

BILL ANALYSIS

H.B. 2601
By: Lucio III
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Concerns have been raised about the lack of flexibility with respect to current disclosure requirements for named driver insurance policies. It has been noted that insurance companies must repeatedly provide disclosure at the point of every renewal, and there are additional concerns that the oral disclosure requirement unnecessarily burdens the industry and consumers by requiring consumers renewing monthly to receive in-person disclosures. H.B. 2601 seeks to address these concerns by removing the requirement that a disclosure be made orally, by specifying that the disclosure must be made before accepting any premium or fee at either the inception or renewal of a policy, and by providing for a signature option for the required signature on a disclosure.

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

H.B. 2601 amends the Insurance Code to require the required signature on the written disclosure stating that a named driver policy does not provide coverage for certain individuals to be an original signature or an electronic signature that complies with the Uniform Electronic Transactions Act and Insurance Code provisions relating to electronic transactions. The bill removes the requirement that such a disclosure be made orally and specifies that the disclosure is made before accepting any premium or fee at the inception or renewal of the policy. The bill's provisions apply only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2020.

H.B. 2601 repeals Section 1952.0545(e), Insurance Code.

EFFECTIVE DATE

September 1, 2019.