

BILL ANALYSIS

Senate Research Center
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H.B. 1900
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 1900 amends current law relating to replacement cost coverage in policies issued by the Texas Windstorm Insurance Association.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 3 (Section 2210.581, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 2210.207(c) and (d), Insurance Code, as follows:

(c) Provides that if, on the effective date of a Texas Windstorm Insurance Association (TWIA) policy, rather than at the time of loss, the total amount of insurance applicable to a dwelling is equal to 80 percent or more of the full replacement cost of the dwelling or equal to the maximum amount of insurance otherwise available through TWIA, coverage applicable to the dwelling under the policy is extended to include the full cost of repair or replacement, without a deduction for depreciation.

(d) Prohibits liability for loss under the policy, if, on the effective date of a TWIA policy, rather than at the time of loss, the total amount of insurance applicable to a dwelling is equal to less than 80 percent of the full replacement cost of the dwelling and less than the maximum amount of insurance available through the TWIA, from exceeding the replacement cost of the part of the dwelling that is damaged or destroyed, less depreciation.

SECTION 2. Amends Subchapter L-1, Chapter 2210, Insurance Code, by adding Section 2210.5741, as follows:

Sec. 2210.5741. REPLACEMENT COST COVERAGE CLAIM PROCESSING. (a) Authorizes a claimant whose TWIA policy includes replacement cost coverage for the claim, after TWIA accepts coverage for a claim in full or in part, to request the replacement cost payment by submitting to TWIA documentation of the cost and completion of the repairs related to the claim not later than the 545th day after the date the claimant receives a notification under Section 2210.573(d)(1) (relating to requiring TWIA to provide the claimant notification that TWIA has accepted coverage for the claim in full) or (2) (relating to requiring TWIA to provide the claimant notification that TWIA has accepted coverage for the claim in part and has denied coverage for the claim in part).

(b) Requires TWIA, not later than the 30th day after the date TWIA receives documentation under Subsection (a), to provide the claimant, in writing, notification of:

- (1) the amount of the replacement cost payment TWIA will make; and
- (2) the deadline to request appraisal under this section.

(c) Requires TWIA to pay the amount described by Subsection (b)(1) not later than the 10th day after the date notification is provided under Subsection (b).

(d) Authorizes the claimant, if a claimant has not demanded appraisal with respect to a claim under Section 2210.574 and the claimant disputes the replacement cost amount TWIA will pay with respect to the claim, to demand appraisal of the replacement cost amount not later than the 30th day after the date the claimant receives the notification under Subsection (b). Authorizes a claimant to demand appraisal under this section without regard to whether all repairs related to the claim are complete.

(e) Requires the appraisal under this section, except with respect to the deadlines applicable to an appraisal under this section, to be conducted in the same manner as an appraisal demanded under Section 2210.574 (Disputes Concerning Amount of Accepted Coverage).

(f) Requires the written notification provided to the claimant under Section 2210.573(d)(1) or (2), if a claimant's TWIA policy includes replacement cost coverage, to notify the claimant of the deadlines under this section for:

(1) completing repairs and submitting documentation under Subsection (a); and

(2) demanding appraisal under this section.

SECTION 3. Amends Section 2210.581, Insurance Code, by amending Subsections (a) and (b) and adding Subsection (d), as follows:

(a) Authorizes the commissioner of insurance (commissioner), on a showing of good cause, subject to Subsection (b), to by rule extend any deadline established under this subchapter (Claims: Settlement and Dispute Resolution) and set the number of days by which the deadline is extended.

(b) Prohibits the extension of deadlines under Subsection (a) related to claims arising from a particular storm from exceeding 120 days in the aggregate for deadlines applicable only to TWIA, rather than prohibiting the extension of deadlines under Subsection (a), with reference to claims filed during a particular catastrophe year, from exceeding 120 days in the aggregate for deadlines applicable only to TWIA. Provides that the limitation on extensions under this subsection (Commissioner Extension of Deadlines) does not apply to the extension of a deadline imposed on a claimant, or on both a claimant and TWIA.

(d) Requires the commissioner to adopt rules as necessary to implement this section. Provides that Section 2001.0045 (Requirement For Rule Increasing Costs to Regulated Persons), Government Code, does not apply to rules adopted under this section.

SECTION 4. Makes application of this Act prospective to January 1, 2020.

SECTION 5. Effective date: September 1, 2019.