

By: Thompson of Brazoria, Bonnen of Galveston,
J. Johnson of Dallas, Turner of Tarrant,
Paul, et al.

H.B. No. 259

A BILL TO BE ENTITLED

AN ACT

relating to named driver insurance policies and certain related
exclusions.

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

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

SUBCHAPTER H. NAMED DRIVER POLICIES

Sec. 1952.351. DEFINITIONS. In this subchapter:

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

(A) a home or mobile home;

(B) a duplex unit, apartment unit, or condominium
unit; or

(C) any dwelling unit in a multiunit residential
structure.

(2) "Named driver exclusion" means a provision or
endorsement of an automobile insurance policy that excludes
specified drivers from coverage under the policy.

(3) "Named driver policy" means an automobile
insurance policy that provides any type of coverage for individuals
named on the policy but that does not provide coverage for every
individual who has permission to use a covered vehicle and who

1 resides in a named insured's household.

2 (4) "Operator's policy" means an automobile insurance
3 policy that, in accordance with Section 601.077, Transportation
4 Code, provides coverage for the named insured when operating an
5 automobile the insured does not own.

6 Sec. 1952.352. APPLICABILITY. This subchapter applies to
7 an insurer writing automobile insurance in this state, including an
8 insurance company, corporation, reciprocal or interinsurance
9 exchange, mutual insurance company, capital stock company,
10 association, county mutual insurance company, Lloyd's plan, and any
11 other insurer.

12 Sec. 1952.353. NAMED DRIVER POLICIES PROHIBITED; CERTAIN
13 NAMED DRIVER EXCLUSIONS AUTHORIZED. (a) An insurer may not
14 deliver, issue for delivery, or renew a named driver policy unless
15 the named driver policy is an operator's policy.

16 (b) An insurer may use a named driver exclusion only if the
17 exclusion specifically names each excluded driver and does not
18 exclude a class of drivers and the named insured accepts the
19 exclusion in writing.

20 SECTION 2. Section 912.152(a), Insurance Code, is amended
21 to read as follows:

22 (a) A county mutual insurance company is subject to:

23 (1) Sections 1952.051-1952.055;

24 (2) Subchapter H, Chapter 1952;

25 (3) [~~(2)~~] Subchapter B, Chapter 2002;

26 (4) [~~(3)~~] Chapter 2301; and

27 (5) [~~(4)~~] Articles 5.06 and 5.35.

SECTION 3. Section 601.081(b), Transportation Code, is amended to read as follows:

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

- (1) the name of the insurer;
 - (2) the insurance policy number;
 - (3) the policy period;
 - (4) the name and address of each insured;
 - (5) the policy limits or a statement that the coverage of the policy complies with the minimum amounts of motor vehicle liability insurance required by this chapter; and
 - (6) the make and model of each covered vehicle~~[, and~~
- ~~[(7) for a named driver policy, the required disclosure under Section 1952.0545, Insurance Code].~~

SECTION 4. Section 1952.0545, Insurance Code, and Section 601.081(a), Transportation Code, are repealed.

SECTION 5. The change in law made by this Act applies only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2020. A policy delivered, issued for delivery, or renewed before January 1, 2020, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 6. This Act takes effect September 1, 2019.