

By: Talton

H.B. No. 1221

A BILL TO BE ENTITLED

AN ACT

relating to the determination of whether a motor vehicle is a total loss under an automobile insurance policy.

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

SECTION 1. Subchapter A, Chapter 5, Insurance Code, is amended by adding Article 5.06-7 to read as follows:

Art. 5.06-7. DETERMINATION OF TOTAL LOSS. (a) This article applies to an insurer writing automobile insurance in this state, including an insurance company, corporation, reciprocal or interinsurance exchange, county mutual insurance company, association, Lloyd's plan, or other insurer.

(b) In determining whether a motor vehicle is a total loss for purposes of coverage under an automobile insurance policy, an insurer may not include as part of the total cost of repairs to rebuild or reconstruct the vehicle the cost of:

(1) repairing, replacing, or reinstalling:

(A) inflatable safety restraints;

(B) tires; or

(C) a sound system; or

(2) sales tax on parts or materials to rebuild or reconstruct the vehicle.

SECTION 2. This Act applies only to a determination made under an automobile insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2006. A determination

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1 made under an automobile policy that is delivered, issued for
2 delivery, or renewed before January 1, 2006, is governed by the law
3 as it existed immediately before the effective date of this Act, and
4 that law is continued in effect for this purpose.

5 SECTION 3. This Act takes effect September 1, 2005.