

By: Alonzo

H.B. No. 321

A BILL TO BE ENTITLED

AN ACT

relating to certain unfair practices in the settlement of insurance claims involving noneconomic damages.

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

SECTION 1. Subchapter B, Chapter 541, Insurance Code, is amended by adding Section 541.0601 to read as follows:

Sec. 541.0601. UNFAIR SETTLEMENT PRACTICES IN RELATION TO CERTAIN DAMAGES. (a) In this section:

(1) "Artificial intelligence application" means a computer application that mimics human thought and cognitive processes to solve complex problems.

(2) "Noneconomic damages" means damages awarded for the purpose of compensating a claimant for physical pain and suffering, mental or emotional pain or anguish, loss of consortium, disfigurement, physical impairment, loss of companionship and society, inconvenience, loss of enjoyment of life, injury to reputation, and all other nonpecuniary losses of any kind other than exemplary damages.

(b) An insurer may not settle or adjust a claim that is, in whole or part, for compensation for noneconomic damages without a complete review of the claim by an individual who is authorized to evaluate the claim based on the facts of the claim and the individual's judgment.

(c) It is an unfair method of competition or an unfair or

1 deceptive act or practice in the business of insurance to evaluate a
2 claim described by Subsection (b) using:

3 (1) an artificial intelligence application or other
4 computer software application without the complete review of the
5 claim by an individual as required by Subsection (b); or

6 (2) any other method without the complete review of
7 the claim by an individual as required by Subsection (b).

8 (d) This section applies to a claim made by an insured,
9 beneficiary, or third party asserting a claim against an insured
10 covered under a liability insurance policy.

11 (e) The third party under Subsection (d) may bring an action
12 for damages under Section 541.151 for conduct prohibited by this
13 section.

14 SECTION 2. This Act applies only to an insurance policy that
15 is delivered, issued for delivery, or renewed on or after the
16 effective date of this Act. A policy delivered, issued for
17 delivery, or renewed before the effective date of this Act is
18 governed by the law as it existed immediately before the effective
19 date of this Act, and that law is continued in effect for that
20 purpose.

21 SECTION 3. This Act takes effect September 1, 2011.