

## **BILL ANALYSIS**

S.B. 359  
By: Senator Harris  
Business & Industry  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently, state law requires each rental car company that offers a rental car damage waiver to post a notice that, in part, states: "The Texas personal automobile insurance policy provides coverage with no deductible for the legal liabilities of the policy holder in connection with the loss or damage to a rented vehicle."

This notice is no longer correct in all cases and may result in renters believing they are protected by their personal automobile insurance policy when they are not. The current posting requirement needs to be amended to reflect recent changes in the law and auto insurance policies and to advise consumers to make proper inquiry regarding personal auto insurance coverage.

Senate Bill No. 14, 78th Texas Legislature, Regular Session, 2003, eased previous legal and regulatory mandates that limited flexibility for personal auto coverage. S.B. 14 has enabled consumers to choose from multiple auto coverage options in the market - many of which limit or do not include rental car coverage.

Senate Bill No. 359 amends the required posting notice regarding rental car damage waivers to account for recent changes in law.

### **RULEMAKING AUTHORITY**

It is the opinion of the House Committee on Business and Industry that this bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION-BY-SECTION ANALYSIS**

SECTION 1. Amends Section 3(b), Article 9026c, Revised Statutes, by amending the language used in the Notice to Texas Residents Regarding Damage Waivers to specify that a personal automobile insurance policy may or may not provide coverage for a person's responsibility for the loss or damage to a rented vehicle during the rental term and that before deciding whether to purchase a damage waiver, the renter may wish to determine whether the renter's automobile insurance policy provides coverage for rental vehicle damage or loss. Deletes existing text stating that the Texas personal automobile insurance policy provides coverage with no deductible for the legal liabilities of the policyholder in regards to the damage or loss of a rented vehicle.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date.

### **EFFECTIVE DATE**

Upon passage or September 1, 2005.