

By: Vo

H.B. No. 4278

A BILL TO BE ENTITLED

AN ACT

1
2 relating to regulation of persons holding a certificate of
3 self-insurance for establishment of financial responsibility for
4 operating a motor vehicle.

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

6 SECTION 1. Section 601.124, Transportation Code, is amended
7 to read as follows:

8 Sec. 601.124. SELF-INSURANCE. (a) A person in whose name
9 more than 25 motor vehicles are registered may qualify as a
10 self-insurer by obtaining a certificate of self-insurance issued by
11 the Texas Department of Insurance [~~department~~] as provided by this
12 section.

13 (b) The Texas Department of Insurance [~~department~~] may
14 issue a certificate of self-insurance to a person if:

15 (1) the person applies for the certificate; [~~and~~]

16 (2) the person files with the Texas Department of
17 Insurance a bond:

18 (A) in the amount of \$10,000;

19 (B) conditioned for payment:

20 (i) in the amounts and under the same
21 circumstances as required under a motor vehicle liability insurance
22 policy; and

23 (ii) in accordance with the claims review
24 procedure under Subsection (c-1) or a court order;

1 (C) that is not cancelable before the sixth day
2 after the date the Texas Department of Insurance receives written
3 notice of the cancellation; and

4 (D) approved by the Texas Department of
5 Insurance; and

6 (3) the commissioner of insurance [~~department~~] is
7 satisfied that the person has and will continue to have the ability
8 to pay judgments obtained against the person.

9 (c) The self-insurer must supplement the certificate with
10 an agreement that, for accidents occurring while the certificate is
11 in force, the self-insurer will pay the same judgments within the
12 time and in the same amounts as an insurer would be obligated to pay
13 under an owner's motor vehicle liability insurance policy issued to
14 the self-insurer if such policy were issued. The agreement may
15 include any other requirements that the commissioner of insurance
16 determines are appropriate for ensuring that the self-insurer pays
17 a legitimate claim timely.

18 (c-1) The commissioner of insurance by rule shall establish
19 a claims review procedure under which a claimant may file a motor
20 vehicle collision claim against the self-insurer with the Texas
21 Department of Insurance. If the claimant prevails, the claimant
22 may recover the awarded amount from the bond filed by the
23 self-insurer and the self-insurer shall replenish the bond as
24 necessary for the bond to be in the amount described by Subsection
25 (b)(2)(A). A claim under the procedure is a contested case under
26 Chapter 2001, Government Code.

27 (c-2) Notwithstanding any other law, a person may file suit

1 against the self-insurer by using the self-insurer's assumed name
2 stated on a certificate filed under Chapter 71, Business & Commerce
3 Code, for a cause of action:

4 (1) provided by other law; and

5 (2) arising from a motor vehicle collision:

6 (A) occurring while the certificate is in effect;

7 and

8 (B) in which a motor vehicle registered by the
9 self-insurer is involved.

10 (d) The Texas Department of Insurance [~~department~~] for
11 cause, including failure to pay a legitimate claim timely or
12 failure to comply with a requirement imposed by the commissioner of
13 insurance, may cancel a certificate of self-insurance after a
14 hearing. Cause includes failure to pay a judgment before the 31st
15 day after the date the judgment becomes final.

16 (e) A self-insurer must receive at least five days' notice
17 of a hearing held under Subsection (d). The Texas Department of
18 Insurance [~~department~~] shall send notice of the hearing to the
19 self-insurer by:

20 (1) first class mail; or

21 (2) e-mail if the self-insurer has provided an e-mail
22 address to the Texas Department of Insurance [~~department~~] and has
23 elected to receive notice electronically.

24 (f) The Texas Department of Insurance shall suspend a
25 certificate under Subsection (d) for six months if the self-insurer
26 fails to pay a legitimate claim timely. If the self-insurer
27 subsequently fails to pay a legitimate claim timely, the Texas

1 Department of Insurance shall cancel the certificate.

2 (g) The commissioner of insurance may adopt rules necessary
3 to implement this section.

4 SECTION 2. Section 601.124, Transportation Code, as amended
5 by this Act, applies only to a certificate of self-insurance issued
6 on or after January 1, 2020. A certificate of self-insurance issued
7 before January 1, 2020, is governed by the law applicable to the
8 certificate immediately before the effective date of this Act, and
9 that law is continued in effect for that purpose.

10 SECTION 3. This Act takes effect September 1, 2019.