

BILL ANALYSIS

Senate Research Center
79R1832 AJA-D

S.B. 249
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State Affairs
3/31/2005
As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The second largest insurer of medical malpractice insurance in Texas asked the Texas Department of Insurance (TDI) for approval to impose a 39 percent increase in its rates. TDI refused that request, as well as a subsequent request for a 19 percent increase. The insurer then moved its doctors into an unregulated pool with a 10 percent increase in premiums. TDI fought that, leading to a court ruling that allowed the insurer to raise its rates based on the judge's interpretation of the level of competition in the market.

S.B. 249 clarifies the process by which rates are set for professional liability insurance for physicians and health care providers by TDI and TDI's 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.