

BILL ANALYSIS

Senate Research Center
88R7461 SCL-F

H.B. 2065
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

When a claim is filed with the insurance company of an at-fault driver, the at-fault driver must cooperate in the claims process or must consequently face nonrenewal by the insurance company. However, if the driver was not the named insured or policyholder, but was instead someone who had permission to drive the vehicle and was also considered an insured, the insurance company may need to get the statement and cooperation of the insured and not the named insured.

H.B. 2065 seeks to close this loophole by removing the specification that the insured whose failure or refusal to cooperate with the insurer under certain circumstances triggers mandatory nonrenewal is a named insured.

H.B. 2065 amends current law relating to nonrenewal of certain private passenger automobile insurance policies for the insured's failure to cooperate in a third-party liability claim or action.

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 Section 551.1053, Insurance Code, as follows:

Sec. 551.1053. MANDATORY NONRENEWAL OF PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICIES. (a) Requires the insurer, 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 third-party liability claim or action or the insurer is unable to contact the insured using reasonable efforts for those purposes, to provide certain written notice to the named insured.

(b) Prohibits an insurer, notwithstanding certain statutory provisions, from renewing a private passenger automobile insurance policy if the insured, rather than the named insured, fails or refuses to cooperate with the insurer in the investigation, settlement, or defense of the third-party liability claim or action described by the notice provided under Subsection (a).

SECTION 2. Makes application of Section 551.1053, Insurance Code, as amended by this Act, prospective to January 1, 2024.

SECTION 3. Effective date: September 1, 2023.