

BILL ANALYSIS

Senate Research Center

S.B. 1567
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Named-driver policies provide coverage only for drivers specifically named on the policy and non-household drivers with permission. An issue can arise when a member of the policyholder's household, who is not named on the policy, drives the insured vehicle. When this situation occurs, the driver is not covered by the policy, regardless of whether they have permission from the policyholder to drive the automobile. Many policyholders and drivers, however, do not understand these coverage restrictions, which can lead to situations of unknowingly uninsured drivers on Texas's roads.

S.B. 1567 seeks to address this issue by requiring a disclosure both orally and in writing for any named driver policy that conspicuously states that individuals who reside in the household, and are not named on the policy, are not provided coverage.

S.B. 1567 amends current law relating to coverage of certain persons under an automobile insurance policy.

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 Subchapter B, Chapter 1952, Insurance Code, by adding Sections 1952.0515 and 1952.0545, as follows:

Sec. 1952.0515. **REQUIRED COVERAGE.** Prohibits an agent or insurer, including a county mutual insurance company, from delivering or issuing for delivery in this state a personal automobile insurance policy unless the policy provides at least the minimum coverage specified by Subchapter D (Establishment of Financial Responsibility Through Motor Vehicle Liability Insurance), Chapter 601, Transportation Code.

Sec. 1952.0545. **REQUIRED DISCLOSURE REGARDING NAMED DRIVER POLICIES; PERSONS IN INSURED'S HOUSEHOLD.** (a) Defines, in this section, "named driver policy." Provides that the term includes an automobile insurance policy that has been endorsed to provide coverage only for drivers specifically named on the policy.

(b) Requires an agent or insurer, including a county mutual insurance company, before accepting any premium or fee for a named driver policy, to make the following disclosure, orally and in writing, to the applicant or insured:

WARNING: A NAMED DRIVER POLICY DOES NOT PROVIDE COVERAGE FOR INDIVIDUALS RESIDING IN THE INSURED'S HOUSEHOLD THAT ARE NOT NAMED ON THE POLICY.

(c) Requires an agent or insurer, including a county mutual insurance company, before accepting any premium or fee for a named driver policy, to receive a copy

of the disclosure described by Subsection (b) that is signed by the applicant or insured.

(d) Requires an agent or insurer, including a county mutual insurance company, that delivers or issues for delivery a named driver policy in this state to specifically include in the policy and conspicuously identify on the front of any proof of insurance document issued to the insured the required disclosure under Subsection (b).

(e) Requires the agent or insurer to require the applicant or insured to confirm contemporaneously in writing the provision of oral disclosure pursuant to Subsection (b).

SECTION 2. Amends Section 601.081, Transportation Code, as follows:

Sec. 601.081. STANDARD PROOF OF MOTOR VEHICLE LIABILITY INSURANCE FORM. (a) Defines, in this section, "named driver policy."

(b) Creates this subsection from existing text. Requires that a standard proof of motor vehicle liability insurance form prescribed by the Texas Department of Insurance include certain information, including for a named driver policy, the required disclosure under Section 1952.0545, Insurance Code.

SECTION 3. Makes application of this Act prospective to January 1, 2014.

SECTION 4. Effective date: September 1, 2013.