

- SUBJECT:** Allowing certain limitations, filing periods in property insurance policies
- COMMITTEE:** Insurance — favorable, without amendment
- VOTE:** 6 ayes — Frullo, G. Bonnen, Meyer, Paul, Sheets, Workman
- 2 nays — Guerra, Vo
- 1 absent — Muñoz
- WITNESSES:** For — Paul Solomon, State Farm Insurance Companies; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions; Kathleen Hunker, Texas Public Policy Foundation; (*Registered, but did not testify:* Fred Bosse, American Insurance Association; Jay Thompson, Association of Fire and Casualty Companies of Texas (AFACT); Amanda Miller, Independent Insurance Agents of Texas; Paul Martin, National Association of Mutual Insurance Companies; Annie Spilman, National Federation of Independent Business-TX; Mike Hull, Texans for Lawsuit Reform)
- Against — John (Lin) McCraw, Texas Trial Lawyers Association; Ware Wendell, Texas Watch
- On — (*Registered, but did not testify:* Marilyn Hamilton, Texas Department of Insurance)
- BACKGROUND:** Civil Practice and Remedies Code, sec. 16.070 provides that a contract cannot limit the statute of limitations to bring a lawsuit based on the contract to a period shorter than two years. Sec. 16.051 provides the residual limitations period for all actions that do not have a clear statute of limitations, such as disputes based on contracts. Those claims must be brought not later than four years after the day the cause of action accrues.
- Claims for loss that are filed with the insurance provider many years after the alleged loss are difficult to investigate or resolve. A clear deadline for filing a claim could give certainty to both insurance providers and insured

individuals.

DIGEST:

HB 3787 would allow a policy form or printed endorsement form for residential or commercial property insurance that was filed by an insurer or adopted by the Texas Department of Insurance to provide a certain contractual limitations period for filing suit on a first-party claim under the policy.

The contractual limitations period could not end before the earlier of two years from the date the insurer either accepted or rejected the claim or three years from the date of loss. A contractual provision contrary to this contractual limitations period would be void.

The bill would allow a policy or endorsement to contain a claim filing period. It could require that a claim be filed with the insurer no later than one year after the date of loss.

If a policy form or endorsement form included a contractual limitations or a claim filing period described above, an insurer using that form would be required to disclose in writing to an applicant or insured the contractual limitations or claims filing period. The disclosure would be given when the policy or endorsement was issued or renewed.

The bill would take effect September 1, 2015, and would not apply to policies delivered, issued for delivery, or renewed before January 1, 2016.