86R20212 JES-D

By:  Bonnen of Galveston H.B. No. 1900

A BILL TO BE ENTITLED

AN ACT

relating to replacement cost coverage in policies issued by the Texas Windstorm Insurance Association.

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

SECTION 1.  Sections 2210.207(c) and (d), Insurance Code, are amended to read as follows:

(c)  If, on the effective date of an association policy [~~at the time of loss~~], the total amount of insurance applicable to a dwelling is equal to 80 percent or more of the full replacement cost of the dwelling or equal to the maximum amount of insurance otherwise available through the association, coverage applicable to the dwelling under the policy is extended to include the full cost of repair or replacement, without a deduction for depreciation.

(d)  If, on the effective date of an association policy [~~at the time of loss~~], the total amount of insurance applicable to a dwelling is equal to less than 80 percent of the full replacement cost of the dwelling and less than the maximum amount of insurance available through the association, liability for loss under the policy may not exceed the replacement cost of the part of the dwelling that is damaged or destroyed, less depreciation.

SECTION 2.  Subchapter L-1, Chapter 2210, Insurance Code, is amended by adding Section 2210.5741 to read as follows:

Sec. 2210.5741.  REPLACEMENT COST COVERAGE CLAIM PROCESSING. (a) After the association accepts coverage for a claim in full or in part, a claimant whose association policy includes replacement cost coverage for the claim may request the replacement cost payment by submitting to the association documentation of the cost and completion of the repairs related to the claim not later than the 545th day after the date the claimant receives a notification under Section 2210.573(d)(1) or (2).

(b)  Not later than the 30th day after the date the association receives documentation under Subsection (a), the association shall provide the claimant, in writing, notification of:

(1)  the amount of the replacement cost payment the association will make; and

(2)  the deadline to request appraisal under this section.

(c)  The association shall pay the amount described by Subsection (b)(1) not later than the 10th day after the date notification is provided under Subsection (b).

(d)  If a claimant has not demanded appraisal with respect to a claim under Section 2210.574 and the claimant disputes the replacement cost amount the association will pay with respect to the claim, the claimant may demand appraisal of the replacement cost amount not later than the 30th day after the date the claimant receives the notification under Subsection (b). A claimant may demand appraisal under this section without regard to whether all repairs related to the claim are complete.

(e)  Except with respect to the deadlines applicable to an appraisal under this section, the appraisal under this section shall be conducted in the same manner as an appraisal demanded under Section 2210.574.

(f)  If a claimant's association policy includes replacement cost coverage, the written notification provided to the claimant under Section 2210.573(d)(1) or (2) must notify the claimant of the deadlines under this section for:

(1)  completing repairs and submitting documentation under Subsection (a); and

(2)  demanding appraisal under this section.

SECTION 3.  Section 2210.581, Insurance Code, is amended by amending Subsections (a) and (b) and adding Subsection (d) to read as follows:

(a)  Subject to Subsection (b), the commissioner, on a showing of good cause, may by rule extend any deadline established under this subchapter and set the number of days by which the deadline is extended.

(b)  The [~~With reference to claims filed during a particular catastrophe year, the~~] extension of deadlines under Subsection (a) related to claims arising from a particular storm may not exceed 120 days in the aggregate for deadlines applicable only to the association. The limitation on extensions under this subsection does not apply to the extension of a deadline imposed on a claimant, or on both a claimant and the association.

(d)  The commissioner shall adopt rules as necessary to implement this section. Section 2001.0045, Government Code, does not apply to rules adopted under this section.

SECTION 4.  The changes in law made by this Act apply only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2020. A policy delivered, issued for delivery, or renewed before January 1, 2020, 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 5.  This Act takes effect September 1, 2019.