

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1159
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law prohibits an insurer from specifying the brand, type, kind, age, vendor, supplier, or condition of parts used to repair a motor vehicle and from limiting the beneficiary of a policy to selecting a particular repair person or facility to repair the covered damage. However, it has been unsuccessful at curtailing the practice of an insurer requiring its clients, in practice, to select a repair shop of the insurer's choice due to the specification of a maximum amount the company will pay to repair the vehicle.

C.S.S.B. 1159 prohibits an insurance company from specifying certain specifics of parts or products that may be used to repair the vehicle from requiring a policy holder to select a repair facility from a list provided by the insurer. The bill also prohibits a contract between an insurer and a vehicle repairer from including an agreement by which the repairer offers discounts to an insurer in exchange for referrals by the insurer.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1952.301(a), Insurance Code, to prohibit an insurer from directly or indirectly specifying certain parts or products that may be used to repair the vehicle or from limiting the policy beneficiary to selecting a repairing entity to repair the vehicle from a list provided by the insurer. Deletes existing text prohibiting an insurer from directly or indirectly limiting the insurer's coverage under a policy by taking such actions.

SECTION 2. Amends Section 1952.303(a), Insurance Code, to prohibit a contract between an insurer and a repair person or repair facility from including an agreement under which the person or facility agrees to extend discounts for parts or labor to the insurer in exchange for referrals by the insurer. Deletes existing text prohibiting such a contract from resulting in a reduction of coverage under an insured's automobile insurance policy.

SECTION 3. Makes application of this Act to an automobile insurance policy prospective to January 1, 2008.

SECTION 4. Makes application of Section 1952.303(a), Insurance Code, as amended by this Act, prospective.

SECTION 5. Effective date: September 1, 2007.