

Legislative Analysis



MALPRACTICE INSURANCE: NOTICE OF CANCELLATION

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House Bill 5256

Sponsor: Rep. John Proos IV

Committee: Insurance

Complete to 11-1-05

A SUMMARY OF HOUSE BILL 5256 AS INTRODUCED 9-29-05

The bill would amend the Insurance Code (MCL 500.3020) to specify that a medical malpractice insurance policy can be canceled at any time by the insurance company only with at least 90 days' written notice. This would be an exception to the current provision in the code that allows for cancellation of casualty insurance policies by the insurer with not less than 10 days' notice.

As is currently the case, notice of cancellation would have to be mailed to the insured's last known address by the insurance company, with postage fully prepaid, with or without tender of the excess of paid premium or assessment above the pro rata premium for expired time.

Malpractice insurance refers to insurance that is defined elsewhere in the Insurance Code as:

Insurance of persons lawfully engaged in the practice of medicine, surgery, dentistry, or dispensing drugs or medicines, and partnerships or corporations lawfully engaged in the operation of hospitals or sanitariums, against loss resulting from all claims and suits alleging malpractice, error or mistake and based upon professional services rendered or which should have been rendered by insured and/or his or her assistants or employees, and to defend and indemnify insured against any loss resulting from all other suits for civil damages arising out of the practice by insured of his profession; except that indemnity under such insurance shall not extend to claims or suits based on criminal acts or on services rendered while under the influence of liquor or drugs.

FISCAL IMPACT:

There is no fiscal impact on the State of Michigan government or local units of government.

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