



Policy Research Perspectives

Upward Trajectory of Medical Liability Premiums Persists for Sixth Year in a Row

By Allen Hardiman, PhD

Introduction

This Policy Research Perspective (PRP) examines recent trends in medical professional liability insurance (MPL) premiums from 2015 to 2024 using the data extracted from the Annual Rate Survey Issues of Medical Liability Monitor (MLM). Each year, the Medical Liability Monitor surveys leading U.S. medical liability insurers and collects detailed data on liability premiums at the state level, and, in some cases, at the sub-state level. For six states with a Patient Compensation Fund (PCF), where physicians pay a surcharge in addition to the premium paid to the insurers, this PRP utilizes the combined total of base premium and surcharge amounts. This surcharge is used to help finance the fund in the six PCF states: Indiana, Kansas, Louisiana, Nebraska, New Mexico, and Pennsylvania. The PCF functions as supplemental insurance, providing additional coverage to the primary insurance policy.

The MLM presents premium data from these insurers for the current and previous years, broken down by specialty and geographic area. This breakdown offers valuable insights into overall premium trends, revealing both the direction and the magnitude of changes. The level of granularity enables not only the tracking of premium trends over time but also the analysis of premium variations across geographic regions. This PRP leverages the granularity of the data to conduct a deeper analysis of states where significant premium increases are more prevalent.

Despite its comprehensiveness, the data are not without some limitations. First, the MLM only reports premiums for three specialties: general surgery, obstetrics/gynecology, and internal medicine. Additionally, the list of insurers in each state can change over time due to factors such as market exits or insurers no longer accepting new business. As a result, the data may not provide a complete representation of liability insurers in a given market. Furthermore, the rates reported are manual premiums; they do not reflect credits, debits, dividends, or other factors that may affect premiums.¹ Because of this, these rates should not be interpreted as the actual premiums paid by individual physicians. Finally, states with a higher number of premiums listed may be overrepresented in the data. For example, while there are 51 reported premiums listed in Pennsylvania in the 2024 Annual Rate Survey Issue, only 18 reported premiums are listed in New Jersey.

¹ The manual premiums that insurers report to MLM are usually for policies with \$1 million/\$3 million limits, which is the most common limit.

Based on multiple measures, this PRP finds a clear upward trend in the prevalence of medical liability premium increases over the past six years (2019-2024), a pattern not observed since the early 2000s. Most notable, the proportion of premiums that increased from one year to the next rose sharply from 13.7 percent in 2018 to 49.8 percent in 2024.

Annual changes in premiums, 2015-2024

Using nationwide, annual premium data collected by the MLM, Exhibit 1 summarizes the proportion of premiums that remained unchanged, increased, or decreased from the previous year over the 2015 to 2024 period. The overall picture is a clear upward trend in medical liability premiums since 2019.

Exhibit 1 shows that liability premiums remained relatively stable from 2015 through 2018, continuing the trends of the soft market which followed the hard market of the early 2000s. In 2018, 80.8 percent of premiums showed no change from the previous year, compared to 69.1 percent in 2015. That proportion, however, has declined significantly in recent years. By 2024, only 45.5 percent of premiums experienced zero change from the previous year.

More importantly, the proportion of premiums that went up has risen significantly from 2019 to 2024, reaching levels not seen since 2005. From 2015 to 2018, the share of premiums experiencing any increase hovered around 15 percent. The trend began to accelerate in 2019, with the share of premiums that increased nearly doubling from 13.7 percent in 2018 to 26.5 percent. The upward trajectory continued in 2020, where this share grew to 31.1 percent. Despite a small dip in 2021, this trend gained momentum again, culminating in 2024, when almost half (49.8 percent) of the reported premiums rose from the previous year.

When comparing the trend between the six Patient Compensation Fund (PCF) states and non-PCF states (data not shown), a larger proportion of premiums in PCF states experienced an increase compared to non-PCF states. Specifically, more than three-quarters (78.6 percent) of premiums in PCF states experienced an increase, compared to 46.6 percent of premiums in non-PCF states. Among the premium increases in PCF states, nearly two-thirds (66.3 percent) were due to a rise in base premium (and, in some cases, a combination of base premium and surcharge), while the remaining proportion was solely due to a rise in surcharge.

The share of premiums which experienced a decline has also fallen over time. In 2015, 13.6 percent of premiums declined. This share has dropped significantly and in 2024, only 4.7 percent of premiums decreased from the previous year.

In summary, the average premium increase was 2.5 percent from 2023 to 2024, up from 1.9 percent from 2020 to 2021 (data not shown).

Exhibit 2 provides a closer look at the premium increases in states that had at least one premium that increased by 10 percent or more from 2023 to 2024.² There are 16 states that

² For the purpose of this PRP, District of Columbia is considered as a state in addition to the 50 states.

meet this criterion, up from 11 states in 2023, 15 states in 2022, and 12 states in 2021. These states are ranked by the proportion of premiums that reflected an increase of 10 percent or larger. Hawaii and Pennsylvania are ranked first and second, respectively, with approximately half of their premiums experiencing a 10 percent or larger increase from 2023 to 2024.

Among these states, Pennsylvania, Oklahoma, Nebraska, Missouri, Illinois, and New Jersey each had at least one premium with an increase of at least 10 percent from 2022 to 2023 as well. This indicates that these states underwent a notable surge in premium across two consecutive years. Furthermore, an analysis of prior years' premium data reveals that Missouri and Illinois have suffered considerable premium spikes since 2020.

For a more comprehensive look at these states, this exhibit also highlights the size of the largest increase (column 2) and the proportion of premiums that experience a rise (column 3). The results provide some notable insights. For example, all of the reported premiums in Kentucky faced an uptick in 2024, with the largest increase reaching 30.6 percent. The story is similar in Pennsylvania, where 94.1 percent of reported premiums rose in 2024, with the largest increase being 22.5 percent.³

There are 22 states where at least 50 percent of the reported premiums saw a jump in 2024, 13 of which are listed in Exhibit 2. This is a significant jump from 13 states in 2023 and 15 states in 2022. This also represents a sharp rise from 2021, when only six states had the same trend. Overall, 46 states reported at least one premium increase in 2024, up from 36 states in 2023, 38 states in 2022, and 32 states in 2021.⁴

Geographical variations in premium levels

While previous exhibits have focused on changes in premiums, Exhibit 3 examines how reported premiums vary across the three specialties and seven areas over the 2015 to 2024 period. For a given area, the reported premiums are for the same insurer over time across each of the three specialties. However, insurers can and do differ across states, as no insurer reported in the MLM provides coverage nationwide. Furthermore, because each state's premiums in Exhibit 3 only represent one insurer, they should not be generalized to reflect the experience of each state as a whole.

This exhibit reveals significant variations in premiums across both specialties and geographic areas. In general, the premiums for obstetricians/gynecologists and general surgery are significantly higher than for internal medicine. For example, the premiums for obstetricians/gynecologists and general surgeons are \$243,988 in Florida, while the reported rate for internal medicine physicians is \$59,736. A similar pattern is observed in Connecticut, though the premiums are lower relative to those reported in Florida, ranging from \$21,770 for internal medicine specialists to \$154,591 for obstetricians/gynecologists. This is in line with previous findings on differences in liability risks

³ In Pennsylvania, 62.5 percent of all premium increases are due to an increase in both surcharge and base rate, with the rest due only to an increase in surcharge.

⁴ The five states that reported no premium increase in 2024 are Minnesota, Rhode Island, South Dakota, Vermont, and Washington.

across specialties, which show that general surgeons and obstetricians/gynecologists are the physicians most likely to be sued (Guardado, 2023).

Exhibit 3 also demonstrates that the reported premiums are significantly lower in California than in other states across all three specialties. This is likely driven by the fact that California is the only state listed in Exhibit 3 that has a law enacting caps on noneconomic damages. Previous research has shown that such caps are associated with reductions in premiums (Thorpe, 2004; Viscusi & Born, 2005; Kilgore et al., 2006). In line with the recent increase in the cap limit, overall premiums in California saw a notable 11.6 percent jump from 2022 to 2023, after remaining unchanged from 2021 to 2022 (data not shown).⁵

Conclusion

This PRP provides an overview of the latest trends in medical liability premiums from 2015 to 2024. For the sixth year in a row, medical liability premiums have experienced an upward trajectory not seen since the last liability crisis in the early 2000s. For context, in 2003 and 2004, 77.4 percent and 82.1 percent of premiums saw a rise from the previous year, respectively. Some general surgeons in Miami-Dade County, Florida, faced manual premiums as high as \$277,241 in 2004 (Guardado, 2007).

This crisis was followed by a stable period beginning in 2007, during which the share of premiums that experienced an uptick declined significantly. Although fewer premiums experienced declines over time as reductions became less common, the trend remained relatively stable until 2018.

The upward trajectory of premiums began in 2019, when the share of premiums experiencing a year-over-year increase nearly doubled compared to 2018, reaching 26.5 percent. In 2020 and 2021, this proportion remained steady at approximately 30 percent, before rising to around 37 percent in 2022 and 2023. By 2024, however, the proportion of premiums experiencing an increase saw a significant jump to 49.8 percent, the highest level observed since 2005.

Some actuaries believe the MPL industry has not yet entered a hard market (Burns & Miller, 2024). However, there are signs that such conditions may become a reality in the near future. First, in 2024, 16 states saw at least one premium increase of 10 percent or more, up from 11 states in 2023, 15 states in 2022, and 12 states in 2021. Second, premium increases became widespread with 46 states reporting at least one premium hike in 2024, compared to 36 states in 2023, 38 states in 2022, and 32 states in 2021. Lastly, the number of states where at least 50 percent of the reported premiums saw a jump increased from 13 states in 2023 to 22 states in 2024. Although a nationwide hard market has not yet emerged, certain states are already experiencing hard market conditions. For example, in Illinois, 90.7 percent, 81.5 percent, and 88.2 percent of reported premiums respectively saw an increase in the last three years. Furthermore, Illinois and Missouri have suffered notable premium spikes since 2020.

⁵ Up until 2022, the California Medical Injury Compensation Reform Act (MICRA) limit on non-economic damages was \$250,000. Starting in January 2023, this cap was increased to \$350,000 on noneconomic damages, with an incremental increase over the next 10 years to \$750,000. There will be a 2 percent annual adjustment for inflation after that. The limit is even higher if a case involves death of a patient.

This PRP also highlights a clear geographical variation in medical liability premiums, as insurers determine their rates on the aggregate claims experience in a particular area, which can be influenced by state tort reforms such as caps on non-economic damages. Previous research shows clear evidence that caps on non-economic damages are associated with reductions in claims frequency and claim payments, which subsequently affect the premiums insurers charge (Mello & Kachalia, 2016).

By multiple measures, this year's edition of MLM reveals a clear and widespread rise in average premiums over the last few years, a trend not observed since the last hard market in the early 2000s. Whether this upward trajectory will persist in the near future remains to be seen. However, if the trend continues, it could negatively impact patients' access to care due to a reduction in physician supply (American Medical Association, 2024).

References

- American Medical Association. (2024). Medical Liability Reform Now!. <https://www.ama-assn.org/system/files/mlr-now.pdf>
- Burns B., & Miller, K. (2024). MPL Pricing, You Ask? Sorry, You'll Have To Be More Specific. Medical Professional Liability In 2024. *Medical Liability Monitor, Annual Rate Survey Issue*, Vol. 47 (10).
- Guardado J. (2007). Professional Liability Insurance Rates and Distributions of Rate Changes, 2003-2007. *American Medical Association, Policy Research Perspectives*, No. 2007-2.
- Guardado J. (2023). Medical Liability Claim Frequency Among U.S. Physicians. *American Medical Association, Policy Research Perspectives*, No. 2023-3.
- Kilgore, M. L., Morrissey, M. A., & Nelson, L. J. (2006). Tort law and medical malpractice insurance premiums. *INQUIRY: The Journal of Health Care Organization, Provision, and Financing*, 43(3), 255-270.
- Mello, M. M., & Kachalia, A. (2016). Medical malpractice: evidence on reform alternatives and claims involving elderly patients. *A Report to the Medicare Payment Advisory Commission, (MEDPAC 2016)*.
- Thorpe, K. E. (2004). The Medical Malpractice 'Crisis': Recent Trends And The Impact Of State Tort Reforms: Do recent events constitute a crisis or merely the workings of the insurance cycle?. *Health Affairs*, 23(Suppl1), W4-20.
- Viscusi, W. K., & Born, P. H. (2005). Damages caps, insurability, and the performance of medical malpractice insurance. *Journal of Risk and Insurance*, 72(1), 23-43.

Exhibit 1. Distributions of year-to-year comparisons of medical liability premiums, 2015-2024

Size of change in premium	Premium comparisons									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Increased										
10% or more	5.8%	1.0%	0.1%	3.9%	3.6%	5.2%	7.5%	10.2%	6.1%	7.7%
Less than 10%	11.5%	14.5%	13.3%	9.7%	22.8%	25.9%	22.0%	25.9%	31.4%	42.1%
Any increase	17.2%	15.4%	13.4%	13.7%	26.5%	31.1%	29.5%	36.2%	37.5%	49.8%
No change	69.1%	75.2%	74.2%	80.8%	68.4%	60.8%	64.0%	56.1%	56.6%	45.5%
Decreased										
Less than 10%	8.8%	5.0%	7.3%	4.5%	3.3%	4.4%	4.9%	7.5%	4.5%	3.8%
10% or more	4.8%	4.4%	5.2%	1.0%	1.8%	3.7%	1.7%	0.3%	1.4%	0.9%
Any decrease	13.6%	9.4%	12.4%	5.6%	5.1%	8.1%	6.5%	7.8%	5.9%	4.7%
Observations	1056	1107	1143	1149	1296	1416	1500	1347	1386	1182

Notes:

1. Sources: 2015-2019 Medical Liability Monitor (MLM) Rate Survey Issues and author's analysis of 2020-2024 data from the Medical Liability Monitor.
2. The table reports year-to-year comparisons of manual premiums for medical professional liability insurance. The unit of observation is a liability insurer in a state (or sub-state area) and specialty. Changes in Patient Compensation Fund (PCF) states are based on the change in the total (premium + surcharge) amounts.
3. In each year, the percentage of premiums that increased, had no change, and decreased sum to 100 percent. For example, between 2023 and 2024, 45.5 percent of the premiums reported did not change, 49.8 percent of the premiums increased, and 4.7 percent decreased.

Exhibit 2. States With the Largest Increases in Liability Premiums, 2023-2024

State	% that were Increases ≥10%	Size of Largest Increase	% that were Increases	N
	(1)	(2)	(3)	(4)
Hawaii	50%	15%	50%	6
Pennsylvania	49%	22.5%	94.1%	51
Montana	33.3%	15%	33.3%	9
Oklahoma	33.3%	16.5%	66.7%	9
Nebraska	33.3%	13%	33.3%	9
Indiana	27.8%	16.9%	77.8%	18
Missouri	22.2%	13.9%	66.7%	27
Kentucky	20%	30.6%	100%	15
Florida	19%	10.1%	61.9%	63
Idaho	16.7%	18.6%	25%	12
New Mexico	16.7%	11.5%	100%	6
Illinois	12.9%	16%	88.2%	93
New York	11.6%	14.6%	97.1%	69
Oregon	11.1%	10.4%	66.7%	9
New Jersey	5.6%	15.8%	50%	18
Michigan	4%	19.1%	84%	75

Notes:

1. The unit of observation is an insurer in a state (or sub-state area) and specialty.
2. States are included in this Exhibit if they had at least one premium increase of at least 10%. The ranking of states is based on the share of premiums that were increases of 10% or more.

Exhibit 3. Medical professional liability insurance premiums for \$1M/\$3M policies, selected insurers, 2015-2024

	\$									
Obstetrics/Gynecology	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
California (Los Angeles, Orange)	49,804	49,804	49,804	49,804	49,804	49,804	49,804	49,804	49,804	49,804
Connecticut	170,389	170,389	170,389	170,389	134,054	134,054	137,942	144,838	150,488	154,591
Florida (Miami-Dade)	190,829	190,829	190,829	190,829	195,600	205,380	215,649	226,224	226,224	243,988
Illinois (Cook, Madison, St. Clair)	177,441	177,441	177,441	177,441	179,497	179,497	179,497	208,821	208,821	207,907
New Jersey	90,749	90,749	90,749	90,749	90,749	90,749	90,749	90,749	90,749	94,640
New York (Nassau, Suffolk)	214,999	214,999	214,999	192,087	182,482	174,552	165,824	159,639	165,452	171,672
Pennsylvania (Philadelphia)	98,792	103,918	105,969	95,278	95,278	98,021	101,398	94,221	101,398	122,906
General surgery										
California (Los Angeles, Orange)	47,595	41,775	41,775	41,775	41,775	41,775	41,775	41,775	41,775	41,775
Connecticut	65,803	65,803	65,803	65,803	90,577	90,577	93,203	97,863	101,680	104,452
Florida (Miami-Dade)	190,829	190,829	190,829	190,829	195,600	205,380	215,649	226,224	226,224	243,988
Illinois (Cook, Madison, St. Clair)	118,909	118,909	118,909	118,909	120,258	120,258	120,258	139,807	139,807	139,284
New Jersey	60,810	60,810	60,810	60,810	60,810	60,810	60,810	60,810	60,810	63,366
New York (Nassau, Suffolk)	134,923	134,923	134,923	154,056	154,056	154,056	146,353	140,894	145,893	151,378
Pennsylvania (Philadelphia)	75,508	79,634	81,284	73,287	73,287	75,339	77,865	72,089	77,865	94,361
Internal medicine										
California (Los Angeles, Orange)	8,274	8,274	8,274	8,274	8,274	8,274	8,274	8,274	8,274	8,274
Connecticut	34,700	34,700	34,700	34,700	18,878	18,878	19,425	20,397	21,192	21,770
Florida (Miami-Dade)	47,707	47,707	47,707	47,707	48,900	51,345	53,912	55,996	55,996	59,736
Illinois (Cook, Madison, St. Clair)	40,865	40,865	40,865	40,865	41,272	41,272	41,272	47,788	47,788	47,787
New Jersey	15,900	15,900	15,900	15,900	15,900	15,900	15,900	15,900	15,900	18,410
New York (Nassau, Suffolk)	33,852	33,852	33,852	33,852	33,852	33,852	32,159	30,960	32,064	33,270
Pennsylvania (Philadelphia)	19,303	20,401	20,841	19,157	19,157	19,589	20,121	18,583	20,121	24,647

Notes:

1. Sources: Annual Rate Survey (October) Issues of the Medical Liability Monitor, 2015-2024. The numbers in this table are manual premiums reported by a liability insurer selected on the basis of data availability in every year. Premiums reported for Connecticut pertain to \$1 million/\$4 million limits, and Pennsylvania premiums include Patient Compensation Fund surcharges.
2. Counties to which the premiums refer are in parentheses, though some counties may not be named due to space constraints. Counties in California (CA), Illinois (IL) and Pennsylvania (PA) changed slightly over time. However, CA counties always include Los Angeles, IL counties always include Cook, and PA counties always include Philadelphia.