

By: Lambert

H.B. No. 3420

A BILL TO BE ENTITLED

AN ACT

relating to continuation of automobile insurance coverage for temporary substitute vehicles during a personal automobile insurance policy term.

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 SUBSTITUTE VEHICLES DURING POLICY TERM. (a) This section applies to an insurer authorized to write automobile insurance in this state, including an insurance company, reciprocal or interinsurance exchange, mutual insurance company, capital stock company, county mutual insurance company, Lloyd's plan, or other entity.

(b) In this section:

(1) "Repair facility" means a person that engages in the business of servicing, repairing, or replacing a motor vehicle for consideration or in accordance with a warranty, service contract, or maintenance contract.

(2) "Resident relative" means an individual who:

(A) resides in the same household as the insured;
and

(B) is related to the insured within the third degree by consanguinity or affinity, as determined under Chapter

1 573, Government Code.

2 (3) "Temporary substitute vehicle" means a motor
3 vehicle that is:

4 (A) loaned or provided without charge by a repair
5 facility to the insured while a vehicle owned by the insured is
6 being serviced, repaired, or replaced, including a vehicle loaned
7 or provided following the theft of a vehicle owned by the insured;
8 and

9 (B) not owned by the insured, a resident
10 relative, or any individual who resides in the same household as the
11 insured.

12 (c) A personal automobile insurance policy must contain a
13 provision to provide primary liability coverage in accordance with
14 this section for a temporary substitute vehicle during the policy
15 term.

16 (d) Coverage under this section is required only for a
17 vehicle that is:

18 (1) a private passenger automobile; or

19 (2) a pickup, utility vehicle, or van with a gross
20 vehicle weight of 25,000 pounds or less that is not used for the
21 delivery or transportation of goods, materials, or supplies, other
22 than samples, unless:

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

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

27 (e) Coverage under this section must provide primary, not

1 excess, coverage subject to the same financial and territorial
2 limits of the policy, including coverage against damage to a
3 temporary substitute vehicle and against property damage and bodily
4 injury claimed by a third party.

5 (f) Coverage under this section must insure against loss
6 from liability for damages arising out of the use of a temporary
7 substitute vehicle:

8 (1) by the insured; and

9 (2) unless the policy is a named driver policy under
10 Section 1952.0545 that excludes such individuals, by:

11 (A) a licensed resident relative; and

12 (B) any other licensed operator using the vehicle
13 with the express or implied permission of the insured.

14 SECTION 2. The change in law made by this Act applies only
15 to an insurance policy delivered, issued for delivery, or renewed
16 on or after January 1, 2020. An insurance policy delivered, issued
17 for delivery, or renewed before January 1, 2020, is governed by the
18 law in effect immediately before the effective date of this Act, and
19 that law is continued in effect for that purpose.

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