



Medical Malpractice Insurance Companies Earning More Than Ever

Written On October 8, 2009 By [Bob Kraft](#)

Here's an astonishing statistic released by the American Association for Justice this week: The 10 biggest medical malpractice insurers have average profits higher than 99% of Fortune 500 companies!

Here is the full press release from the American Association for Justice:

As Congress debates nationwide health care reform, a new analysis reveals malpractice insurers have long-played a cruel hoax on legislators and the public. By systematically distorting profits and losses, insurers created phony "financial crises," so lawmakers would limit the legal rights of injured patients. Today, while premiums and health care costs skyrocket, malpractice insurers have average profits higher than 99 percent of Fortune 500 companies.

The key findings of the report, which analyzes the annual financial statements of the 10 largest U.S. medical malpractice insurers, include:

-
- The average profit of these insurance companies is higher than 99 percent of all Fortune 500 companies and 35 times higher than the Fortune 500 average for the same time period.
- Malpractice insurers have seen their profit margins range from 5.9 percent to 74.8 percent, with an average of 31.2 percent.

Kraft & Associates
2777 Stemmons Freeway
Suite 1300
Dallas, Texas 75207
Toll Free: (800) 989-9999
FAX: (214) 637-2118
E-mail: info@kraftlaw.com

Medical malpractice insurers have underestimated profits and overestimated losses, creating overblown insurance “crises” to garner support for limiting patients’ legal rights. Then years later after the “crises” abated, revised filings show the companies were never in the financial peril they claimed.

-
- After overestimating losses, insurers have since reported that losses over the last five years have been approximately 13.5 percent lower than initially reported.
- By overestimating losses, companies have underestimated profits. Insurers averaged about 5.1 percent higher profits last year and 12.4 percent higher profits two years ago; these levels of profits will likely rise as upward revisions are made.
- Medical negligence laws were passed under false pretenses. Overblown reported losses were used by the insurance industry to justify new measures restricting the rights of those injured by medical negligence.

“Insurance companies are gouging doctors on their premiums to mislead lawmakers. And today, injured patients are often left with no avenue to pursue justice, while health care costs continue to skyrocketing,” said American Association for Justice President Anthony Tarricone, managing partner at Kreindler & Kreindler LLP.

“As Congress looks to overhaul our nation’s health care system, it’s clear that limiting the legal rights of patients won’t lower health care costs or cover the uninsured,” continued Tarricone. “The focus should be on eliminating medical errors that injure or kill tens of thousands of Americans every year. Insurance companies clearly don’t need another handout.”

As part of its ongoing series on the topic, AAJ earlier released *Medical Negligence: A Primer for the Nation’s Health Care Debate* and *The Truth About “Defensive Medicine.”* These reports, as well as *The Insurance Hoax: How Doctors and Patients Pay for the Huge Earnings of Medical Malpractice Insurers*, can be located at www.justice.org/medicalnegligence.