

By: Alvarado

S.B. No. 796

A BILL TO BE ENTITLED

1 AN ACT
2 relating to a disclosure regarding flood coverage under a
3 residential property insurance policy for areas susceptible to
4 flooding.

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

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

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

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

15 (2) a condominium owners insurance policy;

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

18 (4) a farm and ranch insurance policy; or

19 (5) a farm and ranch owners insurance policy.

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

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

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

7 (2) explaining the importance of flood coverage.

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

10 SECTION 2. Section 2002.103, 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.