

April 3, 2003

S 1018. HEALTH CARE PROVIDER PROF. LIAB. INS. CHANGES. TO REQUIRE CERTAIN PROFESSIONAL LIABILITY INSURERS TO USE EXPERIENCE AND SCHEDULE RATING PLANS AND TO ESTABLISH PREMIUM STABILIZATION ACCOUNTS TO MOLLIFY SEVERE MARKET CYCLE CHANGES CAUSED BY DECREASES IN INVESTMENT INCOME. Adds new GS 58-41-52 to direct every insurer, self-insurer, and risk retention group providing professional liability insurance to health care providers to use experience rating plans and, for risks that lack statistically credible experience, schedule rating plans. Allows the experience of all members of an affiliated group of health care providers to be combined to establish an experience rating applicable to the group. Also allows modification reflecting special risk characteristics in accordance with a schedule rating table. Factors that may be considered in the underwriter's evaluation of risk include: (1) loss control program; (2) accreditation or licensure status; (3) patient advocate programs; (4) physician insurance limits; and (5) use of continuing education programs.

Adds new GS 58-41-53 to require those providing professional liability insurance to health care providers to establish a stabilization account for moderating rates. Requires insurers to contribute an amount equal to 7 ½ percent of its net written health care provider professional liability premium for the preceding calendar year. Requires that the stabilization account be activated if an insurer seeks to increase its rates or its investment income attributable to health care provider liability insurance for the preceding year falls below the average of the investment income for the preceding five years. Requires each insurer to report annually to the insurance commissioner concerning the status of its stabilization program. Effective Jan. 1, 2004.

Intro. by Berger, Clodfelter.

Ref. to	GS 58
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