

BILL ANALYSIS

C.S.H.B. 3420
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that motor vehicle dealers now routinely provide temporary vehicles to customers in the form of a courtesy or loaner vehicle when an individual's own vehicle is in for repair or service at the dealership. Concerns have been raised regarding reports of some insurance companies limiting primary physical damage insurance coverage on these temporary substitute vehicles, thus leaving consumers without real coverage since the individual's and the dealer's insurance on these vehicles are both considered excess coverage in this situation. C.S.H.B. 3420 seeks to address these concerns by setting out requirements regarding liability coverage for temporary vehicles loaned or provided to an insured by an automobile repair facility.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3420 amends the Insurance Code to require a personal automobile insurance policy, including a policy issued by a county mutual insurance company, to define temporary vehicle as defined by the bill and include in the policy's primary liability coverage primary liability coverage for a qualifying temporary vehicle as a covered vehicle during the policy term that 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. The bill 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. The bill sets out the vehicles for which the coverage is required and requires the policy limits of a personal automobile insurance policy to be available for the coverage required by the bill. The bill applies only to a personal automobile insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2020.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3420 may differ from the original in minor or nonsubstantive ways, the

following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute replaces the definition of "temporary substitute vehicle" with a definition of "temporary vehicle" and revises the elements of the definition. The substitute includes a requirement for a personal automobile insurance policy to define temporary vehicle as defined by the bill.

The substitute makes certain revisions relating to the type of coverage to be provided for temporary vehicles and the persons required to be insured under the coverage.

The substitute includes a provision requiring the limits of a personal automobile insurance policy to be available for the coverage required by the bill.

The substitute does not include a provision that provides for the applicability of the bill's provisions but specifies that a personal automobile insurance policy includes a policy issued by a county mutual insurance company.