

**Center for Justice & Democracy  
Center for Medical Consumers  
New York Public Interest Research Group (NYPIRG)**

## NEWS RELEASE

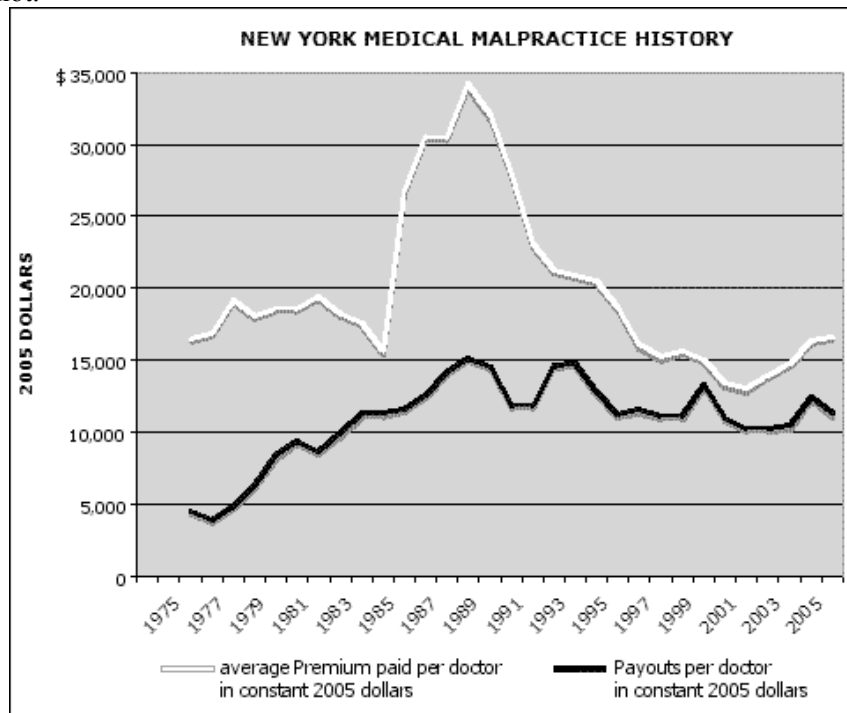
**For Release:**  
July 2, 2007

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**GROUPS REACT TO INSURANCE DEPARTMENT MED MAL RATE HIKE;  
DATA SHOWS INCREASE NOT DRIVEN BY CLAIMS OR PAYOUTS  
STATE MUST FOCUS ON REDUCING MEDICAL ERRORS & INSURER MISMANAGEMENT**

Consumer groups reacted to today's announcement by the state Insurance Department to grant a 14% rate hike for medical malpractice insurers, which the department says follows "years of artificially low rate increases." The groups released new information indicating there has been no recent increase in medical malpractice claims and urged a new task force, set up by the Insurance Department, to focus on the root problems by reducing medical errors and correcting regulatory and industry mismanagement.

The Center for Justice & Democracy, Center for Medical Consumers, and New York Public Interest Research Group (NYPIRG) released new data that confirms there has been no increase in the amounts medical malpractice insurers have paid out in claims in recent years, including all jury awards and settlements. The analysis of 30 years of New York insurance data was done by actuary J. Robert Hunter (Director of Insurance for the Consumer Federation of America, and former Federal Insurance Administrator and Texas Insurance Commissioner). Hunter's research found that since the mid-1980s, payouts have generally tracked the rate of medical inflation—but premiums have not.



Access data\* from this graph at [www.nypirg.org/Hunter\\_Med\\_Mal\\_75-05NYMM.pdf](http://www.nypirg.org/Hunter_Med_Mal_75-05NYMM.pdf)

**More-More-More**

Said Joanne Doroshow, Executive Director of the Center for Justice & Democracy, “Insurers and organized medicine like to blame the legal system whenever rates go up. This is clearly not true in New York. In light of recent reports about the questionable business and accounting practices by some insurers, we look forward to the New York Insurance Department carefully examining remedies that specifically address the true reasons behind this rate hike, and study ways to reduce the amount of medical malpractice while protecting patients and ensuring insurance industry accountability.”

“Insurers and doctors need to focus on reducing medical errors as the best way to keep medical malpractice premiums down,” said Russ Haven, NYPIRG Legislative Counsel. “The data shows that extreme skepticism is warranted for rate-hike requests in this soft market and a return to New York’s tradition of aggressive insurance industry oversight--absent during the twelve years of the Pataki administration.”

“Hunter’s data shows that malpractice payouts, adjusted for health care inflation, have remained stable for decades. We hope the Insurance Department will take this opportunity to take a close look at the real reasons for this rate hike,” said Art Levin, Director, Center for Medical Consumers.

The state Insurance Department is charged with reviewing and approving requests by medical insurers for premium rate hikes. Medical malpractice insurance is offered to doctors in New York by for-profit and mutual insurance companies, and claims are paid when substandard care by doctors injure or kill patients.

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\* **Sources:** Premiums Written (Net), A.M. Best and Co., special data compilation for Americans for Insurance Reform, reporting data for as many years as separately available; Number of Total NonFed Doctors: U.S. Bureau of the Census, 2002 estimated; Inflation Index: Bureau of Labor Statistics.

Access the data and graph on page one of this release at [www.nypirg.org/Hunter\\_Med\\_Mal\\_75-05NYMM.pdf](http://www.nypirg.org/Hunter_Med_Mal_75-05NYMM.pdf)