

Medical Malpractice Loss Trends, 2010

2010 Casualty Loss Reserve Seminar
September 20, 2010

Sources of Medical Malpractice Data

- State by state filings
 - Positives
 - Some filings are very thorough
 - Negatives
 - Quality varies by size, state requirements and quality of filing
 - Little hospital data available as hospitals are written surplus lines
- ISO
 - Positives
 - Negatives
 - No PIAA companies included. No surplus writers included.
- Aon Hospital Professional Liability Benchmark Study
 - Positives
 - Very comprehensive data: 100 healthcare organizations, totally over 1,500 facilities; 81,889 non-zero claims; representing \$9.5B incurred losses, submitted in a consistent format since 1990
 - Probably the best hospital data available
 - Negatives
 - Skewed somewhat to higher severity, since most organizations are urban, teaching hospitals

Sources of Medical Malpractice Data

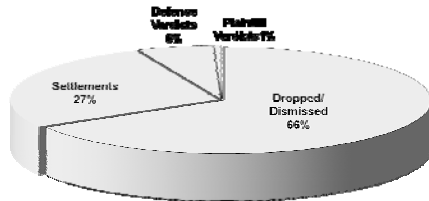
- Jury Verdicts Research
 - Positives
 - Countrywide in scope; accurate data
 - Tends to be a leading indicator
 - Negatives
 - Jury verdicts represent only 1% of all claims
 - Skewed towards higher severity—not representative of most claims settlements
- National Practitioners Data Base
 - Positives
 - Most comprehensive physician data base available
 - Negatives
 - Physician data only; no hospital data
 - Only closed claims = 5 year lag
 - No expense costs included in data
- PIAA Data
 - Positives
 - Outstanding analysis of causes of loss by speciality
 - Negative
 - Fear of competitor's use – limited utility

SEVERITY

Outcome of Malpractice Cases

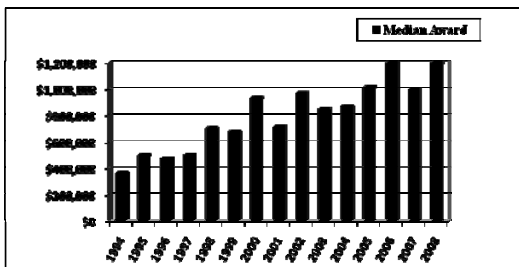
Closed in 2007

Source: PIAA Data Sharing Project



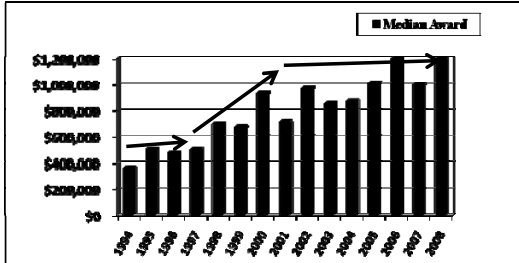
Median Medical Malpractice Jury Verdicts

Source: Jury Verdicts Research, 2010
LRP Publications



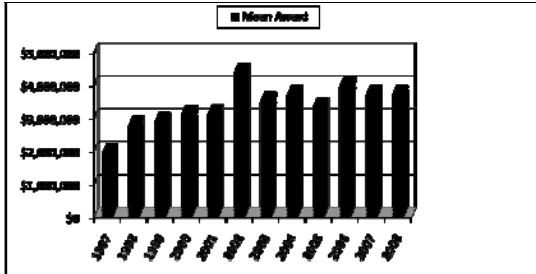
Median Medical Malpractice Jury Verdicts

Source: Jury Verdicts Research, 2010
LRP Publications



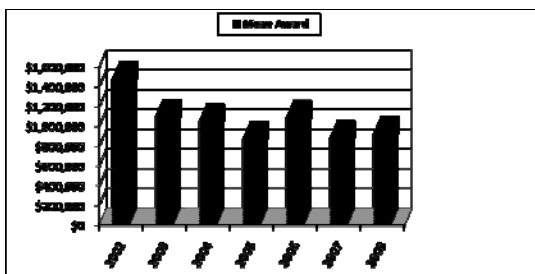
Mean Medical Malpractice Jury Verdicts

Source: Jury Verdicts Research, 2010
LRP Publications



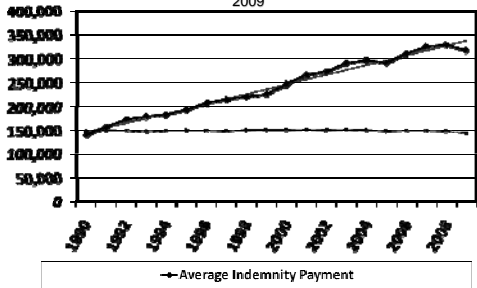
Compensatory Award Means for Both Plaintiff and Defense Medical Malpractice Jury Verdicts

Source: Jury Verdicts Research, 2010
LRP Publications



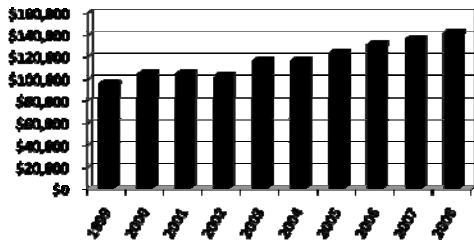
National Practitioners Data Base Nationwide Severity Analysis

Source: National Practitioner Data Bank Public Use File, December 30, 2009



Aon HPL Benchmark Study Hospital Severity

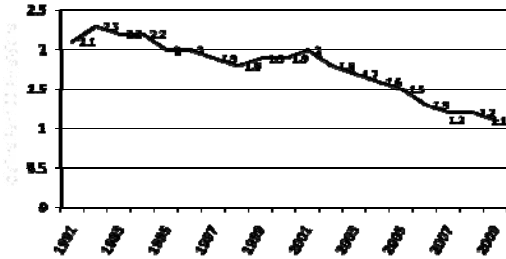
Aon Hospital Professional Liability and Physician Liability 2009
Benchmark Analysis



FREQUENCY

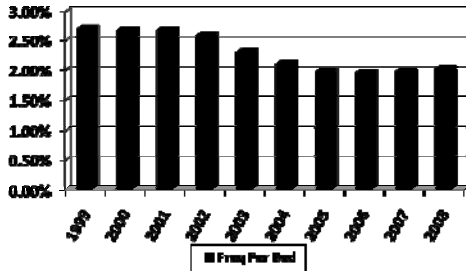
National Practitioners Data Base
 Nationwide
 Frequency Analysis

Source: National Practitioners Data Bank public use file, December 30, 2009



Aon HPL Benchmark Study
 Hospital Frequency

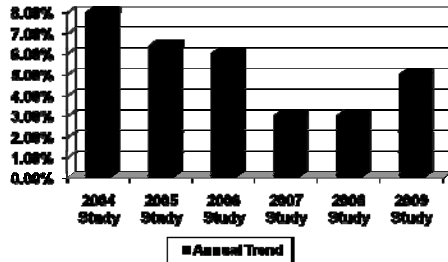
(per bed)
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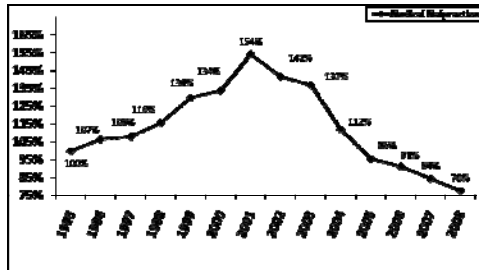
FREQUENCY AND
 SEVERITY
 TREND ANALYSIS

Aon HPL Benchmark Study Annual Trend Comparison

Aon Hospital Professional Liability and Physician Liability 2009
Benchmark Analysis



Medical Malpractice Industry Combined Ratio



Source: Bests Aggregates & Averages, 2009 Property & Casualty edition
