

BILL ANALYSIS

C.S.H.B. 814
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Motor Vehicle Safety Responsibility Act prohibits a person from operating a motor vehicle in Texas unless financial responsibility is established for that vehicle. Even so, many motorists circumvent the law. Some purchase an insurance policy solely to receive a proof-of-insurance card and then cancel the insurance policy. Other motorists purchase fraudulent proof-of-insurance cards based on nonexistent or deceptive insurance policies. These techniques prevent a proof-of-insurance card from being an effective method of verifying whether a motorist complies with current financial responsibility requirements. C.S.H.B. 814 establishes a motor vehicle financial responsibility verification program to verify compliance with the Motor Vehicle Safety Responsibility Act.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Public Safety in SECTION 1 (Sections 601.442, 601.444, and 601.449, Transportation Code) and SECTION 3 (Section 601.081, Transportation Code), to the Texas Department of Transportation and the Texas Department of Public Safety in SECTION 5 (Section 502.1715, Transportation Code) and to the Texas Department of Public Safety in SECTION 6 of this bill.

ANALYSIS

C.S.H.B. 814 amends the Transportation Code to require the Department of Public Safety (department) to establish a motor vehicle financial responsibility verification program (program) to verify compliance with the Texas Motor Vehicle Safety Responsibility Act. The bill provides that the program must comply with the federal Driver's Privacy Protection Act of 1994.

The bill requires the State Council on Competitive Government to select and DPS to contract with an agent to administer the program and to develop and maintain a computer database. The bill requires the designated agent to update the database and to compare all current motor vehicle registrations provided by the Texas Department of Transportation (TxDot) against the database, at least monthly. The bill specifies the requirements of a contract entered into between DPS and an agent.

The bill requires the agent to mail a notice to selected owners of vehicles for which financial responsibility has not been established. The notice must state that before the 31st day after the date of the notice the owner must provide proof of financial responsibility and the notice must explain the penalty for noncompliance. If the owner has not provided proof of financial responsibility before the 31st day after the date of the notice, then the owner is liable for a civil penalty of \$100 and the agent is required to mail the owner a final warning. The bill requires TxDot to terminate registration, if an owner has not provided proof of financial responsibility within 15 days after the date the final warning is sent. The bill requires the civil penalties to be delivered to the comptroller for deposit to the credit of the general revenue fund.

The bill prohibits the registration of a motor vehicle for which registration has been terminated, unless the owner submits with a registration application the \$100 civil penalty and registration fees. The bill requires the department to reinstate a terminated registration without payment of any registration fees, if before the end of the registration period the owner presents proof of financial responsibility.

The bill specifies the information that insurance companies, the department, and TxDot are required to provide to the agent for use in the program. An insurance company that does not provide required information is liable for a civil penalty of \$250 for each day the violation continues. The bill provides that information is confidential and may not be disclosed, with certain exceptions. The bill provides that the state, an employee or officer of the state, an insurance company, or the designated agent are not liable for an act performed in good faith in carrying out the program provisions. The bill provides that a person commits a Class A misdemeanor offense by knowingly disclosing information in violation of the provisions of the Act.

The bill requires a person registering or renewing the registration of a motor vehicle for which the owner is required to submit evidence of financial responsibility to pay a fee of \$1 for use in administering the program and reimbursing the department for related expenses. The bill adds the fee for the insurance verification program to the fees that a county assessor-collector is required to send to TxDot weekly. The bill requires TxDOT and DPS to adopt rules and to develop forms necessary to administer the provisions relating to fees.

The bill authorizes the department to adopt rules as necessary to implement the program and to waive a requirement that information be provided, if the information is not useful or if the burden of collecting the information is not justified. The bill requires the department to consult with TxDOT about rules that affect the reporting of information relating to vehicle registrations.

The bill requires the department to review the effectiveness of the program and to determine the amount by which compliance with the Motor Vehicle Safety Responsibility Act has increased and to report to the lieutenant governor and the speaker of the house. The provisions relating to the review of the program expire September 2, 2010.

The bill requires the department to provide for the production of a standard proof of motor vehicle liability insurance form and requires insurers issuing a standard proof of motor vehicle liability insurance form to use the department form. The bill authorizes the department to adopt rules relating to these forms.

The bill requires the governor to appoint a committee to investigate the factors that determine motor vehicle liability insurance rates. The bill requires DPS and TxDot to conduct a program to inform the motoring public throughout the state of the existence and requirements of the program, to the extent that money is appropriated for this purpose.

EFFECTIVE DATE

September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 814 modifies the original by removing the provisions relating to the establishment of financial responsibility through random sampling. The substitute adds that the agent is required to send notices to selected owners of vehicles for which financial responsibility has not been established, rather than authorizing the department to direct the agent to mail a notice. The substitute adds penalties for owners who do not provide proof of financial responsibility within specified timeframes, including civil penalties and termination of motor vehicle registrations. The substitute adds provisions relating to the registration of motor vehicles for which registration has been terminated. The substitute modifies the deadlines for reviewing the program and reporting to the legislature. The substitute adds the requirement for the governor to appoint a committee to investigate the factors that determine motor vehicle liability insurance rates. The substitute adds the requirement for DPS and TxDot to conduct a program to inform the public of the existence and requirements of the program. The substitute adds language regarding the selection of the designated agent, the contract with the agent, and the date when the motor vehicle responsibility verification database is operational. The substitute removes provisions relating to the offense of operating a motor

vehicle in violation of a suspension.