

By: Jetton

H.B. No. 601

A BILL TO BE ENTITLED

AN ACT

relating to deceptive, unfair, or prohibited practices by an insurer.

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

SECTION 1. Section 542.003(b), Insurance Code, is amended to read as follows:

(b) Any of the following acts by an insurer constitutes unfair claim settlement practices:

(1) knowingly misrepresenting to a claimant pertinent facts or policy provisions relating to coverage at issue;

(2) failing to acknowledge with reasonable promptness pertinent communications relating to a claim arising under the insurer's policy;

(3) failing to adopt and implement reasonable standards for the prompt investigation of claims arising under the insurer's policies;

(4) not attempting in good faith to effect a prompt, fair, and equitable settlement of a claim submitted in which liability has become reasonably clear;

(5) compelling a policyholder to institute a suit to recover an amount due under a policy by offering substantially less than the amount ultimately recovered in a suit brought by the policyholder;

(6) compelling a policyholder to retain a public

1 insurance adjuster to recover an amount due under a policy by
2 offering substantially less than the amount ultimately recovered in
3 a settlement with the policyholder;

4 (7) failing to maintain the information required by
5 Section 542.005; or

6 (8) [~~(7)~~] committing another act the commissioner
7 determines by rule constitutes an unfair claim settlement practice.

8 SECTION 2. Section 4102.104, Insurance Code, is amended by
9 adding Subsection (b-1) to read as follows:

10 (b-1) Notwithstanding Subsection (b), an insurer shall pay
11 a commission of a license holder for services provided to an insured
12 as a result of the insurer violating Chapter 541 or Section
13 542.003(b). The payment required by this subsection is in addition
14 to any other payment required under other law.

15 SECTION 3. Section 542.003, Insurance Code, as amended by
16 this Act, applies only to an offer made on or after the effective
17 date of this Act. An offer made before the effective date of this
18 Act is governed by the law as it existed immediately before the
19 effective date of this Act, and that law continues in effect for
20 that purpose.

21 SECTION 4. Section 4102.104(b-1), Insurance Code, as added
22 by this Act, applies only to services provided under a contract
23 between a public insurance adjuster and an insured entered into on
24 or after the effective date of this Act.

25 SECTION 5. This Act takes effect September 1, 2023.