

Amend Floor Amendment No. 25 to **CSHB 4** by Rose by adding a new SECTION \_\_\_\_\_.01 on page 1 between lines 5 and 6 to read as follows and renumber subsequent SECTIONS accordingly:

"SECTION \_\_\_\_\_.01. Section 3, Article 5.15-1, Insurance Code, is amended by amending Subsection (d) and adding Subsections (e) - (g) to read as follows:

(d) Rates shall be reasonable and promote the continued availability of professional liability coverage for physicians and health care providers through stability from year to year. Rates may ~~[and shall]~~ not be excessive or inadequate, as defined in this subsection, or ~~[nor shall they be]~~ unfairly discriminatory. No rate shall be held to be excessive unless the rate is unreasonably high for the insurance coverage provided ~~[and a reasonable degree of competition does not exist in the area with respect to the classification to which the rate is applicable]~~. No rate shall be held to be inadequate unless the rate is unreasonably low for the insurance coverage provided and is insufficient to sustain projected losses and expenses; or unless the rate is unreasonably low for the insurance coverage provided and the use of the rate has or, if continued, will have the effect of destroying competition or creating a monopoly.

(e) After notice and hearing, the commissioner shall establish a system of rate classifications for professional liability insurance for physicians and health care providers, based on risk factors, and require an insurer, a self-insurance trust authorized under Article 21.49-4 of this code, and the joint underwriting association established under Article 21.49-3 of this code to use those classifications. The commissioner shall classify rates based on the following factors and prescribe and respective weight to be given each factor:

(1) the impact of risk management courses taken by physicians and health care providers in this state;

(2) the insured's medical or health care specialization;

(3) the insured's certification by any certification entity approved by the American Board of Medical Specialities;

(4) the number of years of medical experience the

insured has had after graduating from an approved medical school or residency program, if applicable;

(5) the frequency and amount of indemnity payments made by or on behalf of the insured for any death, injury, or medical or health care incident in which the insured was determined to be primarily at fault;

(6) the medical disciplinary history of the insured as recorded by the Texas State Board of Medical Examiners or a similar licensing body in another state, if applicable; and

(7) any other factor substantially related to the risk of loss adopted by the commissioner by rule.

(f) The commissioner by rule shall establish a good doctor discount program for physicians who have few indemnity payments relative to others in their specialty. The commissioner may establish other eligibility factors directly related to the risk of loss and quality of patient care.

(g) The rate charged for a good doctor discount policy must:

(1) comply with Subsection (e) of this section; and

(2) be an appropriate reduction, as determined by the commissioner."