

By: Taylor

S.B. No. 1602

A BILL TO BE ENTITLED

AN ACT

1
2 relating to cancellation of certain property and casualty insurance
3 policies for the insured's failure to cooperate in a claim
4 investigation, settlement, or defense.

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

6 SECTION 1. Subchapter C, Chapter 551, Insurance Code, is
7 amended by adding Section 551.1045 to read as follows:

8 Sec. 551.1045. MANDATORY CANCELLATION OF POLICIES. (a) If
9 an insured fails or refuses to cooperate with an insurer in the
10 investigation, settlement, or defense of a claim or action or the
11 insurer is unable to contact the insured using reasonable efforts
12 for those purposes, the insurer shall provide written notice to the
13 named insured that states:

14 (1) how the insured failed or refused to cooperate,
15 including failure as a result of the insurer's inability to contact
16 the insured;

17 (2) the claim or action for which the insurer is
18 requesting cooperation; and

19 (3) the insurer will cancel the policy on the 10th day
20 after the date the insured receives the notice if the insured
21 continues to fail or refuse to cooperate.

22 (b) An insurer shall cancel a policy on the 10th day after
23 the date the insured receives notice under Subsection (a) if the
24 named insured fails or refuses to cooperate with the insurer in the

1 investigation, settlement, or defense of the claim or action
2 described by the notice.

3 SECTION 2. Section 551.1045, Insurance Code, as added by
4 this Act, applies only to an insurance policy delivered, issued for
5 delivery, or renewed on or after January 1, 2022.

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