

# Malpractice Loss Trends 2012

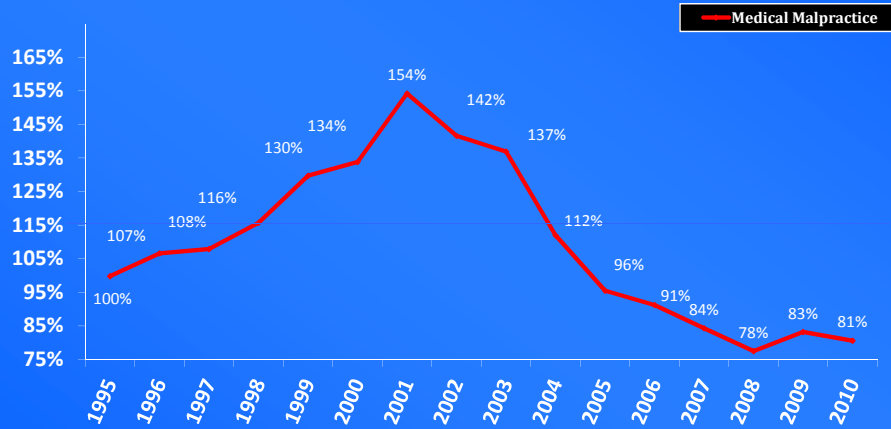
Kimber J. Lantry  
Hudson Insurance Group

## U.S. Medical Malpractice Tort Costs

<u>Year</u>	<u>U.S. Medical Malpractice Tort Cost</u>
2010	\$\$29.8 billion
2009	\$30.0 billion
2008	\$29.8 billion
2007	\$30.4 billion
2006	\$30.1 billion

Source: Towers Watson 2011  
Update on U.S. Tort Cost  
Trends

## Medical Malpractice Industry Combined Ratio

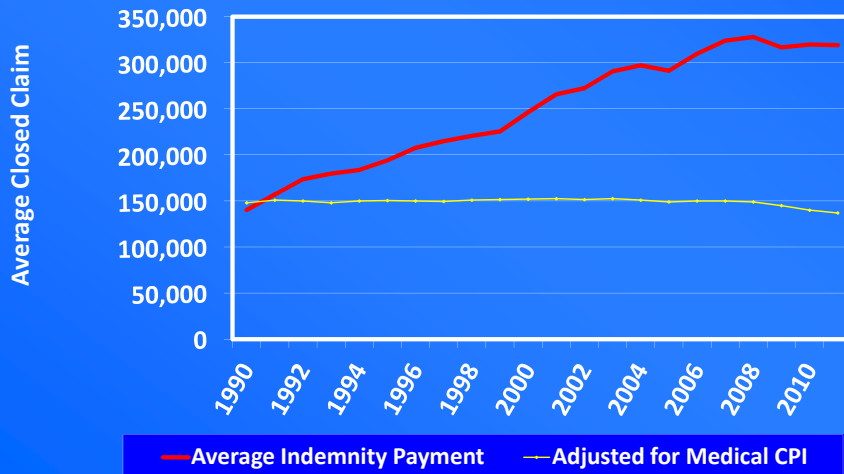


Source: Bests Aggregates & Averages, 2011 Property & Casualty edition

## SEVERITY

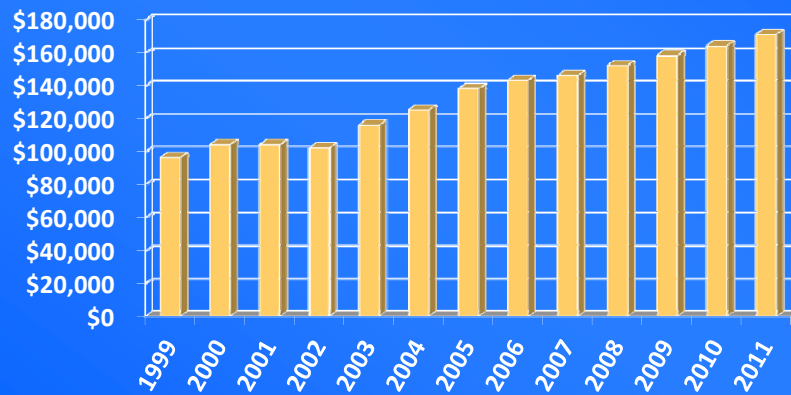
## National Practitioners Data Base Nationwide Severity Analysis

Source: National Practitioner Data Bank Public Use File, September 30, 2011



## Aon HPL Benchmark Study Hospital Severity

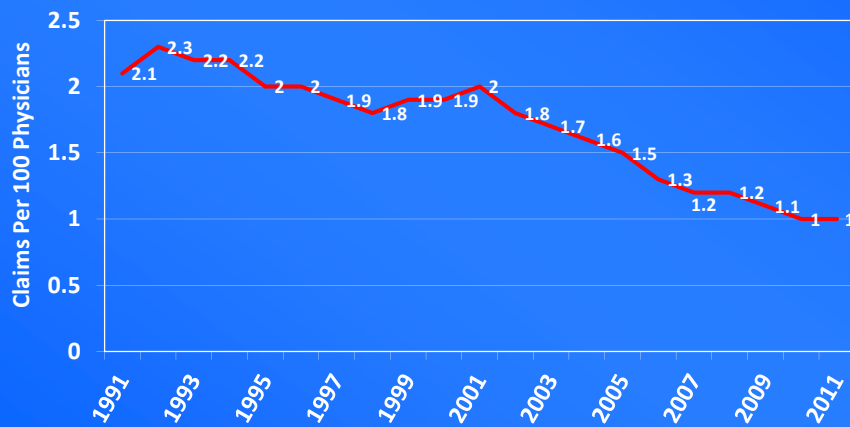
Aon Hospital Professional Liability and Physician Liability 2011  
Benchmark Analysis



# FREQUENCY

## National Practitioners Data Base Nationwide Frequency Analysis

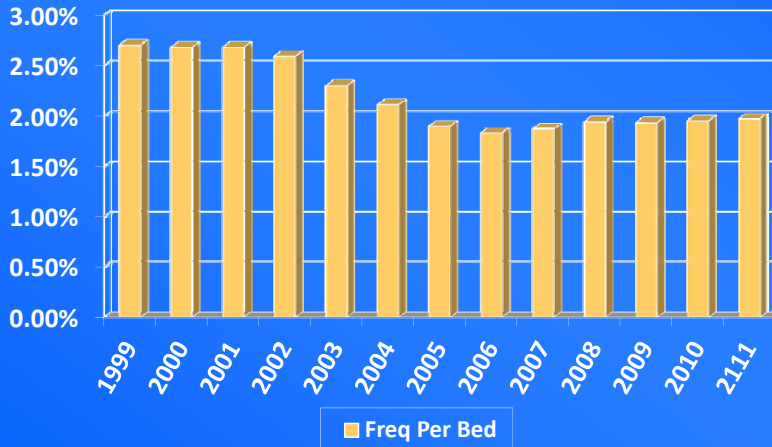
Source: National Practitioners Data Bank public use file, September 30, 2011



# Aon HPL Benchmark Study Hospital Frequency

(per bed)

Aon Hospital Professional Liability and Physician Liability 2011  
Benchmark Analysis



# Medical Malpractice Reserve Development

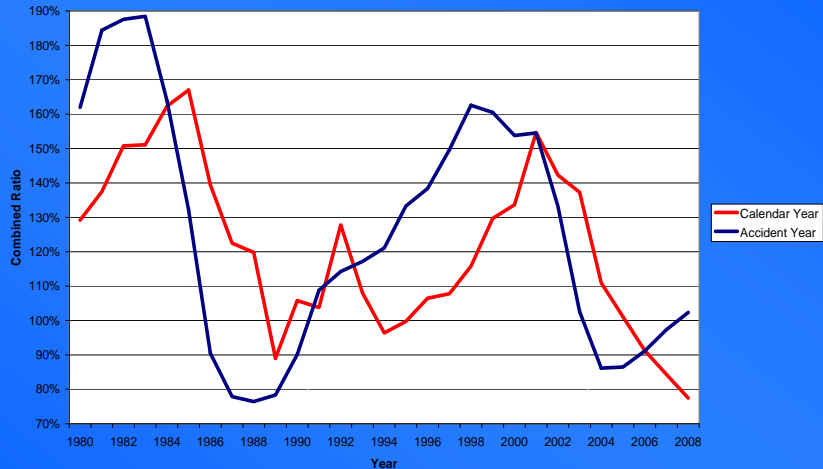
Source: Charles W. Mitchell, FCAS and Brad J. Parker, ACAS, Medical Liability Monitor, April, 2012



## Underwriting Cycle – Calendar Year vs. Accident Year

### Industry Aggregate Medical Malpractice Combined Ratio

Source: AM Best Aggregates & Averages  
Richard A. Lino, Oliver Wyman Actuarial Consulting, Inc.



AY reported results including IBNR reported as of December 31, 2008 (or 9 years after AY, if earlier)

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## “Obamacare” and ACOs

- Healthcare providers “on hold” awaiting:
  - June, 2012 - U.S. Supreme Court decision on “Obamacare”
  - November, 2012 election results
- Rush to form ACOs is on hold
- Healthcare providers who started EMRs finished them. Little new initiatives started.
- Mergers and acquisitions – probably slowed down