

BILL ANALYSIS

Senate Research Center
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S.B. 347
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DIGEST

Currently, an estimated 20 to 25 percent of Texas drivers operate a motor vehicle without the statutorily required amount of liability insurance. Cost of the premiums may contribute to the number of uninsured motorists. According to the National Association of Insurance Commissioners, Texas ranks in the top 10 for the average cost of liability insurance of automobile liability premiums. Contributing to the cost of insurance premiums are the number of lawsuits filed and settled on behalf of uninsured drivers. A reduction in the award amount in these lawsuits could lower premiums, if the insurance carrier is required to pass the lawsuit savings to consumers. S.B. 347 sets a minimum amount on damages recoverable by an uninsured motorist, and requires the insurance provider to pass those savings to the consumer in the form of premium reductions.

PURPOSE

As proposed, S.B. 347 prohibits a person without liability insurance from obtaining liability for injury in certain civil actions, and requires insurance providers to pass on any cost resulting savings to the consumer in the form of a premium reduction.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Commissioner of the Texas Department of Insurance in SECTIONS 2 and 4 (Article 5.06-1A, Chapter 5A, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 4, Civil Practice and Remedies Code, by adding Chapter 92, as follows:

CHAPTER 92. LIABILITY FOR CERTAIN MOTOR VEHICLE ACCIDENTS

Sec. 92.001. DEFINITION. Defines "exemplary damages."

Sec. 92.002. LIABILITY FOR INJURY TO CERTAIN OPERATORS. Prohibits a person from obtaining damages, except as provided in Section 92.003, in certain civil actions if at the time of the accident the person was operating the motor vehicle in violation of Section 601.051, Transportation Code.

Sec. 92.003. EXCEPTION: DAMAGES INCURRED IN EXCESS OF MOTOR VEHICLE SAFETY RESPONSIBILITY ACT. Authorizes the recovery of damages in certain civil actions if the damages exceeded the minimum amounts of motor vehicle liability insurance required to establish financial responsibility under Sections 601.072(a)(1) and (3), Transportation Code.

Sec. 92.004. EXCEPTION: CERTAIN CRIMINAL CONDUCT. Provides that Section 92.002 does not apply against a person who committed an act that constitutes certain offenses, but does apply without regard to whether that person is criminally convicted of the crime.

Sec. 92.005. DERIVATIVE CLAIMS. Permits the application of Sections 92.002-92.004 claims including damages, wrongful death, and loss of consortium or companionship, against someone who may have been barred under Section 92.002. Provides that Section 92.002 does not prohibit the recovery of exemplary damages for certain cases brought under Section 26, Article XVI, Texas Constitution.

Sec. 92.006. REPRESENTATIVE ACTIONS. Provides that Section 92.002 does not prohibit a person from bringing suit on behalf of another person injured in the accident.

SECTION 2. Amends Chapter 5A, Insurance Code, by adding Article 5.06-1A, as follows:

Art. 5.06-1A. RATE ROLLBACK BASED ON CERTAIN LIMITED LIABILITY

Sec. 1. DEFINITION. Defines “motor vehicle insurance.”

Sec. 2. APPLICATION; RATE ROLLBACK. Applies this article to certain insurers, including a county mutual insurer or an insurer made subject to this subchapter by Article 5.01-2, Insurance Code. Requires an insurer subject to this article to pass the savings accrued by the insurer to its motor vehicle insurance policyholders through a uniform rate reduction, as prescribed by the Commissioner of the Texas Department of Insurance (commissioner). Authorizes the commissioner to require an insurer to submit information via rate filings, informational hearings, and other means, to implement this section. Requires the commissioner to hold a rulemaking hearing by October 1 each year under Chapter 2001, Government Code, to determine for purposes under this article the percentage of rate reductions applicable. Provides that the rate reductions under this article apply prospectively, and are in addition to any other rate reductions.

Sec. 3. REPORT TO LEGISLATURE. Requires the commissioner to report all relevant information assembled from hearings and other measures to the legislature by February 1 of each odd-numbered year.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Requires the commissioner to hold a rulemaking hearing no later than the 30th day after the effective date of this Act. Requires the commissioner to set, by rule, the applicable percentage not later than the 15th day after the date of the hearing. Requires the commissioner to set a six percent base rate reduction if on the 60th day after the effective date of this Act, the commissioner has not issued an order establishing a rate reduction. Establishes that the rate reduction regulations under Subsection (a) and (b) apply prospectively to each motor vehicle insurance policy to the 60th day after the effective date of this Act and continue until a rate change occurs regarding Article 5.06-1A, Insurance Code.

SECTION 5. Emergency clause.
Effective date: upon passage.