

State Corporation Commission

2015 Fiscal Impact Statement

1. Bill Number: HB1819

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Kilgore

3. Committee: Senate Floor

4. Title: Motor vehicle liability insurance; underinsured motorist claims; settlement procedures.

5. Summary: Motor vehicle liability insurance; underinsured motorist claims; settlement procedures; subrogation. Establishes a procedure by which an injured person or personal representative may settle a claim with a liability insurer or insurers and the liability insurer's or insurers' insured for the limits of the liability insurer's coverage without prejudice to any underinsured motorist benefits or claim. Upon payment of the liability insurer's limits, the liability insurer has no further duties to its insured and the underinsured motorist benefits insurer shall have no right of subrogation or claim against the underinsured motorist. However, if the underinsured motorist unreasonably fails to cooperate with the underinsured motorist benefits insurer in the defense of any lawsuit brought by the injured person or their personal representative, he may again be subjected to a claim for subrogation by the underinsured motorist benefits insurer. The measure also provides that an insurer paying underinsured motorist benefits to an insured shall have no right of subrogation against any person who settled with the underinsured motorist benefits insurer's insured pursuant to this new procedure unless the underinsured motorist failed to reasonably cooperate in the defense of any lawsuit brought against him. The underinsured motorist benefits insurer is required to pay the reasonable costs and expenses related to procuring the insured's cooperation. If the underinsured motorist cooperates with the underinsured motorist benefits insurer, or if his failure to do so was not unreasonable, then the court may award him his costs, including attorney fees, in defending the subrogation action. The provisions of this measure apply to policies issued or renewed on or after January 1, 2016.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: No fiscal impact on the State Corporation Commission

8. Fiscal implications: None on the State Corporation Commission

9. Specific agency or political subdivisions affected: State Corporation Commission and the Commission's Bureau of Insurance

10. Technical amendment necessary: No

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11. Other comments: The State Corporation Commission Bureau of Insurance provided technical assistance to a working group established by the patron of House Bill 1819 tasked with developing changes to the uninsured motorists statute. House Bill 1819 is intended to expedite uninsured and underinsured motorist payments.

House Bill 1819 is similar to Senate Bill 1190.

Date: 02/23/15/V. Tompkins

cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources