

By: Berman

H.B. No. 205

A BILL TO BE ENTITLED

AN ACT

relating to motor vehicle liability insurance requirements for certain drivers.

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

SECTION 1. Section 601.002, Transportation Code, is amended to read as follows:

Sec. 601.002. DEFINITIONS. In this chapter:

(1) "Department" means the Department of Public Safety.

(2) "Driver's license" has the meaning assigned by Section 521.001.

(3) "Financial responsibility" means the ability to respond in damages for liability for an accident that:

(A) occurs after the effective date of the document evidencing the establishment of the financial responsibility; and

(B) arises out of the ownership, maintenance, or use of a motor vehicle.

(4) "Highway" means the entire width between property lines of a road, street, or way in this state that is not privately owned or controlled and:

(A) some part of which is open to the public for vehicular traffic; and

(B) over which the state has legislative

1 jurisdiction under its police power.

2 (5) "Insurer" means a capital stock company, a
3 reciprocal or interinsurance exchange, a fraternal benefit
4 society, a local mutual aid association, a Lloyd's plan, a county
5 mutual insurer, or any other entity writing motor vehicle insurance
6 in this state. The term includes an affiliate of an insurer as
7 described by Section 823.003, Insurance Code.

8 (6) "Motor vehicle" means a self-propelled vehicle
9 designed for use on a highway, a trailer or semitrailer designed for
10 use with a self-propelled vehicle, or a vehicle propelled by
11 electric power from overhead wires and not operated on rails. The
12 term does not include:

- 13 (A) a traction engine;
- 14 (B) a road roller or grader;
- 15 (C) a tractor crane;
- 16 (D) a power shovel;
- 17 (E) a well driller; or
- 18 (F) an implement of husbandry.

19 (7) [~~(6)~~] "Nonresident" means a person who is not a
20 resident of this state.

21 (8) [~~(7)~~] "Nonresident's operating privilege" means
22 the privilege conferred on a nonresident by the laws of this state
23 relating to the operation of a motor vehicle in this state by the
24 nonresident or the use in this state of a motor vehicle owned by the
25 nonresident.

26 (9) [~~(8)~~] "Operator" means the person in actual
27 physical control of a motor vehicle.

1 (10) [~~(9)~~] "Owner" means:

2 (A) the person who holds legal title to a motor
3 vehicle;

4 (B) the purchaser or lessee of a motor vehicle
5 subject to an agreement for the conditional sale or lease of the
6 vehicle, if the person has:

7 (i) the right to purchase the vehicle on
8 performing conditions stated in the agreement; and

9 (ii) an immediate right to possess the
10 vehicle; or

11 (C) a mortgagor of a motor vehicle who is
12 entitled to possession of the vehicle.

13 (11) [~~(10)~~] "Person" means an individual, firm,
14 partnership, association, or corporation.

15 (12) [~~(11)~~] "State" means:

16 (A) a state, territory, or possession of the
17 United States; or

18 (B) the District of Columbia.

19 (13) [~~(12)~~] "Vehicle registration" means:

20 (A) a registration certificate, registration
21 receipt, or number plate issued under Chapter 502; or

22 (B) a dealer's license plate or temporary
23 cardboard tag issued under Chapter 503.

24 SECTION 2. Section 601.073, Transportation Code, is amended
25 by amending Subsection (g) and adding Subsection (h) to read as
26 follows:

27 (g) The minimum policy period of an insurance policy used to

1 establish compliance with the financial responsibility
2 requirements imposed under this chapter is three months. An
3 insurer may not cancel the policy before the expiration of the third
4 month after the date of issuance of the policy except as provided by
5 Section 4, Article 21.49-2B, Insurance Code.

6 (h) Subsections (c)-(g) [~~(c)-(f)~~] apply to the policy
7 without regard to whether those provisions are stated in the
8 policy.

9 SECTION 3. Subchapter D, Chapter 601, Transportation Code,
10 is amended by adding Section 601.087 to read as follows:

11 Sec. 601.087. NOTIFICATION TO LAW ENFORCEMENT AGENCIES. If
12 a motor vehicle liability insurance policy used to establish
13 compliance with the financial responsibility requirements imposed
14 under this chapter is canceled, or is nonrenewed by the insurer
15 after the expiration of the policy period, the insurer shall notify
16 in writing:

17 (1) the department; and

18 (2) each local law enforcement agency in the county in
19 which the affected policyholder resides.

20 SECTION 4. Subsections (9) and (10), Article 5.06,
21 Insurance Code, are amended to read as follows:

22 (9) An insurance policy or other document evidencing proof
23 of purchase of a personal automobile insurance policy written for a
24 term of less than three months [~~30 days~~] if the policy premium is
25 computed using a time-based rating plan, or written for less than
26 1,000 miles if the policy premium is computed using a mile-based
27 rating plan, may not be used to satisfy the financial

1 responsibility requirements imposed under Chapter 601,
2 Transportation Code, or to obtain an original or renewal driver's
3 license, an automobile registration or license plates, or a motor
4 vehicle inspection certificate. The policy [~~and~~] must contain a
5 statement as follows:

6 "TEXAS LAW PROHIBITS USE OF THIS DOCUMENT TO SATISFY THE
7 FINANCIAL RESPONSIBILITY REQUIREMENTS IMPOSED UNDER CHAPTER 601,
8 TRANSPORTATION CODE, OR TO OBTAIN A MOTOR VEHICLE INSPECTION
9 CERTIFICATE, AN ORIGINAL OR RENEWAL DRIVER'S LICENSE, OR AN
10 AUTOMOBILE REGISTRATION OR LICENSE PLATES."

11 (10) Before accepting any premium or fee for a personal
12 automobile insurance policy or binder for a term of less than three
13 months [~~30 days~~] if the policy premium is computed using a
14 time-based rating plan, or written for less than 1,000 miles if the
15 policy premium is computed using a mile-based rating plan, an agent
16 or insurer must make the following written disclosure to the
17 applicant or insured:

18 "TEXAS LAW PROHIBITS USE OF THIS POLICY OR BINDER TO SATISFY
19 THE FINANCIAL RESPONSIBILITY REQUIREMENTS IMPOSED UNDER CHAPTER
20 601, TRANSPORTATION CODE, OR TO OBTAIN A MOTOR VEHICLE INSPECTION
21 CERTIFICATE, AN ORIGINAL OR RENEWAL DRIVER'S LICENSE, OR AN
22 AUTOMOBILE REGISTRATION OR LICENSE PLATES."

23 SECTION 5. Section 4(i), Article 21.49-2B, Insurance Code,
24 is amended to read as follows:

25 (i) An insurer may cancel a [~~personal automobile insurance~~
26 ~~policy if it has been in effect less than 60 days. An insurer may~~
27 ~~cancel any other~~] policy, other than a personal automobile policy,

1 if it has been in effect less than 90 days. An insurer may cancel a
2 personal automobile policy before the expiration of the third month
3 after the date of issuance of the policy only as provided by
4 Subsection (b), (c), (d), or (e) of this section. Cancellation of a
5 policy under this subsection takes effect on the 10th day after the
6 date the insurer mails the notice of cancellation to the insured.

7 SECTION 6. This Act applies only to a motor vehicle
8 insurance policy delivered, issued for delivery, or renewed on or
9 after January 1, 2004. A policy delivered, issued for delivery, or
10 renewed before January 1, 2004, is governed by the law as it existed
11 immediately before the effective date of this Act, and that law is
12 continued in effect for that purpose.

13 SECTION 7. This Act takes effect September 1, 2003.