

BILL ANALYSIS

Senate Research Center

H.B. 3420
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 3420 amends current law relating to liability coverage for certain vehicles provided by certain automobile repair facilities.

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 Subchapter B, Chapter 1952, Insurance Code, by adding Section 1952.060, as follows:

Sec. 1952.060. **REQUIRED PROVISION: LIABILITY COVERAGE FOR TEMPORARY VEHICLES DURING POLICY TERM; PRIMARY COVERAGE REQUIRED.** (a) Defines "repair facility," "resident relative," and "temporary vehicle."

(b) Requires a personal automobile insurance policy, including a policy issued by a county mutual insurance company, to define temporary vehicle as defined by this section and include in the policy's primary liability coverage primary liability coverage for a temporary vehicle as a covered vehicle during the policy term.

(c) Provides that coverage under this section is required only for a vehicle that is:

(1) a private passenger automobile; or

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

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

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

(d) Provides that the coverage required by this section provides primary coverage for the insured's legal liability for bodily injury and property damage and for damage to the temporary vehicle, not excess coverage. Requires the coverage to insure the person named in the personal automobile insurance policy and any resident relative of the insured and licensed operator residing in the household except for an individual not covered in a "named driver policy" under Section 1952.0545 (Required Disclosure Regarding Named Driver Policies; Persons in Insured's Household).

(e) Requires the policy limits of a personal automobile insurance policy to be available for the coverage required by this section.

SECTION 2. Provides that the change in law made by this Act applies only to a personal automobile insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2020.

SECTION 3. Effective date: September 1, 2019.