

BILL ANALYSIS

S.B. 1282
By: Armbrister
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law requires an insurance policy covering an amusement ride to insure the owner or operator against liability for injury to persons in specified minimum limits. In practice, insurers do not write single limit policies and are very reluctant to do so, even at the request of the Texas Department of Insurance, thus impacting availability of coverage to amusement ride owners and operators. Legislation is needed to increase insurance availability in a very limited market for owners and operators of amusement ride devices in Texas.

S.B. 1282 allows amusement ride owners and operators to continue to purchase a split limit policy or a combined single limit policy without diminishing the amount of bodily injury coverage required by current law. S.B. 1282 also redefines "amusement ride".

RULEMAKING AUTHORITY

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 2151.101(a), Occupations Code, to prohibit a person from operating an amusement ride unless the person has a combined single limit or split limit insurance policy currently in effect written by an insurance company authorized to do business in this state or by a surplus lines insurer, as defined by Chapter 981, Insurance Code, or has an independently procured policy subject to Chapter 101, Insurance Code, insuring the owner or the operator against liability for injury to persons arising out of the use of the amusement ride in an amount, for Class A amusement rides, of not less than \$100,000 bodily injury and \$50,000 property damage, per occurrence with a \$300,000 annual aggregate, and, for Class B amusement rides, \$1,000,000 bodily injury and \$500,000 property damage per occurrence, or \$1,500,000 per occurrence combined single limit. Makes nonsubstantive changes.

SECTION 2. Amends Subdivision (1), Section 2151.002, Occupations Code, to change definition of "amusement ride". "Amusement ride" means a mechanical device that carries passengers along, around, or over a fixed or restricted course or within a defined area for the purpose of giving the passengers amusement, pleasure, or excitement. The term does not include a challenge course or any part of a challenge course if the person who operates the challenge course has an insurance policy currently in effect written by an insurance company authorized to do business in this state or by a surplus lines insurer, as defined by Chapter 981, Insurance Code, or has an independently procured policy subject to Chapter 101, Insurance Code, insuring the operator against liability for injury to persons arising out of the use of the challenge course, in an amount not less than:

- (i) for facilities with a fixed location:
 - (a) \$100,000 bodily injury and \$50,000 property damage per occurrence, with a \$300,000 annual aggregate; or
 - (b) a \$150,000 per occurrence combined single limit, with a \$300,000 annual aggregate; and
- (ii) for facilities other than those with a fixed location:
 - (a) \$1,000,000 bodily injury and \$500,000 property damage per occurrence; or
 - (b) \$1,500,000 per occurrence combined single limit.

SECTION 3. Makes application of this Act prospective to January 1, 2006.

SECTION 4. Effective date: September 1, 2005.

EFFECTIVE DATE

September 1, 2005. The Act applies beginning with January 1, 2006.