

By: Hancock, Campbell

S.B. No. 442

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

Sec. 2002.103. DISCLOSURE REGARDING FLOOD COVERAGE REQUIRED. (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 insurance policy and 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 or renews a commercial or residential property insurance policy that does not provide coverage against loss caused by flooding shall include with the

1 policy documents provided to the policyholder at the time the
2 policy is issued or renewed the following statement:

3 "Flood Insurance: You may also need to consider the purchase
4 of flood insurance. Your insurance policy does not include
5 coverage for damage resulting from a flood even if hurricane winds
6 and rain caused the flood to occur. Without separate flood
7 insurance coverage, you may have uncovered losses caused by a
8 flood. Please discuss the need to purchase separate flood
9 insurance coverage with your insurance agent or insurance company,
10 or visit www.floodsmart.gov."

11 (d) The statement described by Subsection (c) must be
12 conspicuous, as defined by Section 1.201, Business & Commerce Code.

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

16 SECTION 2. Section 2002.103, Insurance Code, as added by
17 this Act, applies only to an insurance policy delivered, issued for
18 delivery, or renewed on or after January 1, 2020. A policy
19 delivered, issued for delivery, or renewed before January 1, 2020,
20 is governed by the law as it existed immediately before the
21 effective date of this Act, and that law is continued in effect for
22 that purpose.

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