

Congress of the United States

Washington, DC 20515

July 2, 2002

The Honorable David M. Walker
Comptroller General of the United States
U.S. General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Walker:

We are writing to request your assistance in evaluating the extent to which current market conditions and insurance company practices are contributing to an increase in medical malpractice premiums.

It has been reported that insurance companies have been raising the medical malpractice premiums which doctors must pay in certain regions of the country. Congress has begun to investigate this issue, and many in Congress have already proposed legislation. However, thus far the focus of debate in Washington has been limited. As Congress attempts to balance the rights of patients with the interests of doctors and insurers, we believe that a thorough analysis of insurance industry practices is necessary. Medical malpractice is an important issue that must be examined thoroughly and deliberately from all perspectives.

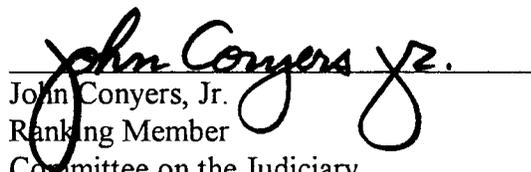
In this regard, we ask that you examine the financial statements and information submitted to regulators by insurance companies that offer medical malpractice insurance, as well as any other information maintained by regulators that may be relevant to this issue. In particular, we would like to know how reductions in the investment income of insurers may be adversely affecting the financial outlook of these companies, thus increasing physician premiums to compensate for any declines. To the extent feasible, you should also analyze the underwriting history of medical malpractice insurance to determine whether premiums have historically experienced similar increases and also determine whether current market conditions are in some way unique.

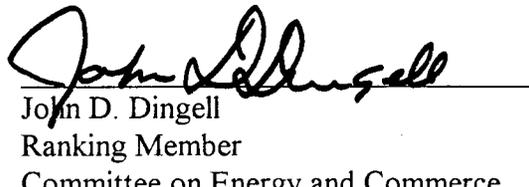
We would also like you to examine the competitiveness of markets, particularly in those areas experiencing the sharpest premium increases. For example, has the lack of competition in the medical malpractice insurance market adversely affected physician premiums? In addition, we are interested in having a better understanding of how malpractice settlements and judgements compare to premiums earned for medical malpractice lines of insurance. In particular, we would like to know how incurred but not yet reported holdings have affected the reserve practices of medical malpractice insurers.

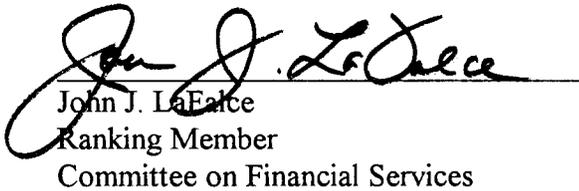
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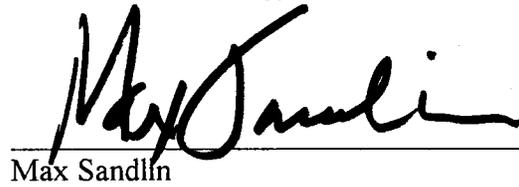
As your examination proceeds, please provide us with a status report no later than September 3, 2002. We thank you for your assistance and look forward to your ultimate findings on this important issue for patients and doctors.

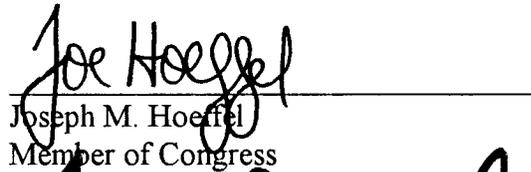
Sincerely,


John Conyers, Jr.
Ranking Member
Committee on the Judiciary

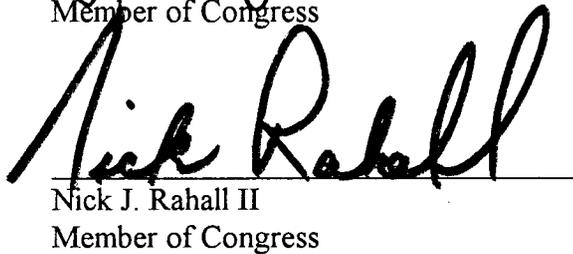

John D. Dingell
Ranking Member
Committee on Energy and Commerce

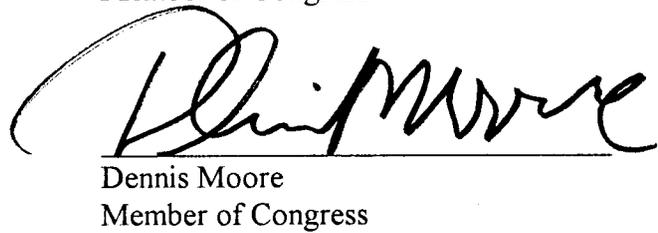

John J. LaFalce
Ranking Member
Committee on Financial Services

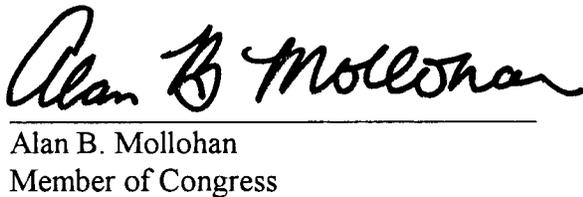

Max Sandlin
Member of Congress

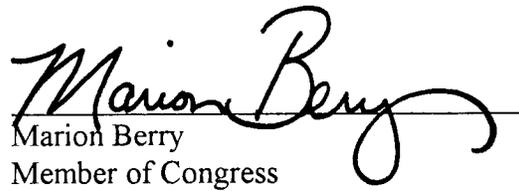

Joseph M. Hoeftel
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