

BILL ANALYSIS

Senate Research Center

S.B. 1670
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Transportation & Homeland Security
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Enrolled

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Since 1981, drivers in Texas have been required to maintain vehicle liability insurance.

According to the Department of Public Safety, approximately 20 percent of Texas drivers do not have auto mobile liability insurance. In the past year, DPS has issued over 195,000 tickets to drivers in Texas for lack of insurance.

Currently, 47 other states have enacted mandatory liability insurance statutes and 27 of those have implemented insurance verification programs.

S.B. 1670 establishes a financial responsibility verification program to decrease the number of uninsured motorists in the State of Texas.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Public Safety, the Texas Department of Transportation, the Texas Department of Insurance, and the Department of Information Resources in SECTION 1 (Section 601.451, Transportation Code) of this bill.

Rulemaking authority is expressly granted to the Texas Department of Transportation and the Department of Information Resources in SECTION 2 (Section 502.1715, Transportation Code) of this bill.

Rulemaking authority previously granted to the Texas Department of Public Safety and the Texas Department of Insurance is modified in SECTION 2 (Section 502.1715, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 601, Transportation Code, by adding Subchapter N, as follows:

SUBCHAPTER N. FINANCIAL RESPONSIBILITY VERIFICATION PROGRAM

Sec. 601.451. DEFINITION. Defines "implementing agencies."

Sec. 601.452. IMPLEMENTATION OF PROGRAM; RULES. (a) Requires the Texas Department of Insurance (TDI), in consultation with the other implementing agencies, to establish a program for verification of whether owners of motor vehicles have established financial responsibility. Sets forth the requirements for the program.

(b) Requires the implementing agencies to jointly adopt rules to administer this subchapter.

(c) Requires the implementing agencies to convene a working group to facilitate the implementation of the program, assist in the development of rules, and coordinate a testing phase and necessary changes identified in the testing phase. Requires the working group to consist of representatives of the implementing agencies, the insurance industry, and technical experts with the skills and knowledge, including knowledge of privacy laws, required to create and maintain the program.

Sec. 601.453. AGENT. (a) Requires TDI, in consultation with the other implementing agencies, under a competitive bidding procedure, to select an agent to develop, implement, operate, and maintain the program.

(b) Requires the implementing agencies to jointly enter into a contract with the selected agent.

(c) Prohibits a contract under this section from having a term of more than five years.

Sec. 601.454. INFORMATION PROVIDED BY INSURANCE COMPANY; PRIVACY. (a) Requires each insurance company providing motor vehicle liability insurance policies in this state to provide necessary information for those policies to allow the agent to carry out this subchapter, subject to the agent's contract with the implementing agencies and rules adopted under this subchapter.

(b) Provides that the agent is entitled only to information that is at that time available from the insurance company and that is determined by the implementing agencies to be necessary to carry out this subchapter.

(c) Provides that information obtained under this subchapter is confidential. Authorizes the agent to use the information only for a purpose authorized under this subchapter. Prohibits the agent from using the information for a commercial purpose.

(d) Provides that a person commits an offense if the person knowingly uses information obtained under this subchapter for any purpose not authorized under this subchapter. Provides that an offense under this subchapter is a Class B misdemeanor.

SECTION 2. Amends Sections 502.1715(c) and (d), Transportation Code, as follows:

(c) Requires fees, rather than fees on or after August 41, 2005, collected under this section to be deposited to the credit of the state highway fund. Authorizes, subject to appropriation, the money to be used by the Department of Public Safety (DPS), the Texas Department of Insurance (TDI), the Department of Information Resources (DIR), and the Texas Department of Transportation (TxDOT) to carry out Subchapter N, Chapter 601.

(d) Requires DPS, TDI, DIR, and TxDOT to jointly adopt rules and develop forms necessary to administer this section.

SECTION 3. Repealer: Section 502.1715(b) (regarding VERIFICATION PROGRAM), Transportation Code.

SECTION 4. Requires DPS to select an agent required by Section 601.453, Transportation Code, as added by this Act, before December 31, 2005. Requires the agencies responsible for implementing Subchapter N, Chapter 601, Transportation Code, as added by this Act, to adopt rules and establish and publish a user guide clearly specifying requirements and procedures for providing information under the verification program under that subchapter not later than seven months before the full implementation of the program. Requires those implementing agencies to require full implementation of the financial responsibility verification program for vehicles covered under a personal automobile insurance policy before December 31, 2006, and implementation of that program for vehicles covered under a commercial insurance policy when the implementing agencies determine that implementation for vehicles covered under a commercial insurance policy is feasible.

SECTION 5. Effective date: September 1, 2005.