

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 949
By: Smithee et al. (Watson)
Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Prior to 2003, an insurance company was required to include coverage for a newly acquired or replaced vehicle in its standard personal Texas automobile policy. Since 2003, the newly acquired and replaced vehicle coverage has not been required as standard coverage for a personal automobile insurance policy, although most insurers include such coverage.

However, because insurers have different policies, problems have arisen for purchasers who acquire a vehicle, particularly on a weekend or holiday, who are not able to contact their insurance company or insurance agent to verify that they are covered. The purchaser unknowingly drives a vehicle that is not covered, leaving them at risk. This is also problematic for the automobile dealer who cannot tell from looking at the proof of coverage whether or not the purchaser's policy provides coverage during the transition period.

C.S.H.B. 949 requires an insurer to cover certain motor vehicles that are acquired during the term of an insured's policy and to provide the same or similar coverage for the replaced or newly acquired vehicle for a minimum of 20 days.

C.S.H.B. 949 amends current law relating to continuation of automobile insurance coverage for certain motor vehicles acquired during a personal automobile insurance policy term.

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 1952.001, Insurance Code, as follows:

Sec. 1952.001. **APPLICABILITY OF CHAPTER.** Provides that, except as otherwise provided by this chapter (Policy Provisions and Forms for Automobile Insurance), rather than Section 1952.201 (Applicability of Subchapter), this chapter applies to an insurer writing automobile insurance in this state, including an insurance company, corporation, reciprocal or interinsurance exchange, mutual insurance company, association, Lloyd's plan, or other insurer.

SECTION 2. Amends Subchapter B, Chapter 1952, Insurance Code, by adding Section 1952.059, as follows:

Sec. 1952.059. **REQUIRED PROVISION: COVERAGE FOR CERTAIN VEHICLES ACQUIRED DURING POLICY TERM.** (a) Provides that this section applies to an insurer authorized to write automobile insurance in this state, including an insurance company, reciprocal or interinsurance exchange, mutual insurance company, capital stock company, county mutual insurance company, Lloyd's plan, or other entity.

(b) Requires that a personal automobile insurance policy contain a provision defining a covered vehicle in accordance with this section for a motor vehicle acquired by the insured during the policy term.

(c) Provides that coverage under this section is required only for a vehicle that is:

(1) a private passenger automobile; or

(2) a pickup, utility vehicle, or van with a gross vehicle weight of 25,000 pounds or less that is not used for the delivery or transportation of goods, materials, or supplies, other than samples, unless the delivery of the goods, materials, or supplies is not the primary use for which the vehicle is employed, or the vehicle is used for farming or ranching.

(d) Provides that coverage under this section is required only for a vehicle that is acquired during the policy term and of which the insurer is notified on or before the 20th day after the date on which the insured becomes the owner of the vehicle, or a later date specified by the policy.

(e) Requires that coverage under this section for a vehicle that replaces a covered vehicle shown in the declarations for the policy be the same as the coverage for the vehicle being replaced. Requires an insured to notify the insurer of a replacement vehicle during the time prescribed by Subsection (d) only if the insured wishes to add coverage for damage to the vehicle, or continue existing coverage for damage to the vehicle after the period prescribed by Subsection (d) expires.

(f) Requires that coverage under this section for a vehicle that is acquired during the policy term in addition to the covered vehicles shown in the declarations for the policy and of which the insurer is notified as prescribed by Subsection (d) be the broadest coverage provided under the policy for any covered vehicle shown in the declarations.

SECTION 3. Provides that the change in law made by this Act applies only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2014. Provides that an insured policy delivered, issued for delivery, or renewed before January 1, 2014, is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 4. Effective date: September 1, 2013.