

By: Krause

H.B. No. 1682

A BILL TO BE ENTITLED

AN ACT

relating to disclosures by liability insurers and policyholders to third-party claimants; providing an administrative penalty.

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

SECTION 1. Chapter 542, Insurance Code, is amended by adding Subchapter C-2 to read as follows:

SUBCHAPTER C-2. DISCLOSURE OF POLICY INFORMATION TO THIRD-PARTY CLAIMANTS

Sec. 542.141. DISCLOSURE BY INSURER. (a) This section applies to an insurer that receives:

(1) a written request for policy information from a claimant asserting a claim that is or might be covered under liability insurance coverage provided by the insurer to a policyholder against whom the claim is asserted; or

(2) a claimant's request for policy information forwarded under Section 542.142.

(b) An insurer described by Subsection (a) shall provide to the claimant:

(1) a sworn statement of an officer or claims manager of the insurer that contains the following information for each policy known by the insurer that provides or may provide relevant coverage, including excess or umbrella coverage:

(A) the name of the insurer;

(B) the name of each insured;

1 (C) the limits of liability coverage; and

2 (D) any policy or coverage defense the insurer
3 reasonably believes is available to the insurer at the time the
4 sworn statement is made; and

5 (2) a copy of each policy described by Subdivision (1)
6 under which the insurer provides coverage.

7 (c) An insurer that fails to comply with this section is
8 subject to an administrative penalty under Chapter 84 of not more
9 than \$500.

10 Sec. 542.142. DISCLOSURE BY POLICYHOLDER. (a) This
11 section applies to a policyholder that receives a written request
12 for policy information from a claimant asserting a claim against
13 the policyholder that the policyholder believes is or may be
14 covered under liability insurance coverage provided to the
15 policyholder.

16 (b) A policyholder described by Subsection (a) shall
17 promptly:

18 (1) disclose to the claimant the name of and type of
19 coverage provided by each insurer that provides or may provide
20 liability coverage for the claim; and

21 (2) forward the claimant's request to each insurer
22 included in the disclosure under Subdivision (1).

23 Sec. 542.143. INSURER'S DEADLINE FOR PROVIDING REQUESTED
24 INFORMATION. An insurer shall provide the information requested
25 under Section 542.141 or 542.142 to the claimant not later than the
26 30th day after the date the insurer receives the request from the
27 claimant or policyholder.

1 Sec. 542.144. AMENDMENT OF STATEMENT. (a) An insurer that
2 is aware of a material change that affects a fact stated in the
3 insurer's sworn statement under Section 542.141 or a policyholder
4 that is aware of a material change that affects a fact stated in the
5 policyholder's disclosure under Section 542.142 shall provide to
6 the claimant a written amended statement or disclosure, as
7 applicable, stating the material change.

8 (b) An amended statement provided by an insurer under
9 Subsection (a) must be sworn and include a copy of each insurance
10 policy relevant to the change.

11 (c) The insurer or the policyholder must provide the amended
12 statement or disclosure described by Subsection (a) not later than
13 the second business day after the date the insurer or policyholder
14 is aware of the material change.

15 SECTION 2. This Act takes effect September 1, 2021.