

BILL ANALYSIS

H.B. 1532
By: Rose
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

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 two things: 1.) that the rate is unreasonable for the insurance coverage provided and 2.) that a reasonable degree of competition does not exist.

The 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.

As proposed, House Bill 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

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1 of the bill amends Section 3, Article 5.15-1, Insurance Code to repeal the competition provision.

SECTION 2 sets out that this Act applies only to the rate used for an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2006. A policy delivered, issued for delivery, or renewed before January 1, 2006 is governed by the law as it existed immediately before the effective date and that law is continued in effect for this purpose.

SECTION 3 sets out that this law is effective September 1, 2005.

EFFECTIVE DATE

September 1, 2005. The Act applies beginning with January 1, 2006.