

BILL ANALYSIS

C.S.H.B. 2423
By: Thompson
Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There is concern that the law does not adequately address the possible conflict of interest with an insurer holding or acquiring an ownership interest of an automotive glass repair service. C.S.H.B. 2423 seeks to address this concern by prohibiting a third-party administrator involved in motor vehicle insurance coverage that holds at least a 10 percent ownership interest in an automotive glass repair service from referring a third-party claimant or an insured to the service or taking certain other actions to increase business for the service.

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

C.S.H.B. 2423 amends the Occupations Code to prohibit a third-party administrator that provides certain services involving motor vehicle insurance coverage and holds at least a 10 percent ownership interest in an automotive glass repair service from referring a third-party claimant or an insured to the service, coercing a third-party claimant or an insured to use the service, or using consumer information obtained in the process of acting as a third-party administrator to solicit business for the automotive glass repair service. The bill provides that a violation of that prohibition is a false, misleading, or deceptive act or practice, and authorizes a public or private right or remedy prescribed by provisions of law governing deceptive trade practices to be used to enforce the bill's provisions. The bill defines "automotive glass repair service," "automotive glass work," and "third-party administrator" and makes nonsubstantive changes.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2423 differs from the original by defining "automotive glass repair service" to mean a person that engages in the business of automotive glass work, whereas the original defines the term to mean a business that provides automotive glass work services.

C.S.H.B. 2423 differs from the original by defining "third party administrator" to mean a person, other than a person licensed or otherwise authorized to engage in business under provisions of law regulating professionals, that, in connection with motor vehicle insurance coverage, collects a charge or premium from or paid on behalf of a Texas resident or provides administrative services to, or inspects or settles a claim by, a Texas resident, whereas the original defines the term to mean any person who collects charges or premiums from or paid on behalf of, or who provides administrative services to or adjusts or settles claims by, Texas residents in connection with motor vehicle insurance coverage.

C.S.H.B. 2423 contains a provision not included in the original prohibiting a third-party administrator that provides certain services involving motor vehicle insurance coverage and holds at least a 10 percent ownership interest in an automotive glass repair service from referring a third-party claimant or an insured to the service or taking certain other actions to increase business for the service. The substitute contains a provision not included in the original making a violation of that prohibition a false, misleading, or deceptive act or practice, and authorizing a public or private right or remedy prescribed by provisions of law governing deceptive trade practices to be used to enforce the bill's provisions.

C.S.H.B. 2423 omits a provision included in the original prohibiting an insurer that writes motor vehicle insurance or a third party administrator from owning or acquiring an interest in an automotive glass repair service and from coercing or inducing in any manner an insured to use an automotive glass repair service other than the insured's chosen service, if the insured has chosen a service. The substitute omits a provision included in the original requiring, under specified conditions, that the inspector be a direct employee of an insurer or an independent party who is unrelated and unaffiliated with any automotive glass repair service and providing for the meaning of "inspector." The substitute omits a provision included in the original making the original's provisions inapplicable to an insurer or third party administrator that owns or acquires an interest in a repair facility that engages in automotive glass work.

C.S.H.B. 2423 differs from the original in nonsubstantive ways.