86R7402 SCL-D

By:  Vo H.B. No. 4278

A BILL TO BE ENTITLED

AN ACT

relating to regulation of persons holding a certificate of self-insurance for establishment of financial responsibility for operating a motor vehicle.

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

SECTION 1.  Section 601.124, Transportation Code, is amended to read as follows:

Sec. 601.124.  SELF-INSURANCE. (a) A person in whose name more than 25 motor vehicles are registered may qualify as a self-insurer by obtaining a certificate of self-insurance issued by the Texas Department of Insurance [~~department~~] as provided by this section.

(b)  The Texas Department of Insurance [~~department~~] may issue a certificate of self-insurance to a person if:

(1)  the person applies for the certificate; [~~and~~]

(2)  the person files with the Texas Department of Insurance a bond:

(A)  in the amount of $10,000;

(B)  conditioned for payment:

(i)  in the amounts and under the same circumstances as required under a motor vehicle liability insurance policy; and

(ii)  in accordance with the claims review procedure under Subsection (c-1) or a court order;

(C)  that is not cancelable before the sixth day after the date the Texas Department of Insurance receives written notice of the cancellation; and

(D)  approved by the Texas Department of Insurance; and

(3)  the commissioner of insurance [~~department~~] is satisfied that the person has and will continue to have the ability to pay judgments obtained against the person.

(c)  The self-insurer must supplement the certificate with an agreement that, for accidents occurring while the certificate is in force, the self-insurer will pay the same judgments within the time and in the same amounts as an insurer would be obligated to pay under an owner's motor vehicle liability insurance policy issued to the self-insurer if such policy were issued. The agreement may include any other requirements that the commissioner of insurance determines are appropriate for ensuring that the self-insurer pays a legitimate claim timely.

(c-1)  The commissioner of insurance by rule shall establish a claims review procedure under which a claimant may file a motor vehicle collision claim against the self-insurer with the Texas Department of Insurance. If the claimant prevails, the claimant may recover the awarded amount from the bond filed by the self-insurer and the self-insurer shall replenish the bond as necessary for the bond to be in the amount described by Subsection (b)(2)(A). A claim under the procedure is a contested case under Chapter 2001, Government Code.

(c-2)  Notwithstanding any other law, a person may file suit against the self-insurer by using the self-insurer's assumed name stated on a certificate filed under Chapter 71, Business & Commerce Code, for a cause of action:

(1)  provided by other law; and

(2)  arising from a motor vehicle collision:

(A)  occurring while the certificate is in effect; and

(B)  in which a motor vehicle registered by the self-insurer is involved.

(d)  The Texas Department of Insurance [~~department~~] for cause, including failure to pay a legitimate claim timely or failure to comply with a requirement imposed by the commissioner of insurance, may cancel a certificate of self-insurance after a hearing. Cause includes failure to pay a judgment before the 31st day after the date the judgment becomes final.

(e)  A self-insurer must receive at least five days' notice of a hearing held under Subsection (d). The Texas Department of Insurance [~~department~~] shall send notice of the hearing to the self-insurer by:

(1)  first class mail; or

(2)  e-mail if the self-insurer has provided an e-mail address to the Texas Department of Insurance [~~department~~] and has elected to receive notice electronically.

(f)  The Texas Department of Insurance shall suspend a certificate under Subsection (d) for six months if the self-insurer fails to pay a legitimate claim timely. If the self-insurer subsequently fails to pay a legitimate claim timely, the Texas Department of Insurance shall cancel the certificate.

(g)  The commissioner of insurance may adopt rules necessary to implement this section.

SECTION 2.  Section 601.124, Transportation Code, as amended by this Act, applies only to a certificate of self-insurance issued on or after January 1, 2020. A certificate of self-insurance issued before January 1, 2020, is governed by the law applicable to the certificate immediately before the effective date of this Act, and that law is continued in effect for that purpose.

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