

By: Hancock

S.B. No. 878

A BILL TO BE ENTITLED

AN ACT

relating to limited driver personal automobile insurance policies.

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

SECTION 1. Subchapter B, Chapter 1952, Insurance Code, is amended by adding Section 1952.060 to read as follows:

Sec. 1952.060. LIMITED DRIVER POLICIES. (a) In this section:

(1) "Household" means a unit of individuals living together in the same dwelling, without regard to whether the individuals are related to each other.

(2) "Named driver only policy" means a personal automobile insurance policy that covers an automobile owned by the named insured, provides coverage only for a driver specifically named in the policy, and does not provide coverage for a permissive user of a covered automobile who is not named in the policy.

(3) "Named household member policy" means a personal automobile insurance policy that covers an automobile owned or operated by the named insured and contains an exclusion of coverage or has been endorsed to contain an exclusion of coverage for a household member of the named insured unless the member is specifically named in the policy. The term does not include:

(A) an owner's policy that provides coverage for each individual residing in a named insured's household unless the individual is specifically excluded; or

1                   (B) a named driver only policy.

2           (b) In addition to the insurers to whom this chapter applies  
3 under Section 1952.001, this section applies to a county mutual  
4 insurance company.

5           (c) An insurer may not deliver, issue for delivery, or renew  
6 a named driver only policy.

7           (d) Before the issuance or renewal of a named household  
8 member policy or an endorsement to a policy that converts the policy  
9 to a named household member policy, an agent or insurer must make  
10 the following written disclosure to the applicant or insured:

11                   WARNING: THIS POLICY IS A NAMED HOUSEHOLD MEMBER  
12                   POLICY AND DOES NOT PROVIDE COVERAGE FOR INDIVIDUALS  
13                   RESIDING IN THE INSURED'S HOUSEHOLD THAT ARE NOT  
14                   DISCLOSED TO THE INSURER AND NAMED ON THE POLICY.

15           (e) The exclusion of coverage for an unnamed household  
16 member in a named household member policy is effective on the date  
17 that a named insured signs a copy of the disclosure described by  
18 Subsection (d).

19           (f) A signature required by this section must be an original  
20 signature or an electronic signature that complies with Chapter  
21 322, Business & Commerce Code, and Chapter 35 of this code. For  
22 purposes of this section, the signature of any named insured is  
23 binding on all named insureds and drivers listed on the policy.

24           SECTION 2. Section 601.076, Transportation Code, is amended  
25 to read as follows:

26           Sec. 601.076. REQUIRED TERMS: OWNER'S POLICY. (a) An  
27 owner's motor vehicle liability insurance policy must:

1           (1) cover each motor vehicle for which coverage is to  
2 be granted under the policy; and

3           (2) pay, on behalf of the named insured or another  
4 person who, as insured, uses a covered motor vehicle with the  
5 express or implied permission of the named insured, amounts the  
6 insured becomes obligated to pay as damages arising out of the  
7 ownership, maintenance, or use of the motor vehicle in the United  
8 States or Canada, subject to the amounts, excluding interest and  
9 costs, and exclusions of Section 601.072.

10           (b) A named household member policy as defined by Section  
11 1952.060, Insurance Code, does not fail to meet the requirements of  
12 this section solely because the policy or an endorsement to the  
13 policy excludes coverage for unnamed household members of the named  
14 insured.

15           SECTION 3. Section 601.081, Transportation Code, is amended  
16 to read as follows:

17           Sec. 601.081. STANDARD PROOF OF MOTOR VEHICLE LIABILITY  
18 INSURANCE FORM. (a) In this section, "named household member  
19 [~~driver~~ policy" has the meaning assigned by Section 1952.060  
20 [~~1952.0545~~], Insurance Code.

21           (b) A standard proof of motor vehicle liability insurance  
22 form prescribed by the Texas Department of Insurance must include:

- 23           (1) the name of the insurer;
- 24           (2) the insurance policy number;
- 25           (3) the policy period;
- 26           (4) the name and address of each insured;
- 27           (5) the policy limits or a statement that the coverage

1 of the policy complies with the minimum amounts of motor vehicle  
2 liability insurance required by this chapter;

3 (6) the make and model of each covered vehicle; and

4 (7) for a named household member [~~driver~~] policy:

5 (A) [~~7~~] the required disclosure under Section  
6 1952.060 [~~1952.0545~~], Insurance Code; and

7 (B) the make and model of each vehicle owned by  
8 each named insured.

9 SECTION 4. Section 1952.0545, Insurance Code, is repealed.

10 SECTION 5. The changes in law made by this Act apply only to  
11 an insurance policy that is delivered, issued for delivery, or  
12 renewed on or after January 1, 2018. A policy delivered, issued for  
13 delivery, or renewed before January 1, 2018, is governed by the law  
14 as it existed immediately before the effective date of this Act, and  
15 that law is continued in effect for that purpose.

16 SECTION 6. This Act takes effect September 1, 2017.