

AN ACT

relating to issuance of certain liability insurance by the Texas Medical Liability Insurance Underwriting Association.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subdivision (2), Subsection (a), Section 4, Article 21.49-3, Insurance Code, is amended to read as follows:

(2) If the association determines that the applicant meets the underwriting standards of the association as prescribed in the plan of operation and there is no unpaid, uncontested premium, policyholder stabilization reserve fund charge, or assessment due from the applicant for prior insurance (as shown by the insured having failed to pay or make written objection to such charges within 30 days after billing) then the association, upon receipt of the premium and the policyholder stabilization reserve fund charge, or such portion thereof as is prescribed in the plan of operation, shall cause to be issued a policy of medical liability insurance for a term of one year or less, as determined by the association.

SECTION 2. Section 4, Article 21.49-3, Insurance Code, is amended by adding Subsections (e) and (f) to read as follows:

(e) The association may offer an installment payment plan for coverage obtained through the association.

(f) Section 7, Article 5.15-1 of this code, does not apply to a medical liability insurance policy issued by the association

1 for a term of less than one year. With respect to a policy subject
2 to this subsection, the association shall ensure that appropriate
3 written notice is provided to an insured if premiums are increased
4 or the policy is to be canceled or is not to be renewed other than
5 for nonpayment of premiums or because the insured is no longer
6 licensed.

7 SECTION 3. Subsection (b), Section 4A, Article 21.49-3,
8 Insurance Code, is amended to read as follows:

9 (b) Each policyholder shall pay annually into the
10 stabilization reserve fund a charge, the amount of which shall be
11 established annually by advisory directors chosen by health care
12 providers, other than for-profit and not-for-profit nursing homes,
13 and physicians eligible for insurance in the association in
14 accordance with the plan of operation. The charge shall be in
15 proportion to each premium payment due for liability insurance
16 through the association. Such charge shall be separately stated in
17 the policy, but shall not constitute a part of premiums or be
18 subject to premium taxation, servicing fees, acquisition costs, or
19 any other such charges. If the association offers an installment
20 payment plan for coverage obtained through the association, the
21 association may permit payment of the stabilization reserve fund
22 charge on an installment basis or may require the policyholder to
23 pay the charge as an annual lump sum.

24 SECTION 4. Subsection (b), Section 4B, Article 21.49-3,
25 Insurance Code, is amended to read as follows:

26 (b) Each policyholder shall pay annually into the
27 stabilization reserve fund a charge, the amount of which shall be

1 established annually by advisory directors chosen by for-profit and
2 not-for-profit nursing homes eligible for insurance in the
3 association in accordance with the plan of operation. The charge
4 shall be in proportion to each premium payment due for liability
5 insurance through the association. The charge shall be separately
6 stated in the policy, but shall not constitute a part of premiums or
7 be subject to premium taxation, servicing fees, acquisition costs,
8 or any other similar charges. If the association offers an
9 installment payment plan for coverage obtained through the
10 association, the association may permit payment of the
11 stabilization reserve fund charge on an installment basis or may
12 require the policyholder to pay the charge as an annual lump sum.

13 SECTION 5. This Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 339 passed the Senate on March 27, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 339 passed the House on May 1, 2003, by a non-record vote.

Chief Clerk of the House

Approved:

Date

Governor