

# Press Release

Beazley U.S. hospital claims data: Medical malpractice more costly; steep increase in largest claims

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The average cost of a medical malpractice claim in the U.S. has increased by 50% since 2009 with a sharp rise in the number of claims of more than \$5 million over the last four years, according to Beazley, a leading insurer of hospital professional liability (HPL).

These findings have been published in a collaborative article on the HPL insurance market by Beazley and Aon, contained within the latest annual Aon/ASHRM Hospital and Physician Professional Liability Benchmark Study. Specifically, the article studies trends in HPL claims above \$5 million and the impact on the HPL insurance market. It was based on data from Aon's extensive hospital and physician professional liability claims database and Beazley's database of more than 850,000 unique professional liability claims, representing 47% of all U.S. hospital beds.

Valentina Minetti, U.S. hospitals focus group leader at Beazley, said: "The average paid claim with indemnity closing in 2018 was 6 percent higher than in 2017. While that is only a single-digit increase from year to year, the cumulative effect of similar rises has taken the average paid claim from \$400,000 in 2009 – to almost \$600,000 last year. That means paid claims are 50% higher than they were nine years ago."

Beazley's findings further showed that large claims – defined as larger than \$5 million – now comprise a much greater portion of all claims than in years past. In looking at the period 2015-2018, these claims were 1.9% of total claims versus 1.2% in the prior four-year period 2011-2014.

"The percentage of the very biggest claims is up versus the previous four-year timeframe and now much greater than in the early 2000s when \$5 million claims were less than one percent of all claims," said

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Ms Minetti. "We attribute this rise to a combination of aggressive plaintiff attorneys and generous jury awards."

She concluded: "The double-digit million dollar claims are having a chilling effect on the medical liability community. Awards of this size drive hospitals to increase their self-insurance, can cause premiums to rise and industry capacity to decrease, so there is certainly a shared interest in seeing these rising costs stabilize."

A PDF of the collaborative article can be downloaded below. It was originally published as part of a wider report: *AON/ASHRM Hospital and Physician Professional Liability*.

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### Note to editors:

Beazley plc (BEZ.L) is the parent company of specialist insurance businesses with operations in Europe, the US, Canada, Latin America and Asia. Beazley manages six Lloyd's syndicates and in 2018 underwrote gross premiums worldwide of \$2,615 million. All Lloyd's syndicates are rated A by A.M. Best.

Beazley's underwriters in the United States focus on writing a range of specialist insurance products. In the admitted market, coverage is provided by Beazley Insurance Company, Inc., an A.M. Best A rated carrier licensed in all 50 states. In the surplus lines market, coverage is provided by the Beazley syndicates at Lloyd's.

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