

AN ACT

relating to a motor vehicle financial responsibility verification program; providing a penalty.

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

SECTION 1. Chapter 601, Transportation Code, is amended by adding Subchapter N to read as follows:

SUBCHAPTER N. FINANCIAL RESPONSIBILITY VERIFICATION PROGRAM

Sec. 601.451. DEFINITION. In this subchapter, "implementing agencies" means:

- (1) the department;
- (2) the Texas Department of Transportation;
- (3) the Texas Department of Insurance; and
- (4) the Department of Information Resources.

Sec. 601.452. IMPLEMENTATION OF PROGRAM; RULES. (a) The Texas Department of Insurance in consultation with the other implementing agencies shall establish a program for verification of whether owners of motor vehicles have established financial responsibility. The program established must be:

- (1) the program most likely to:
 - (A) reduce the number of uninsured motorists in this state;
 - (B) operate reliably;
 - (C) be cost-effective;
 - (D) sufficiently protect the privacy of the motor

1 vehicle owners;

2 (E) sufficiently safeguard the security and
3 integrity of information provided by insurance companies;

4 (F) identify and employ a method of compliance
5 that improves public convenience; and

6 (G) provide information that is accurate and
7 current; and

8 (2) capable of being audited by an independent
9 auditor.

10 (b) The implementing agencies shall jointly adopt rules to
11 administer this subchapter.

12 (c) The implementing agencies shall convene a working group
13 to facilitate the implementation of the program, assist in the
14 development of rules, and coordinate a testing phase and necessary
15 changes identified in the testing phase. The working group must
16 consist of representatives of the implementing agencies and the
17 insurance industry and technical experts with the skills and
18 knowledge, including knowledge of privacy laws, required to create
19 and maintain the program.

20 Sec. 601.453. AGENT. (a) The Texas Department of
21 Insurance in consultation with the other implementing agencies,
22 under a competitive bidding procedure, shall select an agent to
23 develop, implement, operate, and maintain the program.

24 (b) The implementing agencies shall jointly enter into a
25 contract with the selected agent.

26 (c) A contract under this section may not have a term of more
27 than five years.

1 Sec. 601.454. INFORMATION PROVIDED BY INSURANCE COMPANY;
2 PRIVACY. (a) Each insurance company providing motor vehicle
3 liability insurance policies in this state shall provide necessary
4 information for those policies to allow the agent to carry out this
5 subchapter, subject to the agent's contract with the implementing
6 agencies and rules adopted under this subchapter.

7 (b) The agent is entitled only to information that is at
8 that time available from the insurance company and that is
9 determined by the implementing agencies to be necessary to carry
10 out this subchapter.

11 (c) Information obtained under this subchapter is
12 confidential. The agent may use the information only for a purpose
13 authorized under this subchapter and may not use the information
14 for a commercial purpose.

15 (d) A person commits an offense if the person knowingly uses
16 information obtained under this subchapter for any purpose not
17 authorized under this subchapter. An offense under this subsection
18 is a Class B misdemeanor.

19 SECTION 2. Subsections (c) and (d), Section 502.1715,
20 Transportation Code, are amended to read as follows:

21 (c) Fees [~~On or after August 31, 2005, fees~~] collected under
22 this section shall be deposited to the credit of the state highway
23 fund. Subject to appropriation, the money may be used by the
24 Department of Public Safety, the Texas Department of Insurance, the
25 Department of Information Resources, and the department to carry
26 out Subchapter N, Chapter 601.

27 (d) The Department of Public Safety, and [~~and~~] the Texas

1 Department of Insurance, the Department of Information Resources,
2 and the department shall jointly adopt rules and develop forms
3 necessary to administer this section.

4 SECTION 3. Subsection (b), Section 502.1715,
5 Transportation Code, is repealed.

6 SECTION 4. The Texas Department of Insurance shall select
7 an agent required by Section 601.453, Transportation Code, as added
8 by this Act, before December 31, 2005. The agencies responsible for
9 implementing Subchapter N, Chapter 601, Transportation Code, as
10 added by this Act, shall adopt rules and establish and publish a
11 user guide clearly specifying requirements and procedures for
12 providing information under the verification program under that
13 subchapter not later than seven months before the full
14 implementation of the program. Those implementing agencies shall
15 require full implementation of the financial responsibility
16 verification program for vehicles covered under a personal
17 automobile insurance policy before December 31, 2006, and
18 implementation of that program for vehicles covered under a
19 commercial insurance policy when the implementing agencies
20 determine that implementation for vehicles covered under a
21 commercial insurance policy is feasible.

22 SECTION 5. This Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1670 passed the Senate on April 26, 2005, by the following vote: Yeas 31, Nays 0; May 16, 2005, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 18, 2005, House granted request of the Senate; May 29, 2005, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1670 passed the House, with amendments, on May 12, 2005, by a non-record vote; May 18, 2005, House granted request of the Senate for appointment of Conference Committee; May 29, 2005, House adopted Conference Committee Report by a non-record vote.

Chief Clerk of the House

Approved:

Date

Governor