

By: Johnson of Dallas

H.B. No. 1793

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting oral releases for automobile insurance claims.

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

SECTION 1. Subtitle C, Title 10, Insurance Code, is amended by adding Chapter 1955 to read as follows:

CHAPTER 1955. ORAL RELEASES FOR AUTOMOBILE INSURANCE CLAIMS

Sec. 1955.0001. PURPOSE. The purpose of this chapter is to protect those injured or sustaining property damage by motorists from predatory practices engaged in by personal and commercial automobile insurers that seek to induce injured motorists or motorists sustaining property damage into settling and releasing their legal claims for an amount that is insufficient to compensate their losses at a time when these losses are not known with any certainty, resulting in costs both to the claimant and medical providers whose care and services may go uncompensated as a result of those predatory insurance practices.

Sec. 1955.0002. DEFINITIONS. In this chapter:

(1) "Claimant" means an individual who has a claim for property damage or an injury against another individual or an entity.

(2) "Injury" means a bodily or psychological injury.

(3) "Oral release" means an oral contract under which a claimant releases, wholly or partly, one or more of the claimant's

1 claims arising out of property damage or an injury for which an
2 insurer may be liable under an automobile insurance policy in
3 exchange for money or other consideration paid.

4 Sec. 1955.0003. APPLICABILITY OF CHAPTER. This chapter
5 applies to an insurer writing personal or commercial automobile
6 insurance in this state, including an insurance company,
7 corporation, reciprocal or interinsurance exchange, mutual
8 insurance company, county mutual insurance company, association,
9 Lloyd's plan, or other insurer.

10 Sec. 1955.0004. ORAL RELEASE OF CLAIMS PROHIBITED. A
11 claimant and an insurer or another individual or entity may not
12 enter into an oral release for claims arising out of property damage
13 or an injury for which an insurer may be liable under an automobile
14 insurance policy. A release made in exchange for money or other
15 consideration paid for the claimant's claim arising out of property
16 damage or an injury for which an insurer may be liable under an
17 automobile insurance policy is not enforceable unless the contract
18 is in writing.

19 SECTION 2. The changes in law made by this Act apply only to
20 a contract entered into on or after January 1, 2022. A contract
21 entered into before January 1, 2022, is governed by the law as it
22 existed immediately before the effective date of this Act, and that
23 law is continued in effect for that purpose.

24 SECTION 3. This Act takes effect September 1, 2021.