Carriers and the State of Ohio

Ohio Admitted Carrier vs. Alternative Market

Ohio has experienced a lot of volatility in the medical malpractice arena. From the crises in the 1970s and 80s to the run up in prices early this decade, Ohio healthcare practitioners have been subjected to their fair share of ups and downs when dealing with professional medical liability insurance. Historically, alternative carriers have sprung up during hard markets to provide another option to traditional carriers. They also provided coverage for those unable to garner or afford coverage through traditional insurers. Today, many alternative carriers are entering the market to take advantage of the upswing or softening of the market. The influx of new competitors in the market is continuing to soften even more.

The Difference Between Admitted vs. Non-Admitted Carriers

Should you place your reputation with an alternative carrier? First you should understand what differentiates the alternative market from admitted insurers.

Admitted Market Carriers

The admitted market consists of companies that are admitted and licensed to write insurance in Ohio by the Ohio Department of Insurance (DOI). This group consists of traditional commercial or stockholder companies and also most are regulated by the Ohio DOI. Their financials are regularly audited. Ohio is a file and use state – meaning that admitted carriers must file their rates with the DOI, but don't need to receive formal approval for rate changes. The department may ask the carrier for more information and put pressure on the carrier to keep their rates reasonable.

Alternative Market or Non-Admitted Carriers (RRGs, Captives, Trusts)

The alternative market operates outside the admitted insurance venue. Alternative carriers include Risk Retention Groups (RRG), Captives, Risk Purchasing Groups (RPG) and Trusts. The fact is, according to the United States Government Accountability Office report on RRGs (the most common type of alternative market carrier), between 1987and 2003, PRGs were twice as likely to fail than admitted insurance companies.

Alternative market carriers may be regulated, but to a much lesser extent. They usually form in lenient states and then register with each individual department of insurance where they write business. But, the rules and reporting of financial information to the state are not as stringent as those for admitted carriers. Plus, alternative market carriers are not covered under the state guaranty fund.