86R9232 SCL-D

By:  Alvarado S.B. No. 796

A BILL TO BE ENTITLED

AN ACT

relating to a disclosure regarding flood coverage under a residential property insurance policy for areas susceptible to flooding.

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

SECTION 1.  Subchapter C, Chapter 2002, Insurance Code, is amended by adding Section 2002.103 to read as follows:

Sec. 2002.103.  FLOOD COVERAGE DISCLOSURE REQUIRED FOR FLOOD-PRONE AREAS. (a) In this section, "residential property insurance" means insurance coverage against damage to or loss of residential real or tangible personal property at a fixed location that is provided through:

(1)  a homeowners insurance policy, including a tenants insurance policy;

(2)  a condominium owners insurance policy;

(3)  a residential fire and allied lines insurance policy;

(4)  a farm and ranch insurance policy; or

(5)  a farm and ranch owners insurance policy.

(b)  This section applies to each insurer authorized to engage in the business of residential property insurance in this state, including a county mutual insurance company, farm mutual insurance company, Lloyd's plan, and reciprocal or interinsurance exchange.

(c)  On May 1 of each year, an insurer that issues a residential property insurance policy covering property in an area susceptible to flooding as designated by commissioner rule shall provide written notice to the insured:

(1)  indicating whether the policy provides coverage against loss caused by flooding; and

(2)  explaining the importance of flood coverage.

(d)  The commissioner by rule shall prescribe the form and content of the notice required by Subsection (c).

SECTION 2.  Section 2002.103, Insurance Code, as added by this Act, applies 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 3.  This Act takes effect September 1, 2019.