

BILL ANALYSIS

C.S.H.B. 283
By: Perez
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been reported that Hurricane Harvey revealed a widespread absence of full insurance coverage for property owners in Texas. While reports indicate that many Texans decided to buy residential and commercial insurance after the unprecedented disaster, data continues to show that many remain underinsured because of an assumption that their policy provides flood insurance when it in fact does not. C.S.H.B. 283 seeks to ensure that property insurance policyholders will be warned if their policy does not cover flood damage so that they can be better able to prepare for future natural disasters.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 283 amends the Insurance Code to require an insurer that issues or renews a commercial or residential property insurance policy that does not provide coverage against loss caused by flooding to include with the policy documents provided to the policyholder at the time the policy is issued or renewed a specified statement relating to the person's potential need to consider flood insurance as the policy does not include coverage for damages resulting from a flood and suggesting the person discuss the issue with the person's agent or insurance company or visit a certain website. The bill requires the statement to be conspicuous, as defined by the Uniform Commercial Code--General Provisions, and establishes that an insurer's failure to comply with the bill's provisions does not invalidate any exclusion, including a flood exclusion, in an insurance policy subject to the bill's provisions.

C.S.H.B. 283 provides for the meaning of "commercial property insurance" and "residential property insurance" and establishes the applicability of its provisions. The bill applies only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2020.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 283 may differ from the original in minor or nonsubstantive ways, the following

summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute extends the applicability of the disclosure requirement to an insurer that renews an applicable policy, expands the content of the required disclosure statement, and specifies that the statement is to be provided at the time the policy is issued or renewed. The substitute does not require the statement to be included at the top of the policy's declarations page but requires it to be conspicuous.

The substitute includes a provision establishing that an insurer's failure to comply with the bill's provisions does not invalidate any exclusion in an insurance policy subject to those provisions.

The substitute provides for a different meaning of "commercial property insurance."