



Consumer Federation of America



FOR IMMEDIATE RELEASE
March 14, 2023

Contacts: [Joanne Doroshow](#), CJ&D, 917-548-5263
[Doug Heller](#), CFA, 310-480-4170

STUDY SHOWS INSURANCE INDUSTRY PRICE-GOUGES BUSINESSES WHILE CLAIMS DROP

New data confirm the nation is being misled by the insurance industry as attacks on victims' rights continue

New York/Washington, D.C. – A new study of the property/casualty insurance industry, *Inventing Social Inflation, 2023*, finds that commercial insurers are misrepresenting their actual losses, sometimes by large percentages, in order to justify its price-gouging of businesses that purchase coverage and to push for restrictions on the legal rights of everyday Americans.

The Consumer Federation of America (CFA) and the Center for Justice & Democracy (CJ&D) prepared the study. Written by Joanne Doroshow, CJ&D's Executive Director, Douglas Heller, CFA's Director of Insurance, and J. Robert Hunter, Insurance Director Emeritus for CFA, the study exposes how the industry is fostering a liability insurance crisis that it instigated in 2019, falsely blaming lawsuits, juries, and injured victims for premium spikes, summarizing their target of blame with the industry-invented term, "social inflation." The study reveals that, while businesses are being price-gouged, litigation data and the insurance industry's own loss data show that claims are dropping.

Co-author Joanne Doroshow said, "This new study comes three years after release of CFA and CJ&D's [comprehensive study](#) of the commercial property/casualty insurance industry, which showed how the industry has for decades been deceiving businesses, consumers and lawmakers as to the reasons behind premium spikes, and how it was then preparing the nation for a new insurance crisis of skyrocketing rates, while sitting on more cash than at any time in its history. Now three years later, *Inventing Social Inflation, 2023* shows how rates have continued to rise even as payouts fell and litigation precipitously dropped. This was particularly so during the pandemic. Meanwhile, the insurance industry sits on a mountain of surplus money. The study also comes as the insurance industry has targeted particular states, like Florida, Iowa and New York, with false information about its true financial condition as it lobbies for laws that severely restrict the legal rights of everyday Americans."

“Insurers aim to deflect debate from the data, which do not support the massive premium increases that have hit American businesses and non-profits, medical professionals, truckers, and other commercial policyholders.” said Douglas Heller, Director of Insurance at Consumer Federation of America. “It is critically important that lawmakers and regulators who want to help curb spiking rates focus attention where it belongs: on the insurance companies themselves.”

A copy of the full study is [here](#).

[The Consumer Federation of America](#) is an association of more than 250 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.

[Center for Justice & Democracy](#), based at New York Law School, is the only national consumer rights organization in the country exclusively dedicated to protecting the civil justice system.

###