

A BILL TO BE ENTITLED

AN ACT

relating to insurer restrictions and duties regarding repair of a motor vehicle covered under an insurance policy.

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

SECTION 1. Section 1952.301, Insurance Code, is amended to read as follows:

Sec. 1952.301. LIMITATIONS AND DUTIES REGARDING REPAIR OF MOTOR VEHICLE [~~LIMITATION ON PARTS, PRODUCTS, OR REPAIR PERSONS OR FACILITIES PROHIBITED~~]. (a) In this section:

(1) "New motor vehicle" has the meaning assigned by Section 2301.002, Occupations Code.

(2) "Non-original equipment" means a part, product, or repair process used in the repair of a motor vehicle that is not made by or for or used by that vehicle's manufacturer or distributor.

(b) Under an automobile insurance policy that is delivered, issued for delivery, or renewed in this state, for damage to a motor vehicle that has been owned by the insured for 36 months or less and that was a new motor vehicle when delivered to the insured, the insurer:

(1) shall require that a part, product, or repair process used to repair the vehicle be the original equipment manufacturer's or distributor's part, product, or repair process, unless the insured opts to use non-original equipment in accordance

1 with Subsection (f); and

2 (2) may not limit the beneficiary of the policy from
3 selecting a repair person or facility to repair damage to the
4 vehicle.

5 (c) Under [~~Except as provided by rules adopted by the~~
6 ~~commissioner, under~~] an automobile insurance policy that is
7 delivered, issued for delivery, or renewed in this state, an
8 insurer may not directly or indirectly limit the insurer's coverage
9 under a policy covering damage to a motor vehicle that has been
10 owned by the insured for more than 36 months by:

11 (1) specifying the brand, type, kind, age, vendor,
12 supplier, or condition of parts or products or the repair process
13 that may be used to repair the vehicle; or

14 (2) limiting the beneficiary of the policy from
15 selecting a repair person or facility to repair damage to the
16 vehicle.

17 (d) In settling a liability claim by a third party against
18 an insured for property damage claimed by the third party for damage
19 to the third party's motor vehicle that has been owned by the third
20 party for 36 months or less and that was a new motor vehicle when
21 delivered to the third party, an insurer:

22 (1) shall require that a part, product, or repair
23 process used to repair the vehicle be the original equipment
24 manufacturer's or distributor's part, product, or repair process,
25 unless the third-party claimant opts to use non-original equipment
26 in accordance with Subsection (f); and

27 (2) may not require the third-party claimant to use a

1 particular repair person or facility to repair damage to the
2 vehicle.

3 (e) [(b)] In settling a liability claim by a third party
4 against an insured for property damage claimed by the third party to
5 a motor vehicle that has been owned by the insured for more than 36
6 months, an insurer may not require the third-party claimant to have
7 the motor vehicle repairs made by a particular repair person or
8 facility or to use a particular brand, type, kind, age, vendor,
9 supplier, or condition of parts or products or a particular repair
10 process.

11 (f) An insured or third-party claimant may opt to accept the
12 use of non-original equipment in the repair of the insured's or
13 claimant's motor vehicle by signing a written disclosure. The
14 disclosure must:

- 15 (1) be signed before repair of the vehicle begins;
16 (2) be delivered as an attachment to a written
17 estimate provided for the repair of the vehicle;
18 (3) be written in at least a 12-point font; and
19 (4) include the following language:

20 "I am opting to accept the use of a non-original equipment
21 manufacturer's or distributor's part, product, or repair process in
22 the repair of my vehicle, and I understand and agree that:

- 23 1. the attached repair estimate is based on the use of
24 a non-original equipment manufacturer's or distributor's part,
25 product, or repair process that is supplied by a manufacturer or
26 distributor that is not my motor vehicle's manufacturer or
27 distributor; and

1 2. the warranty for the non-original equipment
2 manufacturer's or distributor's part, product, or repair process is
3 provided by the manufacturer or distributor of that part, product,
4 or repair process and not by my motor vehicle's manufacturer or
5 distributor."

6 (g) An insurer that delivers, issues for delivery, or renews
7 an automobile insurance policy in this state may not require or
8 request that a repair person or facility use any specific
9 percentage of non-original equipment in the repair of a motor
10 vehicle.

11 SECTION 2. The change in law made by this Act applies only
12 to an insurance policy that is delivered, issued for delivery, or
13 renewed on or after January 1, 2022. A policy delivered, issued for
14 delivery, or renewed before that date is governed by the law as it
15 existed immediately before the effective date of this Act, and that
16 law is continued in effect for that purpose.

17 SECTION 3. This Act takes effect September 1, 2021.