

# **COMMENTS OF THE IOWA INSURANCE INSTITUTE TO THE INTERIM MEDICAL MALPRACTICE COMMITTEE**

The Iowa Insurance Institute, founded in 1958, is composed of insurers, domestic and foreign, writing property/casualty insurance coverage in this state. Principally, auto, homeowners, farm, workers' compensation, and liability, commercial and personal, is written. One member writes professional liability coverage for certain professional groups.

The Institute wishes to emphasize that insurance, although regulated by the State, is and remains a private commodity, the supply and price of which is set by the marketplace. As is true of any line of insurance, supply and price are set by insurers' perception of the profitability of the product. Frequency and severity of claims, pay outs (verdicts and settlements) as well as defense and adjustment costs, will influence this perception. Public policymakers can influence the factors which the marketplace views as instrumental in profitability. Liability coverage, by definition, involves protection against a perceived risk - that posed by the judicial branch of government. To the extent that risk is mitigated by the Legislature, it could affect the supply and price of professional liability insurance.