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FOR IMMEDIATE RELEASE:

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Look for Rate Stability for Medical Malpractice Insurance in 2009

Delray Beach, Florida – January 10, 2009- Rates for physicians' and surgeons' medical professional liability (malpractice) insurance have declined rather dramatically, and should stabilize or decline slightly in 2009. Competition is coming back to the market. New strong carriers are putting pressure on old-line companies. Most carriers are applying generous loss-free credits for physicians who have been claims-free for at least five years. Those with excess capital are buying back their stock, looking for merger and acquisition opportunities, considering geographic expansion, and paying dividends and sharing profits.

Claims frequency tends to drive medical malpractice insurance rates. We expect claims frequency to continue to drop in 2009, as in the past several years, but at a slower rate. Carriers have added to their surpluses, which will help see them through 2009 and, hopefully, beyond.

The welcome decline in rates is not without risks. Some physicians recall the identical situation in the late 1990's when rates declined and a host of new carriers entered the state. As the market "hardened", these same companies exited just as quickly, leaving physicians high and dry and scrambling for coverage.

Some insurance company executives express concern that, as the economy deteriorates, claims frequency may increase, leading to a tightening of underwriting standards and higher rates. Already, some patients are reportedly threatening to sue their physician or initiate board action unless he writes off their balance on account. There is also some concern that trial attorneys will in on favors to the new administration and roll back the benefits of tort reform, which have been especially effective in Florida.

In the meantime, physicians across Florida are welcoming a climate friendly to them and more respectful of their bottom lines.

For additional information on the subject of this release contact Barbara Gracey Backer or visit www.graceybacker.com.

Gracey-Backer, Inc. is a "full-service" insurance agency focusing on professional liability insurance for healthcare providers. The agency provides a selection of financially strong insurers—and in-depth malpractice insurance expertise. The agency was founded in 1925. It can handle office, workers' compensation, employment practices liability, and personal insurance for the Florida physician, oral surgeon, and dentist.

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