



The Maryland State Medical Society

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TO: The Honorable Dereck E. Davis, Chairman
Members of the House Economic Matters Committee
The Honorable Shane Pendergrass

FROM: Joseph A. Schwartz, III
Pamela Metz Kasemeyer
J. Steven Wise

DATE: March 2, 2005

RE: **OPPOSE** – House Bill 55 – *Medical Professional Liability Insurance – Consideration Paid to Insurance Producers - Limitations*

The Maryland State Medical Society (MedChi) which represents over 7,200 Maryland physicians and their patients opposes House Bill 55.

House Bill 55 reduces the amounts paid to insurance agents for securing malpractice insurance for doctors allowing only 5% for a new policy and 2.5% for a renewal policy. MedChi believes that the passage of this bill will further destabilize the malpractice markets in Maryland. All four malpractice carriers presently underwriting doctor's policies in Maryland rely upon independent agents. These companies presently pay commissions ranging from 6 to 10% although Med Mutual agents were limited to 5% from the date the veto of House Bill 2 was overridden (January 11, 2005). House Bill 55 further limits commissions.

MedChi believes that it is not insurance agents who are at fault with respect to the malpractice crisis nor is it prudent to discourage individuals from becoming insurance agents by ratcheting down their income. There may be individuals who believe insurance agencies are unnecessary but the four companies presently writing malpractice insurance in Maryland (Med Mutual, Medical Protective, The Doctors Company and NCRIC) do not feel that way. Those four companies pay commissions ranging from 6 to 10% and they obviously believe that those commissions are justified for the work done by the insurance agents.

The passage of House Bill 2 caused great concern amongst the four malpractice carriers and the insurance issues in that bill are now being cured by the passage of House Bill 1359 which is implementation and correction legislation. The passage of House Bill 55 could not come at a worse time, particularly since House Bill 1359 is "correcting" some of the missteps with respect to insurance agents taken in House Bill.

MedChi would respectfully request an unfavorable report on House Bill 55.

For more information call:

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