**A** **BILL**

TO AMEND SECTION 38‑59‑20, CODE OF LAW OF SOUTH CAROLINA, 1976, RELATING TO IMPROPER INSURANCE CLAIMS PRACTICES, SO AS TO SUBJECT ALL INSURERS, INCLUDING INSURERS OF THE STATE, AN AGENCY, A POLITICAL SUBDIVISION, OR A GOVERNMENTAL ENTITY, TO THE DUTY OF GOOD FAITH AND IN THE SETTLEMENT OF CLAIMS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 38‑59‑20(5) of the 1976 Code is amended to read:

“(5) Compelling policyholders or claimants, including third‑party claimants under liability policies, to institute suits to recover amounts reasonably due or payable with respect to claims arising under its policies by offering substantially less than the amounts ultimately recovered through suits brought by the claimants or through settlements with their attorneys employed as the result of the inability of the claimants to effect reasonable settlements with the insurers.

(a) All insurers, including insurers of the State, an agency, a political subdivision, or a governmental entity, owe to their insured the duty of good faith and fair dealing, including the duty to settle claims arising under its policies. If an insurer receives an offer to settle a claim within the limits of its insurance policy, unreasonably fails to settle the claim and a verdict is subsequently obtained in excess of the limits of the policy, then the insurer shall be liable for the full amount of the verdict without regard to those limits of liability or limits of the applicable insurance policy and sovereign immunity, if applicable, must be waived for the purposes of collection of the full amount of the verdict.

(b) If an insurer of the State, an agency, a political subdivision, or a governmental entity receives an offer to settle a claim within the limits of liability pursuant to Section 15‑78‑120, unreasonably fails to settle the claim and a verdict is subsequently obtained in excess of the limits of liability, then the insurer shall be liable for the full amount of the verdict without regard to those limits of liability or the limits of the applicable insurance policy and sovereign immunity, if applicable, must be waived for purposes of the collection of the full amount of the verdict.”

SECTION 2. This act takes effect upon approval by the Governor.

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