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NEWS RELEASE

Embargoed for Release
October 13, 2004, 9 am CDT

Contact: Joanne Doroshow, Geoff Boehm
212/267-2801

CONSUMER GROUP AND DOCTOR TEAM UP TO DEMAND RELEASE OF INSURANCE DATA

National consumer rights organization Center for Justice and Democracy (CJ&D) has joined with a Madison County physician, whose high insurance premiums recently forced him to close his private office, to demand the immediate release of information used to justify skyrocketing premiums. The teaming up of a consumer rights organization and a doctor to demand answers from the insurance industry is an unprecedented action in the nationwide contentious debate over skyrocketing medical malpractice insurance.

In an October 12, 2004, Freedom of Information request to the Illinois Department of Financial & Professional Regulation, CJ&D and the Illinois physician have asked the department for all rate filings extending back to 1994, along with all supporting documentation, so that independent examiners can determine if insurers have been imposing unwarranted, excessive rate hikes on doctors.

This action comes as new information has surfaced suggesting that insurers have charged rates that are not justified by the state's medical malpractice claims experience. It was also sparked by proceedings in other states, like California, where pro-consumer insurance laws have allowed regulators to stop insurers from charging doctors unjustified rates. Illinois has what is widely considered to be the weakest rate regulation in the country. Illinois law permits malpractice insurers to charge whatever they want and, as a practical matter, prevents the Insurance Commissioner from disapproving a rate that is excessive.

According to Geoff Boehm, Legal Director of the Center for Justice & Democracy, the Metro East area urologist who signed the letter is remaining anonymous for fear that his coming forward to question insurers' practices could result in repercussions for him. Last year, the physician closed his private practice when his insurer -- ISMIE -- notified him that his malpractice premium would rise from \$28,000 to over \$105,000. He still practices at an area hospital. Boehm said that he suspects many doctors in the state have been intimidated from coming forward to question the insurance industry's role in creating this crisis.

According to Joanne Doroshow, Executive Director of the Center for Justice & Democracy, "The Illinois Department of Financial & Professional Regulation has kept confidential the most basic information about insurer payouts, losses, income and reserves, and the connection

between these factors and the outrageous rates being charged Illinois physicians. We are asking for the first time that the insurance division disclose meaningful information to the public about the financial health of medical malpractice insurers and why they are price-gouging doctors.

“In Illinois, a tremendous amount of fear and anger has been generated among doctors and patients alike due to rising insurance rates. Yet the insurance industry, which consistently looks for others to blame for its own mismanagement, has never been held to account for the decisions they have made in creating this ‘crisis’. Insurance executives are pointing their fingers everywhere but at their own actions. This must end. The insurance industry must finally be held to account for the havoc they have wreaked on Illinois’s economy and health care system.”

The letter asks the Illinois Department of Financial & Professional Regulation to release the entire rate filing extending back to 1994 for the five largest medical malpractice carriers in Illinois: ISMIE Mutual Insurance Company; Medical Protective Co.; APSpecialty; Physicians Insurance Co. of Wisconsin and ProAssurance Corp.

A copy of the letter is attached.

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October 12, 2004

Deirdre K. Manna, Director, Division of Insurance
Illinois Department of Financial & Professional Regulation
100 West Randolph, Suite 5-570
Chicago, IL 60601-3251
By postal mail and fax to 217-782-5020

Dear Madam Commissioner:

We are writing to request all medical malpractice rate filings that have been submitted to the Department since January 1, 1994 by each of the following insurers or any of their affiliates:

- ISMIE Mutual Insurance Company, NAIC Company Code 32921;
- Medical Protective Co, NAIC Company Code 11843;
- APSpecialty, NAIC Company Code 10229;
- Physicians Insurance Co. of Wisconsin, NAIC Company Code 23400;
- ProAssurance Corp, NAIC Company Code 38954.

For each such carrier we are requesting the entire rate filing, including but not limited to the cover letter, the filing memorandum, all actuarial memoranda and supporting exhibits, all rate tables, all classification information, all information relating to the rating, experience and distribution of physicians by medical specialty, and all other supporting information.

We are also requesting any rating manuals and underwriting manuals that any of the above-named insurers have submitted to the Department since January 1, 1994.

In addition, we are requesting for each of the above-named insurers, the following pages from the Annual Statement for each year 1995 through 2003:

- Schedule P, Part 2F, Sections 1 and 2;
- The Five-Year Historical Data pages.

We would of course be happy to pay any copying, service or other reasonable charge associated with this request.

Thank you for your consideration.

Sincerely,

Joanne Doroshow
Executive Director
Center for Justice & Democracy

“John Doe,” M.D.
Urologist
Madison County, Illinois