

Market Focus

In this issue, we look at medical professional liability rates for the Pennsylvania JUA and two large commercial insurers in the state.



The market for medical professional liability insurance in PA has become more competitive over the last few years, as seen by a decrease in JUA policies in force (peaked in February 2004) and written premiums. More of the JUA's insureds have found coverage elsewhere, particularly with risk retention groups rather than traditional commercial carriers in the state.

Large overall rate increases in the earlier part of the decade were followed by more moderate changes, ending with three straight years of rate decreases.

Market Focus: Pennsylvania JUA

The [Pennsylvania Professional Liability Joint Underwriting Association \(JUA\)](#) plays an important role in the medical professional liability insurance market in Pennsylvania. Currently, most of the major insurers of physicians and surgeons in the state provide historical data to the JUA, creating a broad statistical database for calculating physician specialty and territorial relativities. CASCO uses these relativities for many of our Pennsylvania health care provider clients. In addition, the [Mcare Fund](#) uses the JUA rating structure as part of the allocation process for the annual assessments to providers.

The JUA's historical overall rate changes and written premiums are shown below, followed by a graph of historical rates by county.

Pennsylvania JUA Historical Rate Changes and Written Premiums

Effective Date	Overall Rate Change ¹	Written Premium
1/1/2002	19.4%	\$36,430,956
9/1/2002	48.0%	34,628,497
9/1/2003	4.2%	43,572,845
9/1/2004	0.6%	33,870,878
1/1/2006	-6.6%	26,640,667
1/1/2007	7.7%	21,998,525
1/1/2008	5.4%	13,965,599
1/1/2009	-4.4%	10,407,749
1/1/2010	-8.9%	6,320,973 ²
1/1/2011	-9.4%	4,581,441 ²

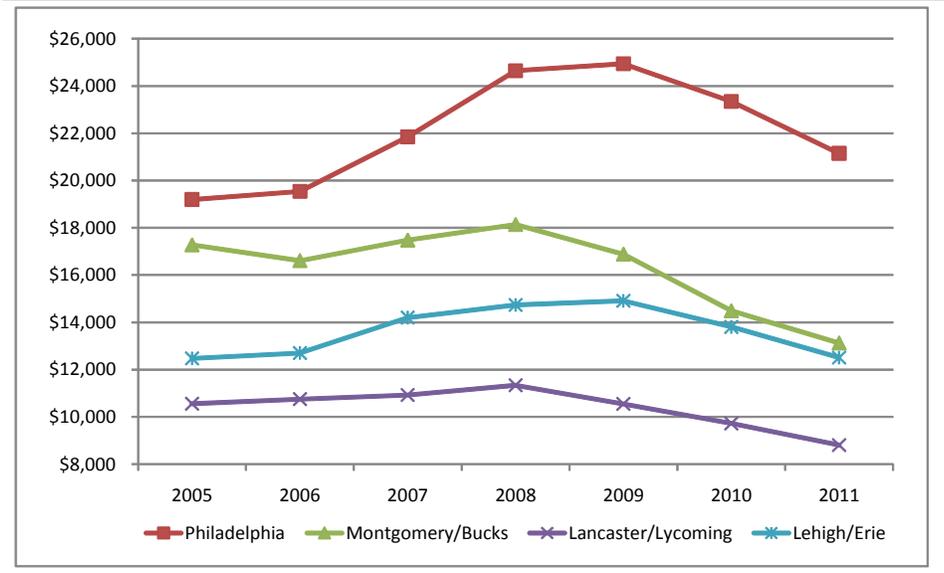
1. Overall rate changes only reflect changes in base rates, physician relativities, and territorial relativities, and are applied equally to institutional and non-institutional rates.

2. Estimated based on filed rate changes and JUA's expected decrease in number of policies in force.

Market Focus: Pennsylvania JUA (continued)

Rates have decreased or remained relatively stable for the counties displayed, except Philadelphia, whose rates have increased over this time period.

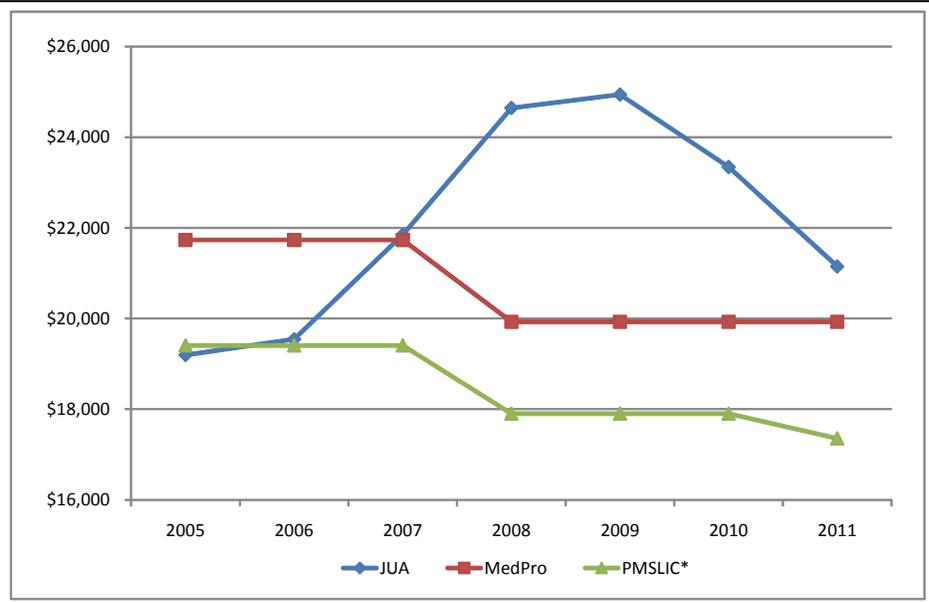
Pennsylvania JUA Historical Base Class Rates by County



Following are several graphs, differing by county (or county group), comparing recent trends in JUA base rates to similar trends for two major Pennsylvania medical professional liability carriers ([PMSLIC](#) and [Med Pro](#)).

JUA rates for Philadelphia county have experienced large year-to-year swings and increased about 10% over this time period, while MedPro and PMSLIC rates have decreased about 8% and 11%, respectively.

Pennsylvania JUA Historical Base Class Rates vs. MedPro and PMSLIC - Philadelphia County

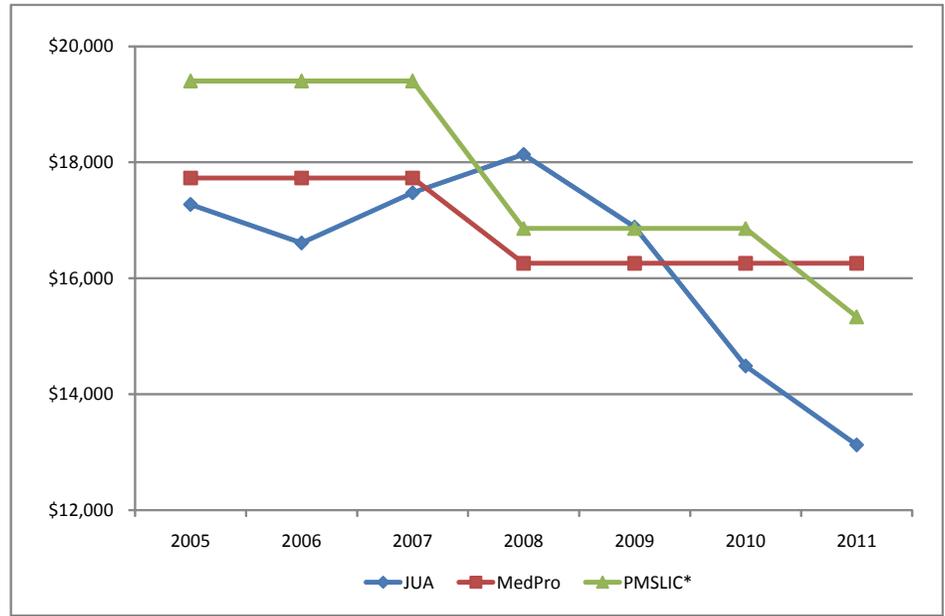


*PMSLIC rates are mature claims made, while JUA and MedPro rates shown are occurrence.

Market Focus: Pennsylvania JUA (continued)

JUA and PMSLIC rates for Bucks & Montgomery counties have decreased significantly over this time period (24% and 21%, respectively). MedPro rates have also decreased but not as dramatically (about 8%).

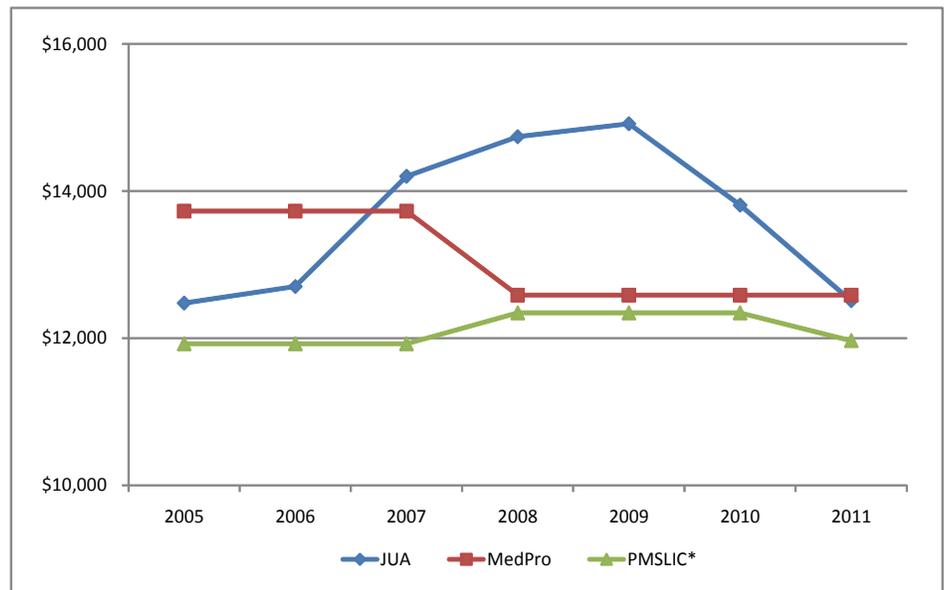
Pennsylvania JUA Historical Base Class Rates vs. MedPro and PMSLIC - Bucks & Montgomery Counties



*PMSLIC rates are mature claims made, while JUA and MedPro rates shown are occurrence.

PMSLIC rates for Erie county have remained relatively stable over this time period and Med Pro rates have decreased about 8%. JUA rates have varied from year-to-year but are currently back to their 2005 level.

Pennsylvania JUA Historical Base Class Rates vs. MedPro and PMSLIC - Erie County



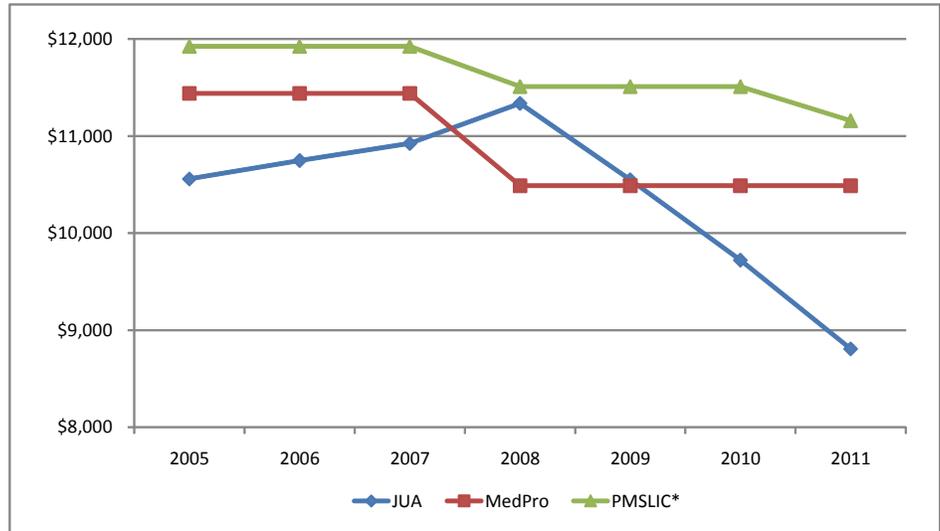
*PMSLIC rates are mature claims made, while JUA and MedPro rates shown are occurrence.

Market Focus: Pennsylvania JUA (continued)

JUA rates for Lancaster and Lycoming counties have decreased significantly (about 17%) over this time period, while rates for Med Pro and PMSLIC have also decreased but not to the same extent (about 8% and 6%, respectively).

PMSLIC's claims made rates are higher than JUA's and MedPro's occurrence rates in all years.

Pennsylvania JUA Historical Base Class Rates vs. MedPro and PMSLIC - Lancaster & Lycoming Counties



*PMSLIC rates are mature claims made, while JUA and MedPro rates shown are occurrence.

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