

BILL ANALYSIS

Senate Research Center
79R1832 AJA-D

H.B. 1532
By: Rose (Armbrister)
State Affairs
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Under current law, in order to deem a rate for professional liability insurance for physicians and health care providers excessive, the Texas Department of Insurance (TDI) must prove that the rate is unreasonable for the insurance coverage provided and that a reasonable degree of competition does not exist.

TDI is mandated to determine whether rates are reasonable and not excessive or inadequate for professional liability insurance for physicians and health care providers. The current competition provision in Section 3, Article 5.15-1, is problematic and prevents TDI from carrying out its mandate.

H.B. 1532 clarifies the process by which rates are set for professional liability insurance for physicians and health care providers by the TDI and increases its ability to monitor those rates.

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 Section 3, Article 5.15-1, Insurance Code, to require that consideration be given to past and prospective loss and expense experience for all professional liability insurance for physicians and health care providers written in this state, unless the Texas Department of Insurance (TDI), rather than the State Board of Insurance, finds that the group or risk to be insured is not of sufficient size to be deemed credible, in which case certain other factors will also be considered. Deletes existing text relating to the requirement that, for a rate to be considered excessive, a reasonable degree of competition does not exist in the area with respect to the classification to which the rate is applicable. Makes a conforming change.

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

SECTION 3. Effective date: September 1, 2005.