

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 878
By: Hancock
Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Named driver policies offer many Texans, including low-income families, the ability to purchase limited liability insurance coverage at an affordable price and still comply with mandatory state insurance requirements. Currently, these policies must provide oral disclosure at renewal and prior to processing any payment of premium. Because these policies are short-term and premiums may be paid monthly, every three months, or bi-annually, oral disclosure is very difficult and unrealistic for the insurer, the insured, and the agent. As a result, many insurers have been forced to stop writing these limited liability policies.

S.B. 878 will allow for insurers to have the option to provide the disclosure in written, oral, or electronic form. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 878 amends current law relating to named driver policy disclosure requirements.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1952.0545, Insurance Code, by amending Subsection (b) and adding Subsection (c-1), as follows:

(b) Requires an agent or insurer, including a county mutual insurance company, to make a certain disclosure statement, in writing, rather than orally and in writing, to the applicant or insured before accepting any premium or fee for a named driver policy and sets forth the contents of the disclosure statement.

(c-1) Requires that a signature required by this section (Required Disclosure Regarding Named Driver Policies; Persons in Insured's Household) be an original signature or an electronic signature that complies with Chapter 322 (Uniform Electronic Transactions Act), Business & Commerce Code, and Chapter 35 (Electronic Transactions) of this code.

SECTION 2. Repealer: Section 1952.0545(e) (relating to requiring the agent or insurer to require the applicant or insured to confirm contemporaneously in writing a certain provision of oral disclosure), Insurance Code.

SECTION 3. Makes application of this Act prospective to January 1, 2018.

SECTION 4. Effective date: September 1, 2017.