

By: Taylor of Galveston

H.B. No. 2924

A BILL TO BE ENTITLED

AN ACT

relating to contractual limitations periods in property insurance policies.

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

SECTION 1. Subchapter B, Chapter 2301, Insurance Code, is amended by adding Section 2301.0525 to read as follows:

Sec. 2301.0525. CONTRACTUAL LIMITATIONS PERIOD IN PROPERTY INSURANCE FORMS. (a) An insurer may file and the department shall approve policy forms or endorsements that provide for a contractual limitations period for filing suit for first party claims under the policy.

(b) The contractual limitations period in a residential property or commercial property insurance policy for a first party claim must not be less than two (2) years from the date of the loss.

(c) Any limitation, condition, stipulation, or agreement in a policy in violation of this Section shall be void, but such voiding shall not affect the validity of the other provisions of the policy.

(d) To the extent there is any conflict with Section 16.070 of the Civil Practices & Remedies Code or other law, this Section shall prevail.

SECTION 2. Section 16.070, Civil Practices & Remedies Code, is amended to read as follows:

Sec. 16.070. CONTRACTUAL LIMITATIONS PERIOD. (a) Except as

1 provided by [~~Subsection~~] Subsections (b) and c, a person may not
2 enter a stipulation, contract, or agreement that purports to limit
3 the time in which to bring suit on the stipulation, contract, or
4 agreement to a period shorter than two years. A stipulation,
5 contract, or agreement that establishes a limitations period that
6 is shorter than two years is void in this state.

7 (b) This section does not apply to a stipulation, contract,
8 or agreement relating to the sale or purchase of a business entity
9 if a party to the stipulation, contract, or agreement pays or
10 receives or is obligated to pay or entitled to receive
11 consideration under the stipulation, contract, or agreement having
12 an aggregate value of not less than \$500,000.

13 (c) This section does not apply to insurance policies
14 insuring residential or commercial property located in this state
15 containing stipulations, contracts, or agreements establishing a
16 limitations period in the policy. The stipulations, contracts, or
17 agreements in such insurance policies may not limit the time to
18 bring suit for a first party claim under the policy to a period
19 shorter than two years from the date of loss.

20 SECTION 3. This Act applies to all policies issued or
21 renewed on or after the effective date of this Act. This Act is
22 effective September 1, 2011.