

BILL ANALYSIS

H.B. 2569
By: Thompson
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Chapter 702 of the Insurance Code provides that upon written request of a governmental entity, an insurer is required to provide any relevant information the insurer has that relates to a specific motor vehicle theft or motor vehicle insurance fraud. Research on Chapter 702 indicates that this article was the first insurance fraud statute enacted and it was not amended or repealed when Article 1.10D (the predecessor to Chapter 701 of the Insurance Code) was enacted in 1991. Chapter 701 creates the Insurance Fraud Unit in the Texas Department of Insurance (TDI) and provides for the comprehensive investigation and reporting of insurance fraud. There are some provisions in Chapter 702 that are in conflict with Chapter 701, and differing definitions of the same terms exist within the two statutes. TDI is concerned that these differences could create problems with enforcement and could create a defense challenge to its authority to discipline or prosecute persons committing insurance fraud.

This bill repeals Chapter 702 of the Insurance Code to remove conflicting provisions in the code regarding the investigation and reporting of insurance fraud.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Repeals: Chapter 702 (Motor Vehicle Theft and Motor Vehicle Insurance Fraud Reporting), Insurance Code, as effective April 1, 2005.

SECTION 2. Effective date: upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.