

**2010 Aon/ASHRM Hospital Professional Liability and Physician Liability Benchmark Analysis**

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**Introduction**

- The 2010 edition of Aon/ASHRM benchmark report was published under co-marketing agreement between Aon and ASHRM. This was the 11<sup>th</sup> annual report.
- The "benchmarking" includes actuarial considerations such as loss development and the calculation of ultimate losses on an accident year basis.
- The focus of the report is on the "self insured" layer of hospital professional liability.
- The Risk Management audience uses the report to:
  - Gain an understanding for industry-wide claim frequency and severity trends
  - Measure and describe their cost of risk in comparison to peer groups
  - Identify areas for risk management investments or measure the return on prior initiatives

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**Introduction**

- For an actuarial audience, the benchmarking information can be useful in:
  - Estimating current trends or historical cost index
  - Establishing expected loss rates (a priori estimates)
  - Measuring differentials between risks based on geography, specialty
  - Having a data-based discussion about changes in legislation, healthcare delivery, or the insurance market.

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**Participation**

- Participation grew by almost 20%
- Total of 1,800 facilities with over 150,000 staffed beds
- 89,240 non-zero claims totaling \$11.8 billion in incurred losses over ten year period
- Participants vary from largest systems to single facilities
- 119 systems from 49 states
- Estimate that resulting database represents 23% of the hospital industry in the U.S.

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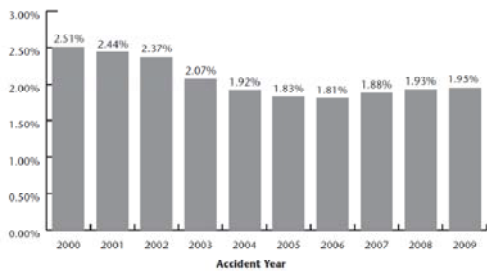
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**Claim Frequency Showing Slow Growth**

Hospital Professional Liability Benchmark  
10-Year-Claim Frequency  
Non-Zero Claims




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**Influences on Claim Frequency**

Hospital Professional Liability Benchmark  
Forces Impacting HPL Claims Frequency (2000-2010)

2000 - 2006 (Uniformly Downward Pressure)	2007 - Present (Mixed Influences)
Strong Decline in Frequency	Moderate Increase in Frequency
Downward Pressures on Frequency:	Downward Pressures on Frequency:
1. Tort reforms debated and enacted	1. Continued investment in patient safety initiatives and technology
2. Investment in patient safety initiatives and technology	Increasing Pressures on Frequency:
3. Public perception of "availability crisis"	1. Tort reform erosion
	2. Economic stress for households

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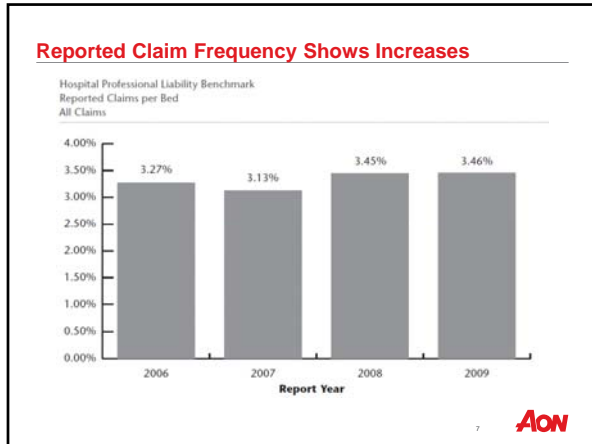
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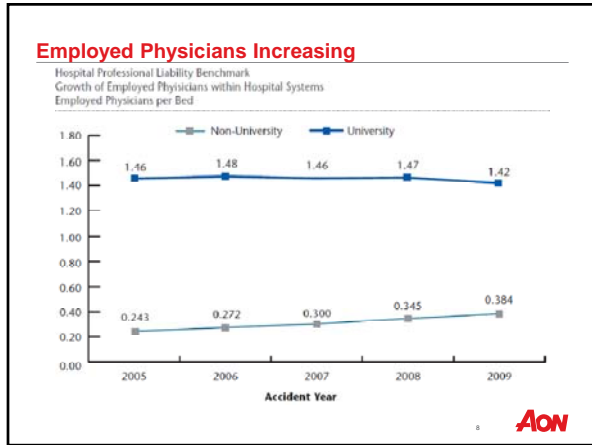
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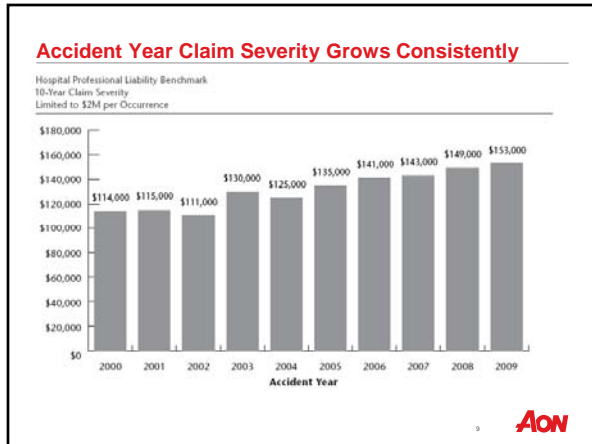
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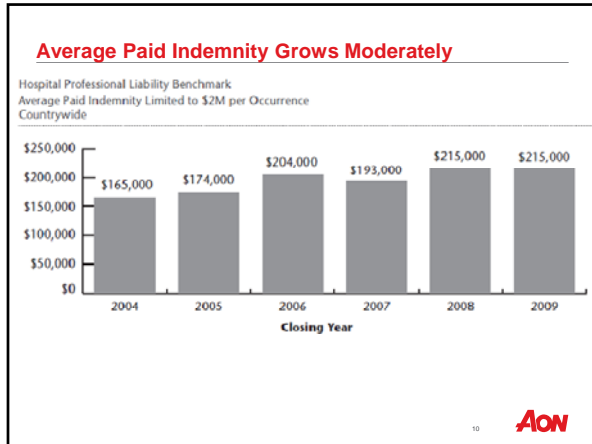
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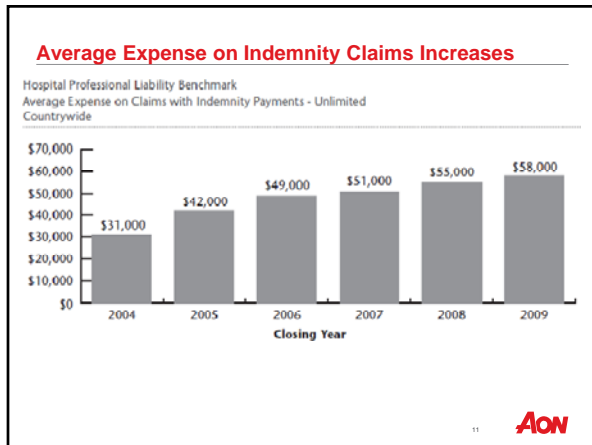
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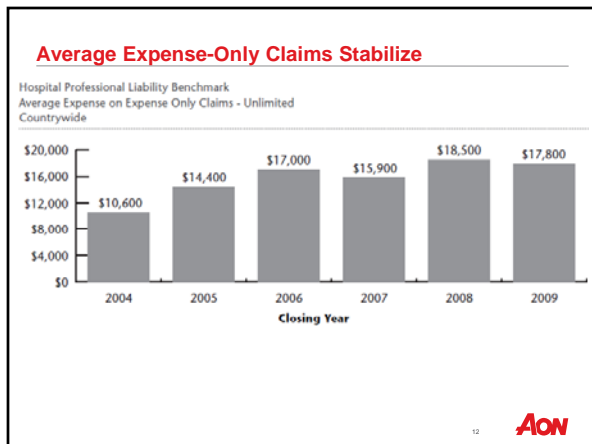
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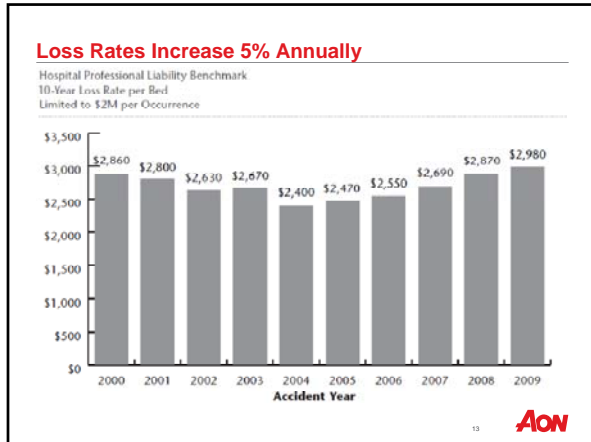
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### National Projections

Hospital Professional Liability Benchmark  
Countrywide Industry Projection

	Benchmark Participants	Projected Total Hospital Industry
<b>All Claims</b>		
Accident Year 2009 Non-Zero Claims	10,380	44,183
Accident Year 2009 Ultimate Loss and Expense (unlimited)	\$7,932,600,000	\$8,666,000,000
<b>Obstetrics (OB) Claims</b>		
Accident Year 2009 Non-Zero Claims	573	2,834
Accident Year 2009 Ultimate Loss and Expense (unlimited)	\$294,000,000	\$1,449,000,000
<b>Emergency Department (ED) Claims</b>		
Accident Year 2009 Non-Zero Claims	936	3,911
Accident Year 2009 Ultimate Loss and Expense (unlimited)	\$184,000,000	\$985,000,000

14 **AOW**

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### Claim Severity Distribution

Hospital Professional Liability Benchmark  
Severity Distribution by Size of Loss  
2010 Accident Year

Size of Claim	% of All Claims
\$0 to \$10,000	41.5%
\$10,000 to \$50,000	22.5%
\$50,000 to \$100,000	9.4%
\$100,000 to \$200,000	8.7%
\$200,000 to \$500,000	9.3%
\$500,000 to \$1,000,000	4.4%
\$1,000,000 to \$2,000,000	2.3%
Greater than \$2,000,000	2.0%

15 **AOW**

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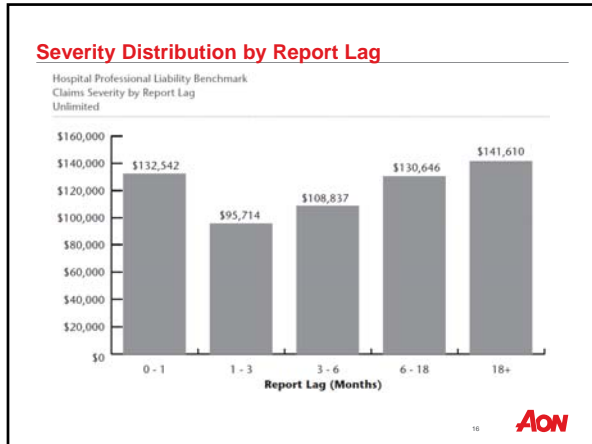
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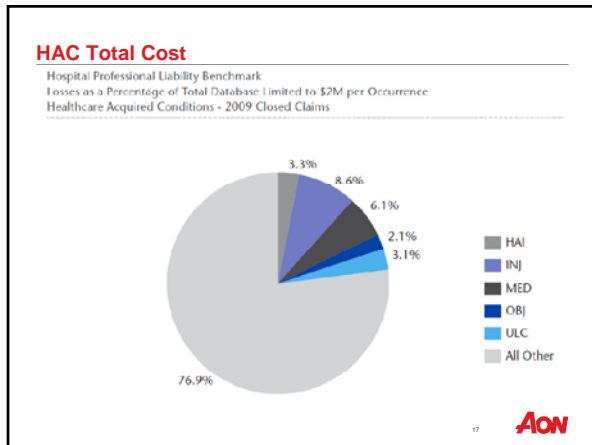
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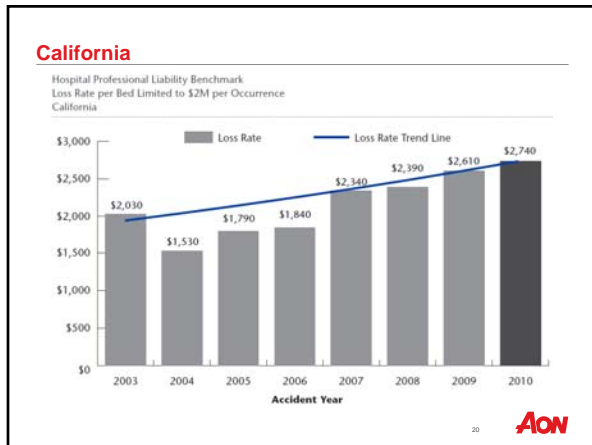
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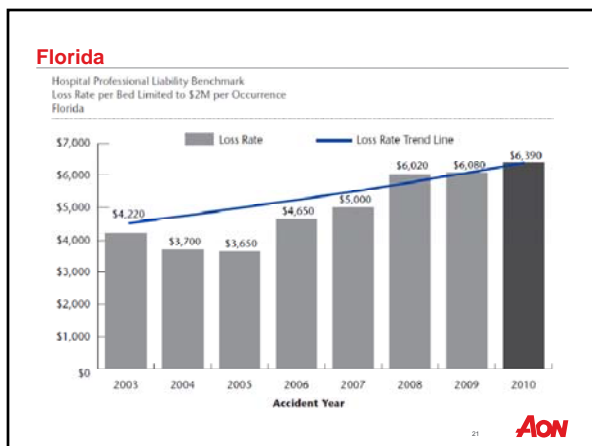
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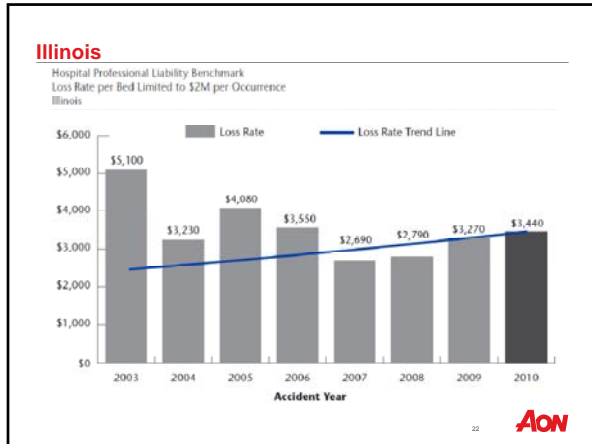
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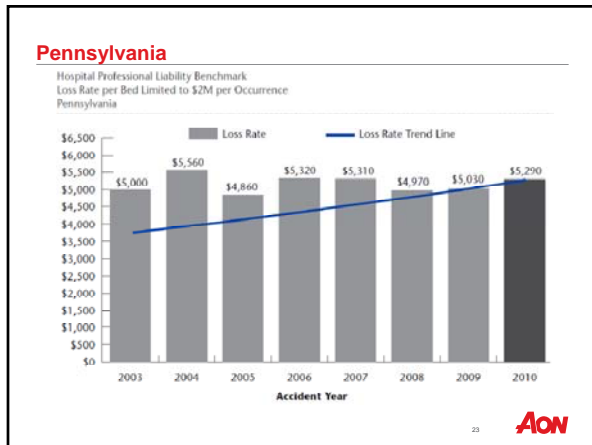
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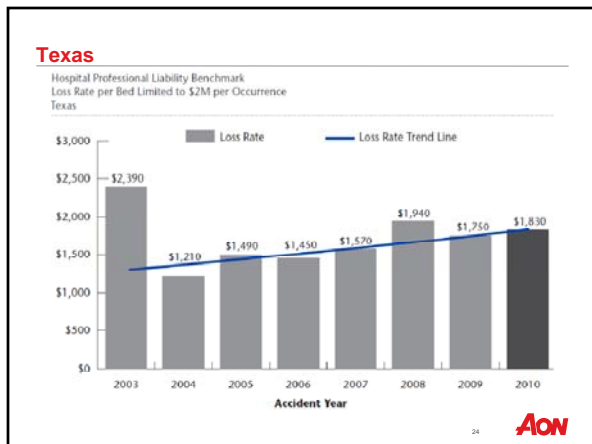
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