

Texas Auto Policies

By: Henry Moore



MOORE & BOMBEN
PLLC

2901 Bee Caves Road, Ste C
Austin, Texas 78746
512-477-1663
Henry@moorebomben.com

University of Texas
The Car Crash Seminar
August 25 and 26, 2022
Austin, Texas

Henry Moore

Moore and Bomben, PLLC

2901 Bee Caves Road, Austin, Texas 78746 | 512-477-1663 | henry@moorebomben.com

Professional experience

Attorney, 1977 – present – practices in Austin and surrounding areas with his daughter, Jayme Bomben. Practice limited to the area of civil litigation with primary emphasis in personal injury and insurance disputes. B.A. in Psychology with honors from University of Texas in 1974 and JD from University of Texas School of Law in 1976. Board Certified in Personal Injury Trial Law since 1991 and is admitted to practice law before the Fifth Circuit Court of Appeals, the Western & Eastern Federal District Courts of Texas.

Professional associations and Awards

State Bar of Texas, Austin Bar Association, Capital Area Trial Lawyers Association (president 2014-2015), Texas Trial Lawyers Association, sustaining member and director, American Association for Justice, American Board of Trial Advocates, associate member, Texas Super Lawyers 2011-2022, John Howie Award for mentorship-Texas Trial Lawyers Association 2011, Scott Ozmun Trial Lawyer of the Year-Capital Area Trial Lawyers Association 2012.

Seminar and publications

- *Texas Auto Policies*, University of Texas School of Law, Car Wreck Seminar-June, 2007, August, 2008, 2009, 2022
- *Interpreting Auto Policies*, Texas Trial Lawyers Association, Car Wreck Seminar-November, 2007
- *Recent Developments in Insurance Law*, Capital Area Trial Lawyers Association Luncheon- March, 2008
- *Pleading Damages Within Insurance Coverage*, State Bar of Texas, Strategies for Damages and Attorney's Fees Seminar-February, 2010; Damages in Civil Litigation-February, 2011 & February, 2012
- *Summary of UM Benefits and Actions*, Texas Trial Lawyers Association, Car Wrecks Seminar, June, 2010
- *Auto Insurance Coverage and Summary of UM Benefits and Actions*, University of Texas School of Law, The Car Crash Seminar- August 2010, August 2012
- *Texas Auto Policies*, Texas Trial Lawyers Association, Car Wrecks Seminar- September, 2010
- *Helping Clients with their Expectations*, University of Texas School of Law, 2011 Car Crash Seminar-August, 2011
- *Texas Auto Coverage in a Nutshell*, 11:2 J. Tex. Ins. L. 20 (Summer 2011)
- *Stowers-A Modest Proposal*, 11:3 J. Tex. Ins. L. 8 (Winter 2011)
- *Deposing the Insurance Adjuster*, State Bar of Texas, Advanced Insurance Law Course, April 2012; and University of Texas School of Law, 2012 Insurance Law Conference- October, 2012
- *Auto Coverage for the Paralegal*, Texas Trial Lawyers Assn., TTLA Annual Conference, June 2012
- *Uninsured Motorist Coverage*, Texas Trial Lawyers Association, Road Rules Dallas: A Crash Course-October, 2012
- *Taking an Adjuster's Deposition*, University of Texas School of Law, 2012 Insurance Law Conf., October, 2012
- *Damages Under the Insurance Code*, State Bar of Texas, Damages in Civil Litigation 2013, March, 2013
- *Too Little Money, Too Many Claims: Ethical Issues with Multiple Claimants*, State Bar of Texas, Advanced Insurance Law Course, April, 2013
- *Insurance Policies – How to Get Paid (Finding and Understanding Coverage)*, State Bar of Texas, Advanced Personal Injury Course, July, 2013
- *Auto Insurance Coverage*, University of Texas School of Law, 2014 Car Crashes Seminar, July, 2014
- *Uninsured Motorist Coverage – Surviving Post Brainard*, State Bar of Texas, Prosecuting Truck and Auto Cases, November 2014
- *Texas Auto Policies*, State Bar of Texas, Handling Your First (or Next) Auto Collision Case, December 2014
- *Uninsured Motorist Coverage-Nuts and Bolts of Trying the Case*, Texas Trial Lawyers Association, 2015 Car Wreck Seminar, February 2015, 2016 Car Wreck Seminar, March 2016
- *Uninsured Motorist Coverage-Nuts and Bolts of Trying the Case*, Hidalgo County Bar Assn., 2015 David Hockema Civil Trial Seminar, April 2015
- *Stowers*, El Paso Trial Lawyers Association, 2018 Annual CLE
- *Uninsured Motorist Coverage*, State Bar of Texas, Advanced Personal Injury Seminar 2019
- *Uninsured Motorist Coverage*, State Bar of Texas, Prosecuting and Defending Auto and Truck Cases, 2019 – 2020
- *Coverage Issues*, State Bar of Texas, Prosecuting and Defending Auto and Truck Cases, 2021
- *Annual Survey of Texas Insurance Law* (with Suzette Seldon), Journal of Consumer and Commercial Law, 2021

TABLE OF CONTENTS

I. GENERAL INSURANCE LAW AND TERMS	1
A. Statutory Requirements for Auto Insurance	1
B. Agency Approval of Auto Insurance Policies (Texas Dept. of Insurance)	3
C. Special Rules of Construction for Auto Insurance	3
II. CONTENT OF TEXAS AUTO POLICIES	6
A. Liability Coverage	6
B. Personal Injury Protection (PIP)	13
C. Medical Payments Coverage	15
D. Uninsured/Underinsured Coverage	16
E. Property Damage	24
F. Commercial Coverage	25
III. MISCELLANEOUS COVERAGE ISSUES	29
A. Misrepresentation on the Policy Application	29
B. Primary/Excess	30
C. Cancellation	30
IV. GENERAL PRACTICE TIPS	31
A. Discovery of the Policy	31
B. Balancing Coverage Between the Various Types of Insurance	31
C. Insurance Coverage as Evidence	32
D. Recommendations to Clients on Auto Coverage	32
E. The Human Condition	33
V. APPENDIX	31

Introduction

This paper is a revised version of previous papers presented at this seminar. Since the law is constantly evolving in this area, some of the updates are significant. If you have earlier versions of the paper, it might be best to discard them. The paper is written in outline form and is designed to get the practitioner started on their research when an auto insurance issue arises. It is not an exhaustive list of authority, but a starting point. One important caveat ... much of the case law that has developed in the last few years has been based on the standard policy. That policy was written by the Texas Department of Insurance, and it is still in wide use, but now there are others. It is more important than ever to read the actual policy in play.

Many people have contributed to this effort. My daughter and law partner, Jayme Bomben, has done exhaustive work, both on the original paper and the power point presentations that have accompanied this topic. My long-time legal assistant, Peggy Rothenberger, has helped a great deal over the years. I find myself frequently referring to the written works of Mark Ticer, Mark Kincaid, Tom Herald, and Janet Colaneri for reference. Finally, my colleagues from around the State have contributed immeasurably by their questions and comments, especially on the TTLA list serve. I appreciate all the help.

TEXAS AUTO POLICIES

Insurance is a great concept. It spreads the risk. For a certain price (premium) another accepts the risk of certain losses (coverage), for a certain amount of time (policy period) with certain limits (policy limits). Another way of looking at insurance is as a legal betting scheme. “Bet I’m going to have a wreck,” says the policy holder. “Bet you’re not,” says the insurance company. Of course, in the auto context this wager is required in Texas. It’s codified in the Transportation Code, as the Safety Responsibility Act.

Problems arise when a great concept is put into practice. Enormous amounts of money are at stake, so fights abound over when and how much of the risk is covered. In the legal context, insurance policies are contracts, and that’s the way courts approach them. All of the contract elements apply. Consideration, waiver, breach, ambiguity, parole evidence - all of the terms that we see in other contract disputes, arise in the insurance context. But there are some differences. First, there are some base line statutory requirements that are unique to auto policies. Second, the auto policy is approved by a state agency, the Texas Department of Insurance. Consequently, that agency’s interpretations of the provisions are sometimes considered in the dispute. Finally, there are some special rules of construction that apply to all insurance contracts, including auto.

Most of this paper discusses the personal auto policy, but some car wrecks are covered by commercial policies. Different rules apply to these policies. The basic commercial general liability (CGL) excludes auto wrecks, but a separate endorsement often adds it back. More often commercial auto policies are written as separate coverage under a package of commercial insurance. We have added a section to this paper on commercial coverage.

I. General Insurance Law and Terms

A. STATUTORY REQUIREMENTS FOR AUTO INSURANCE

The Safety Responsibility Act (found in the Transportation Code) and the Texas Insurance Code mandate certain coverage in the auto policy and prohibit some provisions. These statutes form the bedrock of auto coverage in Texas. The Texas Department of Insurance has no authority to act outside the parameters of the Insurance Code, however it can, and at times seemingly does, ignore the Safety Responsibility Act.

The Safety Responsibility Act only governs those policies that certify that they comply with the Act. As a practical matter that is nearly every personal auto policy, this distinction can be important. When trying to decipher whether a particular policy can get by with certain exclusions, it’s important to know how these statutes interplay. This is a brief summary:

1. Tex. Transportation Code (Safety Responsibility Act)

Tex. Transp. Code §601.072 minimum limits

\$30,000.00 after January 1, 2011

\$60,000.00 for injuries per accident, if more than one person injured, for policies written after January 1, 2011.

\$25,000.00 property damage per accident for policies written after April 1, 2008.

Allows deductibles of \$250 per person injured or for property damage and \$500 per accident under the liability coverage

Tex. Transp. Code §601.073 policy must contain

Name and address of the insured;

Coverage provided by the policy;

Premium charged;

Limits of policy;

Policy must state that it provides the coverage required by this section and that it is subject to this law;

Policy cannot be cancelled after a collision as to that collision;

Policy cannot require that the insured first pay the liability damages before the policy pays;

The policy, the application for the policy and any riders or endorsements consistent with this law constitute the entire policy.

Tex. Transp. Code §601.074 allowable terms

May contain a provision that allows the insurance company to be reimbursed by the insured for payments that are required by this law, but not required by the policy.

Allows prorating of insurance provided with other collectable insurance.

Tex. Transp. Code §601.075 prohibited terms

Policy may not insure against liability that worker’s compensation is designed to cover.

Excludes domestic employees from this exclusion unless covered, or could be covered, under worker’s compensation.

Excludes liability for injury to or destruction of, insured’s own property

Tex. Transp. Code §601.076 permissive users

Owner’s policy must provide coverage for permissive users in the United States and Canada.

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: Texas Auto Policies

First appeared as part of the conference materials for the
2022 The Car Crash Seminar session
"Texas Auto Policies"