

By: Phillips

H.B. No. 3579

Substitute the following for H.B. No. 3579:

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C.S.H.B. No. 3579

A BILL TO BE ENTITLED

AN ACT

relating to coverage for certain water damage claims under certain residential property insurance policies.

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

SECTION 1. Subchapter A, Chapter 2002, Insurance Code, is amended by adding Section 2002.007 to read as follows:

Sec. 2002.007. COVERAGE FOR WATER DAMAGE CLAIMS. (a) In this section, "insurer" and "residential property insurance" have the meanings assigned by Section 544.352.

(b) An insurer that issues a residential property insurance policy, including an endorsement, that provides coverage for a loss resulting from water damage may not restrict coverage or deny a claim under the policy based on the duration of the seepage or leakage of water if the insured:

(1) demonstrates, in good faith, that the water damage could not have reasonably been discovered earlier; and

(2) provides prompt notice after the loss was discovered.

(c) Nothing in this section affects a policy provision requiring an insured to promptly take action to mitigate a loss or further damage after the insured discovers the water damage.

(d) If an insurer requires a policyholder to provide notice of a loss resulting from water damage within a certain time period, the insurer must provide a written disclosure to the policyholder

1 that clearly describes the time period within which the
2 policyholder must submit a water damage claim. The insurer must
3 include the disclosure on the policy's declarations page or a
4 separate disclosure page provided to the policyholder with the
5 declarations page.

6 (e) The commissioner may adopt rules as necessary to
7 implement this section.

8 SECTION 2. Section 2002.007, Insurance Code, as added by
9 this Act, applies only to an insurance policy that is delivered,
10 issued for delivery, or renewed on or after January 1, 2018. A
11 policy delivered, issued for delivery, or renewed before that date
12 is governed by the law as it existed immediately before the
13 effective date of this Act, and that law is continued in effect for
14 that purpose.

15 SECTION 3. This Act takes effect September 1, 2017.