



DATE: July 5, 2023

TO: All Interested Parties

FROM: Michael Humphreys
Insurance Commissioner

SUBJECT: Additional Medical Malpractice Basic Insurance Capacity

Under Pennsylvania's Act 13 of 2002, the Medical Care Availability and Reduction of Error Act ('Fund' or 'MCARE'), basic primary professional liability insurance limits could potentially be increased in 2024 from \$500,000 to \$750,000 per claim subject to an evaluation and analysis of the basic medical malpractice insurance coverage market capacity. A determination that additional capacity is not available would result in primary and Fund coverage limits for 2024 remaining in effect until such capacity is available in the future. The Department has previously undertaken reviews of the basic insurance coverage market capacity nine times. To date, none of the prior reviews resulted in a change in the Fund coverage levels.

In 2023, the Department engaged Deloitte Consulting LLP to perform a Medical Professional Liability Basic Insurance Capacity Study as of December 31, 2021. The study reviewed information from a data call by the Department and other sources. The study evaluated market share, leverage ratios and financial strength of medical professional liability insurers in Pennsylvania. Of particular note, the study found:

- A continued decline in admitted insurer market presence.
- RRG ACL ratios that have continued to decline and are now at their lowest point in the ten-year period studied.
- Admitted insurer ACL ratios that are at their second lowest point in the last eight years.
- Premium to surplus ratios for admitted insurers and RRGs that remain significantly lower than they were at the beginning of the previous decade.
- Companies with greater concentrations of their medical professional liability portfolio in Pennsylvania continue to have significantly lower ACL ratios and higher premium to surplus ratios than companies with more diversified national portfolios.

The Department solicited comments about this decision from all interested parties with a notice published in the Pennsylvania Bulletin on February 4, 2023. Only two entities responded to the request for comment.

In consideration of the statistical information underlying the medical malpractice insurance market in Pennsylvania, it cannot be determined that additional basic insurance capacity is currently available for calendar year 2024. Accordingly, there will be no increase to the current basic primary limits for calendar years 2024 and 2025.

Office of the Insurance Commissioner

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