

SUBJECT: Repealing authority to reject uninsured or underinsured motorist coverage

COMMITTEE: Insurance — committee substitute recommended

VOTE: 5 ayes — Oliverson, Vo, Israel, Middleton, Romero

2 nays — Hull, Sanford

2 absent — J. González, Paul

WITNESSES: For — (*Registered, but did not testify*: Jacob Smith)

Against — Joe Woods, American Property and Casualty Insurance Association; Jon Schnautz, National Association of Mutual Insurance Companies; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions; (*Registered, but did not testify*: Jay Thompson, Afact; Daniel Hodge, Al Boenker Insurance; John Marlow, Chubb; Susan Ross, State Farm Insurance)

On — Ware Wendell, Texas Watch; (*Registered, but did not testify*: Kimberly Donovan, Office of Public Insurance Counsel; Luke Bellsnyder, Texas Department of Insurance; Jim Perdue, Texas Trial Lawyers Association)

BACKGROUND: Insurance Code ch. 1952, subch. C governs uninsured or underinsured motorist coverage.

Under sec. 1952.101(c), the required coverage under subch. C does not apply if any insured named in the insurance policy rejects the coverage in writing. Unless the named insured requests in writing the required coverage, the insurer is not required to provide that coverage in or supplemental to a reinstated insurance policy or renewal insurance policy if the named insured rejected the coverage.

Insurance Code sec. 912.002 subjects a county mutual insurance company to certain state insurance laws.

Suggestions have been made to remove policy holders' permission to reject uninsured or underinsured motorist coverage, which would improve individual drivers' ability to handle the financial impact of accidents involving hit-and-run, underinsured, or uninsured drivers.

DIGEST: CSHB 2738 would repeal Insurance Code sec. 1952.101(c), relating to allowing a policy holder to reject in writing the required uninsured or underinsured motorist coverage.

The bill would subject a county mutual insurance company to Insurance Code ch. 1952, subch. C.

The bill also would make certain conforming changes under current law.

The bill would take effect September 1, 2021, and would apply only to an insurance policy issued or renewed on or after January 1, 2022.