

BILL ANALYSIS

Senate Research Center

H.B. 1498
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Economic Development
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Engrossed

DIGEST

Currently, insurers do not provide discounts on auto insurance to members of youth groups such as Boy Scouts of America. Participants in these youth groups traditionally have good grades, excellent driving records, lower incidences of cheating and fraud, and ethical conduct at home and work. This bill will authorize an insurer to grant a discount on auto insurance to members of a youth group.

PURPOSE

As proposed, H.B. 1498 sets forth regulations regarding motor vehicle insurance rates for certain individuals with good driving records who are members of youth groups.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Sections 2(e) and (f), Article 5.03-5, V.T.C.S.) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 5A, Insurance Code, by adding Article 5.03-5, as follows:

ART. 5.03-5. PREMIUM DISCOUNT FOR CERTAIN YOUTH GROUP MEMBERS

Sec. 1. DEFINITIONS. Defines "applicant," "driving record," "insurer," "motor vehicle," "traffic safety regulation," and "youth group."

Sec. 2. DISCOUNT AUTHORIZED; ELIGIBILITY CONDITIONS FOR DRIVERS. Authorizes an insurer who delivers or issues for delivery in this state a motor vehicle insurance policy, on receipt of written verification from the insured that the insured or a family member covered by the policy is eligible under Subsection (b) of this section, to grant a discount in the amount provided by Subsection (f) of this section in the premiums charged for liability, medical payments, personal injury protection, and collision coverage only for the motor vehicle designated to be driven by the eligible person. Requires an applicant to meet certain criteria in order to be eligible for the discount authorized under Subsection (a) of this section. Provides that an applicant is not eligible for a discount under this article if the applicant has been convicted of an offense relating to the operation of a motor vehicle under certain statutes. Provides that, for purposes of Subsections (b) and (c) of this section, an applicant is considered to have been convicted in a case if a sentence is imposed or the applicant receives community supervision or analogous treatment under the law of another state. Authorizes the commissioner of insurance, by rule, to establish additional requirements for receipt of a discount under this article. Authorizes the commissioner of insurance, by rule, to set the amount of the discount applicable under this article and to adopt other rules necessary for the implementation of this article, including rules identifying youth groups whose members are eligible for a discount under this article.

Sec. 3. INELIGIBILITY; REVOCATION OF DISCOUNT. Prohibits a person from continuing to receive a discount under this article after the first date on which the person fails to satisfy the requirements of Section 2 of this article unless the person reestablishes eligibility under this article. Prohibits a person from receiving a discount under this article at the same

time the person is receiving a discount under Article 5.03-3 of this code. Requires an insurer to revoke a discount under this article if an applicant for the discount knowingly provides false information in or with the application.

SECTION 2. Effective date: September 1, 1997.

Makes application of this Act prospective to January 1, 1998.

SECTION 3. Emergency clause.