

SUBJECT: Requiring liability insurance for small-truck movers

COMMITTEE: Transportation —favorable, without amendment

VOTE: 7 ayes — Krusee, Phillips, Callegari, Casteel, Deshotel, Hamric, West
0 nays
2 absent — Flores, Hill

WITNESSES: For —John Willis, Willis Permian Movers Inc. and Southwest Movers Association; Terry Arnold
Against — Greg Blair, WeeHaul, Inc. and George Killick

BACKGROUND: The Transportation Code defines a “commercial motor vehicle” as a self-propelled or towed vehicle, other than a farm vehicle, that transports passengers or cargo on a public highway and weighs between 26,000 pounds and 48,000 pounds. Trucks that weigh less than 26,000 pounds (type B trucks) are subject to separate registration requirements with the Texas Department of Transportation (TxDOT).

Under sec. 643.153(b), commercial moving companies that use type B trucks currently are not required to provide TxDOT with evidence of the same level of cargo insurance that is required of larger movers. In addition, type B movers may provide alternative evidence of financial responsibility to TxDOT, such as letters of credit or surety bonds.

DIGEST: HB 341 would require all movers that carry household goods for pay to register their vehicles, regardless of weight, with TxDOT as commercial motor vehicles. The bill would eliminate the special provisions in Transportation Code, sec. 643.153(b) that govern cargo liability requirements for movers with smaller trucks and no longer would require a TxDOT rules advisory committee to study these provisions.

The bill would take effect September 1, 2005.

**SUPPORTERS
SAY:**

HB 341 would require all moving companies in Texas, regardless of the size of their moving vehicles, to carry an appropriate amount of cargo liability insurance coverage. It would protect a consumer who hired a commercial mover of any size against loss or damage to the consumer's property. Consumers deserve to be protected in dealings with all movers, not just moving companies that use larger vehicles.

Movers that would be affected by the bill are not necessarily small businesses. The insurance requirements in HB 341 would affect a moving company based on the size of its vehicles, not the size of its overall business. Many larger moving companies only use type B trucks for their businesses in order to avoid purchasing the more costly insurance necessary for larger commercial trucks.

The vast majority of private industries in Texas do not have separate regulations that apply to businesses of different types within a particular industry. The moving industry should not be treated differently than other private industries in the state. In addition, many other states have laws governing liability in the moving industry that are applicable to all movers — not just movers with heavier trucks.

The current unequal treatment of moving companies by the law has created an unfair playing field that favors moving companies that cut corners at the expense of consumers. Type B movers that do not protect their customers by paying for proper cargo insurance are able to charge lower rates for their services as a result. This places properly insured businesses that value their customers at a disadvantage in the industry.

**OPPONENTS
SAY:**

HB 341 would do little to benefit consumers and unwisely would blur the regulatory lines between large moving companies and smaller movers. Imposing new cargo insurance costs on these smaller operations would result in higher overall moving costs for consumers, many of whom are unable to afford large household movers. The average customer of a smaller moving company has a piecemeal or one-room moving job that the larger companies often refuse to take because they do not generate enough profit. It would be unfair to mandate that smaller companies with limited profit margins and fewer employees obtain the same level of insurance as larger interstate carriers.

HB 341 would drive small movers out of business throughout the state. The type of moving insurance obtained by large companies with hundreds

of trucks is too costly for a moving business that operates only a pick-up truck and a trailer. HB 341 does not consider the unique challenges of small business in the moving industry.