

BILL ANALYSIS

Senate Research Center

S.B. 1432
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law prohibits an insurer from assigning any rate consequence to a charge or conviction for a violation of the Uniform Act Regulating Traffic on Highways, as amended (Article 6701d, V.T.C.S.). However, county mutual companies are not subject to this statute so they are allowed to use minor violations in determining premiums. This means that insurers are not subject to the same requirement with regard to their ability to surcharge for traffic violations which is contrary to the goal of creating a level playing field for all insurers, as set forth by S.B. 14, 78th Legislature, Regular Session, 2003.

As proposed, S.B. 1432 allows for the assigning of a rate consequence to a conviction for a violation of Subtitle C (Rules of the Road), Title 7, Transportation Code, and prohibits the application of this rate consequence from resulting in an adverse rate consequence or otherwise causing premiums for automobile insurance to be increased for insured who have not been convicted of such a violation.

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 Title 1, Article 5.01-1, Insurance Code, as follows:

Art. 5.01-1. PREMIUM RATING PLANS. (a) Creates this subsection from existing text. Authorizes a rating plan respecting the writing of automobile insurance, including insurance written pursuant to Chapter 2151 (Texas Automobile Insurance Plan Association), to assign a rate consequence to a conviction, or otherwise cause premiums for automobile insurance to be increased because of a conviction for a violation of Subtitle C (Rules of the Road), Title 7, Transportation Code. Deletes existing text prohibiting a rating plan respecting the writing of motor vehicle insurance, other than insurance written pursuant to Section 35 of the Texas Motor Vehicle Safety Responsibility Act (Article 6701h, V.T.C.S.), from assigning any rate consequence to a charge or conviction or otherwise causing premiums for motor vehicle insurance to be increased because of a charge or conviction for a violation of the Uniform Act Regulating Traffic on Highways, as amended (Article 6701d, V.T.C.S.).

(b) Prohibits the application of Subsection (a) from resulting in an adverse rate consequence or otherwise causing premiums for automobile insurance to be increased for insured who do not have a conviction for a violation of Subtitle C, Title 7, Transportation Code.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2007.