

BILL ANALYSIS

H.B. 359
By: Geren
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

There are concerns that insurance carriers that delay claim evaluations, significantly undervalue claims, or delay or deny payment on valid claims are not penalized for doing so. As a result, policy holders with valid automobile insurance claims are often forced to sue their own insurance company to receive payment under their auto insurance policy's uninsured or underinsured motorist coverage. H.B. 359 seeks to discourage tactics to delay or deny fair claim payments and reduce lawsuits filed against insurance companies by establishing that a judgment or other legal determination establishing the other motorist's liability or the extent of the insured's damages is not a prerequisite to recovery in certain actions and authorizing an insured to provide an insurer certain written notification of a claim for uninsured or underinsured motorist coverage to satisfy certain notice requirements.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 359 amends the Insurance Code to authorize an insured to provide an insurer written notification of a claim for uninsured or underinsured motorist coverage that reasonably informs the insurer of the facts of the claim to satisfy notice requirements for purposes of statutory provisions relating to unfair settlement practices in the business of insurance. The bill establishes that a judgment or other legal determination establishing the other motorist's liability or the extent of the insured's damages is not a prerequisite to recovery in an action under statutory provisions relating to authorized private action for damages for a violation of unfair claim settlement or unlawful deceptive trade practices. The bill limits the extra-contractual cause of action available to an insured to recover damages for a violation of statutory provisions relating to unfair claim settlement practices to statutory provisions relating to authorized private action for damages.

H.B. 359 expressly does not affect the enforceability of any provision in an insurance policy delivered, issued for delivery, or renewed before January 1, 2022, that conflicts with the bill's provisions.

EFFECTIVE DATE

September 1, 2021.