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INDUSTRY INSIDERS ADMIT – TORT REFORM WILL NOT LOWER INSURANCE RATES

American Insurance Association:

“[T]he insurance industry never promised that tort reform would achieve specific premium savings.” (American Insurance Association Press Release, March 13, 2002)

Sherman Joyce, President, American Tort Reform Association:

“We wouldn’t tell you or anyone that the reason to pass tort reform would be to reduce insurance rates.” (*Liability Week*, July 19, 1999)

Victor Schwartz, General Counsel, American Tort Reform Association: “[M]any tort reform advocates do not contend that restricting litigation will lower insurance rates, and ‘I’ve never said that in 30 years.’” (*Business Insurance*, July 19, 1999)

THE ILLINOIS EXPERIENCE

In 2005, Illinois enacted both a cap on damages and strong insurance regulation. The industry and state officials admit that insurance regulatory reforms are working to moderate rates – not the cap.

- In October 2006, Illinois Division of Insurance announced that an Illinois malpractice insurer, Berkshire Hathaway’s MedPro, would be expanding its coverage and cutting premiums for doctors by more than 30 percent. According to state officials and the company itself, this was made possible because of new *insurance* reforms enacted by Illinois lawmakers in 2005, and expressly *not* the cap on compensation for patients that was enacted at the same time. The law requires malpractice insurers to disclose data on how to set their rates. This, according to Michael McRaith, director of the state’s Division of Insurance, allows MedPro to “set rates that are more competitive than they could have set before.”

Source: See, Adam Jadhav, “Minor insurer is cutting malpractice rates for doctors,” *St. Louis Post-Dispatch*, October 13, 2006; 10/13/2006;

<http://www.illinois.gov/PressReleases/ShowPressRelease.cfm?SubjectID=1&RecNum=5414>

<http://www.dailysouthtown.com/business/blesch/100695,1BIZ3-18.article>