

BILL ANALYSIS

Senate Research Center
89R15574 SCR-F

H.B. 3520
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Business & Commerce
5/20/2025
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 3520 addresses a key public safety and consumer protection issue concerning insurance coverage for Transportation Network Company (TNC) drivers, such as those driving for Uber or Lyft. Current law requires TNC drivers to maintain specific levels of automobile liability insurance depending on their activity—whether they are logged into the TNC app or actively transporting a rider. However, the law does not adequately account for situations when a TNC driver is en route to pick up a rider or is logged into the network but not carrying a passenger. This gap can result in inadequate insurance coverage in the event of an accident, leaving drivers, riders, and third parties potentially unprotected.

Under current statute, Section 1954.052 of the Insurance Code applies only "between prearranged rides," which has created ambiguity over whether coverage requirements apply during periods when a driver is en route but has no rider in the vehicle. Similarly, coverage standards differ significantly between when a driver is waiting for a ride request and when a rider is in the vehicle, leading to inconsistencies in protection levels.

This bill clarifies and expands existing insurance requirements by modifying Sections 1954.051, 1954.052, and 1954.053 of the Insurance Code to ensure that drivers are adequately insured:

- While logged into a TNC app and available for ride requests, regardless of whether a passenger is in the vehicle.
- While en route to pick up a passenger—even if no passenger is currently in the vehicle.

Specifically, it requires:

- Minimum coverage of \$50,000 for injury or death per person, \$100,000 per incident, and \$25,000 for property damage during periods when the driver is logged into the app but not carrying a rider.
- \$1 million in aggregate coverage when a rider is present in the vehicle.
- Uninsured/underinsured motorist and personal injury protection coverage during all TNC driving phases, where required by existing law.

This change ensures consistent insurance protection across all phases of a TNC driver's work and aligns insurance practices with real-world scenarios where risk exists even without a rider present.

Supporters of the bill may include:

- Consumer advocacy groups, who seek stronger protections for accident victims.
- Insurance providers, who benefit from clearer underwriting standards.
- Municipalities and law enforcement, as it provides more clarity and enforcement support around insurance minimums.
- Some TNC drivers who prefer comprehensive, standardized protection.

Opposition could come from:

- TNC companies concerned about potentially higher insurance costs.
- Some drivers worried about increased premiums or reduced earnings due to higher coverage requirements.
- Stakeholders who may view the law as regulatory overreach into the gig economy.

In summary, this bill enhances public safety and legal clarity by ensuring TNC drivers have

consistent, adequate insurance coverage throughout their driving activity. It closes existing loopholes, protects passengers and third parties, and aligns Texas law with evolving rideshare industry practices.

H.B. 3520 amends current law relating to automobile liability insurance requirements for transportation network company drivers.

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 Section 1954.051(b), Insurance Code, as follows:

(b) Requires that insurance maintained under Subchapter B (Insurance Requirement) allow a transportation network company driver to use a personal vehicle to transport transportation network company riders for compensation and cover the driver while the certain conditions are met, including while the driver is engaged in a prearranged ride with a transportation network company rider in the vehicle as provided by Section 1954.053.

SECTION 2. Amends Section 1954.052, Insurance Code, as follows:

Sec. 1954.052. New heading: INSURANCE REQUIREMENTS: WITHOUT TRANSPORTATION NETWORK COMPANY RIDER IN VEHICLE. Provides that, at the time a transportation network company driver is logged on to the transportation network company's digital network and is available to receive transportation network requests but is not engaged in a prearranged ride or is engaged in a prearranged ride without a transportation network company rider in the vehicle, the automobile insurance policy is required to provide certain minimum amounts of liability insurance coverage.

SECTION 3. Amends Section 1954.053, Insurance Code, as follows:

Sec. 1954.053. New heading: INSURANCE REQUIREMENTS: WITH TRANSPORTATION NETWORK COMPANY RIDER IN VEHICLE. Provides that, at the time a transportation network company driver is engaged in a prearranged ride with a transportation network company rider in the vehicle the automobile insurance policy is required to provide, at a minimum, certain information.

SECTION 4. Makes application of this Act prospective to January 1, 2026.

SECTION 5. Effective date: September 1, 2025,