

## **BILL ANALYSIS**

C.S.H.B. 1433  
By: Capriglione  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Legislation enacted by the 86th Legislature sought to clarify state law requiring the full payment of certain insurance deductibles relating to property insurance claims to address concern that the statute at the time was vague and allowed contractors to waive the deductible to undercut competitors on price, typically at the expense of materials, workmanship, or both. Since implementation of this legislation, additional issues have been revealed, such as the waiver of deductibles by insurers if policyholders use a "preferred" or recommended contractor. C.S.H.B. 1433 seeks to eliminate anti-competitive behavior by prohibiting insurers from waiving a policyholder's deductible in exchange for the use of a preferred or recommended contractor.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1433 amends the Insurance Code to replace the authorization for an insurer that issues a property insurance policy with replacement cost coverage to refuse to pay a claim for withheld recoverable depreciation or a replacement cost holdback under the policy until the insurer receives reasonable proof of payment by the policyholder of any applicable deductible with a requirement that the insurer do so.

C.S.H.B. 1433 prohibits an insurer from waiving a deductible owed by a policyholder under a property insurance policy in exchange for the policyholder's use of the insurer's preferred or recommended contractor for the claim subject to the deductible.

C.S.H.B. 1433 amends the Business & Commerce Code to remove references to a person who is providing a good or service paid for by insurance proceeds obtaining consent from an insurer with respect to engaging in certain prohibited conduct that assists an insured in any manner with avoiding monetary payment of a required insurance deductible for a property insurance claim.

### **EFFECTIVE DATE**

September 1, 2021.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 1433 differs from the original in minor or nonsubstantive ways by conforming to certain bill drafting conventions and by changing the bill's caption.