By: Taylor S.B. No. 851

A BILL TO BE ENTITLED

AN ACT

relating to a claim filing period and contractual limitations period in certain property insurance policies.

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

SECTION 1. Subchapter A, Chapter 2301, Insurance Code, is amended by adding Section 2301.011 to read as follows:

Sec. 2301.011. CONTRACTUAL LIMITATIONS PERIOD AND CLAIM FILING PERIOD IN CERTAIN RESIDENTIAL OR COMMERCIAL PROPERTY INSURANCE FORMS. (a) A policy form or printed endorsement form for residential or commercial property insurance that is filed by an insurer or adopted by the department under this subchapter may provide for a contractual limitations period for filing suit on a first-party claim under the policy. The contractual limitations period may not end before the earlier of:

(1) two years from the date the insurer wholly or partly denies the claim; or

(2) three years from the date of the loss that is the subject of the claim.

(b) A policy or endorsement described by Subsection (a) may contain a provision requiring that a claim be filed with the insurer not later than one year after the date of the loss that is the subject of the claim.

(c) A contractual provision contrary to Subsection (a) is void. This subsection does not affect the validity of other

provisions of a contract that may be given effect without the voided provision to the extent those provisions are severable.

SECTION 2. Section 16.070, Civil Practice and Remedies Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

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

(c) This section does not apply to a residential or commercial property insurance policy that complies with Section 2301.011, Insurance Code.

SECTION 3. Section 2301.011, Insurance Code, as added by this Act, applies only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2014. A policy delivered, issued for delivery, or renewed before January 1, 2014, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 4. This Act takes effect September 1, 2013.