

## ***Insurance Times: NY rejects medical malpractice rate hike***

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ALBANY — New York's largest medical malpractice insurer will not be allowed to increase premiums for the next year.

State Insurance Superintendent Gregory Serio ordered that the Medical Liability Mutual Insurance Co. (MLMIC), which writes coverage for about half the state's 32,000 privately insured physicians, not hike rates through next July.

The company had suggested an 8 percent premium increase.

"I don't think there is any further need for more rates at this point," Serio said.

The superintendent said it is evident that MLMIC had higher costs last year due to more malpractice judgments against the doctors it represents — the company said it lost \$92 million in 2001 — but "we think there are significant" revenues and reserves at MLMIC to preclude a premium increase for the next year.

Doctors in some specialties will likely pay more for their insurance, however. Starting in January, the state has increased from \$1 million to \$1.3 million the amount of insurance coverage physicians must have before judgments against them would be paid for out of a special fund accumulated statewide through assessments on patients' bills. That extra \$300,000 of coverage will cost more for most doctors, industry officials said.

In April, the state Medical Society organized a brief work stoppage by many of its member physicians to dramatize what they said was a deteriorating malpractice insurance climate in New York. To prevent doctors from leaving the state because of exorbitant premium rates, the society said caps must be imposed on the non-economic damages that could be awarded by courts in malpractice cases.

The determination by Serio that the state's largest medical insurer doesn't need a premium increase is evidence that doctors were overstating in an "unconscionable" way the insurance problem, said Blair Horner, legislative director of the New York Public Interest Research Group.

"They whipped their membership up into a frenzy and now we find out months later that it was for no good reason," Horner said. "There is an insurance problem when it comes to medical malpractice, which is that insurance companies lost their shirts on Wall Street and now they're looking to recoup those losses by increasing premiums."

Medical Society spokeswoman Molly Williams said the group believes a potential crisis is still facing the industry because of physicians' malpractice premiums. Premiums can vary from \$15,000 a year for a relatively low-risk field such as allergist to \$150,000 for neurologists.

"We're pleased that the rates have not gone up," Williams said. "However, what we did in April was mainly in response that New York state continues to be one of the highest-ranked states, if not the highest in some instances, in terms of malpractice premiums."

Limits on court awards in malpractice cases are the ultimate answer to curbing premiums, she said.

The state's second-largest malpractice insurance carrier, Physicians Reciprocal Insurance, did not seek a premium increase this year from the state.

Between them, MLMIC and Physicians Reciprocal insure about three-quarters of the state's physicians for malpractice.

Serio said the state's malpractice premiums have remained relatively stable in recent years because such a large proportion of New York's physicians are represented by doctor-owned mutuals like MLMIC and Physicians Reciprocal.

Rates by private malpractice insurers have become extremely volatile throughout the country in the past few years, Serio said.