

BILL ANALYSIS

Senate Research Center
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H.B. 259
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

There are concerns that the coverage restrictions in a named driver policy are misunderstood by those insured by the policy. There are additional concerns that these restrictions may leave injured third parties with limited recourse to recover damages. H.B. 259 seeks to address these concerns by prohibiting an insurer writing automobile insurance in Texas from delivering, issuing for delivery, or renewing a named driver policy unless the named driver policy is an operator's policy.

H.B. 259 amends current law relating to named driver insurance policies and certain related exclusions.

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 Chapter 1952, Insurance Code, by adding Subchapter H, as follows:

SUBCHAPTER H. NAMED DRIVER POLICIES

Sec. 1952.351. DEFINITIONS. Defines "household," "named driver exclusion," "named driver policy," and "operator's policy."

Sec. 1952.352. APPLICABILITY. Provides that this subchapter applies to an insurer writing automobile insurance in this state, including an insurance company, corporation, reciprocal or interinsurance exchange, mutual insurance company, capital stock company, association, county mutual insurance company, Lloyd's plan, and any other insurer.

Sec. 1952.353. NAMED DRIVER POLICIES PROHIBITED; CERTAIN NAMED DRIVER EXCLUSIONS AUTHORIZED. (a) Prohibits an insurer from delivering, issuing for delivery, or renewing a named driver policy unless the named driver policy is an operator's policy.

(b) Authorizes an insurer to use a named driver exclusion only if the exclusion specifically names each excluded driver and does not exclude a class of drivers and the named insured accepts the exclusion in writing.

SECTION 2. Amends Section 912.152(a), Insurance Code, to add Subchapter H, Chapter 1952, to a list of codes to which a county mutual insurance company is subject and to make nonsubstantive changes.

SECTION 3. Amends Section 601.081(b), Transportation Code, to delete existing text relating to the required disclosure under Section 1952.0545 (Required Disclosure Regarding Named Driver Policies; Persons in Insured's Household), Insurance Code, for a named driver policy, from a list of information required to be included in a standard proof of motor vehicle liability insurance form prescribed by the Texas Department of Insurance and to make nonsubstantive changes.

SECTION 4. Repealer: Section 1952.0545 (Required Disclosure Regarding Named Driver Policies; Persons in Insured's Household), Insurance Code.

Repealer: Section 601.081(a) (relating to the definition of "named driver policy"), Transportation Code.

SECTION 5. Makes application of this Act prospective to January 1, 2020.

SECTION 6. Effective date: September 1, 2019.