

## **BILL ANALYSIS**

Senate Research Center  
83R8582 JSC-F

S.B. 1049  
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State Affairs  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Legislature outlawed unfair insurer claims handling practices in 1995 by enacting Section 541.060 of the Texas Insurance Code (recodified in 2005 as Section 541.060 of the Texas Insurance Code). As drafted by the legislature, these consumer protections applied to all types of insurance without discrimination or exception.

In 2012, the Texas Supreme Court held in *Texas Mutual Insurance Company v. Ruttiger* that workers' compensation insurer misconduct fell outside the legislative protections afforded to all other types of insurance consumers. The Supreme Court also removed injured workers from the protections of the common law duty of good faith and fair dealing.

The State of Texas, employers, and employees, depend upon fair, fast, and reasonable investigations and payment of medical and income benefits to injured workers. This is the best way to reduce overall system costs and remove the additional costs of unreasonable and unjust delays imposed on Texas workers and their employers. Without penalties for unfair and unreasonable denials, the incentive for insurance carriers to properly handle claims is greatly reduced.

S.B. 1049 restores the basic consumer protections for injured Texas workers and their families that were removed by the Ruttiger decision. More specifically, S.B. 1049 prohibits bad faith denials and delays of legitimate injury claims and brings injured workers and their families back within the protections of the Insurance Code.

As proposed, S.B. 1049 amends current law relating to unfair settlement practices with respect to workers' compensation insurance claims.

### **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 541.060, Insurance Code, by adding Subsection (c), to provide that this section applies to a claim by an insured or beneficiary under an insurance policy for workers' compensation insurance.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2013.