

BILL ANALYSIS

Senate Research Center
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S.B. 1791
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Today, when an auto claim is filed by a third-party against an insurer's policyholder the insurer attempts to contact the policyholder to get their side of the story to determine liability. If the insurer is unable to contact the insured on the policy, the insurer denies the third-party's claim and must issue a notice of nonrenewal to the policyholder. This leaves the injured third-party without remedy and forces them to file a claim against their own insurance, increasing the cost of their insurance at no fault of their own. Current law disincentivizes an insurer from making contact with their policyholder because they are able to reject liability for a third-party claim.

S.B. 1791 requires an insurer to attempt to communicate with an insured at least five times over a 45-day period. If the insurer is not able to communicate with the insured during that period, they must pay the claim to the third-party claimant and deny to renew the unresponsive insured.

As proposed, S.B. 1791 amends current law relating to the effects of unresponsive insureds for a personal automobile insurance policy.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 1952, Insurance Code, by adding Section 1952.061, as follows:

Sec. 1952.061. REQUIRED PROVISION: UNRESPONSIVE INSURED. (a) Provides that this section applies to an insurer authorized to write automobile insurance in this state, including an insurance company, reciprocal or interinsurance exchange, mutual insurance company, capital stock company, county mutual insurance company, Lloyd's plan, or other entity.

(b) Requires that a personal automobile insurance policy contain a provision requiring the insurer to attempt to communicate with the named insured at least five times or until the insured responds during the 45-day period following the date a liability claim is made against the insured by a third party, and, if the insurer is unable to communicate with the named insured during that period, pay the claim to the third-party claimant in accordance with the policy and decline to renew the policy.

SECTION 2. Makes application of Section 1952.061, Insurance Code, as added by this Act, prospective to January 1, 2026.

SECTION 3. Effective date: September 1, 2025.