



DATE: August 8, 2025

TO: All Interested Parties

FROM: Michael Humphreys
Insurance Commissioner

SUBJECT: Additional Medical Malpractice Basic Insurance Capacity

The Medical Care Availability and Reduction of Error Fund ("Mcare") was created by Act 13 of 2002 ("Mcare Act") and signed into law on March 20, 2002. Under section 711 of the Act, the Department must conduct a study every two years to determine whether there is additional basic insurance coverage capacity available in the medical professional liability insurance market. A determination that additional capacity is not available would result in primary and Fund coverage limits for 2026 remaining in effect until such capacity is available in the future. Over the past twenty years, the Department has undertaken ten reviews of the basic insurance coverage market capacity. To date, none of the prior reviews has resulted in a change in the Fund coverage levels.

In 2025, the Department engaged Deloitte Consulting LLP to perform a Medical Professional Liability Basic Insurance Capacity Study as of December 31, 2023. The study evaluated market share, leverage ratios and financial strength of medical professional liability insurers in Pennsylvania. The Department also solicited comments from all interested parties with a [Notice](#) published in the Pennsylvania Bulletin on February 8, 2025. Four parties responded, each with comments against raising the basic limits of coverage.

As noted in the Deloitte study, there continues to be a large presence of non-admitted and single-state (Pennsylvania-only) carriers writing medical malpractice insurance in Pennsylvania. Medical malpractice carriers with higher concentrations of their books of business in Pennsylvania have experienced higher loss ratios, higher net premium to surplus ratios, and lower ACL ratios (the ratio of total adjusted capital to authorized control level risk-based capital) than companies with more diversified national portfolios. Further, as two-thirds of the medical malpractice insurance market in Pennsylvania is written by non-admitted insurers, there is a significant gap in the regulation of rates and policy forms used in Pennsylvania and a lack of guaranty fund protection for their policyholders in the event of an insolvency.

In consideration of the above, it cannot be determined that additional basic insurance capacity is currently available for calendar year 2026. Accordingly, there will be no increase to the current basic primary limits for calendar years 2026 and 2027.

Office of the Insurance Commissioner

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