

- SUBJECT:** Requiring the payment of certain insurance deductibles
- COMMITTEE:** Insurance — committee substitute recommended
- VOTE:** 6 ayes — Oliverson, Vo, Hull, Middleton, Paul, Sanford
3 nays — J. González, Israel, Romero
- WITNESSES:** For — Sarah Burns-Ramon and Paul Ramon, Roofing Contractors Association of Texas; Brian Haden, Texas Association of Public Insurance Adjusters; (*Registered, but did not testify:* Anne O’Ryan, AAA Texas; Ware Wendell, Texas Watch; Dustin Guess; Melanie Knox; David Longoria)
Against — Carl Isett, Texas Independent Roofers Association; (*Registered, but did not testify:* Petrus Wassdorf, JFerg Roofing; Sawyer Hennig, Texas Roofer and Consumer Association; Frank Fuentes, U.S. Hispanic Contractors Association)
On — Jennifer Jackson, Attorney General; Luke Bellsnyder, Texas Department of Insurance
- BACKGROUND:** Insurance Code sec. 707.004 allows an insurer that issues a property insurance policy with replacement cost coverage to refuse to pay a claim under the policy until the insurer receives reasonable proof that the policyholder has paid any applicable deductible.
Business and Commerce Code sec. 27.02(c) makes it an offense for a person who sells goods and services to advertise or promise to provide a good or service to a person insured under a property insurance policy in a transaction in which the seller will, without the insurer's consent:
- pay, waive, or otherwise decline to charge or collect the insured's deductible;
 - provide a rebate or credit in connection with the sale of the good or service that will offset all or part of the insured's deductible; or

- in any other manner assist the insured in avoiding monetary payment of the required insurance deductible.

It is also an offense under that section for a seller to provide a good or service to a person insured under a property insurance policy knowing that the insured will pay for the good or service with the proceeds of a claim under the policy and, without the insurer's consent, pay or decline to collect the deductible, provide a rebate or credit that will offset the deductible, or otherwise assist the insured in avoiding payment of the deductible.

In order to prevent certain anti-competitive behavior, some have called for prohibiting insurers from waiving a policyholder's deductible in exchange for the use of a preferred or recommended contractor.

DIGEST: CSHB 1433 would prohibit an insurer from waiving a deductible owed by a policyholder under a property insurance policy in exchange for the policyholder's use of the insurer's preferred or recommended contractor for the relevant claim.

The bill also would amend Insurance Code sec. 707.004 to require, rather than allow, an insurer that issued a property insurance policy with replacement cost coverage to refuse to pay a claim under the policy until the insurer received reasonable proof of payment by the policyholder of any applicable deductible.

The bill would amend Business and Commerce Code sec. 27.02(c) to remove references to a person selling goods or services paid for by insurance proceeds obtaining consent from an insurer to engage in certain conduct that was otherwise prohibited.

The bill would take effect September 1, 2021, and would apply only to an insurance policy delivered, issued for delivery, or renewed on or after that date.