

1-1 By: Nelson S.B. No. 339  
1-2 (In the Senate - Filed January 31, 2003; February 11, 2003,  
1-3 read first time and referred to Committee on State Affairs;  
1-4 March 19, 2003, reported favorably by the following vote: Yeas 9,  
1-5 Nays 0; March 19, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to issuance of certain liability insurance by the Texas  
1-9 Medical Liability Insurance Underwriting Association.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subdivision (2), Subsection (a), Section 4,  
1-12 Article 21.49-3, Insurance Code, is amended to read as follows:

1-13 (2) If the association determines that the applicant  
1-14 meets the underwriting standards of the association as prescribed  
1-15 in the plan of operation and there is no unpaid, uncontested  
1-16 premium, policyholder stabilization reserve fund charge, or  
1-17 assessment due from the applicant for prior insurance (as shown by  
1-18 the insured having failed to pay or make written objection to such  
1-19 charges within 30 days after billing) then the association, upon  
1-20 receipt of the premium and the policyholder stabilization reserve  
1-21 fund charge, or such portion thereof as is prescribed in the plan of  
1-22 operation, shall cause to be issued a policy of medical liability  
1-23 insurance for a term of one year or less, as determined by the  
1-24 association.

1-25 SECTION 2. Section 4, Article 21.49-3, Insurance Code, is  
1-26 amended by adding Subsections (e) and (f) to read as follows:

1-27 (e) The association may offer an installment payment plan  
1-28 for coverage obtained through the association.

1-29 (f) Section 7, Article 5.15-1 of this code, does not apply  
1-30 to a medical liability insurance policy issued by the association  
1-31 for a term of less than one year. With respect to a policy subject  
1-32 to this subsection, the association shall ensure that appropriate  
1-33 written notice is provided to an insured if premiums are increased  
1-34 or the policy is to be canceled or is not to be renewed other than  
1-35 for nonpayment of premiums or because the insured is no longer  
1-36 licensed.

1-37 SECTION 3. Subsection (b), Section 4A, Article 21.49-3,  
1-38 Insurance Code, is amended to read as follows:

1-39 (b) Each policyholder shall pay annually into the  
1-40 stabilization reserve fund a charge, the amount of which shall be  
1-41 established annually by advisory directors chosen by health care  
1-42 providers, other than for-profit and not-for-profit nursing homes,  
1-43 and physicians eligible for insurance in the association in  
1-44 accordance with the plan of operation. The charge shall be in  
1-45 proportion to each premium payment due for liability insurance  
1-46 through the association. Such charge shall be separately stated in  
1-47 the policy, but shall not constitute a part of premiums or be  
1-48 subject to premium taxation, servicing fees, acquisition costs, or  
1-49 any other such charges. If the association offers an installment  
1-50 payment plan for coverage obtained through the association, the  
1-51 association may permit payment of the stabilization reserve fund  
1-52 charge on an installment basis or may require the policyholder to  
1-53 pay the charge as an annual lump sum.

1-54 SECTION 4. Subsection (b), Section 4B, Article 21.49-3,  
1-55 Insurance Code, is amended to read as follows:

1-56 (b) Each policyholder shall pay annually into the  
1-57 stabilization reserve fund a charge, the amount of which shall be  
1-58 established annually by advisory directors chosen by for-profit and  
1-59 not-for-profit nursing homes eligible for insurance in the  
1-60 association in accordance with the plan of operation. The charge  
1-61 shall be in proportion to each premium payment due for liability  
1-62 insurance through the association. The charge shall be separately  
1-63 stated in the policy, but shall not constitute a part of premiums or  
1-64 be subject to premium taxation, servicing fees, acquisition costs,

2-1 or any other similar charges. If the association offers an  
2-2 installment payment plan for coverage obtained through the  
2-3 association, the association may permit payment of the  
2-4 stabilization reserve fund charge on an installment basis or may  
2-5 require the policyholder to pay the charge as an annual lump sum.

2-6 SECTION 5. This Act takes effect September 1, 2003.

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