

By: Eiland

H.B. No. 3855

A BILL TO BE ENTITLED

AN ACT

relating to the reporting of information to the Texas Department of Insurance by certain insurance carriers.

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

SECTION 1. Title 12, Insurance Code, is amended by adding Chapter 3504 to read as follows:

CHAPTER 3504. INFORMATION CONCERNING PROFESSIONAL LIABILITY

INSURANCE

Sec. 3504.001. DEFINITIONS. (a) In this chapter "Professional Liability Insurance" means a type of liability insurance that covers:

(1) legal liability for damages due to injuries to other persons, damage to their property, or other damage or loss to such other persons (including the expenses of litigation and settlement) resulting from or arising out of any tortuous act, error, or omission of the covered individual in common law, statutory, or constitutional causes of action while in performance of such individual's official duties.

(2) the cost of legal representation for the covered individual in connection with any administrative or judicial proceeding (including any investigation or disciplinary proceeding) relating to any act, error, or omission of the covered individual while in performance of such individual's official duties.

1 (b) "Issuer" means an insurance company, reciprocal or
2 interinsurance exchange, mutual insurance company, capital stock
3 company, county mutual insurance company, Lloyd's plan, or other
4 legal entity authorized to write professional liability insurance
5 policies in this state.

6 (c) "Rate" means the cost of insurance per exposure unit,
7 whether expressed as a single number or as a prospective loss cost,
8 with an adjustment to account for the treatment of expenses,
9 profit, and individual insurer variation in loss experience, and
10 before any application of individual risk variations based on loss
11 or expense considerations.

12 Sec. 3504.002. REPORT. (a) Each Professional Liability
13 issuer authorized to issue professional liability insurance
14 policies in this state shall submit a report to the department
15 containing rates, profit margins, the total number of claims paid,
16 the number of claims filed, exclusions in coverage, and the types of
17 coverage being offered.

18 (b) If the department determines that the information filed
19 by an insurer under this chapter is incomplete or otherwise
20 deficient, the department may request additional information from
21 the insurer.

22 (c) The commissioner shall adopt rules necessary to
23 implement this section, including rules concerning any applicable
24 reporting period and the form of the report required in subsection
25 (a).

26 Sec. 3504.003. INTERNET POSTING; CONSUMER HOTLINE. (a)
27 The department shall post on the department's Internet website:

1 (1) the information contained in the reports received
2 under Section 3504.002; and

3 (2) The department shall operate a toll-free telephone
4 hotline to respond to consumer inquiries concerning professional
5 liability insurance.

6 SECTION 2. The commissioner of insurance shall adopt rules
7 under Section 3504.002(c), Insurance Code, as added by this Act,
8 not later than January 1, 2010. The rules must require Professional
9 Liability issuers to submit the first report under Section
10 3504.002, Insurance Code, as added by this Act, not later than April
11 1, 2010.

12 SECTION 3. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect September 1, 2009.