

By: Duncan

S.B. No. 1812

A BILL TO BE ENTITLED

AN ACT

relating to notice to an 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(b), Insurance Code, is amended to read as follows:

(b) This section does not apply:

(1) 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; or

(2) if the insurer is on notice of an adverse claim to the policy proceeds from a person who has a bona fide legal claim to all or part of the proceeds.

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

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