

1-1 By: Bonnen of Galveston (Senate Sponsor - Taylor) H.B. No. 1900
 1-2 (In the Senate - Received from the House April 23, 2019;
 1-3 April 24, 2019, read first time and referred to Committee on
 1-4 Business & Commerce; May 6, 2019, reported favorably by the
 1-5 following vote: Yeas 8, Nays 0; May 6, 2019, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Hancock	X			
1-8 Nichols	X			
1-9 Campbell	X			
1-10 Creighton	X			
1-11 Menéndez	X			
1-12 Paxton	X			
1-13 Schwertner	X			
1-14 Whitmire			X	
1-15 Zaffirini	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to replacement cost coverage in policies issued by the
 1-20 Texas Windstorm Insurance Association.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Sections 2210.207(c) and (d), Insurance Code,
 1-23 are amended to read as follows:

1-24 (c) If, on the effective date of an association policy [at
 1-25 the time of loss], the total amount of insurance applicable to a
 1-26 dwelling is equal to 80 percent or more of the full replacement cost
 1-27 of the dwelling or equal to the maximum amount of insurance
 1-28 otherwise available through the association, coverage applicable
 1-29 to the dwelling under the policy is extended to include the full
 1-30 cost of repair or replacement, without a deduction for
 1-31 depreciation.

1-32 (d) If, on the effective date of an association policy [at
 1-33 the time of loss], the total amount of insurance applicable to a
 1-34 dwelling is equal to less than 80 percent of the full replacement
 1-35 cost of the dwelling and less than the maximum amount of insurance
 1-36 available through the association, liability for loss under the
 1-37 policy may not exceed the replacement cost of the part of the
 1-38 dwelling that is damaged or destroyed, less depreciation.

1-39 SECTION 2. Subchapter L-1, Chapter 2210, Insurance Code, is
 1-40 amended by adding Section 2210.5741 to read as follows:

1-41 Sec. 2210.5741. REPLACEMENT COST COVERAGE CLAIM
 1-42 PROCESSING. (a) After the association accepts coverage for a
 1-43 claim in full or in part, a claimant whose association policy
 1-44 includes replacement cost coverage for the claim may request the
 1-45 replacement cost payment by submitting to the association
 1-46 documentation of the cost and completion of the repairs related to
 1-47 the claim not later than the 545th day after the date the claimant
 1-48 receives a notification under Section 2210.573(d)(1) or (2).

1-49 (b) Not later than the 30th day after the date the
 1-50 association receives documentation under Subsection (a), the
 1-51 association shall provide the claimant, in writing, notification
 1-52 of:

1-53 (1) the amount of the replacement cost payment the
 1-54 association will make; and

1-55 (2) the deadline to request appraisal under this
 1-56 section.

1-57 (c) The association shall pay the amount described by
 1-58 Subsection (b)(1) not later than the 10th day after the date
 1-59 notification is provided under Subsection (b).

1-60 (d) If a claimant has not demanded appraisal with respect to
 1-61 a claim under Section 2210.574 and the claimant disputes the

2-1 replacement cost amount the association will pay with respect to
2-2 the claim, the claimant may demand appraisal of the replacement
2-3 cost amount not later than the 30th day after the date the claimant
2-4 receives the notification under Subsection (b). A claimant may
2-5 demand appraisal under this section without regard to whether all
2-6 repairs related to the claim are complete.

2-7 (e) Except with respect to the deadlines applicable to an
2-8 appraisal under this section, the appraisal under this section
2-9 shall be conducted in the same manner as an appraisal demanded under
2-10 Section 2210.574.

2-11 (f) If a claimant's association policy includes replacement
2-12 cost coverage, the written notification provided to the claimant
2-13 under Section 2210.573(d)(1) or (2) must notify the claimant of the
2-14 deadlines under this section for:

2-15 (1) completing repairs and submitting documentation
2-16 under Subsection (a); and

2-17 (2) demanding appraisal under this section.

2-18 SECTION 3. Section 2210.581, Insurance Code, is amended by
2-19 amending Subsections (a) and (b) and adding Subsection (d) to read
2-20 as follows:

2-21 (a) Subject to Subsection (b), the commissioner, on a
2-22 showing of good cause, may by rule extend any deadline established
2-23 under this subchapter and set the number of days by which the
2-24 deadline is extended.

2-25 (b) ~~The [With reference to claims filed during a particular~~
2-26 ~~catastrophe year, the]~~ extension of deadlines under Subsection (a)
2-27 ~~related to claims arising from a particular storm may not exceed 120~~
2-28 ~~days in the aggregate for deadlines applicable only to the~~
2-29 ~~association. The limitation on extensions under this subsection~~
2-30 ~~does not apply to the extension of a deadline imposed on a claimant,~~
2-31 ~~or on both a claimant and the association.~~

2-32 (d) The commissioner shall adopt rules as necessary to
2-33 implement this section. Section 2001.0045, Government Code, does
2-34 not apply to rules adopted under this section.

2-35 SECTION 4. The changes in law made by this Act apply only to
2-36 an insurance policy delivered, issued for delivery, or renewed on
2-37 or after January 1, 2020. A policy delivered, issued for delivery,
2-38 or renewed before January 1, 2020, is governed by the law as it
2-39 existed immediately before the effective date of this Act, and that
2-40 law is continued in effect for that purpose.

2-41 SECTION 5. This Act takes effect September 1, 2019.

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