

By: J. Johnson of Dallas

H.B. No. 2374

A BILL TO BE ENTITLED

AN ACT

relating to claims settlement for automobile insurance.

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

SECTION 1. Subtitle C, Title 10, Insurance Code, is amended by adding Chapter 1955 to read as follows:

CHAPTER 1955. CLAIMS SETTLEMENT FOR AUTOMOBILE INSURANCE

Sec. 1955.0001. PURPOSE. The purpose of this chapter is to protect those injured by motorists from predatory practices engaged in by personal and commercial automobile insurers that seek to induce injured motorists into settling and releasing their legal claims for an amount that is insufficient to compensate their losses at a time when these losses are not known with any certainty, resulting in costs both to the injured person and medical providers whose care and services may go uncompensated as a result of those predatory insurance practices.

Sec. 1955.0002. DEFINITIONS. In this chapter:

(1) "Claimant" means an individual who has a claim for an injury against another individual or an entity.

(2) "Injury" means a bodily or psychological injury.

(3) "Release" means a written or oral contract under which a claimant releases, wholly or partly, one or more of the claimant's claims arising out of an injury for which an insurer may be liable under an automobile insurance policy in exchange for money or other consideration paid by any releasee.

1 (4) "Releasee" means an individual, entity, or insurer
2 released from a claimant's claim in a release.

3 Sec. 1955.0003. APPLICABILITY OF CHAPTER. This chapter
4 applies to an insurer writing personal or commercial automobile
5 insurance in this state, including an insurance company,
6 corporation, reciprocal or interinsurance exchange, mutual
7 insurance company, association, Lloyd's plan, or other insurer.

8 Sec. 1955.0004. VOIDABLE RELEASE OF CLAIMS. (a) A release
9 is voidable by the claimant in accordance with this section if:

10 (1) the claimant entered into the release on or before
11 the 45th day after the date the cause of action that is the basis for
12 the released claim accrued; and

13 (2) the claimant was not represented by an attorney at
14 the time the claimant entered into the release.

15 (b) Not later than the first anniversary after the date the
16 release was entered into, a claimant may void a release under this
17 section by providing written notice of the claimant's intent to
18 void the release to each releasee.

19 (c) Any consideration paid to the claimant by or on behalf
20 of the releasee in exchange for a release voided under this section
21 must be credited against any award or payment made in connection
22 with a claim against the releasee arising from the cause of action
23 that is the basis for the previously released claim.

24 SECTION 2. The changes in law made by this Act apply only to
25 an automobile insurance policy delivered, issued for delivery, or
26 renewed on or after January 1, 2020. A policy delivered, issued for
27 delivery, or renewed before January 1, 2020, is governed by the law

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1 as it existed immediately before the effective date of this Act, and
2 that law is continued in effect for that purpose.

3 SECTION 3. This Act takes effect September 1, 2019.