

SUBJECT: Repeal of fraud reporting requirements for motor vehicle insurance

COMMITTEE: Insurance — favorable, without amendment

VOTE: 6 ayes — Smithee, Isett, B. Keffer, Taylor, Thompson, Van Arsdale
0 nays
3 absent — Seaman, Eiland, Oliveira

SENATE VOTE: On final passage, April 21 — 31-0, on Local and Uncontested Calendar

WITNESSES: (*On House companion bill, HB 2387 by Thompson:*)
For — None
Against — None
On — Dennis Pompa, Texas Department of Insurance; Beaman Floyd, USAA, Nationwide, Allstate, State Farm, American Insurance Association (TCAIS)

BACKGROUND: Insurance Code, ch. 702, establishes that upon written request of a governmental entity, an insurer must provide any relevant information the insurer has that relates to a specific motor vehicle theft or motor vehicle insurance fraud. Ch. 701 governs the Insurance Fraud Unit at the Texas Department of Insurance (TDI), which provides for reporting and comprehensive investigation of insurance fraud.

DIGEST: SB 782 would repeal Insurance Code, ch. 702, as effective April 1, 2005.
The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

SUPPORTERS SAY: SB 782 would follow a TDI recommendation in its biennial report to the Legislature to repeal ch. 702 so as not to conflict with provisions in ch. 701. Since the 78th Legislature recodified the Insurance Code in 2003, it has become apparent that provisions in ch. 702 conflict with some of those

in ch. 701 and that differing definitions of the same terms exist within the two chapters. These conflicts could create problems with enforcement and prompt a challenge to TDI's authority to prosecute or discipline persons for insurance fraud. Repeal of the narrower statute in ch. 702 would eliminate the concerns.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The House companion bill, HB 2387 by Thompson, was heard and left pending by the Insurance Committee on April 18.