

West Virginia Consumers and Victims Coalition for Insurance Reform

News Release

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How Much Is Enough?

Income Soars, But Industry Still Trying to Strip Consumer Protections

Charleston, W.Va. – Insurance industry profits soared nationally to over \$21 billion the first nine months of 2003 according to data released by the Insurance Services Office and the National Association of Independent Insurers on December 22, 2003. The profits over the same period in 2002 were \$5 billion, so **the new figures show a profit increase of more than \$16 billion—a 320% increase over the previous year.**

“Big insurance corporations are trying to convince West Virginia lawmakers that they are barely scraping by, yet they made a profit of more than \$21 billion just through September of last year. That’s net profit after taxes, claims payouts and multi-million dollar executive salaries. How can they have the impertinence to cry poverty while their profits increase by 320 percent?” said Gary Zuckett, coordinator of the West Virginia Consumers and Victims Coalition for Insurance Reform.

The same release stated that the statutory net worth of the industry increased from \$285.4 billion at the end of 2002 to \$319.9 billion through September 2003—an increase of 12.1 %.

“These billionaire beggars want our legislature to take away laws that require them to deal fairly with West Virginia policy holders and consumers. These are laws that ensure that a West Virginia resident who earns minimum wage and is struggling to support a family have protections from unfair business practices used by these rich, powerful corporations. Big Insurance wants to take away our consumer protections. It’s wrong, and the legislature should resist this new, made-up insurance ‘crisis’ by keeping existing consumer protection laws on the books and giving the Insurance Commission additional tools to better regulate the industry.”

The insurance industry admits these so-called ‘reforms’ will do nothing to help consumers or lower insurance costs. The American Insurance Association said, “The insurance industry never promised that tort reform would achieve specific premium savings” (March 13, 2002 press release). The president of the American Tort Reform Association said, “We wouldn’t tell you or anyone that the reason to pass tort reform would be to reduce insurance rates” (*Liability Week*, July 19, 1999).

“The only ones who will benefit from this pretend ‘crisis’ will be Big Insurance — it will further increase their already outrageous profits. Governor Wise and our legislature’s first responsibility should be protecting the rights of West Virginia consumers, not the profits of these billion-dollar out-of-state corporations,” Zuckett said.

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