

By: Pierson

H.B. No. 331

A BILL TO BE ENTITLED

AN ACT

relating to liability insurance for persons holding certain alcoholic beverage permits.

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

SECTION 1. Subchapter A, Chapter 11, Alcoholic Beverage Code, is amended by adding Section 11.14 to read as follows:

Sec. 11.14. LIABILITY INSURANCE. (a) A person may not hold a permit allowing the person to sell alcoholic beverages for on-premises consumption unless the person maintains a liability insurance policy:

(1) issued by an insurance company authorized to write liability insurance in this state; and

(2) that will pay, on behalf of the permit holder or a person who sells or serves alcoholic beverages under the authority of the permit holder's permit, amounts the permit holder or person becomes obligated to pay as damages arising out of the sale or service of alcoholic beverages.

(b) The commission shall adopt rules relating to:

(1) standards for the commission's approval of the form of an insurance policy required under this section;

(2) minimum amounts of insurance coverage required under this section that are at least:

(A) \$500,000 for each person to whom damages covered by the policy are owed; and

1                   (B) \$1 million for each single occurrence giving  
2 rise to damages covered by the policy;

3                   (3) the method for filing proof of insurance and  
4 obtaining the commission's approval under this section; and

5                   (4) verification by the commission of a permit  
6 holder's continued maintenance of the required insurance coverage.

7           SECTION 2. (a) The changes in law made by this Act apply to  
8 a person who applies for a permit for the sale of alcoholic  
9 beverages for on-premises consumption on or after January 1, 2010,  
10 and to a person who, on January 1, 2010, holds a permit for the sale  
11 of alcoholic beverages for on-premises consumption regardless of  
12 when the permit or license was issued.

13           (b) The Texas Alcoholic Beverage Commission shall adopt all  
14 rules necessary to implement the changes made by this Act not later  
15 than December 31, 2009.

16           SECTION 3. This Act takes effect September 1, 2009.