

BILL ANALYSIS

Senate Research Center

H.B. 1745
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State Affairs
5/5/2023
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In Texas, transportation network companies provide liability insurance coverage for drivers, riders, and any third parties injured by a vehicle providing a ride on a company platform. Concerns have been raised regarding the costs associated with frivolous lawsuits against transportation network companies for damages that seek to take advantage of the required liability insurance coverage of these companies. In an effort to reduce legal costs for both Texas consumers and transportation network companies and ensure that auto accident claims are not clogging up the courts and can be paid out as quickly as possible, H.B. 1745 provides for a limitation on a transportation network company's vicarious liability for damages.

H.B. 1745 amends current law relating to vicarious liability of a transportation network company for acts of a driver using the company's digital network.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 6, Civil Practice and Remedies Code, by adding Chapter 150E, as follows:

CHAPTER 150E. CIVIL ACTIONS OR ARBITRATIONS INVOLVING TRANSPORTATION NETWORK COMPANIES

Sec. 150E.001. DEFINITIONS. Defines "digital network," "transportation network company," and "network vehicle."

Sec. 150E.002. APPLICABILITY OF CHAPTER. Provides that this chapter applies only to an action or arbitration proceeding in which:

- (1) a transportation network company is a defendant;
- (2) the claimant seeks recovery of damages for loss of property, bodily injury, or death;
- (3) the claim for which the action or proceeding is brought arises out of the ownership, use, operation, or possession of a network vehicle while the vehicle's driver or passenger was logged on to a transportation network company's digital network; and
- (4) the theory of recovery for which damages are sought against the transportation network company is based on:
 - (A) the ownership, operation, design, manufacture, or maintenance of a digital network accessed by a driver or passenger; or

(B) the relationship, affiliation, or interaction with a driver logged on to a transportation network company's digital network.

Sec. 150E.003. LIMITATION OF LIABILITY. (a) Prohibits a transportation network company from being held vicariously liable for damages in an action or arbitration proceeding to which this chapter applies if:

(1) the claimant does not prove by clear and convincing evidence that the company was grossly negligent with respect to the subject claim; and

(2) the company has fulfilled all of the company's obligations with respect to the transportation network company driver under Chapter 2402 (Transportation Network Companies), Occupations Code, relating to the subject claim.

(b) Provides that Subsection (a) does not affect the liability of a transportation network company arising out of the company's own negligence or gross negligence for an act or omission relating to the use of the company's digital network, including the failure to prevent a driver from logging on to the digital network if, at the time of the event giving rise to the cause of action, the company had actual knowledge that the driver was disqualified from logging on to the company's digital network for a reason described by Section 2402.107(b) (relating to prohibiting a transportation network company from permitting an individual to log in as a driver under certain circumstances), Occupations Code, that occurred after the most recent review of the driver's driving record or criminal background check required by Section 2402.107 (Driver Requirements), Occupations Code.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2023.