

## **BILL ANALYSIS**

S.B. 1602  
By: Taylor  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Most personal auto insurance policies require the insured to cooperate with the insurer in the investigation, settlement, or defense of an accident or claim. However, it has been suggested that there is no real incentive for the insured, or the insurance company, to adhere to this policy requirement. In an auto accident resulting in injuries and vehicle damage, an individual may be denied coverage by the liable insurer of the driver at fault. In these cases, an individual may be forced to file a claim under their own auto insurance policy and pay a deductible in order to cover all or part of their medical bills and repair or replace their vehicle. The decision to recover the cost of the insured's deductible and other coverage related to the auto accident is left up to the insured's insurance company. Under current state law, the Texas Department of Insurance is unable to help an insured who is involved in an auto accident when the other driver's insurance company refuses to accept liability. S.B. 1602 seeks to remedy this situation by creating an incentive for insurance companies and their insureds to promptly respond to a claim and cooperate with a claimant's insurance company.

### **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**

S.B. 1602 amends the Insurance Code to require an authorized insurer writing property and casualty insurance in Texas, if an insured under a private passenger automobile insurance policy fails or refuses to cooperate with an insurer in the investigation, settlement, or defense of a claim or action or the insurer is unable to contact the insured using reasonable efforts for those purposes, to provide written notice to the named insured that states the following information:

- how the insured failed or refused to cooperate, including failure as a result of the insurer's inability to contact the insured;
- the claim or action for which the insurer is requesting cooperation; and
- that the insurer will not renew the policy if the insured continues to fail or refuse to cooperate.

The bill prohibits an insurer from renewing a private passenger automobile insurance policy if the named insured fails or refuses to cooperate with the insurer in the investigation, settlement, or defense of the claim or action described by the notice. The bill's provisions apply only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2022.

**EFFECTIVE DATE**

September 1, 2021.