

BILL ANALYSIS

C.S.H.B. 2738
By: Hernandez
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

An uninsured motorist (UM) is someone who does not have any automobile insurance, while an underinsured motorist (UIM) has insurance coverage that is insufficient to pay the full cost of damages. It has been noted that UM coverage is also used in situations in which the other driver's insurance company denies a claim and in hit-and-run cases that result in property damage. Currently, all automobile insurance policies written in Texas must carry UM or UIM coverage unless such coverage is rejected in writing by the policyholder. Over the years, various proposals have been put forward to address the high rates and cost of uninsured and underinsured motorists. C.S.H.B. 2738 seeks to address this issue by requiring UM and UIM coverage for all Texas policyholders, providing a way for individual drivers to deal with the financial consequences of accidents with hit-and-run, underinsured, or uninsured drivers.

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

C.S.H.B. 2738 amends the Insurance Code to subject a county mutual insurance company to statutory provisions governing uninsured or underinsured motorist coverage. The bill repeals the authorization to opt out of coverage under those provisions in writing and requires each form for a personal automobile insurance policy to provide the coverages mandated under those provisions. The bill applies only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2022.

C.S.H.B. 2738 repeals Section 1952.101(c), Insurance Code.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2738 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a requirement absent from the original requiring each form for a personal automobile insurance policy to provide uninsured or underinsured motorist coverage.