

By: Gutierrez, Davis of Harris, Thompson,
Taylor, Keffer of Dallas, et al.

H.B. No. 814

Substitute the following for H.B. No. 814:

By: Bonnen

C.S.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:

7 (1) before the 31st day after the date of the notice,
8 the owner must provide:

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

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

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

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

22 (2) if the owner does not timely comply with
23 Subdivision (1), the owner is liable to the state for a civil
24 penalty of \$100.

25 (c) If the owner of the motor vehicle has not provided proof
26 of financial responsibility to the designated agent before the 31st
27 day after the date of the notice:

1 (1) the owner is liable to the state for a civil
2 penalty of \$100; and

3 (2) the designated agent shall mail to the owner a
4 final warning stating that:

5 (A) the owner has 15 days after the date the
6 warning is sent to provide the proof of financial responsibility;
7 and

8 (B) if the owner does not timely comply with
9 Paragraph (A), the registration of the motor vehicle will be
10 terminated.

11 (d) If an owner of a motor vehicle has not provided proof of
12 financial responsibility to the designated agent within 15 days
13 after the date the final warning is sent, the designated agent shall
14 notify the Texas Department of Transportation of the owner's
15 failure, and the Texas Department of Transportation shall terminate
16 the registration for the motor vehicle. A motor vehicle for which
17 registration has been terminated may not be registered by the owner
18 or another person unless the civil penalty provided by this section
19 has been paid.

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

24 (f) A civil penalty collected under this subchapter shall be
25 delivered to the comptroller for deposit to the credit of the
26 general revenue fund.

27 Sec. 601.445. INFORMATION PROVIDED BY INSURANCE COMPANY.

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

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

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

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

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

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

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

26 Sec. 601.446. INFORMATION PROVIDED BY DEPARTMENT. (a) The
27 department shall provide the designated agent the following

1 information on each Texas driver's license holder:

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

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

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

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

9 (2) the owner's driver's license number and expiration
10 date.

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

12 (1) the cancellation of a bond filed under Section
13 601.121;

14 (2) the cancellation of a deposit made under Section
15 601.123; or

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

18 (d) This section does not require the department to provide
19 to the designated agent information that is not in the possession of
20 the department.

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

24 Sec. 601.447. INFORMATION PROVIDED BY TEXAS DEPARTMENT OF
25 TRANSPORTATION. (a) The Texas Department of Transportation shall
26 provide the department or its designated agent the following
27 information for each vehicle to which this chapter applies, to the

1 extent the information is in the Texas Department of
2 Transportation's records:

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

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

5 (3) the vehicle identification number and vehicle
6 license plate number; and

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

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

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

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

21 Sec. 601.448. REGISTRATION OF MOTOR VEHICLE FOR WHICH
22 REGISTRATION TERMINATED. (a) Except as provided by Subsection
23 (b), a motor vehicle for which registration is terminated under
24 Section 601.444(d) may not be registered unless the owner submits
25 with the application for registration:

26 (1) the \$100 civil penalty provided by Section
27 601.444(c), if the civil penalty has not been previously paid; and

1 (2) the registration fee applicable to the vehicle and
2 any other fee required by law for registration of the vehicle.

3 (b) The department shall reinstate the terminated
4 registration of a motor vehicle without payment of any fee under
5 Subsection (a)(2) if before the end of the registration period
6 during which the registration was terminated the owner of the motor
7 vehicle presents proof of financial responsibility that:

8 (1) complies with Section 601.051; and

9 (2) was in effect on the date of comparison under
10 Section 601.444(a)(2) and is in effect on the date of application
11 for reinstatement.

12 Sec. 601.449. RULES. (a) The department may adopt rules as
13 necessary to implement this subchapter.

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

17 (c) The department by rule may waive a requirement that
18 particular information be provided to the designated agent if the
19 department finds that the information is not useful for enforcing
20 this chapter or that the burden of collecting or reporting the
21 information is not justified by its value in enforcing this
22 chapter.

23 Sec. 601.450. USE OF INFORMATION PROVIDED TO DESIGNATED
24 AGENT. (a) Information provided by an insurance company under
25 Section 601.445, the department under Section 601.446, or the Texas
26 Department of Transportation under Section 601.447 remains the
27 property of the insurance company or agency, as applicable. The

1 information is confidential and may not be disclosed except as
2 provided by this section.

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

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

9 (d) The state, an employee or officer of the state, an
10 insurance company, or the designated agent is not liable for an act
11 performed in good faith in carrying out this subchapter, except
12 that the designated agent is liable to an insurance company damaged
13 by the designated agent's negligent failure to protect the
14 confidential and proprietary nature of the information disclosed to
15 the designated agent by the insurance company.

16 Sec. 601.451. REVIEW OF PROGRAM. (a) After January 1,
17 2009, and before January 1, 2010, the department shall review the
18 effectiveness of the program and determine the amount by which
19 compliance with this chapter has increased between September 1,
20 2003, and the date of the review. The department shall review all
21 aspects of the program, including effectiveness and efficiency, and
22 the error rate in matching proof of financial responsibility with
23 motor vehicle registrations. The department may coordinate with
24 the Texas Department of Insurance to conduct the review.

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

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

2 SECTION 2. Section 601.053(a), Transportation Code, is
3 amended to read as follows:

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

10 (1) a motor vehicle liability insurance policy
11 covering the vehicle that satisfies Subchapter D or a photocopy of
12 the policy;

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

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

19 (4) a surety bond certificate issued under Section
20 601.121;

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

23 (6) a copy of a certificate of a deposit with the
24 appropriate county judge covering the vehicle issued under Section
25 601.123; or

26 (7) a certificate of self-insurance covering the
27 vehicle issued under Section 601.124 or a photocopy of the

1 certificate.

2 SECTION 3. Section 601.081, Transportation Code, is amended
3 to read as follows:

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

9 (b) Each insurer issuing a standard proof of motor vehicle
10 liability insurance form shall use a form produced by the
11 department.

12 (c) The department may adopt rules to implement this
13 section, including rules relating to the use of security features
14 for the form.

15 (d) The [A] standard proof of motor vehicle liability
16 insurance form prescribed by the department [Texas Department of
17 Insurance] must include:

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

26 SECTION 4. Section 502.104, Transportation Code, is amended
27 to read as follows:

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

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

6 (2) each fee collected under Section 502.169(b),
7 502.1715, or 502.279.

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

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

17 (b) Fees collected under this section shall be deposited to
18 the credit of the state highway fund. The department shall use
19 money appropriated from the state highway fund that represents
20 those fees to administer Subchapter N, Chapter 601, and Section
21 601.081 and to reimburse the Department of Public Safety for
22 expenses in administering those provisions.

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

25 SECTION 6. (a) Not later than December 31, 2003:

26 (1) the State Council on Competitive Government shall
27 select and the Department of Public Safety shall contract with an

1 entity to serve as the designated agent under Subchapter N, Chapter
2 601, Transportation Code, as added by this Act; and

3 (2) the Department of Public Safety shall adopt any
4 rules necessary to implement Subchapter N, Chapter 601,
5 Transportation Code, as added by this Act.

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

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

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

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

22 (A) 50,000 in the state fiscal year ending August
23 31, 2004;

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

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

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

3 (E) 720,000 in the state fiscal year ending
4 August 31, 2008.

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

12 SECTION 8. The governor shall appoint a committee to
13 investigate the factors that determine motor vehicle liability
14 insurance rates in this state. The committee must include
15 representatives of insurers who provide motor vehicle liability
16 policies in this state, consumers, and persons with actuarial and
17 economic expertise. Not later than December 31, 2004, the
18 committee shall submit a report of its findings and recommendations
19 for making motor vehicle liability insurance more affordable to the
20 governor, the lieutenant governor, the speaker of the house of
21 representatives, the Texas Department of Insurance, the Department
22 of Public Safety, and the Texas Department of Transportation.

23 SECTION 9. This Act takes effect September 1, 2003.