

SUBJECT: Auto insurance discounts for members of youth groups

COMMITTEE: Insurance — favorable, without amendment

VOTE: 9 ayes — Smithee, Van de Putte, Averitt, Bonnen, Burnam, Eiland, G.
Lewis, Olivo, Wise

0 nays

WITNESSES: On — Lyndon Anderson, Texas Department of Insurance

DIGEST: HB 1498 would authorize auto insurers to grant a discount on auto insurance to members of youth groups identified by the insurance commissioner. The commissioner would also establish the amount of the discount and could establish additional qualifying requirements.

To qualify for the discount, a person must have been a licensed driver for at least three years and a youth or adult member of a nonprofit organization operated exclusively for youth recreational or educational purposes, excluding private primary or secondary schools. Applicants could not have been convicted of a violation of a traffic safety regulation involving a moving vehicle, found at fault in a moving violation, or been convicted of drunk driving during the last three years.

Persons could not receive both the youth group discount and the current discount for academic achievement.

HB 1498 would take effect September 1, 1997, and would apply to policies issued or renewed after January 1, 1998.

SUPPORTERS SAY: HB 1498 would allow auto insurers to offer a premium discount to groups like Boy Scouts of America and other youth organizations that advocate drug awareness programs. Participants in these programs traditionally have good grades, excellent driving records, lower incidences of cheating and fraud, ethical conduct at home and at work, and higher economic potential in terms of future employment.

The insurance commissioner recently allowed insurers to offer a 10 percent auto insurance discount for students with good grades. HB 1498 would enable insurers to offer the same discount to members of these youth groups. These individuals are equally qualified for such a discount.

Insurers would have the option of offering this discount; no insurer would be required to provide it.

**OPPONENTS
SAY:**

HB 1498 would open the door to allowing auto insurance discounts for a wide variety of factors that are not directly related to a person's driving ability. The insurance commissioner has already started down this road by approving discounts for students with good grades; the Legislature should proceed no further. In order to offer a discount, insurers should be required to provide data showing that a particular group of drivers costs less to insure. Otherwise, a wide range of upstanding citizens, including teachers, clergy, and doctors should also be entitled to a discount.

To qualify for the discount under HB 1498, applicants would have to have three years of driving experience, which would make them at least 19 years old and probably not qualified to be in a youth group. Since the discount is intended for young people, adult members of youth groups should not be able to qualify for the discount.