

BILL ANALYSIS

Senate Research Center
79R13915 AJA-D

H.B. 686
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State Affairs
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Upon passage of Proposition 12 by Texas voters in the fall of 2003, some Texas physicians and health care providers had lawsuits filed against them for the first time in their careers. Although most of these lawsuits were subsequently dropped or nonsuited, many of these physicians and health care providers experienced an increase in their professional liability insurance costs solely because of these lawsuits. H.B. 686 prohibits an insurer from using a lawsuit filed against a physician or health care provider to set premiums if the lawsuit was dismissed by the claimant or nonsuited.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 5.15-1, Insurance Code, by adding Section 12, as follows:

Sec. 12. USE IN UNDERWRITING OF CERTAIN INFORMATION RELATED TO LAWSUITS; REFUND. (a) Prohibits an insurer from considering for the purpose of setting premiums for a physician or health care provider's professional liability insurance a lawsuit filed against the physician or provider if certain conditions exist.

(b) Requires an insurer that, in setting premiums for a physician or health care provider's professional liability insurance, considers a lawsuit filed against the physician or health care provider, to refund to the physician or provider any increase in premiums that is attributable to that lawsuit if the lawsuit is dismissed by the claimant or nonsuited without payment to the claimant under a settlement agreement. Requires the insurer to issue the refund on or before the 30th day after the date the insurer receives written evidence that the lawsuit was dismissed or nonsuited without payment to the claimant under a settlement agreement.

SECTION 2. Makes application of this Act prospective to January 1, 2006.

SECTION 3. Effective date: September 1, 2005.