

Insurance Times: States agree to review premium hikes following 9/11
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WASHINGTON (AP) —State insurance regulators plan to examine recent increases in insurance prices including whether the Sept. 11 terror attacks triggered unjustified rate hikes.

The National Association of Insurance Commissioners said last week that it would study recommendations made by Americans for Insurance Reform, a coalition of consumer groups. The coalition says it wants stronger state regulations to protect people from excessive insurance rates.

In a July letter, the coalition urged state insurance commissioners to investigate how the economy affects insurance rates and whether insurers are price-gouging consumers. The group said it was particularly concerned about recent increases in homeowner and medical malpractice insurance and wants those rates frozen.

The group said that while rates were already rising before Sept. 11, "the price increases were sped up by the terrorist attack, collapsing two years of anticipated increases into a few months."

NAIC, which represents state insurance regulators, said it was not surprised by rate increases after the attacks.

"Insurance markets are unquestionably stressed," the regulators said in a letter to the consumer group.

The regulators said insurers respond to hard times in "rather predictable ways — increasing rates, canceling insurance contracts and introducing coverage limitations."

The state regulators said they have already begun a study of rising malpractice insurance costs. The study of the consumer coalition's recommendations should be completed within six months, the regulators said.