

By: Middleton

S.B. No. 2575

A BILL TO BE ENTITLED

AN ACT

relating to recoverable depreciation for property damage claims under an insurance policy.

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

SECTION 1. Subchapter A, Chapter 2301, Insurance Code, is amended by adding Section 2301.011 to read as follows:

Sec. 2301.011. RECOVERABLE DEPRECIATION. (a) An insurance policy providing coverage for property damage must permit an insured to recover depreciation withheld from a claim for a covered loss until the second anniversary of the date the insurer issues a claim payment for the loss.

(b) The recoverable depreciation may not:

(1) be considered part of the insurer's defense costs;

or

(2) be deducted from any defense coverage limits under an insurance policy.

SECTION 2. Section 2301.011, Insurance Code, as added by this Act, applies only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2026.

SECTION 3. This Act takes effect September 1, 2025.