

By: Taylor

H.B. No. 1705

A BILL TO BE ENTITLED

1 AN ACT

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. Section 7(a), Article 21.49-2B, Insurance Code,
6 is amended to read as follows:

7 (a) This section applies only to standard fire,
8 homeowners', and farm or ranch owners' insurance policies. A claim
9 under this section does not include:

10 (1) a claim resulting from a loss caused by natural
11 causes; ~~or~~

12 (2) a claim that is filed but is not paid or payable
13 under the policy; or

14 (3) the first water damage claim not arising out of the
15 negligence of the policyholder in:

16 (A) a one-year period for the purposes of
17 Subsection (b) of this section; or

18 (B) a three-year period for the purposes of
19 Subsections (c) and (e) of this section.

20 SECTION 2. Section 21.29-2B, Insurance Code, is amended by
21 adding Section 7A to read as follows:

22 Sec. 7A. ISSUANCE OF RESIDENTIAL PROPERTY INSURANCE POLICY.

23 (a) This section applies only to standard fire, homeowners', and
24 farm or ranch owners' insurance policies.

1 (b) An insurer may not refuse to issue a policy described by
2 Subsection (a) based on a single water damage claim by the applicant
3 if the claim does not arise out of the negligence of the applicant.

4 SECTION 3. This Act applies only to the issuance of an
5 insurance policy on or after the effective date of this Act or the
6 renewal or nonrenewal of an insurance policy on or after the 45th
7 day after the effective date of this Act. The issuance of an
8 insurance policy before the effective date of this Act or the
9 renewal or nonrenewal of an insurance policy before the 45th day
10 after the effective date of this Act is governed by the law in
11 effect immediately before the effective date of this Act, and that
12 law is continued in effect for that purpose.

13 SECTION 4. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2003.