

STATE BOARD OF INSURANCE

1110 SAN JACINTO

AUSTIN, TEXAS 78786

JOE CHRISTIE
CHAIRMAN



September 26, 1975

Dear Doctor:

I am writing to up-date you on our efforts to deal with two critical issues--the availability and cost of professional medical liability insurance.

Last Spring, the 64th Texas Legislature was under tremendous pressure from all quarters to do something about the castastrophic financial burdens associated with this issue. As a result, Senate Bill 466 and Senate Bill 491 were enacted.

Because of S.B. 466, medical malpractice insurers are now subject to state rate regulation for the first time in 20 years. This 20-year hiatus left the Board without adequate statistics at the present, but I am determined to see that future rates will be based on Texas statistical experience, not California or New York or any other state.

At this writing, there are 23 carriers authorized to offer you insurance at rates prescribed by the Board, for policy periods of not less than one year. The Board turned down the rate filings of 2 companies because they were found excessive.

S.B. 466 also put a two-year limitation on certain lawsuits stemming from medical injuries. This was a major change in Texas law that will, in my opinion, have a depressing effect on future rates.

The second act, S.B. 491, dealt with availability of insurance by creating the Texas Medical Liability Insurance Underwriting Association (JUA) of the nearly 400 casualty insurance companies licensed in Texas.

If you cannot obtain insurance on the open market, the JUA is required to provide liability insurance, up to \$300,000/\$300,000 limits, at rates approved by the State Board of Insurance. The Board has approved the JUA rates that are higher than the open market, but 40 percent lower than the industry requested.

Page Two

To qualify for JUA coverage, either you or your insurance agent need only certify that you have been unable to obtain coverage from two insurance companies.

You can get JUA Application Forms by contacting:

Mr. Al Johnston
Texas Workmen's Compensation Pool
7715 Chevy Chase Drive
Austin, Texas 78752
Phone 512/452-7631

Information on JUA rates, forms and practices can be obtained from Mr. Johnston or my office.

Finally, S.B. 491 also created a blue-ribbon panel of citizens and government representatives to investigate long range solutions to medical liability insurance problems. The State Board of Insurance is actively gathering statistics and other pertinent information for the Commission. The Commission is chaired by Page Keeton, former dean of the University of Texas School of Law. He can be contacted through the Lieutenant Governor's Office.

I am confident that we, in Texas, have the energy, intelligence and ability to solve this problem. We need only work together in an atmosphere of mutual trust and concern for the people of Texas.

I welcome your comments, inquiries and suggestions.

Sincerely,


Joe Christie

JC:lm