

ARTICLE 5.07-1 OF THE TEXAS INSURANCE CODE

Art. 5.07-1. Repair of motor vehicles; Disclosure of Consumer information

(a) Except as provided by rules duly adopted by the commissioner, under an Auto an auto insurance policy that is delivered, issued for delivery, or renewed in this state an insurer may not, directly or indirectly, limit its coverage under a policy covering damage to a motor vehicle by specifying the brand, type, kind, age, vendor, supplier, or condition of parts or products that may be used to repair the vehicle or by limiting the beneficiary of the policy from selecting a repair person or facility to repair damage to the motor vehicle covered under the policy.

(b) In connection with the repair of damage to a motor vehicle covered under An auto insurance policy, an insurer, an employee of an insurer, an agent of an insurer, a solicitor of insurance for an insurer, an insurance adjuster, or an entity that employs an insurance adjuster may not:

(1) Solicit or accept a referral fee or gratuity in exchange for Referring a beneficiary or third-party claimant to a repair person or facility to repair the damage;

(2) State or suggest, either orally or in writing, to a beneficiary that a Specific repair person or facility or a repair person or facility identified on a preferred list compiled by an insurer must be used by a beneficiary in order for the damage repair or parts replacement to be covered by the policy; or

(3) Restrict a beneficiary's or third-party claimant's right to choose a Repair person or facility by requiring the beneficiary or third-party claimant to travel an unreasonable distance to repair the damage.

(c) A contract between an insurer and a repair person or facility, including an agreement under which the repair person or facility agrees to extend discounts for parts or labor to the insurer in exchange for referrals by the insurer, may not result in a reduction of coverage under the insured's auto insurance policy.

(d) An insurer may not prohibit a repair person/facility from providing a beneficiary or third-party claimant with information that states the description, manufacturer, or source of the parts used and the amounts charged to the insurer for the parts and related labor.

(e) At the time the vehicle is presented to an insurer or an insurance adjuster or other person in connection with a claim for damage repair, the insurer or insurance adjuster or other person shall provide to the beneficiary or third-party claimant notice of the provisions of this article. The commissioner shall adopt a rule establishing the method or methods insurers shall use to comply with the notice provisions in this subsection.

(f) Any beneficiary, third-party claimant, or repair person or facility may submit a written, documented complaint to the department with respect to an alleged violation of this article.

(g) In the settlement of liability claims by a third-party against an insured for property damage claimed by the third-party, an insurer may not require the third-party claimant to have repairs made by a particular repair person or facility or to use a particular brand, type, kind, age, vendor, supplier, or condition or products.

(h) The commissioner may exercise the rulemaking authority under Article 21.21-2 of this code with respect to any fraudulent activity of any party to an agreement described by Subsection (c) of this article.

(i) Any rules adopted by the commissioner to implement this article, but not be limited to, requirements that:

(1) Any limitation described in subsection (a) of this section is clearly and prominently displayed on the face of the policy or certificate in lieu of a policy; and

(2) The insured give written consent to such limitation, following both oral and written notification of any limitation at the time the policy is purchased