

By: Castro, Gallego

H.B. No. 1662

Substitute the following for H.B. No. 1662:

By: Gallego

C.S.H.B. No. 1662

A BILL TO BE ENTITLED

AN ACT

relating to requiring certain coverage under motor vehicle liability insurance policies.

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

SECTION 1. Subchapter A, Chapter 5, Insurance Code, is amended by adding Article 5.07-2 to read as follows:

Art. 5.07-2. COVERAGE FOR COST OF CERTAIN RENTAL VEHICLES

Sec. 1. DEFINITIONS. In this article:

(1) "Insurer" means an insurance company, reciprocal or interinsurance exchange, mutual, capital stock company, county mutual, association, Lloyd's plan, or other entity writing motor vehicle insurance in this state. The term includes a company affiliated with an insurer.

(2) "Third-party claimant" means any person who makes a property damage claim on a motor vehicle liability insurance policy who is not the policyholder of the motor vehicle liability insurance on which the claim is made.

Sec. 2. COVERAGE REQUIRED. (a) An insurer that delivers or issues for delivery a liability insurance policy on a motor vehicle shall indemnify a third-party claimant who requests a substitute motor vehicle comparable to the third-party claimant's damaged motor vehicle for reasonable rental costs for the requested substitute motor vehicle if the third-party claimant's motor vehicle sustains damage for which the third-party claimant may

1 recover under the policy and is, as a result of the damage  
2 sustained:

- 3 (1) inoperable;  
4 (2) unsafe to drive; or  
5 (3) out of service for repairs.

6 (b) In processing a third-party motor vehicle insurance  
7 claim for which an insured may be liable to a third-party claimant,  
8 an insurer shall pay for rental costs incurred by the third-party  
9 claimant beginning on the date on which the motor vehicle is unable  
10 to be used because of a condition described by Section 2(a) of this  
11 article and ending on the date on which the insurer could reasonably  
12 expect the third-party claimant's motor vehicle to be fully  
13 repaired and operable.

14 (c) On receipt of a claim from a third party, an insurer  
15 shall notify the third-party claimant in writing that, on request,  
16 the insurer will indemnify the third-party claimant for reasonable  
17 rental costs for a substitute motor vehicle comparable to the  
18 third-party claimant's damaged motor vehicle as required by this  
19 section. The notice must state that the insurer's indemnification  
20 of the third-party claimant may be reduced by a percentage equal to  
21 the third-party claimant's percentage of responsibility for the  
22 damage sustained to the third-party claimant's motor vehicle.

23 Sec. 3. PROPORTIONATE INDEMNIFICATION. An insurer may  
24 indemnify a third-party claimant for:

- 25 (1) the entire cost of a substitute motor vehicle  
26 requested under Subsection (a); or  
27 (2) that percentage of the cost of a substitute motor

1 vehicle requested under Subsection (a) that is equal to the  
2 insured's percentage of responsibility for the damage sustained to  
3 the third-party claimant's motor vehicle.

4 SECTION 2. This Act takes effect September 1, 2003, and  
5 applies only to a motor vehicle liability insurance policy that is  
6 delivered, issued for delivery, or renewed after January 1, 2004. A  
7 motor vehicle liability insurance policy that is delivered, issued  
8 for delivery, or renewed before January 1, 2004, is governed by the  
9 law as it existed immediately before the effective date of this Act,  
10 and the former law is continued in effect for that purpose.