

By: Lucio III

H.B. No. 1942

A BILL TO BE ENTITLED

AN ACT

relating to a disclosure regarding flood coverage under a commercial or residential property insurance policy.

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

SECTION 1. Subchapter B, Chapter 2002, Insurance Code, is amended by adding Section 2002.053 to read as follows:

Sec. 2002.053. REQUIRED DISCLOSURE REGARDING FLOOD COVERAGE. (a) In this section:

(1) "Commercial property insurance" has the meaning assigned by Section 2301.002, except that the term includes a commercial multiperil insurance policy that provides commercial property insurance coverage.

(2) "Residential property insurance" has the meaning assigned by Section 2301.002, except that the term includes a farm and ranch owners insurance policy.

(b) This section applies to each insurer authorized to engage in the business of commercial or 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) An insurer that issues a commercial or residential property insurance policy that does not provide coverage against loss caused by flooding shall include at the top of the policy's declarations page the following statement:

1 "This policy does not cover flood damage. Talk to your agent
2 to find out if you need flood coverage."

3 (d) The statement described by Subsection (c) must be
4 conspicuous, as defined by Section 1.201, Business & Commerce Code.
5 An insurer shall provide the statement to a policyholder when the
6 policy is issued and renewed.

7 (e) An insurer's failure to comply with this section does
8 not invalidate any exclusion, including a flood exclusion, in an
9 insurance policy subject to this section.

10 SECTION 2. Section 2002.053, Insurance Code, as added by
11 this Act, applies only to an insurance policy delivered, issued for
12 delivery, or renewed on or after January 1, 2020. A policy
13 delivered, issued for delivery, or renewed before January 1, 2020,
14 is governed by the law as it existed immediately before the
15 effective date of this Act, and that law is continued in effect for
16 that purpose.

17 SECTION 3. This Act takes effect September 1, 2019.