



DATE: December 4, 2014
TO: New Hampshire Insurance Department
FROM: Professional Insurance Agents of New Hampshire Inc.
STATEMENT RE: NEW HAMPSHIRE MEDICAL MALPRACTICE JOINT
UNDERWRITING ASSOCIATION

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Professional Insurance Agents of New Hampshire Inc., an association of independent insurance agents throughout the state and their employees, believes that the New Hampshire Medical Malpractice Joint Underwriting Association (JUA) is still a necessary participant in the medical malpractice market. However PIANH is advocating for modifications to the existing JUA model to better reflect its role as a residual market.

The JUA was created in the 1970s as a residual marketplace for medical malpractice insurance in response to a reduction of the number of insurance companies willing to write medical malpractice in the voluntary market. Since that time the medical malpractice marketplace has rebounded to a point where PIANH believes that medical malpractice coverage is readily available in the voluntary commercial market.

PIANH does believe that the JUA is still a necessary player in the marketplace for those high risk insureds that would otherwise be unable to obtain coverage. The JUA provides these high risk insureds with a level of security that allows them to safely plan and operate in the health care business now and into the future. Further the JUA is needed in order to avoid another crisis in the marketplace similar to what existed in the 1970s when the program was created. If at some point the medical malpractice insurance marketplace becomes too restrictive the JUA will serve as a valuable source of insurance for many New Hampshire health care professionals.

While the JUA is still necessary, the program was designed to be a market of last resort for those whose risks the voluntary market was unwilling or unable to write. However, despite its origins today for many insureds, the JUA has actually become the preferred market. This is due in part to the fact that the JUA is matching or beating the prices of some carriers in the voluntary marketplace. This is not the role that a market of last resort should fulfill. By offering rates that are competitive with those found on the voluntary market, the JUA is not providing any incentive for insureds to reduce losses and make their risks more attractive. Many insureds view the JUA as a permanent answer to their medical malpractice needs and not a temporary solution as a market of last resort should be.

The JUA should provide a backstop for those that cannot procure coverage elsewhere, not be the preferred market for attractive risks that could otherwise find coverage in the voluntary market. For that reason PIANH is advocating for the JUA to increase its rates and/or reduce coverages offered. By taking these steps the JUA would accomplish the goal of making the program less attractive to desirable insureds that could procure insurance elsewhere, while also creating an incentive for those unable to obtain insurance on the voluntary market to make their risks more attractive. By increasing rates and/or reducing coverages offered the JUA would be better function as a true residual market.