

By: Duncan

S.B. No. 1812

Substitute the following for S.B. No. 1812:

By: Hancock

C.S.S.B. No. 1812

A BILL TO BE ENTITLED

AN ACT

relating to notice to a life insurer of an adverse claim to policy proceeds by a person with a bona fide legal claim.

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

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

(b) Subsection (a) [~~This section~~] does not apply in a case in which it is found as a result of arbitration or litigation that a claim received by an insurer is invalid and should not be paid by the insurer.

(c) A life insurer that receives notice of an adverse, bona fide claim to all or part of the proceeds of the policy before the applicable payment deadline under Subsection (a) shall pay the claim or properly file an interpleader action and tender the benefits into the registry of the court not later than the 90th day after the date the insurer receives all items, statements, and forms reasonably requested and required under Section 542.055. A life insurer that delays payment of the claim or the filing of an interpleader and tender of policy proceeds for more than 90 days shall pay damages and other items as provided by Section 542.060 until the claim is paid or an interpleader is properly filed.

SECTION 2. The change in law made by this Act applies only to a claim filed with a life insurer on or after the effective date

1 of this Act. A claim filed with a life insurer before that date is  
2 governed by the law in effect on the date that the claim was filed,  
3 and the former law is continued in effect for that purpose.

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