

SENATE BILL REPORT

HB 1832

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, APRIL 2, 1993

Brief Description: Regulating medical malpractice insurance.

SPONSORS: Representatives Dyer, R. Meyers, Mielke, Schmidt, R. Johnson, Zellinsky, Tate, Anderson, Reams, Dellwo, Foreman and Long

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Barr, Fraser, McAuliffe, Newhouse, Pelz, Prince, Sutherland, and Vognild.

Staff: Benson Porter (786-7470)

Hearing Dates: April 1, 1993; April 2, 1993

BACKGROUND:

The Insurance Code requires an insurer to provide at least 20 days' notice prior to policy renewal of any premium change to renew the policy. In addition, rates must be filed for approval by the Insurance Commissioner prior to use. As a result, if a medical malpractice insurer experiences favorable loss experience after existing policies have been renewed, the insurer cannot later efficiently lower the rate until the next policy renewal period.

SUMMARY:

A midterm blanket reduction in rate, approved by the Insurance Commissioner, for medical malpractice insurance is not considered a renewal for purposes of the renewal notice requirements of the Insurance Code.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

The process to lower medical malpractice insurance rates during the midterm of a policy involves substantial administrative cost. This proposal eliminates those costs and allows rate reductions with the commissioner's approval in the event of favorable loss experience.

TESTIMONY AGAINST: None

TESTIFIED: Representative Phillip Dyer, prime sponsor (pro)