

By: Burnam

H.B. No. 1485

A BILL TO BE ENTITLED

AN ACT

1
2 relating to underwriting guidelines for residential property
3 insurance.

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

5 SECTION 1. Subchapter E, Chapter 21, Insurance Code, is
6 amended by adding Article 21.49-2G to read as follows:

7 Art. 21.49-2G. PROHIBITED UNDERWRITING GUIDELINES FOR
8 RESIDENTIAL PROPERTY INSURANCE. (a) In this article:

9 (1) "Insurer" means an insurer authorized to write
10 residential property insurance, including a county mutual
11 insurance company, a farm mutual insurance company, a Lloyd's plan,
12 and a reciprocal or interinsurance exchange.

13 (2) "Residential property insurance" means property
14 or property and casualty insurance covering a dwelling, including
15 homeowners insurance, residential fire and allied lines insurance,
16 farm and ranch insurance, and farm and ranch owners insurance.

17 (b) An insurer may not decline to issue a residential
18 property insurance policy solely because the applicant has made a
19 claim under a residential property insurance policy unless, in the
20 three years before the date of application, the applicant has made
21 more than three claims under a residential property insurance
22 policy.

23 (c) Except as provided by this subsection, an insurer may
24 not decline to issue or renew a residential property insurance

1 policy solely because the residence to be covered under the policy
2 has been the subject of a previous water damage claim. An insurer
3 may refuse to issue or renew the policy if the insurer inspects the
4 residence and determines that the damage has not been properly
5 repaired according to commonly accepted residential construction
6 practices.

7 (d) The commissioner may adopt rules to implement this
8 article, including rules that establish guidelines under which an
9 insurer may determine whether water damage has been properly
10 repaired for the purposes of Subsection (c) of this article.

11 SECTION 2. This Act takes effect September 1, 2003, and
12 applies only to the issuance or renewal of an insurance policy on or
13 after January 1, 2004. The issuance or renewal of an insurance
14 policy before January 1, 2004, is governed by the law in effect
15 immediately before the effective date of this Act, and that law is
16 continued in effect for that purpose.