

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 16, 2003

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1757 by Smithee (Relating to rate filing and rate rollbacks for professional liability insurance for physicians and health care providers.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would add a new article to the Insurance Code relating to rate rollbacks for professional medical liability insurance. The bill would authorize the Commissioner of Insurance to require information in rate filings, special data calls, information meetings, and other means. It would also grant the Commissioner authority to disapprove of rates filed that fail to reflect an ordered rate reduction and it would grant the Commissioner certain leeway in situations where compliance would work a hardship on the insurer.

According to the Comptroller of Public Accounts, the proposed rate rollback may exert some downward pressure on individual premiums and insurance premium tax collections. However, the Comptroller of Public Accounts assumes the rate rollback would promote insurance availability and reduce incentives for taking higher deductibles which would offset potential reductions in premiums and insurance premiums tax collections.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller Of Public Accounts, 454 Department Of Insurance

LBB Staff: JK, JO, RB, DLBe, JRO, RT