

BILL ANALYSIS

C.S.H.B. 3814
By: Carter
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties assert that current law does not allow insurance companies to offer accident and health insurance policies that insure losses sustained or contracted due to intoxication. Such parties contend that consumers should be permitted to purchase more inclusive insurance policies and that permitting insurance companies to make such offerings could offer more protection for victims of drunk drivers and drug-related car accidents. C.S.H.B. 3814 seeks to authorize insurance companies to create a new product offering that provides coverage for losses sustained due to an insured who is intoxicated or under the influence of a narcotic.

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. 3814 amends the Insurance Code to prohibit an individual accident and health insurance policy that provides coverage for medical, hospital, and surgical expenses incurred by an insured from containing the prescribed provision stating that the insurer is not liable for any loss of the insured due to intoxication or the influence of any narcotic not administered on a physician's advice unless the insurer provides notice to the insured of the provision and gives the insured an option to purchase a rider or endorsement that provides coverage for any loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic, regardless of whether the narcotic is administered on the advice of a physician. The bill applies only to an individual accident and health insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2014.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3814 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 1201.227, Insurance Code, is amended to read as follows:
Sec. 1201.227. POLICY PROVISION:
INTOXICANTS AND NARCOTICS. (a)

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 1201.227, Insurance Code, is amended to read as follows:
Sec. 1201.227. POLICY PROVISION:
INTOXICANTS AND NARCOTICS. (a)

83R 27092

13.123.689

Substitute Document Number: 83R 17679

Except as provided by Subsection (b), an [An] individual accident and health insurance policy must contain the following provision if the policy addresses the subject matter of the provision:

"Intoxicants and Narcotics: The insurer is not liable for any loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic unless the narcotic is administered on the advice of a physician."

(b) An individual accident and health insurance policy may not contain the provision described by Subsection (a) unless the insured is given notice of such policy and an option to opt out of Subsection (a). An insured may purchase an optional rider to provide coverage such that the insurer is liable for any loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic if the narcotic is not administered on the advice of a physician.

SECTION 2. The change in law made by this Act applies only to a health benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2014. A health benefit plan that is delivered, issued for delivery, or renewed before January 1, 2014, is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2013.

Except as provided by Subsection (b), an [An] individual accident and health insurance policy must contain the following provision if the policy addresses the subject matter of the provision:

"Intoxicants and Narcotics: The insurer is not liable for any loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic unless the narcotic is administered on the advice of a physician."

(b) An individual accident and health insurance policy that provides coverage for medical, hospital, and surgical expenses incurred by an insured may not contain the provision described by Subsection (a) unless the insurer provides notice to the insured of the provision and gives the insured an option to purchase a rider or endorsement that provides coverage for any loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic, regardless of whether the narcotic is administered on the advice of a physician.

SECTION 2. The change in law made by this Act applies only to an individual accident and health insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2014. An individual accident and health insurance policy that is delivered, issued for delivery, or renewed before January 1, 2014, 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. Same as introduced version.