

## **BILL ANALYSIS**

Senate Research Center

H.B. 1170  
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Economic Development  
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Engrossed

### **DIGEST**

Currently, the Insurance Code prohibits not-for-profit nursing homes from purchasing punitive damage insurance coverage under medical professional liability insurance from an admitted carrier. Not-for-profit nursing homes may purchase such insurance from non-admitted, out-of-state carriers. These policies do not include oversight and protections under the Department of Insurance. This current law reflects a time when the not-for-profit nursing homes were less concerned about litigation than today. This bill would include a not-for-profit nursing home under the definition of a hospital as described in Section 8, Article 5.15-1, Insurance Code, authorizing the commissioner of insurance to approve an endorsement form that provides for coverage for punitive damages to be used on a policy of medical professional liability insurance issued to a not-for-profit nursing home.

### **PURPOSE**

As proposed, H.B. 1170 includes a not-for-profit nursing home under the definition of a hospital as described in Section 8, Article 5.15-1, Insurance Code, authorizing the commissioner of insurance to approve an endorsement that provides for coverage for punitive damages to be used on a policy of medical professional liability insurance issued to a not-for-profit nursing home.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 8, Article 5.15-1, Insurance Code, to prohibit a policy of medical professional liability insurance issued to or renewed for a health care provider or physician in this state from including coverage for punitive damages that may be assessed against the health care provider or physician; provided, however, that the commissioner of insurance, rather than the State Board of Insurance, may approve an endorsement form that provides for coverage for punitive damages to be used on a policy of medical professional liability insurance issued to a hospital, as the term "hospital" is defined in this article, to a not-for-profit nursing home, or to a for-profit nursing home with a Medicaid census greater than 30 percent of the home's total census.

SECTION 2. Effective date: September 1, 1997.  
Makes application of this Act prospective to January 1, 1998.

SECTION 3. Emergency clause.