



AMERICAN ACADEMY
of ACTUARIES

NEWS RELEASE

Immediate Release

Contact: Andrew Simonelli
Phone: 202.785.7872
Email: simonelli@actuary.org

Actuaries: Antitrust Exemption Repeal Would Likely Increase Medical Liability Premiums, Limit Competition

WASHINGTON – 22 Jan. 2010 – The American Academy of Actuaries is concerned that legislative efforts to strip an antitrust exemption for medical professional liability insurers could preclude data collection and aggregation across companies, limiting competition and potentially increasing premiums. The actuaries urged policymakers to discontinue efforts to advance the repeal provision.

“The enactment of H.R. 3962, relative to medical professional liability insurance, is likely to be reduced availability with fewer willing insurers, less vigorous competition among those that do write coverage and higher costs to the consumer,” wrote **Kevin Bingham**, chairperson of the American Academy of Actuaries Medical Professional Liability Subcommittee, in a letter to congressional leaders.

Bingham said if policymakers intend to move forward with the repeal, they should restore language from an earlier version of the bill that would permit information gathering and rate setting activities, which are currently allowed under the McCarran-Ferguson Act. He said aggregated data provides credible information to market participants, enhances and supports competition, and guides companies, self-insurers and regulators in reducing the likelihood of insolvencies.

Bingham said that a single company’s data is often not sufficiently credible to determine basic loss costs and determine reasonable premiums. He attributed this to the “low-frequency, high-severity, long-tailed” nature of medical professional liability claims, which makes the estimation of losses and premiums more uncertain than in other insurance lines.

The letter is available at: http://www.actuary.org/pdf/casualty/medmal_hr3962.pdf

For more information, contact Andrew Simonelli, assistant director of communications for the American Academy of Actuaries, at 202.785.7872. For more information on the American Academy of Actuaries, please visit: www.actuary.org.

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The American Academy of Actuaries is a 16,000-member professional association whose mission is to serve the public on behalf of the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.