

BILL ANALYSIS

C.S.H.B. 1900
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The loss incurred during Hurricane Harvey forced Texas homeowners to seriously consider their disaster preparedness. It has been noted that replacement cost coverage assessment under a Texas Windstorm Insurance Association policy is determined at the time of loss, which may leave policyholders uncertain about their coverage. C.S.H.B. 1900 seeks to address this issue by changing the date replacement cost coverage is required to be determined and establishing provisions relating to replacement cost coverage claim processing.

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 rulemaking authority is expressly granted to the commissioner of insurance in SECTION 3 of this bill.

ANALYSIS

C.S.H.B. 1900 amends the Insurance Code to change from at the time of loss to on the effective date of a Texas Windstorm Insurance Association (TWIA) policy the time for assessing the replacement cost of property for coverage under an applicable policy.

C.S.H.B. 1900 authorizes a claimant whose TWIA policy includes replacement cost coverage for a claim, after TWIA accepts coverage for the claim in full or in part, to request the replacement cost payment by submitting to TWIA documentation of the cost and completion of the repairs related to the claim not later than the 545th day after the date the claimant receives the notification of TWIA acceptance. The bill requires TWIA, not later than the 30th day after the date TWIA receives the documentation, to provide the claimant written notification of the amount of the replacement cost payment TWIA will make and the deadline to request appraisal and requires TWIA to pay that amount not later than the 10th day after the date that notification is provided.

C.S.H.B. 1900 authorizes a claimant who has not demanded appraisal in disputing the amount of loss TWIA will pay for a claim or a portion of a claim and who disputes the replacement cost amount TWIA will pay with respect to the claim to demand appraisal of the replacement cost amount not later than the 30th day after the date the claimant receives the notification regarding that replacement cost amount from TWIA, without regard to whether all repairs related to the claim are complete. The bill provides for the manner in which such an appraisal is to be conducted and requires the notification of TWIA coverage acceptance to a claimant whose TWIA policy includes replacement cost coverage to notify the claimant of the deadlines for completing repairs and submitting related documentation to TWIA and for demanding appraisal.

C.S.H.B. 1900 authorizes the commissioner of insurance, on a showing of good cause, to set by rule the number of days by which a deadline under provisions relating to TWIA claims settlement or dispute resolution is extended. The bill changes the deadlines whose extension is capped at 120 days in the aggregate from deadlines related to claims filed during a particular catastrophe year to deadlines related to claims arising from a particular storm that are applicable only to TWIA and establishes that such limitation on extensions does not apply to the extension of a deadline imposed on a claimant, or on both a claimant and TWIA. The bill requires the commissioner to adopt rules as necessary to implement these provisions and exempts these rules from the Administrative Procedure Act requirements for rules increasing costs to regulated persons. The bill's provisions apply only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2020.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1900 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions relating to replacement cost coverage claim processing.

The substitute includes provisions relating to the commissioner's extension of deadlines for claims settlement and dispute resolution and adoption of rules for that purpose.