

By: Lucio

S.B. No. 491

A BILL TO BE ENTITLED

AN ACT

relating to establishing a personal automobile insurance program for certain low-income individuals; authorizing a fee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle G, Title 10, Insurance Code, is amended by adding Chapter 2155 to read as follows:

CHAPTER 2155. PERSONAL AUTOMOBILE INSURANCE FOR LOW-INCOME INDIVIDUALS

Sec. 2155.001. DEFINITION. In this chapter, "motor vehicle" means a self-propelled private passenger vehicle for use on a highway.

Sec. 2155.002. ESTABLISHMENT OF PROGRAM. (a) The commissioner by rule shall establish a program under this chapter to provide to low-income individuals financial responsibility coverage required by Subchapter D, Chapter 601, Transportation Code.

(b) An insurer writing automobile insurance in this state, including an insurance company, reciprocal or interinsurance exchange, mutual insurance company, capital stock company, county mutual insurance company, Lloyd's plan insurer, or other entity, shall provide coverage under the program as required by rules adopted by the commissioner.

Sec. 2155.003. COVERAGE PROVIDED. The program established under this chapter may only provide personal automobile insurance

1 in the minimum coverage amounts required by Subchapter D, Chapter
2 601, Transportation Code.

3 Sec. 2155.004. COVERED INDIVIDUALS. (a) Subject to
4 Subsection (b), coverage under this chapter may be made available
5 only to an individual who:

6 (1) is a licensed driver with not less than three years
7 of driving experience; and

8 (2) qualifies as a good driver as defined by rules
9 adopted by the commissioner based on factors the commissioner
10 considers appropriate.

11 (b) Coverage may be made available only to an individual
12 described by Subsection (a) who:

13 (1) has a household income that is less than or equal
14 to 250 percent of the federal poverty guidelines as determined by
15 the United States Department of Health and Human Services; or

16 (2) after diligent efforts, obtained from an insurer
17 writing automobile insurance in this state not fewer than two
18 offers of coverage for a premium amount that is more than 10 percent
19 of the applicant's gross income.

20 (c) Notwithstanding Subsection (b), an applicant is not
21 eligible for coverage if the applicant is claimed during the
22 coverage period as a dependent for federal income tax purposes
23 unless:

24 (1) the person who claims the applicant as a dependent
25 has a household income that is less than or equal to 250 percent of
26 the federal poverty guidelines as determined by the United States
27 Department of Health and Human Services; or

1 (2) the applicant, after diligent efforts, obtained
2 from an insurer writing automobile insurance in this state not
3 fewer than two offers of coverage for the applicant for a premium
4 amount that is more than 10 percent of the gross income of the
5 person who claims the applicant as a dependent.

6 Sec. 2155.005. COVERED MOTOR VEHICLES. (a) Except as
7 provided by Subsection (b), coverage shall be available only for an
8 insurable motor vehicle registered in this state and valued at not
9 more than \$20,000.

10 (b) Coverage may be made available for an insurable motor
11 vehicle not registered in this state and valued at not more than
12 \$20,000 if the motor vehicle is registered in this state not later
13 than the 30th day after the date coverage is issued. The coverage
14 terminates on the 31st day after the date coverage is issued if the
15 motor vehicle is not registered in this state before that date.

16 Sec. 2155.006. RATE STANDARDS. (a) Rates for insurance
17 provided under this chapter must be just, reasonable, not
18 excessive, not confiscatory, and not unfairly discriminatory for
19 the risks to which the rates apply.

20 (b) The program shall offer premiums:

21 (1) on a sliding scale, based on financial need
22 determined by the applicant's household income and living
23 expenses; or

24 (2) based on past and prospective experience and other
25 factors the commissioner considers relevant, including the varying
26 conditions and hazards and the cost of living, in the county in
27 which the motor vehicle is registered.

1 (c) The program may not offer coverage without requiring
2 payment of premium.

3 Sec. 2155.007. APPEALS PROCESS. The commissioner shall
4 establish by rule a process by which an applicant may appeal the
5 denial of an application for coverage under this chapter.

6 Sec. 2155.008. TRAINING AND PUBLIC EDUCATION. (a) The
7 commissioner shall establish a voluntary training program about the
8 program established under this chapter for insurers writing
9 automobile insurance in this state. The commissioner may charge
10 each insurer participating in the training program a fee for
11 expenses incurred by the department in implementing the training
12 program.

13 (b) An insurer writing automobile insurance in this state
14 shall inform a prospective policyholder who seeks coverage under
15 Subchapter D, Chapter 601, Transportation Code, of the program
16 established under this chapter.

17 Sec. 2155.009. RULES. The commissioner shall adopt rules
18 necessary to implement and enforce this chapter.

19 SECTION 2. The commissioner of insurance shall ensure that
20 the program established under Chapter 2155, Insurance Code, as
21 added by this Act, is fully operational in a manner that requires
22 insurers writing automobile insurance in this state to provide
23 coverage under the program not later than January 1, 2014.

24 SECTION 3. This Act takes effect September 1, 2013.