

West Virginia Consumers and Victims Coalition for Insurance Reform

1500 Dixie St, Charleston, WV 25311

News Release

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Contact: Gary Zuckett
(304)346-5891

Insurance Industry Racks Up Big Profits While Lobbying to Take Away Consumer's Rights

Charleston, W.Va. – According to the Insurance Services Office, American property and casualty insurers had a combined net profit of \$14.5 billion for the first half of this year. American International Group (AIG) and Allstate, two of the nation's leading insurers, both had significant third quarter profits showing that the industry's positive economic trend continued through the summer. AIG reported its net income for the third quarter at \$2.34 billion, an increase of 26.9 percent. Allstate reported a net income of \$691 million, an increase of 77 percent.

“The insurance industry wants us to believe that they are in crisis. Yet, in spite of our struggling economy, they had a \$14.5 billion dollar profit in just six months and the new financial numbers released by AIG and Allstate show that its still going up. The insurance industry is on pace to clear a profit of nearly \$30 billion this year. If that's their idea of crisis, I'd like to know what the numbers look like when they're doing really well,” said Gary Zuckett, coordinator of the West Virginia Consumers and Victims Coalition for Insurance Reform.

“However, these profits aren't enough—they want more. They want to take away civil justice laws in West Virginia that protect our consumers and small businesses. These so-called “tort reforms” will do nothing to lower premiums—so we will continue to pay more and victims will get less. The only group that will benefit financially will be the insurance industry itself.”

In 2002, the American Insurance Association said that the “insurance industry never promised that tort reform would achieve specific premium savings” in a news release (3/13/2002). Sherman Joyce, president of the American Tort Reform Association said in 1999, “We wouldn't tell anyone that the reason to pass tort reform would be to reduce insurance rates.”

“The insurance industry is trying to increase its profits on the backs West Virginia working families. I can think of nothing more repugnant than an industry that compensated 79 of its executives more than \$5 million each crying economic hardship in a state where 25,000 workers earn minimum wage or less. That's just \$10,712 per year. Nineteen percent of West Virginians live in poverty, including 27 percent of our children. West Virginia has real economic hardships to deal with, not manufactured ones by billionaire, out-of-state insurance corporations who believe a \$30 billion a year profit is not enough.” (*The Insurance Forum*, July 2002; Bureau of Labor Statistics; and National Priorities Project: State of the States 2002)

Eighteen insurance executives were compensated more than \$10 million each. The top recipient in 2001 was Eli Broad, head of AIG's SunAmerica, who received \$48,174,739 in total compensation. Jay S. Wintrob, another SunAmerica executive, received \$18,181,204 in total compensation.

“What West Virginia needs is insurance reform, not tort reform. Our Legislature needs to strengthen laws that protect West Virginia citizens and small businesses from billionaire insurance companies, not take away protections already on the books,” Zuckett said.

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