

BILL ANALYSIS

Senate Research Center

H.B. 1752
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Business & Commerce
5/11/2001
Engrossed

DIGEST AND PURPOSE

The Texas Motor Vehicle Safety Responsibility Act prohibits a person from operating a motor vehicle in Texas unless financial responsibility is established for that vehicle. Even so, many motorists circumvent the law. Some purchase an insurance policy solely to receive a proof-of-insurance card and then cancel the insurance policy. Others purchase fraudulent proof-of-insurance cards based on nonexistent or deceptive insurance policies. These techniques may prevent a proof-of-insurance card from being an effective method of verifying whether a motorist complies with current financial responsibility laws. H.B. 1752 requires the Department of Public Safety in conjunction with insurance companies, the Texas Department of Transportation, and a designated agent to establish a motor vehicle insurance verification program to certify compliance with the Texas Motor Vehicle Safety Responsibility Act.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Public Safety in SECTION 2 (Section 601.081, Transportation Code), SECTION 3 (Sections 601.442 and 601.448, Transportation Code), and SECTION 5 (Section 502.1715, Transportation Code), and to the Texas Department of Transportation in SECTION 5 (Section 502.1715, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

H.B. 1752 amends the Transportation Code to require the Texas Department of Public Safety (DPS), rather than the Texas Department of Insurance, to provide for production of a standard proof of motor vehicle liability insurance form (form) for use by insurers. The bill authorizes DPS to contract with another person for production of the form and requires each insurer issuing motor vehicle liability insurance (insurance) to use the form produced by DPS. The bill authorizes DPS to adopt rules to implement the production of the form (Secs. 601.053 and 601.081).

H.B. 1752 requires DPS to establish a motor vehicle insurance verification program (program) to verify compliance with the Texas Motor Vehicle Safety Responsibility Act. The program must conform to the provisions of the federal Driver's Privacy Protection Act of 1994 and verify motorist compliance with insurance requirements. The bill requires DPS by rule to administer the program with the assistance of a designated agent (agent) and sets forth provisions by which DPS is required to contract with the agent for the development and maintenance of a computer database that will manage and provide efficient access to insurance information. The bill requires DPS, the Texas Department of Transportation (TxDOT), and each company providing insurance in this state to electronically submit to the agent information on each driver's license, evidence of financial responsibility, vehicle registration, and insurance policy issued in Texas.

The agent is required, at least monthly, to update and compare this information to determine which, if any, vehicles in Texas are not insured. The bill sets forth provisions for the notification of a motorist whose vehicle, according to the insurance verification database (database), is not insured. The bill authorizes DPS by rule to waive a requirement that particular information be provided to the agent if DPS finds that the information is not useful or that the burden of collecting or reporting the information is not justified (Secs. 601.442-601.448). The bill authorizes DPS to adopt rules as necessary to

implement the establishment of the database. DPS is required to consult with TxDOT about rules that affect the reporting of information relating to vehicle registrations (Sec. 601.448).

The bill prohibits information provided by an insurer, DPS, or TxDOT from being sold or made available except to enforce a state law and provides that the information belongs to the submitting entity, is confidential, and is not subject to disclosure under public information laws. An officer, employee, or agent who acts in good faith in providing this information is not liable in a civil action. A person who knowingly releases this information except to enforce a state law commits a Class A misdemeanor (Secs. 601.445, 601.446, and 601.449-601.451).

The bill requires a person registering or renewing the registration of a motor vehicle to pay a fee of \$1 which shall be deposited to the credit of the state highway fund (fund). TxDOT is required to use money appropriated from the fund that represents those fees to administer the database and to reimburse DPS for expenses related to the database. The bill requires TxDOT and DPS to adopt rules and develop forms necessary to administer the financing of the database (Sec. 502.1715).

As soon as practicable after the effective date of this Act, DPS is required to appoint a technical advisory committee, which must include representatives of the affected insurance companies and TxDOT, to assist DPS in developing the initial rules required for implementing the establishment of the database. The technical advisory committee is abolished September 1, 2002 (SECTION 8).

Not later than September 1, 2002, DPS is required to contract with an entity to serve as the agent and to adopt any rules necessary to implement the establishment of the database. A motor vehicle insurance company is not required to report insurance information to the agent before September 1, 2002. The bill authorizes DPS by rule to designate smaller motor vehicle insurance companies that are not required to report insurance information to the agent before September 1, 2003. DPS is not required to report financial responsibility information to the agent before September 1, 2002 (SECTION 9).

Effective date: September 1, 2001.