

# *The Truth About “Frivolous Lawsuits”*

**Q:** Why are trial lawyers always filing frivolous lawsuits?

The insurance companies raise our rates when they have to pay for those suits.



*Philip Stroud,  
Local Attorney*

**A:** The media's claims about frivolous lawsuits are way overblown.

In fact, government agencies that track civil suits say the number being filed on both the federal and state levels is declining.

A business survey conducted in 2006 by the National Association of Manufacturers ranked the “fear of litigation” at the bottom of their concerns.

Given this reality, some would argue that the real problem is that the insurance industry is simply charging their policy holders too much.

It has been reported that the insurance industry made a record \$44.8 billion profit in 2005 despite the large number of Hurricane Katrina claims.

Besides boosting profits, the industry raised its surplus by more than 7 percent to nearly \$427 billion. And it doesn't end there.

According to the annual statements of the 15 largest companies that handle malpractice insurance, the amount they collected in premiums increased by 120.2 percent between 2000 and 2004, while malpractice claims rose by only 5.7 percent.

The rate of the premium increase was 21 times greater than the rate of increase in claims payments during the same period.

Are there too many frivolous lawsuits? Possibly. Is there more to the story than what you hear in the news? Most definitely!

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