

- SUBJECT:** Coverage of certain persons under an auto insurance policy
- COMMITTEE:** Insurance — favorable, without amendment
- VOTE:** 8 ayes — Smithee, Eiland, G. Bonnen, Morrison, Muñoz, Sheets, Taylor, C. Turner
- 0 nays
- 1 absent — Creighton
- SENATE VOTE:** On final passage, May 6 — 31-0
- WITNESSES:** For — (*Registered, but did not testify:* Joe Garcia, Old American County Mutual Insurance; Lee Loftis, Independent Insurance Agents of Texas; Jay Thompson, Afact; Ware Wendell, TX Watch)
- Against — None
- On — (*Registered, but did not testify:* Leslie Hurley, Texas Department of Insurance)
- BACKGROUND:** Most drivers buy personal auto insurance to meet the state’s financial responsibility law that requires a person to pay for an accident the person caused.
- A named-driver auto insurance policy covers only household residents who are specifically named on the policy. Consumer advocates contend that a consumer is often not aware of this limitation of coverage when purchasing a named-driver auto insurance policy.
- DIGEST:** SB 1567 would prohibit an insurer or an insurance agent from issuing or delivering a personal automobile insurance policy that did not provide the state-required minimum coverage.
- The bill also would require an insurer or an insurance agent to disclose orally and in writing to a person on a named-driver policy that such automobile insurance coverage would not extend to any person residing in

the insured's household not named on the policy.

The insurer or insurance agent would have to receive a signed copy of the disclosure from the insured driver before accepting a premium or fee for the named-driver insurance policy. SB 1567 would require the disclosure to be included in the insurance policy and plainly identified on the front of any proof of insurance document issued to the insured driver.

The bill would take effect September 1, 2013, and would apply to an auto insurance policy issued or renewed on or after January 1, 2014.