



**FOR IMMEDIATE RELEASE  
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**FOR INTERVIEWS CONTACT  
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## **New Study Demonstrates Medical Liability Insurance is Fairly Priced**

*Leading Academic Experts Refute Claims by Center for Justice and Democracy*

Washington, DC: A comprehensive analysis of the financial performance of the medical liability insurance industry by two of the nation's top academic experts in the field found no evidence that medical liability insurance is overpriced, or that insurance companies are to blame for a health care liability crisis that is forcing good doctors out of medicine and putting patients at risk.

The new study, "Profitability in Medical Professional Liability Insurance," was completed by Dr. Robert E. Hoyt, the Dudley L. Moore Chair of Insurance at the University of Georgia's Terry College of Business, and Lawrence S. Powell, the Whitbeck-Beyer Chair of Insurance and Financial Services at the University of Arkansas College of Business. It was released today by the Health Coalition on Liability and Access (HCLA), a broad-based group of health care providers.

In their report, Drs. Hoyt and Powell specifically and conclusively refute claims made in a recent study by Mr. Jay Angoff and released by the Center for Justice and Democracy, a study they call "critically flawed" and full of "errors and shortcomings."

"The Hoyt-Powell report represents a comprehensive analysis of the medical liability insurance industry over the past nine years," said Christian Shalgian, HCLA Chair. "Contrary to claims made by the Center for Justice and Democracy, the report shows that the medical liability crisis our nation is facing is not caused by insurers earning excess profits or overpricing their coverage. Rather, the medical liability crisis is caused by excessive litigation and the lottery-sized verdicts."

In their report, Drs. Hoyt and Powell develop a measurement of financial performance in the medical malpractice industry using a complete set of costs and revenues reported on insurers' annual financial statements for all companies that report data to regulators. This measurement, called the Economic Combined Ratio, found that the average profit ratio, or return on net premiums earned during the period 1996-2004 by medical liability insurers, was negative 13 percent.

The Hoyt-Powell report is consistent with other recent studies of the medical liability insurance market, including a report released in 2004 by the National Association of Insurance Commissioners and the 2003 study by Government Accountability Office. Both of these studies found that losses on medical liability claims are the main factor influencing rate increases. The findings of the Hoyt-Powell report are also similar to those recently published by actuaries James D. Hurley and Gail E. Tverberg of Towers Perrin, who found Angoff's statistics to be "meaningless and unsound...materially incomplete... and taken out of context." The Hoyt-Powell report can be found at [www.hcla.org](http://www.hcla.org).

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**HEALTH CARE LIABILITY EXPERTS AVAILABLE FOR INTERVIEWS  
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*For more details, visit [www.hcla.org](http://www.hcla.org). Health Coalition on Liability & Access is a national advocacy coalition of organizations representing doctors, hospitals, health care liability insurers, long-term care facilities, health care insurers, employers, and health care consumers. HCLA believes federal legislation, including reasonable limits on non-economic damages, is needed to bring fairness, timeliness and cost-efficiency to America's medical liability system.*