86R22022 PMO-F

By:  Lambert, Raney H.B. No. 3420

Substitute the following for H.B. No. 3420:

By:  Lucio III C.S.H.B. No. 3420

A BILL TO BE ENTITLED

AN ACT

relating to liability coverage for certain vehicles provided by certain automobile repair facilities.

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.  REQUIRED PROVISION: LIABILITY COVERAGE FOR TEMPORARY VEHICLES DURING POLICY TERM; PRIMARY COVERAGE REQUIRED. (a) In this section:

(1)  "Repair facility" means a person who rebuilds, repairs, or services a motor vehicle for consideration or under a warranty, service, or maintenance contract.

(2)  "Temporary vehicle" includes a vehicle that is loaned or provided to an insured by an automobile repair facility for the insured's use while the insured's vehicle is at the facility for service, repair, or another reason and is:

(A)  in the lawful possession of the insured or resident relative of the insured;

(B)  not owned by the insured, any resident relative of the insured, or any other person residing in the insured's household; and

(C)  operated by or in the possession of the insured or resident relative of the insured until the vehicle is returned to the repair facility.

(b)  A personal automobile insurance policy, including a policy issued by a county mutual insurance company, must define temporary vehicle as defined by this section and include in the policy's primary liability coverage primary liability coverage for a temporary vehicle as a covered vehicle during the policy term.

(c)  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:

(A)  the delivery of the goods, materials, or supplies is not the primary use for which the vehicle is employed; or

(B)  the vehicle is used for farming or ranching.

(d)  The coverage required by this section provides primary coverage for the insured's legal liability for bodily injury and property damage and for damage to the temporary vehicle, not excess coverage. The coverage must insure:

(1)  the person named in the personal automobile insurance policy; and

(2)  any resident relative of the insured and licensed operator residing in the household except for an individual not covered in a "named driver policy" under Section 1952.0545.

(e)  The policy limits of a personal automobile insurance policy must be available for the coverage required by this section.

SECTION 2.  The change in law made by this Act applies only to a personal automobile insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2020.

SECTION 3.  This Act takes effect September 1, 2019.