

By: _____ .B. No. _____

Substitute the following for ____B. No. _____:

By: _____ C.S.____.B. No. _____

A BILL TO BE ENTITLED

1 AN ACT

2 relating to certain insurance practices with respect to repair of
3 motor vehicles.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subchapter G, Chapter 1952, Insurance Code, is
6 amended by adding Section 1952.300 to read as follows:

7 Sec. 1952.300. DEFINITIONS. (a) For purposes of this
8 subchapter and enforcement of this subchapter:

9 (1) "Estimating system" means an automobile collision
10 damage estimating system that is generally accepted by the
11 automobile repair industry for use in writing an automobile repair
12 estimate.

13 (2) "Prevailing rate" means the rate identified by a
14 rate survey that is conducted by a third party that is designed to
15 be transparent and unbiased and that is based on the posted retail
16 labor rates and not direct repair program shop rates that operate
17 under a contract with an insurer.

18 (3) "Reasonable and necessary amount" means the amount
19 determined by the original equipment manufacturer's manufacturer
20 and estimating systems required to repair a vehicle to the
21 condition before the covered damage to the vehicle occurred.

22 (b) In this subchapter, "repair person or facility" does not
23 include a person who exclusively provides automobile glass
24 replacement, glass repair services, or glass products.

1 SECTION 2. Section 1952.301, Insurance Code, is amended to
2 read as follows:

3 Sec. 1952.301. LIMITATION ON PARTS, PRODUCTS, OR REPAIR
4 PERSONS OR FACILITIES PROHIBITED. (a) Except as provided by rules
5 adopted by the commissioner, under an automobile insurance policy
6 that is delivered, issued for delivery, or renewed in this state, an
7 insurer may not directly or indirectly limit the insurer's coverage
8 under a policy covering damage to a motor vehicle by[+]

9 [~~(1)~~] specifying the brand, type, kind, age, vendor,
10 supplier, or condition of parts or products that may be used to
11 repair the vehicle. [~~+or~~]

12 (a-1) Under an automobile insurance policy that is
13 delivered, issued for delivery, or renewed in this state, an
14 insurer, an employee or agent of an insurer, an insurance adjuster,
15 or an entity that employs an insurance adjuster may not directly or
16 indirectly limit the insurer's coverage under a policy covering
17 damage to a motor vehicle by:

18 (1) [~~(2)~~] limiting the beneficiary of the policy from
19 selecting a repair person or facility to repair damage to the
20 vehicle to the vehicle's condition before the damage occurred in
21 order for the beneficiary to obtain the repair without owing any
22 out-of-pocket cost other than the deductible;

23 (2) intimidating, coercing, or threatening the
24 beneficiary to induce the beneficiary to use a particular repair
25 person or facility; or

26 (3) offering an incentive or inducement, other than a
27 warranty issued by a repair person or facility, for the beneficiary

1 to use a particular repair person or facility.

2 (b) In settling a liability claim by a third party against
3 an insured for property damage claimed by the third party, an
4 insurer, an employee or agent of an insurer, an insurance adjuster,
5 or an entity that employs an insurance adjuster may not:

6 (1) require the third-party claimant to have repairs
7 made by a particular repair person or facility; ~~[or]~~

8 (2) require the third-party claimant to use a
9 particular brand, type, kind, age, vendor, supplier, or condition
10 of parts or products to repair damage to the vehicle to the
11 vehicle's condition before the damage occurred;

12 (3) intimidate, coerce, or threaten the third-party
13 claimant to induce the claimant to use a particular repair person or
14 facility; or

15 (4) offer an incentive or inducement, other than a
16 warranty issued by a repair person or facility, for the third-party
17 claimant to use a particular repair person or facility.

18 SECTION 3. Section 1952.302, Insurance Code, is amended to
19 read as follows:

20 Sec. 1952.302. PROHIBITED ACTS IN CONNECTION WITH REPAIR OF
21 MOTOR VEHICLE. In connection with the repair of damage to a motor
22 vehicle covered under an automobile insurance policy, an insurer,
23 an employee or agent of an insurer, an insurance adjuster, or an
24 entity that employs an insurance adjuster may not:

25 (1) solicit or accept a referral fee or gratuity in
26 exchange for referring a beneficiary or third-party claimant to a
27 repair person or facility to repair the damage;

1 (2) state or suggest, either orally or in writing, to a
2 beneficiary that the beneficiary must use a specific repair person
3 or facility or a repair person or facility identified on a preferred
4 list compiled by an insurer for the damage repair or parts
5 replacement to be covered by the policy; ~~[or]~~

6 (3) restrict the right of a beneficiary or third-party
7 claimant to choose a repair person or facility by requiring the
8 beneficiary or third-party claimant to travel a ~~[an-unreasonable]~~
9 distance considered inconvenient by a beneficiary or third-party
10 claimant to repair the damage; or

11 (4) disregard a repair operation or cost identified by
12 an estimating system, including the system's procedural pages.

13 SECTION 4. The change in law made by this Act applies only
14 to an insurance policy that is delivered, issued for delivery, or
15 renewed on or after January 1, 2018. A policy delivered, issued for
16 delivery, or renewed before that date is governed by the law as it
17 existed immediately before the effective date of this Act, and that
18 law is continued in effect for that purpose.

19 SECTION 5. This Act takes effect September 1, 2017.