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Reflecting Reform Gains, ISMIE Mutual Declares New Dividend for Policyholders

... Will improvements last now that reform law is gone?

Chicago, IL – ISMIE Mutual Insurance Company today announced it will distribute nearly \$17 million in new dividends to eligible policyholders, reflecting continuing improvements in the state’s medical litigation climate and positive underwriting results for the 2005 through 2008 policy years. This is the fourth consecutive year ISMIE has issued policyholder dividends, bringing the total of dividend dollars granted to policyholders since 2005 to \$54 million.

“This dividend is the direct result of several years of comprehensive medical liability reforms,” said ISMIE Chairman Harold L. Jensen, M.D., “including limits on arbitrary non-economic damage awards in medical malpractice lawsuits.”

“These reforms brought stability to Illinois’ medical liability insurance market and helped preserve patient access to medical care by keeping doctors in Illinois,” he added.

Unfortunately, the Illinois Supreme Court earlier this year overturned the 2005 law that instituted these reforms. “This reversal certainly could impact rates and potential dividends in future years,” said Dr. Jensen. “Illinois has long been known for its adversarial legal climate, and the court’s ruling on this matter is clearly a step in the wrong direction.”

ISMIE’s rates are reviewed annually based on the company’s claims severity and frequency trends, both of which were mitigated by the 2005 reform law. New base rates for the 2010-2011 policy year are to be announced this summer, for rollout beginning in October 2010.

“As a physician-run company with nonprofit roots, ISMIE Mutual makes every effort to keep rates low and issue dividends,” said Dr. Jensen. “However, in the wake of the law’s overturn, the days of stable premiums and yearly renewal dividends, we fear, may be numbered,” he noted, adding that “ISMIE will continue to fight back for civil justice fairness in Illinois.”

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ISMIE Mutual Insurance Company is the leading provider of medical liability insurance to approximately 12,000 Illinois physicians. Established in 1976 by the Illinois State Medical Society, the company is completely physician-owned and operated. ISMIE Chair Harold L. Jensen, M.D. is a specialist in internal medicine from Frankfort, Illinois.