

## **BILL ANALYSIS**

S.B. 502  
By: Averitt  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

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**

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. Amends Section 601.072, Transportation Code, as follows:

Sec. 601.072. New heading: MINIMUM COVERAGE AMOUNTS; EXCLUSIONS.

(a) Provides that, effective January 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.

S.B. 502 also seeks to amend the Transportation Code by adding Subsection (a-1).

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

SECTION 2. This Act applies only to a motor vehicle liability insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2008. A policy delivered, issued for delivery, or renewed before January 1, 2008, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. Effective date: September 1, 2007.

**EFFECTIVE DATE**

September 1, 2007.