

By: Menéndez, Campbell

S.B. No. 1538

A BILL TO BE ENTITLED

AN ACT

relating to insurer restrictions and duties regarding repair of a motor vehicle covered under an insurance policy.

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

SECTION 1. Section 1952.301, Insurance Code, is amended to read as follows:

Sec. 1952.301. LIMITATIONS AND DUTIES REGARDING REPAIR OF MOTOR VEHICLE ~~[LIMITATION ON PARTS, PRODUCTS, OR REPAIR PERSONS OR FACILITIES PROHIBITED]~~. (a) Under ~~[Except as provided by rules adopted by the commissioner, under]~~ an automobile insurance policy that is delivered, issued for delivery, or renewed in this state, an insurer may not directly or indirectly limit the insurer's coverage under a policy covering damage to a motor vehicle that has an unexpired manufacturer's warranty.

(a-1) Conduct prohibited by Subsection (a) includes [by]:

(1) specifying the brand, type, kind, age, vendor, supplier, or condition of parts or products or the repair process that may be used to repair the vehicle, unless the specified part, product, or repair process is the manufacturer's warranted part, product, or repair process for a motor vehicle that has an unexpired manufacturer's warranty; or

(2) limiting the beneficiary of the policy from selecting a repair person or facility to repair damage to the vehicle.

1 (b) In settling a liability claim by a third party against
2 an insured for property damage claimed by the third party, an
3 insurer may not require the third-party claimant to have motor
4 vehicle repairs made by a particular repair person or facility or to
5 use a particular brand, type, kind, age, vendor, supplier, or
6 condition of parts or products or a particular repair process,
7 unless the part, product, or repair process is the manufacturer's
8 warranted part, product, or repair process for a motor vehicle that
9 has an unexpired manufacturer's warranty; or

10 (c) If a covered repair to a third party's or the insured's
11 motor vehicle requires an original equipment manufacturer's part or
12 product that is no longer manufactured, the insurer shall use the
13 insurer's best efforts to ensure the repair can be made using the
14 necessary part or product along with any necessary repair process
15 to restore the motor vehicle to the vehicle's pre-damaged
16 condition.

17 SECTION 2. The change in law made by this Act applies only
18 to an insurance policy that is delivered, issued for delivery, or
19 renewed on or after January 1, 2022. A policy delivered, issued for
20 delivery, or renewed before that date is governed by the law as it
21 existed immediately before the effective date of this Act, and that
22 law is continued in effect for that purpose.

23 SECTION 3. This Act takes effect September 1, 2021.