

BILL ANALYSIS

Senate Research Center
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H.B. 1572
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, a driver involved in an accident has a right to subrogation against the at-fault driver and the insurer of the at-fault driver, if the driver or the insurer who was not at-fault paid for the repair of damages. This situation often arises when a dispute on fault exists or when the at-fault driver was uninsured.

The insurer of a driver who was not at-fault does not currently have the right of subrogation against the at-fault party to recover the money paid to the not-at-fault driver under personal injury protection (PIP) coverage. This results in higher claim costs for PIP coverage and higher premiums for consumers. H.B. 1572 provides an insurer paying benefits under personal injury protection coverage the right of subrogation and a claim against an at-fault driver under certain conditions.

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 Subchapter E, Chapter 21, Insurance Code, by adding Article 21.79H, as follows:

Art. 21.79H. RECOVERY OF CERTAIN COSTS FROM THIRD PARTY. Provides that this article applies to certain insurers. Provides that insurers who bring certain causes of action against a responsible third party relating to a loss that is covered under a private passenger automobile insurance policy issued by the insurer and for which the responsible third party is uninsured is entitled to recover, in addition to payments made by the insurer or insured, and specified costs.

SECTION 2. Amends Article 5.06-3, insurance Code, by amending Subsection (c) and adding Subsection (i), as follows:

(c) Adds a provision that, except as provided by Subsection (i) of this article, prohibits an insurer paying benefits pursuant to this Act from having subrogation rights and a claim against any other person or insurer to recover any such benefits by reason of he alleged fault of such other person in causing or contributing to the accident.

(i) Requires that an insurer paying benefits pursuant to this Act to have a right of subrogation and a claim against a person causing or contributing to the accident under certain circumstances.

SECTION 3. Provides that the change in law made by this Act, including a county mutual insurance company, applies to an action commenced on or after January 1, 2006 and that actions commenced before that date are governed by the law in existence immediately before the effective date of this Act.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2005.