Current Business Environment
Alternative Risk Market

- Includes captives, risk retention groups (RRG’s) and trusts
- All are different forms of self insurance
- Over 4,000 captive companies and RRG’s formed worldwide (60% of Fortune 500 companies)
- Most not in U.S. because of state insurance laws (capital requirements and rate regulation)
- Bermuda, Cayman Islands and Vermont are most popular domiciles
Major Advantages of Self Insurance

• Cost Savings
  – No commercial insurance profit factor
  – Typically lower overhead than commercial

• Overfunding is returned to shareholders

• Insurance policy flexibility

• Linking malpractice loss costs with loss prevention/patient safety programs
Review of CT Med Mal Market

• Connecticut insurance market stable but not competitive.
• Recent high verdicts creating volatility.
• 2 major writers comprise 48% of the market (CMIC and ProSelect).
• Physician carrier rates for top multi line writers have not increased in last 3 years.
• Third largest writer is a Risk Retention Group (RRG) representing 22% of the premium.
• Surplus lines and RRGs are writing 37% of the business, consistent with their market share over the last 6 years.
• Appears CT has some of the highest average claims in nation.
Total U.S. Cost for Medical Malpractice

Dollars in Billions


Average Claim Severity
National Practitioner Data Bank @ 12/2006

Year

- Total Limits

United States
New York
Maryland
Connecticut
California
How Rates are Promulgated

• Rates are filed and used if less than 7.5% (+/-).
• If 7.5% or greater then prior approval.
• All med mal rate filings regardless of percentage treated on a priority basis by the Department.
• 2 carriers filed rate requests in 2007
  – 24.2% decrease with Med Pro
  – Doctor’s Company requests 7.1% increase;