

State Corporation Commission 2004 Fiscal Impact Statement

1. Bill Number HB1417

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Pollard

3. Committee Commerce and Labor

4. Title Insurance; unfair settlement practices.

5. Summary/Purpose: Requires an insurer to pay the estate of a deceased insured 125 percent of a claim settlement if the insurer fails to pay a claim within a reasonable time when liability has become reasonably clear, and the insured dies. The bill defines "within a reasonable time" to mean within one year or less.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: None on the State Corporation Commission

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: The State Corporation Commission Bureau of Insurance recommended several amendments to the patron on HB 1417. Among other suggestions, the Bureau recommended clarification of the language which establishes that claims be paid "when liability has become reasonably clear." The bill also needed clarification as to whether "125 % of the claim" would mean the amount of the original claim (prior to the application of interest), or the amount due, with interest, at the time the claim is paid. In the case of property and casualty policies, it may take longer than one year to reach an agreement regarding a settlement, which the Bureau also pointed out to the patron.

11. Other comments: On February 12, 2004, the patron continued HB 1417 to the 2005 Session in order to work with interested insurers on a possible solution on this issue.

Date: 02/18/04 / V.Tompkins

cc: Secretary of Commerce and Trade