

By: Johnson of Dallas, Morrison,
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H.B. No. 1110

A BILL TO BE ENTITLED

AN ACT

1
2 relating to payment of the replacement cost of damaged property
3 under a homeowner's, renter's, or condominium owner's insurance
4 policy.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter A, Chapter 2002, Insurance Code, is
7 amended by adding Section 2002.007 to read as follows:

8 Sec. 2002.007. REPLACEMENT COST COVERAGE REQUIREMENTS. (a)
9 This section applies to each insurer authorized to engage in the
10 business of residential property insurance in this state, including
11 a county mutual insurance company, Lloyd's plan, and reciprocal or
12 interinsurance exchange.

13 (b) A homeowner's, renter's, or condominium owner's
14 insurance policy that includes replacement cost coverage must
15 provide that in a valid claim for damage to insured property, the
16 insurer must make an initial payment of not less than 80 percent of
17 the estimated cost to repair or replace the damaged dwelling or
18 personal property minus the applicable deductible.

19 (c) On documentation provided to the insurer that repair or
20 replacement is completed and on payment of the applicable
21 deductible, the insurer shall make the remaining payment due after
22 the initial payment.

23 (d) An insurer is not required to pay more than the total
24 cost to replace lost or damaged personal property with property of a

1 like kind and quality.

2 SECTION 2. Section 2002.007, Insurance Code, as added by
3 this Act, applies only to an insurance policy delivered, issued for
4 delivery, or renewed on or after February 13, 2021.

5 SECTION 3. This Act takes effect immediately if it receives
6 a vote of two-thirds of all the members elected to each house, as
7 provided by Section 39, Article III, Texas Constitution. If this
8 Act does not receive the vote necessary for immediate effect, this
9 Act takes effect September 1, 2021.