

By: Rose, Herrero

H.B. No. 686

A BILL TO BE ENTITLED

AN ACT

relating to the use of certain factors in determining premiums charged for professional liability insurance for physicians and health care providers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article 5.15-1, Insurance Code, is amended by adding Section 12 to read as follows:

Sec. 12. USE IN UNDERWRITING OF CERTAIN INFORMATION RELATED TO LAWSUITS; REFUND. (a) An insurer may not consider 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:

(1) the lawsuit was dismissed by the claimant or nonsuited; and

(2) no payment was made to the claimant under a settlement agreement.

(b) 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 provider shall refund to the physician or provider any increase in premiums paid by the physician or provider 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. The insurer shall issue the refund on or before the 30th day after the date the

1 insurer receives written evidence that the lawsuit was dismissed or  
2 nonsuited without payment to the claimant under a settlement  
3 agreement.

4         SECTION 2. The change in law made by this Act applies only  
5 to an insurance policy delivered, issued for delivery, or renewed  
6 on or after January 1, 2006. An insurance policy delivered, issued  
7 for delivery, or renewed before January 1, 2006, is governed by the  
8 law in effect immediately before the effective date of this Act, and  
9 that law is continued in effect for that purpose.

10         SECTION 3. This Act takes effect September 1, 2005.