

By: Bonnen of Galveston

H.B. No. 1900

A BILL TO BE ENTITLED

1 AN ACT
2 relating to replacement cost coverage in policies issued by the
3 Texas Windstorm Insurance Association.

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

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

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

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

22 SECTION 2. Subchapter L-1, Chapter [2210](#), Insurance Code, is
23 amended by adding Section 2210.5741 to read as follows:

24 Sec. 2210.5741. REPLACEMENT COST COVERAGE CLAIM

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

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

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

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

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

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

27 (e) Except with respect to the deadlines applicable to an

1 appraisal under this section, the appraisal under this section
2 shall be conducted in the same manner as an appraisal demanded under
3 Section 2210.574.

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

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

10 (2) demanding appraisal under this section.

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

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

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

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

1 SECTION 4. The changes in law made by this Act apply only to
2 an insurance policy delivered, issued for delivery, or renewed on
3 or after January 1, 2020. A policy delivered, issued for delivery,
4 or renewed before January 1, 2020, is governed by the law as it
5 existed immediately before the effective date of this Act, and that
6 law is continued in effect for that purpose.

7 SECTION 5. This Act takes effect September 1, 2019.