

SUBJECT: Requiring coverage for living expenses under certain insurance policies

COMMITTEE: Insurance — committee substitute recommended

VOTE: 8 ayes — Oliverson, Vo, J. González, Israel, Middleton, Paul, Romero, Sanford

1 nay — Hull

WITNESSES: For — None

Against — Jon Schnautz, National Association of Mutual Insurance Companies; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions; (*Registered, but did not testify*: Jay Thompson, AFACT; Joe Woods, American Property and Casualty Insurance Association; Anne O’Ryan, Auto Club Indemnity)

On — (*Registered, but did not testify*: Kimberly Donovan, Office of Public Insurance Counsel; Luke Bellsnyder, Texas Department of Insurance)

BACKGROUND: Insurance Code sec. 2301.002 defines "residential property insurance" to mean insurance coverage against loss to real or tangible personal property at a fixed location that is provided through a homeowners insurance policy, including a tenants insurance policy, a condominium owners insurance policy, or a residential fire and allied lines insurance policy.

Concerns have been raised that some residential property insurance policies that offer additional living expense coverage are denying claims, particularly following natural disasters, for additional living expenses by insured persons whose homes are uninhabitable due to lack of basic utility service.

DIGEST: CSHB 3250 would require a residential property insurance policy that included coverage for additional living expenses to cover the additional living expenses incurred by an insured because the insured property was

uninhabitable due to a stoppage beyond the insured's control of water, electricity, sewer, or natural gas services for at least 24 hours. The coverage required by the bill would begin not later than 24 hours after the stoppage of service.

The bill would apply to each insurer authorized to engage in the business of residential property insurance in the state, including a mutual insurance company, farm mutual insurance company, Lloyd's plan, and reciprocal or interinsurance exchange.

The commissioner of insurance would be authorized to adopt rules to implement the bill's provisions.

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 January 1, 2022.