

By: Smithee

H.B. No. 1403

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of damage waivers used by certain vehicle rental companies.

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

SECTION 1. Subchapter A, Chapter 91, Business & Commerce Code, is amended by adding Section 91.002 to read as follows:

Sec. 91.002. USE OF CERTAIN DAMAGE WAIVERS PROHIBITED. A rental company may not sell or provide a damage waiver unless:

(1) the waiver is underwritten and delivered or issued for delivery by an insurer to which Chapters 2251 and 2301, Insurance Code, apply;

(2) the rate used to price the damage waiver is not disapproved under Chapter 2251, Insurance Code; and

(3) the form of the damage waiver has been approved by the commissioner of insurance under Chapter 2301, Insurance Code.

SECTION 2. Chapter 2251, Insurance Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. DAMAGE WAIVERS USED BY VEHICLE RENTAL COMPANIES

Sec. 2251.301. DEFINITIONS. In this subchapter:

(1) "Damage waiver" has the meaning assigned by Section 91.001, Business & Commerce Code.

(2) "Vehicle rental company" has the meaning assigned to the term "rental company" by Section 91.001, Business & Commerce Code.

1 Sec. 2251.302. RATES. (a) Notwithstanding any other
2 provision of this chapter, rates for pricing damage waivers sold or
3 provided by vehicle rental companies are governed by Subchapters B
4 and C in the same manner as rates for insurance policies described
5 by Section 2251.003(b).

6 (b) A vehicle rental company may not sell or provide a
7 damage waiver unless the rate used to price the damage waiver is
8 filed with the department by the insurer underwriting the waiver
9 and is not disapproved by the commissioner under Subchapter C.

10 Sec. 2251.303. RULES. The commissioner shall adopt rules
11 necessary to implement and enforce this subchapter.

12 SECTION 3. Chapter 2301, Insurance Code, is amended by
13 adding Subchapter C to read as follows:

14 SUBCHAPTER C. FORMS FOR DAMAGE WAIVERS USED BY VEHICLE RENTAL
15 COMPANIES

16 Sec. 2301.101. DEFINITIONS. In this subchapter:

17 (1) "Damage waiver" has the meaning assigned by
18 Section 91.001, Business & Commerce Code.

19 (2) "Vehicle rental company" has the meaning assigned
20 to the term "rental company" by Section 91.001, Business & Commerce
21 Code.

22 Sec. 2301.102. FILING AND APPROVAL OF WAIVERS. An insurer
23 may not deliver or issue for delivery in this state a damage waiver
24 for use by a vehicle rental company, and a vehicle rental company
25 may not sell or provide a damage waiver in this state, unless the
26 form of the waiver has been filed with and approved by the
27 commissioner in the same manner as an insurance policy described by

1 Section 2301.003(b).

2 Sec. 2301.103. RULES. The commissioner shall adopt rules
3 necessary to implement and enforce this subchapter.

4 SECTION 4. This Act applies only to a damage waiver sold or
5 provided by a rental company subject to Chapter 91, Business &
6 Commerce Code, on or after January 1, 2014.

7 SECTION 5. This Act takes effect September 1, 2013.