

HB 437 -- SETTLEMENT DEMANDS

SPONSOR: Hardwick

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Commerce by a vote of 9 to 1. Voted "Do Pass" by the Standing Committee on Rules- Legislative by a vote of 6 to 2 with one voting Present.

This bill replaces the term "time-limited demand" with "settlement demand". The bill specifies that, in any lawsuit alleging damages outside of what is covered in the contract against the tortfeasor's liability insurer, any prior settlement demand to settle a claim will not be considered to have been a reasonable opportunity to settle the claim unless the demand was in writing, referenced Section 537.058, RSMo, was sent certified mail, remained open for acceptance by the liability insurer for at least 90 days from the date the demand was received by the insurer, and contained certain material terms, described in the bill.

This bill is the same as HB 2277 (2024) and HB 1009 (2023).

PROPONENTS: Supporters say that the purpose of the bill is to facilitate settlement of the liability claims for policy limits without putting insurers on the hook for bad faith claims. Policyholders, businesses, and individuals who purchase liability insurance need to protect themselves from bad faith lawsuits. This bill seeks to close a loophole in the law that was passed few years ago. It now provides for a 90-day time period for the insurer to respond to a written settlement demand and levels the playing field for insurance companies. Missouri should align itself with other states and apply the statute in a fair and reasonable manner to the parties.

Testifying in person for the bill were Representative Hardwick; National Federation of Independent Business; Clay Crawford, MODL, MIC, Shelter Insurance; Missouri Insurance Coalition; Missouri Chamber of Commerce and Industry; Associated Industries of Missouri; American Property Casualty Insurance Association.

OPPONENTS: Those who oppose the bill say that it affects an individual's ability to settle the claim without a lawyer and results in a delay in the payment of claims. The bad faith relates to fraud from the insurance companies who have no repercussions. Insurance companies have an affirmative duty to get the claim resolved. The bill has a time limit and also a list of items that must be included in the settlement demand that the average person wouldn't be aware of.

Testifying in person against the bill were Arnie Dienoff; Bailey Geller, Missouri Association of Trial Attorneys.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.