

By: Johnson

S.B. No. 1756

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the payment of insurance deductibles and release of
3 insurance proceeds to contractors for property insurance claims.

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

5 SECTION 1. Section 27.02, Business & Commerce Code, is
6 amended by amending Subsection (c) to read as follows:

7 (c) A person who sells goods or services commits an offense
8 if the person:

9 (1) advertises or promises to provide a good or service
10 to an insured under a property insurance policy in a transaction in
11 which:

12 (A) the good or service will be paid for by the
13 insured from the proceeds of a property insurance claim; and

14 (B) the person selling the good or service will[
15 ~~without the insurer's consent~~]:

16 (i) pay, waive, absorb, or otherwise decline
17 to charge or collect the amount of the insured's deductible;

18 (ii) provide a rebate or credit in
19 connection with the sale of the good or service that will offset all
20 or part of the amount paid by the insured as a deductible; or

21 (iii) in any other manner assist the insured
22 in avoiding monetary payment of the required insurance deductible;
23 or

24 (2) provides a good or service to an insured under a

1 property insurance policy knowing that the insured will pay for the
2 good or service with the proceeds of a claim under the policy and~~[,~~
3 ~~without the insurer's consent]~~:

4 (A) pays, waives, absorbs, or otherwise declines
5 to charge or collect the amount of the insured's deductible;

6 (B) provides a rebate or credit in connection
7 with the sale of the good or service that offsets all or part of the
8 amount paid by the insured as a deductible; or

9 (C) in any other manner assists the insured in
10 avoiding monetary payment of the required insurance deductible.

11 SECTION 2. Section 707.004, Insurance Code, is amended to
12 read as follows:

13 Sec. 707.004. ~~[REASONABLE PROOF OF]~~ PAYMENT OF DEDUCTIBLE;
14 RELEASE OF PROCEEDS TO CONTRACTOR. (a) An insurer that issues a
15 property insurance policy with replacement cost coverage shall
16 ~~[may]~~ refuse to pay a claim for withheld recoverable depreciation
17 or a replacement cost holdback under the policy until the insurer
18 receives reasonable proof of payment by the policyholder of any
19 deductible applicable to the claim. Reasonable proof of payment
20 includes a canceled check, money order receipt, credit card
21 statement, or copy of an executed installment plan contract or
22 other financing arrangement that requires full payment of the
23 deductible over time.

24 (b) An insurer may not waive a deductible owed by a
25 policyholder under a property insurance policy in exchange for the
26 policyholder's use of the insurer's preferred or recommended
27 contractor for the claim subject to the deductible.

1 SECTION 3. Section 707.004, Insurance Code, as amended by
2 this Act, applies only to an insurance policy delivered, issued for
3 delivery, or renewed on or after the effective date of this Act. A
4 policy delivered, issued for delivery, or renewed before the
5 effective date of this Act is governed by the law as it existed
6 immediately before the effective date of this Act, and that law is
7 continued in effect for that purpose.

8 SECTION 4. This Act takes effect September 1, 2021.