

By: Duncan

S.B. No. 1812

A BILL TO BE ENTITLED

1 AN ACT
2 relating to notice to a life insurer of an adverse claim to policy
3 proceeds by a person with a bona fide legal claim.

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

5 SECTION 1. Section 542.058, Insurance Code, is amended by
6 amending Subsection (b) and adding Subsection (c) to read as
7 follows:

8 (b) Subsection (a) [~~This section~~] does not apply:

9 (1) in a case in which it is found as a result of
10 arbitration or litigation that a claim received by an insurer is
11 invalid and should not be paid by the insurer; or

12 (2) if the insurer is:

13 (A) a life insurer; and

14 (B) on notice of an adverse claim to life
15 insurance policy proceeds from a person who has a bona fide legal
16 claim to all or part of the proceeds.

17 (c) A life insurer eligible for the exemption described by
18 Subsection (b)(2) must pay the claim not later than the later of the
19 90th day after the date the insurer receives all items, statements,
20 and forms reasonably requested and required under Section 542.055
21 or the 90th day after the date the insurer receives notice of the
22 adverse claim. Notwithstanding any other law, a life insurer that
23 delays payment of the claim under this subsection for more than 90
24 days shall pay damages and other items as provided by Section

1 542.060.

2 SECTION 2. The change in law made by this Act applies only
3 to a claim filed with a life insurer on or after the effective date
4 of this Act. A claim filed with a life insurer before that date is
5 governed by the law in effect on the date that the claim was filed,
6 and the former law is continued in effect for that purpose.

7 SECTION 3. This Act takes effect immediately if it receives
8 a vote of two-thirds of all the members elected to each house, as
9 provided by Section 39, Article III, Texas Constitution. If this
10 Act does not receive the vote necessary for immediate effect, this
11 Act takes effect September 1, 2009.