

A BILL TO BE ENTITLED
AN ACT

relating to insurer restrictions and duties regarding repair of a motor vehicle covered under an insurance policy.

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

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

Sec. 1952.301. LIMITATIONS AND DUTIES REGARDING REPAIR OF MOTOR VEHICLE [~~LIMITATION ON PARTS, PRODUCTS, OR REPAIR PERSONS OR FACILITIES PROHIBITED~~]. (a) In this section:

(1) "New motor vehicle" has the meaning assigned by Section 2301.002, Occupations Code.

(2) "Non-original equipment" means a part, product, or repair process used in the repair of a motor vehicle that is not made by or for or used by that vehicle's manufacturer or distributor.

(b) Under an automobile insurance policy that is delivered, issued for delivery, or renewed in this state, for damage to a motor vehicle that has been owned by the insured for 36 months or less and that was a new motor vehicle when delivered to the insured, the insurer:

(1) shall require that a part, product, or repair process used to repair the vehicle be the original equipment manufacturer's or distributor's part, product, or repair process, unless the insured opts to use non-original equipment in accordance with Subsection (f); and

(2) may not limit the beneficiary of the policy from selecting a repair person or facility to repair damage to the vehicle.

(c) Under [~~Except as provided by rules adopted by the commissioner, under~~] an automobile insurance policy that is delivered, issued for delivery, or renewed in this state, an insurer may not directly or indirectly limit the insurer's coverage under a policy covering damage to a motor vehicle that has been owned by the insured for more than 36 months by:

(1) specifying the brand, type, kind, age, vendor, supplier, or condition of parts or products or the repair process that may be used to repair the vehicle; or

(2) limiting the beneficiary of the policy from selecting a repair person or facility to repair damage to the vehicle.

(d) In settling a liability claim by a third party against an insured for property damage claimed by the third party for damage to the third party's motor vehicle that has been owned by the third party for 36 months or less and that was a new motor vehicle when delivered to the third party, an insurer:

(1) shall require that a part, product, or repair process used to repair the vehicle be the original equipment manufacturer's or distributor's part, product, or repair process, unless the third-party claimant opts to use non-original equipment in accordance with Subsection (f); and

(2) may not require the third-party claimant to use a particular repair person or facility to repair damage to the

vehicle.

(e) [~~(b)~~] In settling a liability claim by a third party against an insured for property damage claimed by the third party to a motor vehicle that has been owned by the insured for more than 36 months, an insurer may not require the third-party claimant to have the motor vehicle repairs made by a particular repair person or facility or to use a particular brand, type, kind, age, vendor, supplier, or condition of parts or products or a particular repair process.

(f) An insured or third-party claimant may opt to accept the use of non-original equipment in the repair of the insured's or claimant's motor vehicle by signing a written disclosure. The disclosure must:

- (1) be signed before repair of the vehicle begins;
- (2) be delivered as an attachment to a written estimate provided for the repair of the vehicle;
- (3) be written in at least a 12-point font; and
- (4) include the following language:

"I am opting to accept the use of a non-original equipment manufacturer's or distributor's part, product, or repair process in the repair of my vehicle, and I understand and agree that:

1. the attached repair estimate is based on the use of a non-original equipment manufacturer's or distributor's part, product, or repair process that is supplied by a manufacturer or distributor that is not my motor vehicle's manufacturer or distributor; and
2. the warranty for the non-original equipment manufacturer's or distributor's part, product, or repair process is provided by the manufacturer or distributor of that part, product, or repair process and not by my motor vehicle's manufacturer or distributor."

(g) An insurer that delivers, issues for delivery, or renews an automobile insurance policy in this state may not require or request that a repair person or facility use any specific percentage of non-original equipment in the repair of a motor vehicle.

SECTION 2. The change in law made by this Act applies only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2024. A policy delivered, issued for delivery, or renewed before that date is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2023.