

By: Oliverson

H.B. No. 903

A BILL TO BE ENTITLED

AN ACT

relating to the settlement of certain claims on behalf of a minor.

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

SECTION 1. Title 6, Civil Practice and Remedies Code, is amended by adding Chapter 150D to read as follows:

CHAPTER 150D. SETTLEMENT OF CLAIMS INVOLVING MINORS

Sec. 150D.001. AUTHORITY TO SETTLE CLAIM; SETTLEMENT REQUIREMENTS. (a) A person having legal custody of a minor may enter into a settlement agreement with a person against whom the minor has a claim if:

(1) a guardian or guardian ad litem has not been appointed for the minor;

(2) the total amount of the settlement is \$25,000 or less;

(3) the money to be paid under the settlement agreement is to be paid as provided by this chapter; and

(4) the person entering into the settlement agreement on behalf of the minor completes an affidavit or verified statement that attests that the person has made a reasonable inquiry and that:

(A) to the best of the person's knowledge, the minor will be fully compensated by the settlement; or

(B) there is no practical way to obtain additional amounts from the party entering into the settlement agreement with the minor.

1 (b) The attorney representing the person entering into the
2 settlement agreement on behalf of the minor, if any, shall maintain
3 the affidavit or verified statement completed under Subsection
4 (a)(4) in the attorney's file until the second anniversary of the
5 date the minor attains the age of 21 years.

6 Sec. 150D.002. DEPOSIT INTO COURT REGISTRY. (a) Money
7 payable to a minor under a settlement agreement entered into under
8 this chapter shall be deposited into the registry of:

9 (1) the court in which a civil action asserting the
10 settled claim was filed; or

11 (2) if no civil action asserting the claim was filed, a
12 court in which the claim could have been filed.

13 (b) A court order is not required to make a deposit under
14 this section.

15 Sec. 150D.003. PAYMENT BY ANNUITY PURCHASE. If the money
16 payable under the settlement agreement is to be paid by the payment
17 of premium to purchase an annuity, the payment must be made by
18 direct payment to the provider of the annuity with the minor
19 designated as the sole beneficiary of the annuity.

20 Sec. 150D.004. WITHDRAWAL OF MONEY. Money deposited into a
21 court registry under this chapter may not be withdrawn, removed,
22 paid out, or transferred to any person, including the minor,
23 except:

24 (1) pursuant to a court order;

25 (2) on the minor's attainment of 18 years of age; or

26 (3) on the minor's death.

27 Sec. 150D.005. BINDING EFFECT OF SETTLEMENT. If a

1 settlement agreement is entered into in compliance with Section
2 150D.001, the signature of the person entering into the settlement
3 agreement on behalf of the minor is binding on the minor without the
4 need for further court approval or review and has the same force and
5 effect as if the minor were a competent adult entering into the
6 settlement agreement.

7 Sec. 150D.006. LIABILITY FOR SETTLEMENT. (a) A person
8 acting in good faith on behalf of a minor under this chapter is not
9 liable to the minor for the money paid in settlement or for any
10 other claim arising out of the settlement.

11 (b) A person against whom a minor has a claim that settles
12 the claim with the minor in good faith under this chapter is not
13 liable to the minor for any claim arising from the settlement of the
14 claim.

15 SECTION 2. Section 141.008, Property Code, is amended by
16 amending Subsection (a) and adding Subsection (d) to read as
17 follows:

18 (a) Subject to Subsections (b), ~~[and]~~ (c), and (d), a person
19 who is not subject to Section 141.006 or 141.007 and who holds
20 property, including a benefit plan of a minor who does not have a
21 guardian, or who owes a liquidated debt to a minor who does not have
22 a guardian may make an irrevocable transfer to a custodian for the
23 benefit of the minor under Section 141.010.

24 (d) This section does not apply to a debt incurred under a
25 settlement agreement governed by Chapter 150D, Civil Practice and
26 Remedies Code.

27 SECTION 3. The change in law made by this Act applies only

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1 to a settlement agreement entered into on or after the effective
2 date of this Act.

3 SECTION 4. This Act takes effect September 1, 2021.