

BILL ANALYSIS

C.S.H.B. 3250
By: Thompson, Ed
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under many residential property insurance policies, additional living expense coverage is standard. This coverage helps pay for increased costs that individuals incur if they are temporarily unable to live in their homes following a covered loss. In recent years, particularly following natural disasters, insureds have reported that their claims for additional living expenses are being denied by their insurance companies. There are reports of individuals whose homes any reasonable person would consider to be unlivable due to the lack of basic utility service have been denied this coverage despite standing water in their homes, no heat, or no functional plumbing. C.S.H.B. 3250 seeks to remedy this issue by requiring that a residential property insurance policy that includes coverage for additional living expenses provide coverage for additional living expenses incurred due to a stoppage of utility services for longer than 24 hours that is beyond the insured's control.

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 1 of this bill.

ANALYSIS

C.S.H.B. 3250 amends the Insurance Code to require a residential property insurance policy that includes coverage for additional living expenses to cover the additional living expenses incurred by an insured because the insured property is uninhabitable due to a stoppage beyond the insured's control of water, electricity, sewer, or natural gas services for a period of at least 24 hours. This coverage must begin not later than 24 hours after the stoppage of service. The coverage requirement applies to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2022, by any insurer authorized to engage in the business of residential property insurance in Texas, including a county mutual insurance company, farm mutual insurance company, Lloyd's plan, or reciprocal or interinsurance exchange. The bill authorizes the commissioner of insurance to adopt rules to implement these provisions.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3250 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 not in the original that do the following:

- assign a meaning to the term "residential property insurance";
- specify that the stoppage of water, electricity, sewer, or natural gas service must be beyond the insured's control;
- require the coverage to begin not later than 24 hours after the stoppage of service; and
- authorize the commissioner to adopt rules to implement the bill's provisions.