

By: Johnson of Dallas

H.B. No. 287

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

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

(d) An insurer is not required to pay more than the total 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 January 1, 2024.

5 SECTION 3. This Act takes effect September 1, 2023.