

BILL ANALYSIS

S.B. 1174
By: Eltife
Juvenile Justice & Family Issues
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to interested parties, the Child Support Lien Network, which is designed to assist in the collection of past-due child support, has over 30 participating states, including Texas, and a database of more than three million delinquent child support obligors owing over \$80 billion in past-due support. The database is used to intercept insurance settlements, typically associated with lawsuits arising from accidents and commonly funded by liability insurance, to pay delinquent child support obligations owed to children and families. Insurers are required to access the network before certain insurance claims are paid. In statute, the network is referred to as the insurance reporting program operated by the office of the attorney general, the state's designated Title IV-D agency.

The parties report that first-party property damage claims, under which benefits are paid directly to the insured or a beneficiary, are rarely required to be intercepted through the network. Insurers process hundreds of thousands of first-party claims and the proceeds are typically paid to repair damaged vehicles or homes. If these claims were to be reported through the network, there would be a significant number of "false positives"—instances in which the attorney general would be provided reports when payments were actually being made to body shops to repair vehicles or to contractors to repair homes.

According to the parties, this false positive problem was recognized by the attorney general when rules relating to the insurance reporting program were adopted; thus, the rules include exceptions for certain claims that need not be reported. S.B. 1174 seeks to conform statute to the rules and streamline the process of reporting claims to help maximize child support lien collection efficiency.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

S.B. 1174 amends the Family Code to prohibit an insurer from being required to report or identify the following types of claims under the insurance reporting program operated by the attorney general's office:

- a first-party property damage claim under a personal automobile insurance policy for actual repair, replacement, or loss of use of an insured vehicle;

- a first-party property damage claim under a residential or tenant property insurance policy for actual repair, replacement, or loss of use of an insured dwelling and contents, including additional living expenses actually incurred; or
- a third-party property damage claim that will be paid to a vendor or repair facility or for the reimbursement to a claimant for payments made by the claimant to a vendor or repair facility for the actual repair, replacement, or loss of use of a dwelling, condominium, or other improvements on real property; a vehicle, including a motor vehicle, motorcycle, or recreational vehicle; or other tangible personal property that has sustained actual damage or loss.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.