

BILL ANALYSIS

Senate Research Center

S.B. 502
By: Averitt
Business & Commerce
10/18/2007
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law sets forth minimum amounts of liability coverage for automobile insurance. The current required minimum amounts of coverage for bodily injury to or death of one person in one accident is \$20,000, for bodily injury to or death of two or more persons in one accident is \$40,000, and for damage to or destruction of property of others in one accident is \$15,000. These state-required coverage minimums do not cover instances of severe injury or property loss, and often times, the injured individual has little recourse in covering medical expenses beyond those covered by insurance.

S.B. 502 increases the minimum liability coverage amounts for automobile insurance.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 601.072, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 601.072, Transportation Code, as follows:

Sec. 601.072. New heading: MINIMUM COVERAGE AMOUNTS; EXCLUSIONS.
(a) Provides that, effective April 1, 2008, the minimum amounts of motor vehicle liability insurance coverage required to establish financial responsibility under this chapter are:

- (1) \$25,000, rather than \$20,000, for bodily injury to or death of one person in one accident;
- (2) \$50,000, rather than \$40,000, for bodily injury to or death of two or more persons in one accident, subject to the amount provided by Subdivision (1) for bodily injury to or death of one of the persons; and
- (3) \$25,000, rather than \$15,000, for damage to or destruction of property of others in one accident.

(a-1) Provides that, effective January 1, 2011, the minimum amounts of motor vehicle liability insurance coverage required to establish financial responsibility under this chapter are:

- (1) \$30,000 for bodily injury to or death of one person in one accident;
- (2) \$60,000 for bodily injury to or death of two or more persons in one accident, subject to the amount provided by Subdivision (1) for bodily injury to or death of one of the persons; and
- (3) \$25,000 for damage to or destruction of property of others in one accident.

(b) Makes conforming changes.

(c) Requires the Texas Department of Transportation to establish an outreach program to inform persons of the requirements of this chapter and the ability to comply with the

financial responsibility requirements of this chapter through motor vehicle liability insurance coverage. Requires the commissioner of insurance, by rule, to establish the requirements for the program. Requires the program to be designed to encourage compliance with the financial responsibility requirements, and to be made available in English and Spanish.

(d) Provides that Subsection (a) and this subsection expire December 31, 2010.

SECTION 2. Makes application of this Act prospective to April 1, 2008.

SECTION 3. Effective date: September 1, 2007.