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H.B. No. 814

A BILL TO BE ENTITLED

AN ACT

relating to motor vehicle financial responsibility; providing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 601, Transportation Code, is amended by adding Subchapter N to read as follows:

SUBCHAPTER N. MOTOR VEHICLE FINANCIAL RESPONSIBILITY VERIFICATION

Sec. 601.441. DEFINITIONS. In this subchapter:

(1) "Database" means the motor vehicle financial responsibility verification database established under this subchapter.

(2) "Designated agent" means a person administering the program under contract with the department.

(3) "Program" means the motor vehicle financial responsibility verification program established under this subchapter.

Sec. 601.442. ESTABLISHMENT OF PROGRAM. (a) The department shall establish a motor vehicle financial responsibility verification program to verify compliance with this chapter.

(b) The department by rule shall administer the program with the assistance of a designated agent.

(c) The program must comply with the Driver's Privacy Protection Act of 1994 (18 U.S.C. Section 2721 et seq.), as amended.

1       Sec. 601.443. DESIGNATED AGENT: MAINTENANCE OF DATABASE.

2       (a) The department shall contract with a person selected by the  
3       State Council on Competitive Government under a competitive bidding  
4       procedure to act as the department's designated agent under this  
5       subchapter. The contract shall be funded from money appropriated  
6       for this purpose from the state highway fund.

7       (b) The designated agent shall develop and maintain a  
8       computer database to manage and provide access to information  
9       provided under Sections 601.445, 601.446, and 601.447.

10       (c) The database shall be developed, maintained, and  
11       administered in accordance with guidelines established by the  
12       department to permit efficient access by courts and state and local  
13       law enforcement agencies.

14       Sec. 601.444. VERIFICATION: NOTICE FOR NONCOMPLIANCE. (a)  
15       With information provided by the department and the Texas  
16       Department of Transportation, the designated agent shall, at least  
17       monthly:

18               (1) update the database with the motor vehicle  
19       insurance information provided by insurers under Section 601.445;  
20       and

21               (2) compare all current motor vehicle registrations  
22       provided by the Texas Department of Transportation against the  
23       database.

24       (b) The designated agent shall mail a notice to owners of  
25       vehicles for which a comparison under this section shows that  
26       financial responsibility has not been established. The designated  
27       agent is not required to send a notice to all of those owners, but

1 shall determine the owners to which the notice is sent in the manner  
2 provided by department rule. The manner of selection may not be  
3 based directly or indirectly on the owner's race, religion, sex,  
4 national origin, age, marital status, physical or mental  
5 disability, economic status, or geographic location. The notice  
6 must state that before the 31st day after the date of the notice,  
7 the owner must provide:

8 (1) proof of the owner's financial responsibility in a  
9 form described by Section 601.053;

10 (2) a letter from an insurance agent or company  
11 verifying that the person had the required motor vehicle insurance  
12 coverage on the date of comparison under Subsection (a)(2);

13 (3) proof of an exemption from the owner's financial  
14 responsibility under Section 601.052; or

15 (4) proof that the owner of the motor vehicle is  
16 insured by an insurance company located in another state because  
17 the owner is a member of the United States armed forces, a student  
18 attending an educational institution in this state and residing in  
19 this state, or a faculty member of an educational institution in  
20 this state who is residing in this state.

21 (c) Each notice sent under this section must include, in  
22 English and Spanish, a clear and reasonably complete statement of  
23 an owner's rights and responsibilities under this chapter.

24 Sec. 601.445. INFORMATION PROVIDED BY INSURANCE COMPANY.

25 (a) Each insurance company providing motor vehicle liability  
26 policies in this state shall provide the designated agent a record  
27 of each motor vehicle insurance policy, including:

1           (1) the insurance policy number, effective date, and  
2 expiration date of the policy;

3           (2) the name, address, and driver's license number of  
4 each driver insured by the policy; and

5           (3) the make, model, year, and vehicle identification  
6 number of each vehicle covered by the policy.

7           (b) Each insurance company shall provide information  
8 required by Subsection (a) to the designated agent in an electronic  
9 submission monthly or more frequently as prescribed by the public  
10 safety director. The designated agent and public safety director  
11 shall consult with representatives of the insurance industry in  
12 determining appropriate formats and procedures for submission of  
13 the information.

14           (c) If information provided by an insurance company to the  
15 designated agent is incorrect, the insurance company shall provide  
16 corrected information to the designated agent in a timely manner as  
17 prescribed by the public safety director after the date the  
18 insurance company receives notice of the error from the designated  
19 agent.

20           (d) An insurance company that does not provide information  
21 as required by this section is liable to the state for a civil  
22 penalty of \$250 for each day the violation continues.

23           Sec. 601.446. INFORMATION PROVIDED BY DEPARTMENT. (a) The  
24 department shall provide the designated agent the following  
25 information on each Texas driver's license holder:

26           (1) the holder's name and address; and

27           (2) the driver's license number and expiration date.

1       (b) For each motor vehicle covered by a bond filed under  
2 Section 601.121, a deposit made under Section 601.123, or a  
3 certificate of self-insurance issued under Section 601.124, the  
4 department shall provide to the designated agent:

5             (1) the owner's name and address; and

6             (2) the owner's driver's license number and expiration  
7 date.

8       (c) The department shall notify the designated agent of:

9             (1) the cancellation of a bond filed under Section  
10 601.121;

11            (2) the cancellation of a deposit made under Section  
12 601.123; or

13            (3) the termination of a certificate of self-insurance  
14 issued under Section 601.124.

15       (d) This section does not require the department to provide  
16 to the designated agent information that is not in the possession of  
17 the department.

18       (e) The department shall provide the information under this  
19 section in an electronic submission to the designated agent in a  
20 timely manner as prescribed by the public safety director.

21       Sec. 601.447. INFORMATION PROVIDED BY TEXAS DEPARTMENT OF  
22 TRANSPORTATION. (a) The Texas Department of Transportation shall  
23 provide the department or its designated agent the following  
24 information for each vehicle to which this chapter applies, to the  
25 extent the information is in the Texas Department of  
26 Transportation's records:

27            (1) the owner's name and address;

1           (2) the make, model, and year of the vehicle;

2           (3) the vehicle identification number and vehicle  
3 license plate number; and

4           (4) the date the certificate of title was issued for  
5 the vehicle.

6           (b) The Texas Department of Transportation is not required  
7 to provide information under this section about a vehicle  
8 registered under Subchapter G, Chapter 502.

9           (c) The Texas Department of Transportation shall provide  
10 the information under this section and each change to information  
11 previously provided under this section in a weekly report that  
12 includes the information for registrations and changes occurring  
13 during the week preceding the date of the report.

14           (d) The Texas Department of Transportation shall provide by  
15 electronic submission to the department or its designated agent any  
16 information required under this section in a timely manner as  
17 prescribed by the public safety director.

18           Sec. 601.448. RULES. (a) The department may adopt rules as  
19 necessary to implement this subchapter.

20           (b) The department shall consult with the Texas Department  
21 of Transportation about rules that affect the reporting of  
22 information relating to vehicle registrations.

23           (c) The department by rule may waive a requirement that  
24 particular information be provided to the designated agent if the  
25 department finds that the information is not useful for enforcing  
26 this chapter or that the burden of collecting or reporting the  
27 information is not justified by its value in enforcing this

1 chapter.

2 Sec. 601.449. USE OF INFORMATION PROVIDED TO DESIGNATED  
3 AGENT. (a) Information provided by an insurance company under  
4 Section 601.445, the department under Section 601.446, or the Texas  
5 Department of Transportation under Section 601.447 remains the  
6 property of the insurance company or agency, as applicable. The  
7 information is confidential and may not be disclosed except as  
8 provided by this section.

9 (b) The designated agent may disclose whether financial  
10 responsibility has been established for a motor vehicle only to a  
11 state or local governmental entity enforcing this chapter.

12 (c) A person commits an offense if the person knowingly  
13 discloses information in violation of this subchapter. An offense  
14 under this subsection is a Class A misdemeanor.

15 (d) The state, an employee or officer of the state, an  
16 insurance company, or the designated agent is not liable for an act  
17 performed in good faith in carrying out this subchapter, except  
18 that the designated agent is liable to an insurance company damaged  
19 by the designated agent's negligent failure to protect the  
20 confidential and proprietary nature of the information disclosed to  
21 the designated agent by the insurance company.

22 Sec. 601.450. REVIEW OF PROGRAM. (a) After January 1,  
23 2009, and before January 1, 2010, the department shall review the  
24 effectiveness of the program and determine the amount by which  
25 compliance with this chapter has increased between September 1,  
26 2003, and the date of the review. The department shall review all  
27 aspects of the program, including effectiveness and efficiency, and

1 the error rate in matching proof of financial responsibility with  
2 motor vehicle registrations. The department may coordinate with  
3 the Texas Department of Insurance to conduct the review.

4 (b) Before September 1, 2010, the department shall report  
5 its findings and recommendations to the lieutenant governor and the  
6 speaker of the house of representatives.

7 (c) This section expires September 2, 2010.

8 SECTION 2. Subchapter C, Chapter 601, Transportation Code,  
9 is amended by adding Section 601.0521 to read as follows:

10 Sec. 601.0521. SEASONAL EXCEPTION FOR CERTAIN FARM  
11 VEHICLES. (a) In this section, "road tractor," "truck-tractor,"  
12 "farm tractor," "farm trailer," and "farm semitrailer" have the  
13 meanings assigned by Section 502.001.

14 (b) During a season when the vehicle is not in use, Section  
15 601.051 does not apply to a road tractor, truck-tractor, farm  
16 tractor, farm trailer, or farm semitrailer used exclusively to  
17 transport seasonally harvested agricultural products or livestock  
18 from the place of production to the place of processing, market, or  
19 storage.

20 (c) The designated agent may send a notice under Section  
21 601.444 to the owner of a vehicle to which this section applies only  
22 during a season when the vehicle is in use.

23 (d) The department by rule shall provide a method of  
24 determining the season when a vehicle to which this section applies  
25 is in use.

26 SECTION 3. Section 601.053(a), Transportation Code, is  
27 amended to read as follows:



1 (a) As a condition of operating in this state a motor  
2 vehicle to which Section 601.051 applies, the operator of the  
3 vehicle on request shall provide to a peace officer, as defined by  
4 Article 2.12, Code of Criminal Procedure, or a person involved in an  
5 accident with the operator evidence of financial responsibility by  
6 exhibiting:

7 (1) a motor vehicle liability insurance policy  
8 covering the vehicle that satisfies Subchapter D or a photocopy of  
9 the policy;

10 (2) a standard proof of motor vehicle liability  
11 insurance form prescribed by the department [~~Texas Department of~~  
12 ~~Insurance~~] under Section 601.081 and issued by a liability insurer  
13 for the motor vehicle;

14 (3) an insurance binder that confirms the operator is  
15 in compliance with this chapter;

16 (4) a surety bond certificate issued under Section  
17 601.121;

18 (5) a certificate of a deposit with the comptroller  
19 covering the vehicle issued under Section 601.122;

20 (6) a copy of a certificate of a deposit with the  
21 appropriate county judge covering the vehicle issued under Section  
22 601.123; or

23 (7) a certificate of self-insurance covering the  
24 vehicle issued under Section 601.124 or a photocopy of the  
25 certificate.

26 SECTION 4. Section 601.081, Transportation Code, is amended  
27 to read as follows:

1           Sec. 601.081. STANDARD PROOF OF MOTOR VEHICLE LIABILITY  
2 INSURANCE FORM.   (a) The department shall provide for the  
3 production of a standard proof of motor vehicle liability insurance  
4 form for use by insurers. The department may contract with another  
5 person for production of the form.

6           (b) Each insurer issuing a standard proof of motor vehicle  
7 liability insurance form shall use a form produced by the  
8 department.

9           (c) The department may adopt rules to implement this  
10 section, including rules relating to the use of security features  
11 for the form.

12           (d) The [A] standard proof of motor vehicle liability  
13 insurance form prescribed by the department [~~Texas Department of~~  
14 ~~Insurance~~] must include:

- 15                   (1) the name of the insurer;
- 16                   (2) the insurance policy number;
- 17                   (3) the policy period;
- 18                   (4) the name and address of each insured;
- 19                   (5) the policy limits or a statement that the coverage  
20 of the policy complies with the minimum amounts of motor vehicle  
21 liability insurance required by this chapter; and
- 22                   (6) the make and model of each covered vehicle.

23           SECTION 5. Section 502.104, Transportation Code, is amended  
24 to read as follows:

25           Sec. 502.104. DISPOSITION OF CERTAIN SPECIAL FEES. Each  
26 Monday a county assessor-collector shall send to the department an  
27 amount equal to collections for the preceding week for:

1           (1) each transfer fee collected under Section 502.175;  
2 and

3           (2) each fee collected under Section 502.169(b),  
4 502.1715, or 502.279.

5           SECTION 6. Subchapter D, Chapter 502, Transportation Code,  
6 is amended by adding Section 502.1715 to read as follows:

7           Sec. 502.1715. ADDITIONAL FEE FOR MOTOR VEHICLE INSURANCE  
8 VERIFICATION PROGRAM. (a) In addition to other fees imposed for  
9 registration of a motor vehicle, at the time of application for  
10 registration or renewal of registration of a motor vehicle for  
11 which the owner is required to submit evidence of financial  
12 responsibility under Section 502.153, the applicant shall pay a fee  
13 of \$1.

14           (b) Fees collected under this section shall be deposited to  
15 the credit of the state highway fund. The department shall use  
16 money appropriated from the state highway fund that represents  
17 those fees to administer Subchapter N, Chapter 601, and Section  
18 601.081 and to reimburse the Department of Public Safety for  
19 expenses in administering those provisions.

20           (c) The department and the Department of Public Safety shall  
21 adopt rules and develop forms necessary to administer this section.

22           SECTION 7. (a) Not later than December 31, 2003:

23           (1) the State Council on Competitive Government shall  
24 select and the Department of Public Safety shall contract with an  
25 entity to serve as the designated agent under Subchapter N, Chapter  
26 601, Transportation Code, as added by this Act; and

27           (2) the Department of Public Safety shall adopt any

1 rules necessary to implement Subchapter N, Chapter 601,  
2 Transportation Code, as added by this Act.

3 (b) A motor vehicle insurance company, the Department of  
4 Public Safety, and the Texas Department of Transportation are not  
5 required to report under Section 601.445, 601.446, or 601.447,  
6 Transportation Code, as added by this Act, before the date on which  
7 the Department of Public Safety declares that the motor vehicle  
8 financial responsibility verification database is ready to receive  
9 data.

10 (c) The contract entered into under Subsection (a) must  
11 require that the designated agent ensure that:

12 (1) the motor vehicle financial responsibility  
13 verification database is operational and ready to compare evidence  
14 of financial responsibility against motor vehicle registrations  
15 not later than July 1, 2004; and

16 (2) the number of notices mailed by the designated  
17 agent under Section 601.444(b), Transportation Code, as added by  
18 this Act, is not less than:

19 (A) 50,000 in the state fiscal year ending August  
20 31, 2004;

21 (B) 880,000 in the state fiscal year ending  
22 August 31, 2005;

23 (C) 840,000 in the state fiscal year ending  
24 August 31, 2006;

25 (D) 720,000 in the state fiscal year ending  
26 August 31, 2007; and

27 (E) 720,000 in the state fiscal year ending

1 August 31, 2008.

2 SECTION 8. At the time of initiation of the motor vehicle  
3 financial responsibility verification program established under  
4 Subchapter N, Chapter 601, Transportation Code, as added by this  
5 Act, the Department of Public Safety and the Texas Department of  
6 Transportation shall, to the extent money is appropriated for this  
7 purpose, conduct a program to inform the motoring public throughout  
8 the state of the existence and requirements of the program.

9 SECTION 9. The governor shall appoint a committee to  
10 investigate the factors that determine motor vehicle liability  
11 insurance rates in this state. The committee must include  
12 representatives of insurers who provide motor vehicle liability  
13 policies in this state, consumers, and persons with actuarial and  
14 economic expertise. Not later than December 31, 2004, the  
15 committee shall submit a report of its findings and recommendations  
16 for making motor vehicle liability insurance more affordable to the  
17 governor, the lieutenant governor, the speaker of the house of  
18 representatives, the Texas Department of Insurance, the Department  
19 of Public Safety, and the Texas Department of Transportation.

20 SECTION 10. This Act takes effect September 1, 2003.