

By: Smithee

H.B. No. 1733

A BILL TO BE ENTITLED

AN ACT

relating to automobile liability insurance for transportation network company drivers.

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

SECTION 1. Subtitle C, Title 10, Insurance Code, is amended by adding Chapter 1954 to read as follows:

CHAPTER 1954. INSURANCE FOR TRANSPORTATION NETWORK COMPANY DRIVERS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1954.001. DEFINITIONS. In this chapter:

(1) "Digital network" means any online-enabled application, software, website, or system offered or used by a transportation network company that enables a prearranged ride with a transportation network company driver.

(2) "Personal vehicle" means a vehicle that is used by a transportation network company driver and is:

(A) owned, leased, or otherwise authorized for use by the driver; and

(B) not a taxicab, limousine, or similar for-hire vehicle.

(3) "Prearranged ride" means transportation provided by a transportation network company driver to a transportation network company rider, beginning at the time a driver accepts a ride requested by a rider through a digital network controlled by a transportation network company and ending at the time the last

1 requesting rider departs from the driver's personal vehicle. The  
2 term does not include:

3 (A) a shared expense carpool or vanpool  
4 arrangement or service; or

5 (B) transportation provided using a taxicab,  
6 limousine, or similar for-hire vehicle.

7 (4) "Transportation network company" means a  
8 corporation, partnership, sole proprietorship, or other entity  
9 operating in this state that uses a digital network to connect a  
10 transportation network company rider to a transportation network  
11 company driver for a prearranged ride. The term does not include an  
12 entity arranging nonemergency medical transportation under a  
13 contract with the state or a managed care organization for  
14 individuals qualifying for Medicaid or Medicare.

15 (5) "Transportation network company driver" means an  
16 individual who:

17 (A) receives connections to potential  
18 transportation network company riders and related services from a  
19 transportation network company in exchange for payment of a fee to  
20 the company; and

21 (B) uses a personal vehicle to offer or provide a  
22 prearranged ride to a transportation network company rider on  
23 connection with the rider through a digital network controlled by  
24 the company in exchange for compensation or payment of a fee.

25 (6) "Transportation network company rider" means an  
26 individual who uses a transportation network company's digital  
27 network to connect with a transportation network company driver who

1 provides a prearranged ride to the individual in the driver's  
2 personal vehicle between points chosen by the individual.

3 Sec. 1954.002. APPLICABILITY OF CHAPTER. This chapter  
4 applies to automobile insurance policies in this state, including  
5 policies issued by a Lloyd's plan, a reciprocal or interinsurance  
6 exchange, and a county mutual insurance company.

7 SUBCHAPTER B. INSURANCE REQUIREMENTS

8 Sec. 1954.051. GENERAL INSURANCE REQUIREMENT. (a) A  
9 transportation network company driver or transportation network  
10 company on the driver's behalf shall maintain primary automobile  
11 insurance as required by this subchapter.

12 (b) Insurance maintained under this subchapter must allow a  
13 transportation network company driver to use a personal vehicle to  
14 transport transportation network company riders for compensation  
15 and cover the driver while:

16 (1) the driver is logged on to the transportation  
17 network company's digital network as provided by Section 1954.052;  
18 or

19 (2) the driver is engaged in a prearranged ride as  
20 provided by Section 1954.053.

21 (c) Insurance maintained under this subchapter must comply  
22 with the law applicable to personal automobile insurance in this  
23 state, including this subtitle and Chapter 601, Transportation  
24 Code.

25 (d) The coverage requirements of this subchapter may be  
26 satisfied by:

27 (1) automobile insurance maintained by the

1 transportation network company driver;

2 (2) automobile insurance maintained by the  
3 transportation network company; or

4 (3) a combination of Subdivisions (1) and (2).

5 (e) Insurance required under this subchapter may be placed  
6 with an automobile insurer authorized to engage in business in this  
7 state or with an eligible surplus lines insurer.

8 Sec. 1954.052. INSURANCE REQUIREMENTS: BETWEEN PREARRANGED  
9 RIDES. At the time a transportation network company driver is  
10 logged on to the transportation network company's digital network  
11 and is available to receive transportation network requests but is  
12 not engaged in a prearranged ride, the automobile insurance policy  
13 must provide:

14 (1) the following minimum amounts of liability  
15 insurance coverage:

16 (A) \$50,000 for bodily injury to or death for  
17 each person in an incident;

18 (B) \$100,000 for bodily injury to or death of a  
19 person per incident; and

20 (C) \$25,000 for damage to or destruction of  
21 property of others in an incident;

22 (2) uninsured or underinsured motorist coverage where  
23 required by Section 1952.101; and

24 (3) personal injury protection coverage where  
25 required by Section 1952.152.

26 Sec. 1954.053. INSURANCE REQUIREMENTS: DURING PREARRANGED  
27 RIDES. At the time a transportation network company driver is

1 engaged in a prearranged ride, the automobile insurance policy must  
2 provide, at a minimum:

3 (1) coverage with a total aggregate limit of liability  
4 of \$1 million for death, bodily injury, and property damage for each  
5 incident;

6 (2) uninsured or underinsured motorist coverage where  
7 required by Section 1952.101; and

8 (3) personal injury protection coverage where  
9 required by Section 1952.152.

10 Sec. 1954.054. LAPSE OF OR INSUFFICIENT COVERAGE. If an  
11 insurance policy maintained by a transportation network company  
12 driver under this subchapter has lapsed or does not provide the  
13 coverage required by this subchapter, the transportation network  
14 company shall provide the coverage required by this subchapter  
15 beginning with the first dollar of a claim against the driver.

16 Sec. 1954.055. RELATION TO PERSONAL AUTOMOBILE INSURANCE.  
17 Coverage under an automobile insurance policy maintained by the  
18 transportation network company is not contingent on a  
19 transportation network company driver's personal automobile  
20 insurer initially denying a claim.

21 Sec. 1954.056. FINANCIAL RESPONSIBILITY. (a) Insurance  
22 satisfying the requirements of this subchapter satisfies the  
23 financial responsibility requirement for an automobile under  
24 Chapter 601, Transportation Code.

25 (b) A transportation network company driver shall carry  
26 proof of insurance that satisfies Sections 1954.052 and 1954.053  
27 with the driver when the driver uses a vehicle in connection with a

1 transportation network company's digital network. In the event of  
2 an accident, a driver shall provide the proof of insurance to a  
3 directly interested person, automobile insurer, and investigating  
4 peace officer on request under Section 601.053, Transportation  
5 Code. On request, a driver shall also disclose to a directly  
6 interested person, automobile insurer, and investigating peace  
7 officer whether, at the time of the accident, the driver was:

8 (1) logged on to the company's digital network; or

9 (2) engaged in a prearranged ride.

10 SUBCHAPTER C. RELATIONSHIP BETWEEN TRANSPORTATION NETWORK COMPANY  
11 AND TRANSPORTATION NETWORK COMPANY DRIVER

12 Sec. 1954.101. REQUIRED DISCLOSURES. Before a  
13 transportation network company driver may accept a request for a  
14 prearranged ride on a transportation network company's digital  
15 network, the company shall disclose in writing the following:

16 (1) the insurance policy, including the types of  
17 coverage and the limits for the policy, that the company provides  
18 while a driver uses a personal vehicle in connection with the  
19 company's digital network; and

20 (2) that the driver's personal automobile insurance  
21 policy may not provide coverage, depending on the policy's terms,  
22 while the driver is logged on to the company's digital network and  
23 is available to receive transportation requests or is engaged in a  
24 prearranged ride.

25 Sec. 1954.102. CONTROL OF TRANSPORTATION NETWORK COMPANY  
26 DRIVERS. A transportation network company does not control,  
27 direct, or manage a personal vehicle or a transportation network

1 company driver who connects to the company's digital network except  
2 as agreed by written contract.

3 SUBCHAPTER D. PERSONAL AUTOMOBILE INSURANCE

4 Sec. 1954.151. AUTHORIZED EXCLUSIONS FROM COVERAGE. (a)

5 An insurer may exclude from coverage under a personal automobile  
6 insurance policy issued to an owner or operator of a personal  
7 vehicle any loss or injury that occurs while a transportation  
8 network company driver using the personal vehicle:

9 (1) is logged on to a transportation network company's  
10 digital network; or

11 (2) is engaged in a prearranged ride.

12 (b) Subsection (a) applies to any coverage included in a  
13 personal automobile insurance policy, including:

14 (1) liability coverage for bodily injury and property  
15 damage;

16 (2) personal injury protection coverage under  
17 Subchapter D, Chapter 1952;

18 (3) uninsured and underinsured motorist coverage;

19 (4) medical payment coverage;

20 (5) comprehensive physical damage coverage; and

21 (6) collision physical damage coverage.

22 (c) An exclusion authorized under this section applies  
23 notwithstanding a financial responsibility requirement under  
24 Chapter 601, Transportation Code.

25 (d) This subchapter may not be construed to invalidate or  
26 limit an exclusion contained in a policy form, including a policy  
27 form in use or approved for use in this state before January 1,

1 2016, that excludes coverage for automobiles used to carry persons  
2 or property for compensation or available for hire by the public.

3 Sec. 1954.152. COVERAGE UNDER PERSONAL AUTOMOBILE  
4 INSURANCE NOT REQUIRED. (a) This subchapter does not require a  
5 personal automobile insurance policy to cover a transportation  
6 network company driver while:

7 (1) the driver is logged on to a transportation  
8 network company's digital network;

9 (2) the driver is engaged in a prearranged ride; or

10 (3) the driver otherwise uses a vehicle to transport  
11 passengers for compensation.

12 (b) This section does not prevent an insurer from providing  
13 coverage that may be excluded under this section if the insurer  
14 elects to provide the coverage in the policy or by endorsement.

15 Sec. 1954.153. DEFENSE OR INDEMNIFICATION OF CLAIM. (a) An  
16 automobile insurer that issues a personal automobile insurance  
17 policy that includes an exclusion from coverage authorized by  
18 Section 1954.151 does not have a duty to defend or indemnify a claim  
19 arising from an event subject to the exclusion.

20 (b) An automobile insurer that defends or indemnifies a  
21 claim against a transportation network company driver for which  
22 coverage is excluded under the terms of the policy as authorized by  
23 this subchapter has a right of contribution against another insurer  
24 that provides automobile insurance to the driver in satisfaction of  
25 the coverage requirements under Section 1954.052 or 1954.053, as  
26 applicable.

27 Sec. 1954.154. ASSISTANCE IN CLAIM INVESTIGATION. In an



1 insurance claim investigation, a transportation network company  
2 and any insurer providing coverage under Subchapter B shall assist  
3 each insurer involved in the claim by providing information to  
4 directly interested persons and an insurer of the transportation  
5 network company driver. Information provided under this section  
6 must include:

7           (1) the precise times that a driver logged on and off  
8 of the transportation network company's digital network in the  
9 12-hour period immediately preceding and the 12-hour period  
10 immediately following the accident; and

11           (2) a clear description of the coverage, exclusions,  
12 and limits provided under an automobile insurance policy maintained  
13 under Subchapter B.

14           Sec. 1954.155. PAYMENT OF CERTAIN CLAIMS. If there is a  
15 lien on a personal vehicle and the transportation network company's  
16 insurer covers a claim arising out of an incident that occurred  
17 during a prearranged ride, the insurer shall issue payment for the  
18 claim:

19           (1) directly to the person who is repairing the  
20 vehicle; or

21           (2) jointly to the owner of the personal vehicle and  
22 the primary lienholder.

23           SECTION 2. This Act takes effect January 1, 2016.