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(A project of the Center for Justice &
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FACT SHEET: Medical Malpractice Insurance Studies Undermine Leading Arguments for “Tort Reform”

Americans for Insurance Reform, a coalition of nearly 100 consumer and public interest groups representing more than 50 million people, has published two new studies of the medical malpractice insurance industry. The studies were written by AIR co-founders J. Robert Hunter, Director of Insurance for the Consumer Federation of America, and Joanne Doroshow, Executive Director of the Center for Justice & Democracy.

Major findings are as follows:

Stable Losses/Unstable Rates 2016.

- When adjusted for medical care inflation, both premiums and claims per physician are currently at their lowest level in four decades.
- When adjusted by urban consumers CPI index (a more conservative inflationary adjustment) premiums are the lowest they have ever been, and claims are at their lowest since 1982.
- Total medical malpractice payouts have never spiked and have generally tracked the rate of inflation, while premiums for doctors have sharply increased three times over the last 40 years: 1974-1977; 1985-1988, and; 2002-2006.
- At no time were these three periods of severe rate hikes (i.e. “hard” insurance market) connected to any increase in claims or tort system costs, which have remained stable.

Premium Deceit 2016; The Failure of “Tort Reform” To Cut Insurance Prices.

Examining the impact of “tort reforms” and “caps” on damages enacted in response to the 2002-2006 medical malpractice insurance crisis, AIR finds:

- States that enacted new limits on patients’ legal rights in medical malpractice cases saw an average 22.7 percent decrease in pure premiums from 2002 to the present – but states that did nothing saw a larger average drop of 29.5 percent.
- States that enacted only caps on damages saw an average 21.8 percent decrease in pure premiums from 2002 to the present – but the states that did nothing saw an even greater average drop of 28.9 percent.

Both studies: Severe rates hikes experienced by doctors during the three past insurance crises were not the result of exploding claims or tort system costs but rather the industry's own boom and bust economic cycle, dictated by the state of the economy and insurance industry profitability, including bond and stock market gains or losses.

Copies of the studies can be found here:

Stable Losses/Unstable Rates 2016:

<http://centerjd.org/content/stable-losses-unstable-rates-2016>

Premium Deceit 2016: The Failure of "Tort Reform to Cut Insurance Prices:

<http://centerjd.org/content/premium-deceit-2016-failure-tort-reform-cut-insurance-prices>

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