Nearly 30% of medical liability insurance premiums rose in 2021

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After nearly a decade of fairly stable rates, the proportions of medical liability insurance premiums that have increased year-to-year over the past three years have reached highs unseen since the turn of the century.

In 2019, the share of premiums that increased from 2018 jumped to 26.5%, nearly double the 13.7% that had increased between 2017 and 2018.

Then in 2020, the share of premiums that increased went up again when more than 30% of premium changes were in the upward direction.

And in 2021, nearly 30% of premiums rose from 2020.

The numbers are broken down in an AMA Policy Research Perspectives report published in March, " Prevalence of Medical Liability Premium Increases Unseen Since 2000s Continues for Third Year in a Row" (PDF).

"The medical liability insurance cycle is in a period of increasing premiums, compounding the economic woes for medical practices that struggled during the past two years of the pandemic," said AMA President Gerald E. Harmon, MD. "The increase in premiums can force physicians to close their practices or drop vital services. This is detrimental to patients as higher medical costs can lead to reduced access to care."

The report cites some actuaries who indicate that "while it is still unknown whether the pandemic will have a long-term, significant impact, it appears it has not affected base premiums for the time being." Instead, deteriorating underwriting results, lower loss reserve margins, and lower returns on investment started driving the rate increases and the actuaries believe that by 2020 we were already in the early stages of a hard market.

Learn about the AMA's commitment to keeping medical liability insurance rates stable through its work with state and specialty medical associations and other stakeholders to pursue traditional and innovative medical liability reforms at the state level. Reforms are essential to ensuring that patients do not lose access to physicians and a full range of health care services.

The 2022 edition of *Medical Liability Reform NOW!* (PDF), also released in March, gives physicians the facts they need to know to address the broken medical liability system, including updates on state laws, efforts to reform the system at the federal level and court cases at the federal and state levels.

Big rate hikes on the rise

The Policy Research Perspectives report says it's not just that premium increases of any size are increasing. Data shows there has been a rise in large increases, too: In 2021, 7.5% of all premiums reported rose by 10% or more. That's up from 3.6% of premiums that increased by that much in 2019, and from 3.9% in 2018.

Rates that jumped 10% or more between 2020 and 2021 were reported in 12 states. Here are those states, along with the shares of comparisons that reflected increases of that size:

- Illinois—58.9%.
- West Virginia—41.7%.
- Missouri—29.6%.
- Oregon—20%.
- South Carolina—16.7%.
- Idaho—11.1%.
- Kentucky—7.4%.
- Delaware—6.7%.
- Washington—6.7%.
- Michigan—5.4%.
- Texas—4.9%.
- Georgia—3.7%.

Eight of these 12 states have experienced large premium increases for at least the last two years: Illinois, Missouri, Oregon, South Carolina, Kentucky, Michigan, Texas and Georgia.

"Although there is not a hard market yet in the U.S. as a whole, there appears to be a hard market in certain states, such as Illinois, which has experienced premium increases of 10% or more and where over half of its premiums have increased in each of the last three years," the report says.

The AMA report uses new data published in the Annual Rate Survey Issue of the *Medical Liability Monitor (MLM)*, considered the most comprehensive source of data on medical liability insurance premiums from a national perspective.

The *MLM* annually surveys major U.S. liability insurers and reports manual premiums for obstetrics and gynecology, general surgery and internal medicine in each state where those insurers provide coverage.

The data directly compares how many premiums rose, fell or stayed the same from one year to the next and is a useful indicator of whether premiums in the aggregate have been changing, in which direction and by how much. The data doesn’t reflect all insurers or all physician specialties and are for manual premiums, which could be different than the final premiums physicians pay.