



## CRISIS CREATION CHRONOLOGY

October 5, 1984

A survey by National Underwriter (NU) (the leading insurance trade publication) concludes that "a tightening of the property and casualty insurance market in the United States is underway," but that "an across-the-board approach to raising rates was not being used." Rather, "an account by account review will determine future pricing," according to the executives contacted by NU.

For example, the Hartford emphasizes that "for the most part premium increases are being refined line-by-line, class-by-class and territory-by-territory," while according to the Travelers, "the amount of price correction will vary by account experience." (pp. 1, 74)

December 14, 1984

The St. Paul, the nation's largest medical malpractice insurer, tells NU that "there is not a malpractice crisis around the corner," and that any problems in the medical malpractice insurance field "can be dealt with through rate adequacy, improved risk management, more intensive underwriting practices, and improved claims-handling ability and strategy." (p. 40)

December 21, 1984

At the National Association of Insurance Commissioners annual meeting, there is no mention of any problems with the civil justice system, NU indicates. (pp. 1, 46)

\* December 21, 1984

The Insurance Information Institute (III) launches a massive "effort to market the idea that there is something wrong with the civil justice system in the United States," NU reports. (p. 2)

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\* January 21, 1985

The III's Executive Letter reports that "the need for dialogue between the insurance industry and the consuming public on such issues as civil justice reform and insurance pricing highlighted the 25th annual meeting of the Insurance Information Institute, which was coordinated with the annual meeting of Insurance Services Office in New York last week, and followed by a Joint Industry Conference of the two organizations."

January 25, 1985

ISO publishes "The Coming Capacity Shortage."

\* February 4, 1985

ISO President Dan McNamara tells the ISO annual meeting that "The need for significant premium increases, especially for commercial lines, is absolute for the next three years," Business Insurance reports. (p. 16)

\* May 1985

ISO, in conjunction with the National Association of Independent Insurers (NAII), releases "1985: A Critical Year," which proclaims that "the brutal price war of the last 6 years is over," and that "significant premium increases are needed, especially for the current commercial lines products." (p. 5)

\* June 10, 1985

Aetna President William O. Bailey tells the National Association of Insurance Brokers that "clearly another round of price increases is absolutely necessary for the business," and that "the time is right to start engaging in some serious efforts for tort reform," according to Business Insurance. Crum & Forster chairman John K. Lundberg tells the NAIB that "a lot of people are going to go without insurance." (p. 3)

\* June 18, 1985

GEICO Chairman John J. Byrne tells the Casualty Actuaries of New York that "It is right for the industry to withdraw and let the pressures for reform build in the courts and in the state legislatures," the Journal of Commerce reports. According to the Journal of Commerce, Mr. Byrne told the actuaries that "the insurance industry should quit covering doctors, chemical manufacturers, and corporate officers and directors." (p. 10A)

June 28, 1985

Only 6 months after the NAIC annual meeting at which no mention was made of a "civil justice crisis," NU reports that talk of "civil justice system abuses" dominates the NAIC mid-year meeting. (p. 1)

September 6, 1985

NU reports that "the quick reversal in underwriting standards has been shocking." An NU review notes that "we have received reports of major markets placing moratoriums on all new business"; that medical malpractice insurance "is rapidly becoming hard to find"; and that in general liability "what has occurred . . . is a return to basic ISO rating subject to a minimum 20 percent surcharge . . . ." (pp. 8, 82)

March 19, 1986

The Journal of Commerce reports that the III will soon begin a \$6.5 million nationwide advertising campaign designed, in the III's words, to "change the widely-held perception that there is an insurance crisis to a perception of a lawsuit crisis." (pp. 1, 20)