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NATIONAL CONSUMER GROUP APPLAUDS WASHINGTON INSURANCE COMMISSIONER FOR REFUNDING PREMIUMS TO DOCTORS

The Center for Justice & Democracy (“CJ&D”), a national consumer organization that monitors insurance industry practices, applauded the Washington State Office of the Insurance Commissioner (“OIC”) for ordering the state’s largest medical malpractice insurance carrier to refund \$1.3 million to doctors. Physician’s Insurance, which covers about 70 percent of Washington’s doctors, and its affiliate, Western Professional Insurance Company insurers, were also fined \$90,000 for non-compliance with insurance code regulations.

This dramatic step comes after Physicians Insurance recently requested a 7.7 percent reduction in 2005 malpractice premiums, with the company reporting record-breaking net income last year.

“The OIC’s action acknowledges what we have known all along –the insurance industry’s dubious practice of charging doctors excessive and unjustified premiums has caused doctors’ insurance problems, not the often-blamed legal system,” said Joanne Doroshow, CJ&D’s Executive Director. Doroshow added, “It is time for insurance departments nationwide to follow Washington’s lead, aggressively scrutinize insurers’ rate-setting practices and start ordering refunds to doctors everywhere.”

The Washington OIC action comes on the heels of its recent extensive actuarial analysis of Washington State medical malpractice claims and payouts for the last decade, finding there to be no medical malpractice litigation crisis in Washington. J. Robert Hunter, Director of Insurance for the Consumer Federation of America, said, “Finally, a study looking into the facts with proper actuarial effort involved, and we see average losses growing slower than medical inflation. At the same time, costs that insurers are spending to fight claims are rising more than 50 percent faster than losses. The next step is to get the missing information, such as the split between economic and non-economic damage payouts. Happily, the soft market is here and rates are dropping, so we will have a decade or so of no rate increases in which to do the needed work.”

Insurers and others have called for capping non-economic compensation for catastrophically injured victims of medical malpractice, arguing such caps are needed to bring down rates. “The more information that comes out, the clearer it is that the answer to bringing down rates is stronger regulation of insurers and better disclosure of information from insurance companies. Blaming innocent patients who have been injured or killed due to medical negligence by capping their compensation is not the answer,” said Doroshow.

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