



INSURANCE

- ▶ [Main Page](#)
- ▶ [Press Releases](#)
- ▶ [In the Media](#)
- ▶ [Factsheets](#)
- ▶ [Reports](#)

OTHER TOPICS

- [Corporate Accountability](#)
- [Healthcare](#)
- [Citizen Advocacy](#)
- [The Justice System](#)
- [Billing Errors](#)
- [Energy](#)
- [About FTCR](#)

[home](#) / [insurance](#) / [press releases](#)

NEWS RELEASE Dec 19, 2003

CONTACT: Doug Heller - 310-392-0522 x309

FTCR Stops '04 Medical Malpractice Rate Hike By CA's 2nd Largest Insurer, Saving Doctors \$11 Million

Prop 103 Again Blocks SCPIE From Gouging Physicians

Santa Monica, CA -- California's second largest medical malpractice insurance provider, SCPIE Holdings, formally withdrew a rate increase request from the California Department of Insurance Wednesday after the proposed hike was challenged by the Foundation for Taxpayer and Consumer Rights (FTCR). Under California law, known as Proposition 103, insurance companies cannot raise rates on doctors or other consumers without first justifying the rate change to the Insurance Commissioner. Using Proposition 103's rules, FTCR, a nonprofit organization, challenged SCPIE's proposed 8.9% rate increase and Insurance Commissioner Garamendi agreed with FTCR's actuarial analysis that the proposed hike was unjustified.

Under the SCPIE proposal, California physicians insured by SCPIE Indemnity and its subsidiary American Healthcare Indemnity would have paid \$11 million more in premiums in 2004. As a result of this week's action, SCPIE-insured doctors will see no increase in '04.

"Insurance regulation has again proved to be the most effective way to control insurance rates for doctors as it has been for all consumers," said FTCR's senior consumer advocate Douglas Heller. "With doctors around the country being hammered by high insurance rates, Proposition 103 stands out as the one approach that has actually worked to keep rates low and stable."

This is the second time that FTCR sought to block a SCPIE medical malpractice insurance rate increase. Earlier this year, Commissioner Garamendi required SCPIE to slash a 15.9% rate increase proposal by a third after FTCR challenged the increase. Using Proposition 103, FTCR also intervened to reduce an increase by the state's largest medical malpractice insurer Norcal Mutual.

"Each time SCPIE, or any medical malpractice company, tries to gouge its physicians, they will have to face the strict scrutiny of insurance regulation and consumer advocates who are prepared to enforce the law and protect people's pocketbooks," said FTCR's co-counsel Daniel Zohar of the Zohar Law Firm.

During the past two years lawmakers around the country have faced angry doctors who have pressed for relief from high medical malpractice insurance premiums. Typically, doctors have joined with insurance companies

and called on lawmakers to restrict the rights of injured patients to be paid the full amount of a claim, generically referred to as malpractice caps, in hopes that such restrictions would lower premiums. According to FTCR, which studied the effects of such limits in California and other states, the legal restrictions do not reduce the premiums insurers charge doctors.

"Doctors should take a lesson from the recent rate challenges in California: even though California has severe malpractice caps, insurance companies continue to try to push rates higher. Only by forcing insurance companies to open their books and justify their rates will insurers stop padding their profits on the backs of doctors," said Heller.

FTCR's studies and other materials on medical malpractice insurance is available online at <http://www.consumerwatchdog.org/healthcare/medmal.php>

- 30 -

[▲ back to top](#)