

By: Turner of Tarrant

H.B. No. 409

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) This section does not apply to the holder of a food and beverage certificate.

(b) 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 or an eligible surplus lines insurer; 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.

(c) The commission shall adopt rules relating to:

(1) subject to Subsection (d), 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 (2) the method for filing proof of insurance and
4 obtaining the commission's approval under this section; and

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

7 (d) The minimum amounts of insurance coverage required
8 under this section for a permit holder that is a governmental unit,
9 as defined by Section 101.001, Civil Practice and Remedies Code,
10 are the amounts of the liability limits applicable to the
11 governmental unit under Section 101.023, Civil Practice and
12 Remedies Code. A governmental unit subject to this section may
13 satisfy the insurance requirements of this section through a
14 self-insurance fund or program established under Section 2259.031,
15 Government Code, or Chapter 791, Government Code.

16 SECTION 2. (a) The changes in law made by this Act apply to
17 a person who applies for a permit for the sale of alcoholic
18 beverages for on-premises consumption on or after January 1, 2016,
19 and to a person who, on January 1, 2016, holds a permit for the sale
20 of alcoholic beverages for on-premises consumption regardless of
21 when the permit or license was issued.

22 (b) The Texas Alcoholic Beverage Commission shall adopt all
23 rules necessary to implement the changes made by this Act not later
24 than December 31, 2015.

25 SECTION 3. This Act takes effect September 1, 2015.