

1-1 By: Smithee (Senate Sponsor - Watson) H.B. No. 1733
 1-2 (In the Senate - Received from the House May 14, 2015;
 1-3 May 14, 2015, read first time and referred to Committee on Business
 1-4 and Commerce; May 22, 2015, reported favorably by the following
 1-5 vote: Yeas 7, Nays 0; May 22, 2015, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12			X	
1-13	X			
1-14			X	
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to automobile liability insurance for transportation
 1-20 network company drivers.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Subtitle C, Title 10, Insurance Code, is amended
 1-23 by adding Chapter 1954 to read as follows:

1-24 CHAPTER 1954. INSURANCE FOR TRANSPORTATION NETWORK COMPANY DRIVERS

1-25 SUBCHAPTER A. GENERAL PROVISIONS

1-26 Sec. 1954.001. DEFINITIONS. In this chapter:

1-27 (1) "Digital network" means any online-enabled
 1-28 application, software, website, or system offered or used by a
 1-29 transportation network company that enables a prearranged ride with
 1-30 a transportation network company driver.

1-31 (2) "Personal vehicle" means a vehicle that is used by
 1-32 a transportation network company driver and is:

1-33 (A) owned, leased, or otherwise authorized for
 1-34 use by the driver; and

1-35 (B) not a taxicab, limousine, or similar for-hire
 1-36 vehicle.

1-37 (3) "Prearranged ride" means transportation provided
 1-38 by a transportation network company driver to a transportation
 1-39 network company rider, beginning at the time a driver accepts a ride
 1-40 requested by a rider through a digital network controlled by a
 1-41 transportation network company and ending at the time the last
 1-42 requesting rider departs from the driver's personal vehicle. The
 1-43 term does not include:

1-44 (A) a shared expense carpool or vanpool
 1-45 arrangement or service; or

1-46 (B) transportation provided using a taxicab,
 1-47 limousine, or similar for-hire vehicle.

1-48 (4) "Transportation network company" means a
 1-49 corporation, partnership, sole proprietorship, or other entity
 1-50 operating in this state that uses a digital network to connect a
 1-51 transportation network company rider to a transportation network
 1-52 company driver for a prearranged ride. The term does not include an
 1-53 entity arranging nonemergency medical transportation under a
 1-54 contract with the state or a managed care organization for
 1-55 individuals qualifying for Medicaid or Medicare.

1-56 (5) "Transportation network company driver" means an
 1-57 individual who:

1-58 (A) receives connections to potential
 1-59 transportation network company riders and related services from a
 1-60 transportation network company in exchange for payment of a fee to
 1-61 the company; and

2-1 (B) uses a personal vehicle to offer or provide a
 2-2 prearranged ride to a transportation network company rider on
 2-3 connection with the rider through a digital network controlled by
 2-4 the company in exchange for compensation or payment of a fee.

2-5 (6) "Transportation network company rider" means an
 2-6 individual who uses a transportation network company's digital
 2-7 network to connect with a transportation network company driver who
 2-8 provides a prearranged ride to the individual in the driver's
 2-9 personal vehicle between points chosen by the individual.

2-10 Sec. 1954.002. APPLICABILITY OF CHAPTER. This chapter
 2-11 applies to automobile insurance policies in this state, including
 2-12 policies issued by a Lloyd's plan, a reciprocal or interinsurance
 2-13 exchange, and a county mutual insurance company.

2-14 SUBCHAPTER B. INSURANCE REQUIREMENTS

2-15 Sec. 1954.051. GENERAL INSURANCE REQUIREMENT. (a) A
 2-16 transportation network company driver or transportation network
 2-17 company on the driver's behalf shall maintain primary automobile
 2-18 insurance as required by this subchapter.

2-19 (b) Insurance maintained under this subchapter must allow a
 2-20 transportation network company driver to use a personal vehicle to
 2-21 transport transportation network company riders for compensation
 2-22 and cover the driver while:

2-23 (1) the driver is logged on to the transportation
 2-24 network company's digital network as provided by Section 1954.052;
 2-25 or

2-26 (2) the driver is engaged in a prearranged ride as
 2-27 provided by Section 1954.053.

2-28 (c) Insurance maintained under this subchapter must comply
 2-29 with the law applicable to personal automobile insurance in this
 2-30 state, including this subtitle and Chapter 601, Transportation
 2-31 Code.

2-32 (d) The coverage requirements of this subchapter may be
 2-33 satisfied by:

2-34 (1) automobile insurance maintained by the
 2-35 transportation network company driver;

2-36 (2) automobile insurance maintained by the
 2-37 transportation network company; or

2-38 (3) a combination of Subdivisions (1) and (2).

2-39 (e) Insurance required under this subchapter may be placed
 2-40 with an automobile insurer authorized to engage in business in this
 2-41 state or with an eligible surplus lines insurer.

2-42 Sec. 1954.052. INSURANCE REQUIREMENTS: BETWEEN PREARRANGED
 2-43 RIDES. At the time a transportation network company driver is
 2-44 logged on to the transportation network company's digital network
 2-45 and is available to receive transportation network requests but is
 2-46 not engaged in a prearranged ride, the automobile insurance policy
 2-47 must provide:

2-48 (1) the following minimum amounts of liability
 2-49 insurance coverage:

2-50 (A) \$50,000 for bodily injury to or death for
 2-51 each person in an incident;

2-52 (B) \$100,000 for bodily injury to or death of a
 2-53 person per incident; and

2-54 (C) \$25,000 for damage to or destruction of
 2-55 property of others in an incident;

2-56 (2) uninsured or underinsured motorist coverage where
 2-57 required by Section 1952.101; and

2-58 (3) personal injury protection coverage where
 2-59 required by Section 1952.152.

2-60 Sec. 1954.053. INSURANCE REQUIREMENTS: DURING PREARRANGED
 2-61 RIDES. At the time a transportation network company driver is
 2-62 engaged in a prearranged ride, the automobile insurance policy must
 2-63 provide, at a minimum:

2-64 (1) coverage with a total aggregate limit of liability
 2-65 of \$1 million for death, bodily injury, and property damage for each
 2-66 incident;

2-67 (2) uninsured or underinsured motorist coverage where
 2-68 required by Section 1952.101; and

2-69 (3) personal injury protection coverage where

3-1 required by Section 1952.152.

3-2 Sec. 1954.054. LAPSE OF OR INSUFFICIENT COVERAGE. If an
 3-3 insurance policy maintained by a transportation network company
 3-4 driver under this subchapter has lapsed or does not provide the
 3-5 coverage required by this subchapter, the transportation network
 3-6 company shall provide the coverage required by this subchapter
 3-7 beginning with the first dollar of a claim against the driver.

3-8 Sec. 1954.055. RELATION TO PERSONAL AUTOMOBILE INSURANCE.
 3-9 Coverage under an automobile insurance policy maintained by the
 3-10 transportation network company is not contingent on a
 3-11 transportation network company driver's personal automobile
 3-12 insurer initially denying a claim.

3-13 Sec. 1954.056. FINANCIAL RESPONSIBILITY. (a) Insurance
 3-14 satisfying the requirements of this subchapter satisfies the
 3-15 financial responsibility requirement for an automobile under
 3-16 Chapter 601, Transportation Code.

3-17 (b) A transportation network company driver shall carry
 3-18 proof of insurance that satisfies Sections 1954.052 and 1954.053
 3-19 with the driver when the driver uses a vehicle in connection with a
 3-20 transportation network company's digital network. In the event of
 3-21 an accident, a driver shall provide the proof of insurance to a
 3-22 directly interested person, automobile insurer, and investigating
 3-23 peace officer on request under Section 601.053, Transportation
 3-24 Code. On request, a driver shall also disclose to a directly
 3-25 interested person, automobile insurer, and investigating peace
 3-26 officer whether, at the time of the accident, the driver was:

3-27 (1) logged on to the company's digital network; or

3-28 (2) engaged in a prearranged ride.

3-29 SUBCHAPTER C. RELATIONSHIP BETWEEN TRANSPORTATION NETWORK COMPANY
 3-30 AND TRANSPORTATION NETWORK COMPANY DRIVER

3-31 Sec. 1954.101. REQUIRED DISCLOSURES. Before a
 3-32 transportation network company driver may accept a request for a
 3-33 prearranged ride on a transportation network company's digital
 3-34 network, the company shall disclose in writing the following:

3-35 (1) the insurance policy, including the types of
 3-36 coverage and the limits for the policy, that the company provides
 3-37 while a driver uses a personal vehicle in connection with the
 3-38 company's digital network; and

3-39 (2) that the driver's personal automobile insurance
 3-40 policy may not provide coverage, depending on the policy's terms,
 3-41 while the driver is logged on to the company's digital network and
 3-42 is available to receive transportation requests or is engaged in a
 3-43 prearranged ride.

3-44 Sec. 1954.102. CONTROL OF TRANSPORTATION NETWORK COMPANY
 3-45 DRIVERS. A transportation network company does not control,
 3-46 direct, or manage a personal vehicle or a transportation network
 3-47 company driver who connects to the company's digital network except
 3-48 as agreed by written contract.

3-49 SUBCHAPTER D. PERSONAL AUTOMOBILE INSURANCE

3-50 Sec. 1954.151. AUTHORIZED EXCLUSIONS FROM COVERAGE. (a)
 3-51 An insurer may exclude from coverage under a personal automobile
 3-52 insurance policy issued to an owner or operator of a personal
 3-53 vehicle any loss or injury that occurs while a transportation
 3-54 network company driver using the personal vehicle:

3-55 (1) is logged on to a transportation network company's
 3-56 digital network; or

3-57 (2) is engaged in a prearranged ride.

3-58 (b) Subsection (a) applies to any coverage included in a
 3-59 personal automobile insurance policy, including:

3-60 (1) liability coverage for bodily injury and property
 3-61 damage;

3-62 (2) personal injury protection coverage under
 3-63 Subchapter D, Chapter 1952;

3-64 (3) uninsured and underinsured motorist coverage;

3-65 (4) medical payment coverage;

3-66 (5) comprehensive physical damage coverage; and

3-67 (6) collision physical damage coverage.

3-68 (c) An exclusion authorized under this section applies
 3-69 notwithstanding a financial responsibility requirement under

4-1 Chapter 601, Transportation Code.

4-2 (d) This subchapter may not be construed to invalidate or
 4-3 limit an exclusion contained in a policy form, including a policy
 4-4 form in use or approved for use in this state before January 1,
 4-5 2016, that excludes coverage for automobiles used to carry persons
 4-6 or property for compensation or available for hire by the public.

4-7 Sec. 1954.152. COVERAGE UNDER PERSONAL AUTOMOBILE
 4-8 INSURANCE NOT REQUIRED. (a) This subchapter does not require a
 4-9 personal automobile insurance policy to cover a transportation
 4-10 network company driver while:

4-11 (1) the driver is logged on to a transportation
 4-12 network company's digital network;

4-13 (2) the driver is engaged in a prearranged ride; or

4-14 (3) the driver otherwise uses a vehicle to transport
 4-15 passengers for compensation.

4-16 (b) This section does not prevent an insurer from providing
 4-17 coverage that may be excluded under this section if the insurer
 4-18 elects to provide the coverage in the policy or by endorsement.

4-19 Sec. 1954.153. DEFENSE OR INDEMNIFICATION OF CLAIM. (a) An
 4-20 automobile insurer that issues a personal automobile insurance
 4-21 policy that includes an exclusion from coverage authorized by
 4-22 Section 1954.151 does not have a duty to defend or indemnify a claim
 4-23 arising from an event subject to the exclusion.

4-24 (b) An automobile insurer that defends or indemnifies a
 4-25 claim against a transportation network company driver for which
 4-26 coverage is excluded under the terms of the policy as authorized by
 4-27 this subchapter has a right of contribution against another insurer
 4-28 that provides automobile insurance to the driver in satisfaction of
 4-29 the coverage requirements under Section 1954.052 or 1954.053, as
 4-30 applicable.

4-31 Sec. 1954.154. ASSISTANCE IN CLAIM INVESTIGATION. In an
 4-32 insurance claim investigation, a transportation network company
 4-33 and any insurer providing coverage under Subchapter B shall assist
 4-34 each insurer involved in the claim by providing information to
 4-35 directly interested persons and an insurer of the transportation
 4-36 network company driver. Information provided under this section
 4-37 must include:

4-38 (1) the precise times that a driver logged on and off
 4-39 of the transportation network company's digital network in the
 4-40 12-hour period immediately preceding and the 12-hour period
 4-41 immediately following the accident; and

4-42 (2) a clear description of the coverage, exclusions,
 4-43 and limits provided under an automobile insurance policy maintained
 4-44 under Subchapter B.

4-45 Sec. 1954.155. PAYMENT OF CERTAIN CLAIMS. If there is a
 4-46 lien on a personal vehicle and the transportation network company's
 4-47 insurer covers a claim arising out of an incident that occurred
 4-48 during a prearranged ride, the insurer shall issue payment for the
 4-49 claim:

4-50 (1) directly to the person who is repairing the
 4-51 vehicle; or

4-52 (2) jointly to the owner of the personal vehicle and
 4-53 the primary lienholder.

4-54 SECTION 2. This Act takes effect January 1, 2016.

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