

By: Johnson

H.B. No. 1742

A BILL TO BE ENTITLED

AN ACT

relating to the release by a lender of insurance proceeds for damage to residential real property.

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

SECTION 1. Subchapter A, Chapter 557, Insurance Code, is amended by adding Section 557.0021 to read as follows:

Sec. 557.0021. LENDER'S REQUIREMENTS FOR RELEASE OF INSURANCE PROCEEDS. A lender holding insurance proceeds described by Section 557.002 may not require the insured, as a condition of releasing the insurance proceeds, to:

(1) take an action that only a person other than the insured is authorized to take;

(2) secure the performance by a person other than the insured of an action the performance of which is not within the insured's control or discretion;

(3) obtain information or other items that the insured does not have the right to obtain;

(4) incur an expense for which the insurance proceeds do not provide reimbursement;

(5) take an action that would require the insured to expend an unreasonable amount of time; or

(6) engage in activity requiring expertise the insured cannot reasonably be expected to have.

SECTION 2. Section 557.0021, Insurance Code, as added by

1 this Act, applies to the release of insurance proceeds that are
2 received by a lender on or after the effective date of this Act,
3 except to the extent a contract provision applicable to the
4 proceeds and entered into by a lender and insured before the
5 effective date of this Act specifically conflicts with that
6 section.

7 SECTION 3. This Act takes effect September 1, 2013.