

By: Hughes

S.B. No. 1042

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting oral releases for automobile insurance claims.

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. ORAL RELEASES FOR AUTOMOBILE INSURANCE CLAIMS

Sec. 1955.001. DEFINITIONS. In this chapter:

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

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

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

Sec. 1955.002. APPLICABILITY OF CHAPTER. This chapter applies to an insurer writing personal or commercial automobile insurance in this state, including an insurance company, corporation, reciprocal or interinsurance exchange, mutual insurance company, county mutual insurance company, association, Lloyd's plan, or other insurer.

Sec. 1955.003. ORAL RELEASE OF CLAIMS PROHIBITED. A

1 claimant and an insurer or another individual or entity may not  
2 enter into an oral release for claims arising out of property damage  
3 or an injury for which an insurer may be liable under an automobile  
4 insurance policy. A release made in exchange for money or other  
5 consideration paid for the claimant's claim arising out of property  
6 damage or an injury for which an insurer may be liable under an  
7 automobile insurance policy is not enforceable unless the contract  
8 is in writing.

9         SECTION 2. The changes in law made by this Act apply only to  
10 a contract entered into on or after January 1, 2024. A contract  
11 entered into before January 1, 2024, is governed by the law as it  
12 existed immediately before the effective date of this Act, and that  
13 law is continued in effect for that purpose.

14         SECTION 3. This Act takes effect September 1, 2023.