



**For Release**  
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## **NEW DATA CONFIRMS THAT DOCTORS WERE PRICE-GOUGED BY THE INSURANCE INDUSTRY DURING THIS DECADE**

NEW YORK —Americans for Insurance Reform (AIR) announced today the release of *Stable Losses/Unstable Rates 2007*, a new study that examines fresh insurance industry data to determine what caused the most recent medical malpractice insurance crisis for doctors. The study by AIR, a coalition of over 100 consumer and public interest groups representing more than 50 million people, finds that the insurance crisis that hit doctors between 2001 and 2004 was not caused by claims, payouts or legal system excesses as the insurance industry claimed. Rather, according to the industry's own data:

- Inflation-adjusted payouts per doctor not only failed to increase between 2001 and 2004, a time when doctors' premiums skyrocketed, but they have been stable or falling throughout this entire decade.
- Medical malpractice insurance premiums rose much faster in the early years of this decade than was justified by insurance payouts.
- At no time were recent increases in premiums connected to actual payouts. Rather, they reflected the well-known cyclical phenomenon called a "hard" market. Property/casualty insurance industry "hard" markets have occurred three times in the past 30 years.
- During this same period, medical malpractice insurers vastly (and unnecessarily) increased reserves (used for future claims) despite no increase in payouts or any trend suggesting large future payouts. The reserve increases in the years 2001 to 2004 could have accounted for 60 percent of the price increases witnessed by doctors during the period.

Study author J. Robert Hunter, Director of Insurance for the Consumer Federation of America, former Federal Insurance Administrator and Texas Insurance Commissioner, said: "This report is proof positive that the huge medical malpractice insurance rate increases between 2000 and 2003 were not related to a jump in claims. Rather, as in the mid-1970s and mid-1980s, they were simply the result of insurance industry economics, supplemented by insurer hype intended to divert attention away from the mismanagement by insurers that caused the crisis."

Co-author Joanne Doroshow, Executive Director of the Center for Justice & Democracy, said, "This report shows that the real reasons medical malpractice insurance rates rose so dramatically for doctors during this decade was market forces and dropping interest rates, not because of a sudden increase in medical malpractice jury awards or payouts. These periodic

insurance crises will continue to occur unless lawmakers take steps to reform the insurance industry. State lawmakers must strengthen state insurance regulatory laws and Congress must repeal the decades-old McCarran Ferguson Act, which exempts the insurance industry from anti-trust laws.”

The full study can be found at: <http://insurance-reform.org>.

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Americans for Insurance Reform is a coalition of over 100 consumer groups from around the country that is attempting to strengthen state oversight of insurance industry practices. AIR is not connected to any trial lawyer or business group.