medical malpractice filed against physicians and surgeons in Nevada and to provide a report to the Legislature on the information collected. Significant improvements in the quality of information collected were achieved as a result of the Division's implementation of a fully electronic closed-claim reporting system, effective October 18, 2012.[8] As of July 1, 2013, all insurers were required to use solely electronic submission of closed-claim reports. The electronic reporting system has fulfilled the Division's expectations: it has streamlined the reporting process, captured the data elements required by law in a more usable fashion, eliminated data elements that are obsolete (e.g., data regarding medical legal screening panels, which were abolished in

[8] See Division of Insurance Bulletin 12-006: http://doi.nv.gov/sinfo/bulletin/12-006.pdf

2002), and enabled more efficient and effective aggregation, segmentation, and analysis of the closed-claim data for the purpose of drawing meaningful conclusions.

Exhibit IV provides the closed-claim experience by type of practitioner (e.g, MD, DO, DDS, Other) for claims closed during calendar years 2014. Exhibit V provides the same information for calendar year 2013. The claims are shown in the year that they are closed, regardless of when the incident occurred or when the claim was first reported. It is important to note some limitations of these figures and the fact that they may therefore not reflect the entirety of payments by medical malpractice insurers during those calendar years. These limitations include the following:

- Closed-claim reporting is statutorily mandated for the MD and DO (Doctor of Osteopathic Medicine) claims. The Division has also requested carriers to report dental claims, and Division staff believes that a significant portion of the dental claims are being reported. The Division receives some closed claims for other license types and facilities, but it is likely that some such claims are not being reported, since their reporting is not mandated by law.
- Partial payments on claims that remained open are excluded.
- While the Division makes extensive efforts to achieve comprehensive reporting by providers of medical malpractice insurance, it is difficult to obtain complete data from some segments of the market. Admitted traditional medical malpractice insurers have generally complied with all reporting requirements. If any late compliance or failure to comply is observed, the Division is able to follow up with appropriate measures. Voluntary reporting has been requested of insurers in the nonadmitted market and risk-retention groups (RRGs). However, some nonadmitted insurers and RRGs domiciled in other states have made the argument that they are exempt from the reporting requirements pursuant to federal law. Therefore, the data of some such entities may not be available to the Division for inclusion.
- By their nature, the closed-claim totals in Exhibits IV and V will not reconcile with the annual totals for incurred losses from Exhibits I and II. This is because the data reported by insurers to the NAIC includes changes in case and IBNR reserves – estimates of amounts that the insurer expects to pay out on a given claim (or on claims incurred but not yet reported to the insurer) but has not yet paid – as well as incremental payments on claims that remain open. Including changes in case and IBNR reserves can change the loss amount in either direction. "Negative" losses can occur when insurers revise their case reserves downward in light of emerging favorable information regarding specific claims or revise their IBNR reserves downward in light of a more optimistic expectation regarding the emergence of future claims.

Despite the aforementioned limitations on data, the Division can observe that total closed-claim indemnity payments decreased from $21,050,837.26 in 2013 to $14,762,384.75 in 2014. The 2014 total payment amount slightly above the historical low of $12,269,675.42 from 2012. The number of closed claims fluctuated from 49 in 2012 to 77 in 2013 to 68 in 2014. During 2014, closed claims pertaining to MD insureds decreased both in number (from 48 to 41) and in average dollar indemnity payment (from $304,486.24 to $206,695.56) relative to 2013 levels. These decreases in closed-claim

count and severity for MD insureds account for the majority of the observed changes between 2013 and 2014. Total allocated loss-adjustment expenses (ALAE) on claims closed in 2014 were $6,135,604.26, compared to $9,582,983.02 in 2013 and $4,342,350.81 in 2012. While closed-claim indemnity and ALAE payments cannot be expected to match calendar-year insurer loss ratios, the pattern in these payments is consistent with the pattern of loss ratios observed for 2012, 2013, and 2014. The data available to the Nevada Division of Insurance suggests that 2014 has been an intermediate year relative to the extremely favorable insurer loss experience of 2012 and the somewhat less favorable (although still favorable in absolute terms) experience of 2013.

In 2008 Nevada experienced a major hepatitis C outbreak resulting from unhygienic practices at several endoscopy centers in southern Nevada. The outbreak has prompted significant medical malpractice litigation that had been ongoing for several years but appears to have subsided by 2014 and 2015.

The Division has been monitoring closed claims pertaining to the endoscopy-clinic litigation. Despite the recent litigation resulting from the hepatitis cases, the market remains competitive, and the volume of closed claims related to the hepatitis C outbreak slowed in 2011 and virtually disappeared in 2012, as compared to earlier years. In 2013, by contrast, the Division observed tens of *closed* claims related to the endoscopy-clinic litigation, most with $0 in indemnity payments awarded to claimants, along with several closed claims where payments to claimants were made, totaling $725,000 among various claimants and insurers. 2013 closed claims with payments to claimants also resulted in total allocated loss-adjustment expenses of $677,762.69, while the much more numerous zero-indemnity claims resulted in total allocated loss-adjustment expenses of $5,588,225.05, paid in connection with matters such as the investigation and defense of the claim. While these amounts are significant, the fact that they were reported in relation to *closed* claims in 2013 suggests that the preponderance of the medical malpractice claims surrounding the 2008 hepatitis C outbreak and the consequent the endoscopy-clinic litigation may have been resolved. This observation is reinforced by the apparent lack of closed-claim reports pertaining to the endoscopy-clinic litigation, filed during 2014 or during 2015 thus far. It is important to note, however, that this observation is limited to claims filed with medical malpractice insurers against their insureds, and is not intended to be a comment on any criminal cases or any litigation involving any other parties as defendants.

As of October 2015, the Division has not observed any significant constriction in coverages or reductions in affordability due to the endoscopy-clinic litigation in question. Nevada's market for medical professional liability insurance has been stable and competitive during the time period from 2009 through the present, and medical malpractice insurance continues to be widely available and affordable.

EXHIBIT I

Medical Professional Liability Insurance by Premium: Top 25 Insurers - Calendar Year 2014										
(Monetary figures are in thousands of dollars.)										
RANK	NAIC Group Code	NAIC Company Code	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio
1	2698	38954	ProAssurance Casualty Company	MI	13,465	18.19%	18.19%	16,627	3,216	19.34%
2	1282	33200	NORCAL Mutual Insurance Company	CA	7,998	10.80%	28.99%	2,933	1,387	47.29%
3	4789	11260	Nevada Mutual Insurance Company, Inc.	NV	7,668	10.36%	39.35%	7,861	1,000	12.72%
4	31	11843	Medical Protective Company	IN	6,687	9.03%	48.38%	6,529	2,548	39.03%
5		12613	Premier Physicians Insurance Company, Inc., a RRG	NV	4,937	6.67%	55.05%	5,244	975	18.59%
6	158	37079	Hudson Insurance Company	NY	2,972	4.01%	59.06%	2,322	2,451	105.56%
7	1282	12754	Medicus Insurance Company	TX	2,719	3.67%	62.73%	8,104	7,857	96.95%
8	831	34495	Doctors Company, An Interinsurance Exchange	CA	2,626	3.55%	66.28%	2,609	-3,729	-142.93%
9	158	25054	Hudson Insurance Company	DE	2,285	3.09%	69.36%	3,237	872	26.94%
10		35904	Health Care Indemnity, Inc.	CO	1,615	2.18%	71.55%	1,615	-5,396	-334.12%
11	218	20427	American Casualty Company Of Reading, PA	PA	1,429	1.93%	73.48%	1,385	25	1.81%
12	12	19437	Lexington Insurance Company	DE	1,343	1.81%	75.29%	1,334	-4,432	-332.23%
13	218	31127	Columbia Casualty Company	IL	1,167	1.58%	76.87%	1,143	29	2.54%
14	218	20443	Continental Casualty Company	IL	1,070	1.45%	78.31%	1,116	-1,803	-161.56%
15		12180	California Medical Group Insurance Company, RRG	AZ	941	1.27%	79.58%	0	288	0%
16		14260	OrthoForum Insurance Company, RRG	SC	906	1.22%	80.81%	901	785	87.13%
17		19348	Capson Physicians Insurance Company	TX	815	1.10%	81.91%	768	167	21.74%
18	98	24856	Admiral Insurance Company	DE	810	1.09%	83.00%	703	343	48.79%
19		44504	California Medical Group Insurance Company, RRG	HI	798	1.08%	84.08%	783	-277	-35.38%
20		12539	Nevada Docs Medical RRG, Inc.	NV	742	1.00%	85.08%	763	145	19.00%
21	2638	15865	NCMIC Insurance Company	IA	720	0.97%	86.05%	731	109	14.91%
22		44105	Ophthalmic Mutual Insurance Company RRG	VT	698	0.94%	87.00%	717	7	0.98%
23		11513	Physicians Specialty Ltd., RRG	SC	663	0.90%	87.89%	663	-1,047	-157.92%
24	2698	14460	Podiatry Insurance Company Of America	IL	574	0.78%	88.67%	624	-286	-45.83%
25		11714	Emergency Physicians Insurance Company, RRG	NV	547	0.74%	89.41%	534	277	51.87%
Totals for Top 25 Companies					***66,195***	***89.41%***		***69,246***	***5,511***	***7.96%***
Totals for All 108 Companies (87 Active Companies)					***74,039***	***100%***		***77,437***	***10,241***	***13.22%***

EXHIBIT II

Medical Professional Liability Insurance by Premium: Top 25 Insurers - Calendar Year 2013										
(Monetary figures are in thousands of dollars.)										
RANK	NAIC Group Code	NAIC Company Code	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio
1	2698	38954	ProAssurance Casualty Company	MI	16,525	20.44%	20.44%	16,639	-1,303	-7.83%
2	1282	12754	Medicus Insurance Company	TX	10,591	13.10%	33.54%	10,689	5,227	48.90%
3	4789	11260	Nevada Mutual Insurance Company, Inc.	NV	8,036	9.94%	43.48%	8,257	3,068	37.16%
4	31	11843	Medical Protective Company	IN	5,495	6.80%	50.28%	5,516	797	14.45%
5		12613	Premier Physicians Insurance Company, Inc., a RRG	NV	5,194	6.42%	56.70%	5,550	1,112	20.04%
6	158	25054	Hudson Insurance Company	DE	3,581	4.43%	61.13%	3,315	-284	-8.57%
7	158	37079	Hudson Specialty Insurance Company	NY	3,487	4.31%	65.45%	2,365	42	1.78%
8	12	19437	Lexington Insurance Company	DE	3,071	3.80%	69.24%	2,979	13,045	437.90%
9	831	34495	Doctors Company, An Interinsurance Exchange	CA	2,985	3.69%	72.94%	3,061	5,866	191.64%
10	218	20427	American Casualty Company Of Reading, PA	PA	1,306	1.62%	74.55%	1,284	-328	-25.55%
11		12180	California Medical Group Insurance Company, RRG	AZ	1,200	1.48%	76.04%	0	121	0%
12	218	20443	Continental Casualty Company	IL	1,152	1.42%	77.46%	1,198	606	50.58%
13	218	31127	Columbia Casualty Company	IL	1,132	1.40%	78.86%	1,078	1,243	115.31%
14		35904	Health Care Indemnity, Inc.	CO	1,116	1.38%	80.24%	1,116	1,013	90.77%
15		44504	California Healthcare Insurance Company, Inc., RRG	HI	1,010	1.25%	81.49%	1,008	26	2.58%
16		11513	Physicians Specialty Ltd., RRG	SC	945	1.17%	82.66%	945	1,024	108.36%
17		12539	Nevada Docs Medical RRG, Inc.	NV	768	0.95%	83.61%	763	120	15.73%
18		14260	OrthoForum Insurance Company RRG	SC	757	0.94%	84.55%	764	644	84.29%
19	2698	14460	Podiatry Insurance Company Of America	IL	714	0.88%	85.43%	680	60	8.82%
20		44105	Ophthalmic Mutual Insurance Company RRG	VT	711	0.88%	86.31%	716	-147	-20.53%
21	2638	15865	NCMIC Insurance Company	IA	711	0.88%	87.19%	710	95	13.38%
22		19348	Capson Physicians Insurance Company	TX	693	0.86%	88.05%	610	37	6.07%
23	831	34487	TDC Specialty Insurance Company	DC	689	0.85%	88.90%	518	154	29.73%
24	98	24856	Admiral Insurance Company	DE	606	0.75%	89.65%	734	1,452	197.82%
25	508	44121	OMS National Insurance Company, RRG	IL	543	0.67%	90.32%	494	176	35.63%
Totals for Top 25 Companies					***73,018***	***90.32%***		***70,989***	***33,866***	***47.71%***
Totals for All 101 Companies (81 Active Companies)					***80,845***	***100.00%***		***78,643***	***35,454***	***45.08%***

EXHIBIT III – Approved Nevada Rate Filings for Medical Professional Liability Insurance of Physicians and Surgeons (January 1, 2014 – May 8, 2015) – Page 1

Company Name	Program/Filing Description	Approved Change	Approved Maximum Change	New Business Effective Date	Renewal Effective Date	Comments
AXIS INSURANCE COMPANY	Physicians' and Surgeons' Professional Liability	N/A	N/A	7/1/2014	7/1/2014	New program
FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY	Psychiatrists' Professional Liability Program for Psychiatrists' Purchasing Group, Inc.	N/A	N/A	5/1/2014	5/1/2014	Minor rule filing, clarifying the applicability of a previously approved notice form to the Psychiatrists' Professional Liability Program for Psychiatrists' Purchasing Group, Inc. There was no rate impact.
HUDSON INSURANCE COMPANY	Nevada Physicians' and Surgeons' Professional Liability	-16.9	4.9	9/1/2014	9/1/2014	Overall decrease, mostly accomplished through base-rate changes. Many specialties received decreases to specialty-specific relativities, but some, such as OB/GYNs, received increases. The company's consistent high double-digit profitability in recent years means that rates would remain adequate in the aftermath of this decrease.
INSURANCE SERVICES OFFICE, INC. (ISO)	Loss Costs for Physicians/Surgeons/Dentists	-20.0	-3.2	10/1/2014	10/1/2014	Overall decrease of loss costs by 20%, based on an indication of -20.2%. Changes vary by individual classification.
		-15.5	0.0	10/1/2015	10/1/2015	Most classifications would receive a 15.5% decrease. A small minority of lower-premium classifications would receive no change.
MEDICAL PROTECTIVE COMPANY	Healthcare Professionals - Podiatrists	0.0	0.0	11/1/2014	11/1/2014	Change to Extended Reporting Period cost to be 200% of the expiring policy premium. No impact on in-force business.

EXHIBIT III – Approved Nevada Rate Filings for Medical Professional Liability Insurance of Physicians and Surgeons (January 1, 2014 – May 8, 2015) – Page 2

Company Name	Program/Filing Description	Approved Change	Approved Maximum Change	New-Business Effective Date	Renewal Effective Date	Comments
MUTUAL INSURANCE COMPANY OF ARIZONA	Physicians' and Surgeons' Professional Liability	N/A	N/A	5/15/2014	5/15/2014	This was a rule filing to add increased-limit factors for two more options on the Excess Increased Limits of Liability Table: $3M/$15M and $3M/$20M. There was no rate impact to existing business.
		N/A	N/A	6/15/2014	6/15/2014	This was a rule filing to add an increased-limit factor for one more option on the Excess Increased Limits Table: $1MM/$15MM. There was no rate impact to existing business.
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH PA	Healthcare Agency Professional Liability Program	N/A	N/A	10/21/2014	10/21/2014	Company introduced new additional endorsements and made revisions to its rate pages to contemplate the premium impact of those forms. No premium changes affected existing insureds.
NORCAL MUTUAL INSURANCE COMPANY	Physicians' and Surgeons' Professional Liability	N/A	N/A	5/1/2014	5/1/2014	NORCAL Mutual took over the book of Medicus Insurance Company, an affiliated company, effective 5/1/2014. The substance of the rates and coverages would remain the same for the time being.
		0.0	34.1	10/1/2015	10/1/2015	Overall neutral impact for this book of business, with individual changes ranging from -14.5% to 34.1%. The majority of insureds would receive modest decreases in the interval of [-5%,0%).
PREFERRED PROFESSIONAL INSURANCE COMPANY	Physicians' and Surgeons' Professional Liability	N/A	N/A	1/1/2015	N/A	New program
		N/A	N/A	6/1/2015	N/A	Downward revision to several base rates that were submitted in error. No impact on existing insureds, since none have been written in this recently introduced program to date.
PROASSURANCE CASUALTY COMPANY	Healthcare Professional Liability Program - Ob-Gyn Risk Alliance Rules	N/A	N/A	7/1/2014 6/1/2015	7/1/2014 6/1/2015	Minor rule revisions; no rate impact.

EXHIBIT IV: Nevada Closed-Claim Data by Type of Practitioner (2014)

Indemnity Payments on Nevada Medical Professional Liability Claims Closed in 2014 (With Payments of $5000 or Greater)				
Source: Compilation of Closed-Claim Reports Submitted to the Nevada Division of Insurance for Calendar Year 2014				
Type of Practitioner	**Indemnity Payments on Claims Closed in Year (Only claims with payments of $5000 or greater are included.)**	**Number of Claims Closed in Year (With Payments of $5000 or Greater)**	**Average Indemnity Payment on Claims Closed in Year (With Payments of $5000 or Greater)**	**Total Allocated Loss-Adjustment Expenses (ALAE) on Claims Closed in Year (With Payments of $5000 or Greater)**
Doctor of Dental Medicine (DMD)	$60,000.00	1	$60,000.00	$41,352.26
Doctor of Dental Surgery (DDS)	$225,000.00	6	$37,500.00	$118,513.67
Doctor of Medicine (MD)	$8,474,518.15	41	$206,695.56	$4,357,743.74
Doctor of Osteopathic Medicine (DO)	$1,508,065.02	8	$188,508.13	$611,112.02
Other	$4,494,801.58	12	$374,566.80	$1,006,882.57
TOTALS FOR 2014	**$14,762,384.75**	**68**	**$217,093.89**	**$6,135,604.26**

EXHIBIT V: Nevada Closed-Claim Data by Type of Practitioner (2013)

Indemnity Payments on Nevada Medical Professional Liability Claims Closed in 2013 (With Payments of $5000 or Greater)				
Source: Compilation of Closed-Claim Reports Submitted to the Nevada Division of Insurance for Calendar Year 2013				
Type of Practitioner	**Indemnity Payments on Claims Closed in Year (Only claims with payments of $5000 or greater are included.)**	**Number of Claims Closed in Year (With Payments of $5000 or Greater)**	**Average Indemnity Payment on Claims Closed in Year (With Payments of $5000 or Greater)**	**Total Allocated Loss-Adjustment Expenses (ALAE) on Claims Closed in Year (With Payments of $5000 or Greater)**
Doctor of Dental Medicine (DMD)*	$7,500.00	1	$7,500.00	$41,480.15
Doctor of Dental Surgery (DDS)	$82,500.00	4	$20,625.00	$131,367.44
Doctor of Medicine (MD)	$14,615,339.64	48	$304,486.24	$6,618,712.71
Doctor of Osteopathic Medicine (DO)	$1,351,184.02	10	$135,118.40	$1,226,659.11
Other	$5,001,813.60	15	$333,454.24	$1,606,243.76
TOTALS FOR 2013	**$21,050,837.26**	**77**	**$273,387.50**	**$9,582,983.02**

**** Note:** The one DMD insured experiencing a claim greater than $5,000 is also a DDS. This insured's claim is included in both the DMD and DDS totals, but is counted only once for purposes of the total figures for all claims closed in 2013 with payments of $5,000 or greater.*