

SUBJECT: Requiring disclosures on insurance policies that do not cover flooding

COMMITTEE: Insurance — favorable, without amendment

VOTE: 7 ayes — Lucio, G. Bonnen, Julie Johnson, Lambert, Paul, C. Turner, Vo
0 nays
2 absent — Oliverson, S. Davis

SENATE VOTE: On final passage, April 17 — 31-0, on Local and Uncontested Calendar

WITNESSES: *On House companion bill, HB 283:*
For — Beaman Floyd, Texas Coalition for Affordable Insurance Solutions; (*Registered, but did not testify:* Jennifer Allmon, The Texas Catholic Conference of Bishops; Sandy Hoy, Texas Apartment Association; Lee Loftis, Independent Insurance Agents of Texas; Marti Luparello, Texas Farm Bureau Insurance Companies; Ware Wendell, Texas Watch; Joe Woods, American Property Casualty Insurance Association

Against — None

On — (*Registered, but did not testify:* Kimberly Donovan and Melissa Hamilton, Office of Public Insurance Counsel; David Muckerheide, Texas Department of Insurance)

DIGEST: SB 442 would require an insurer that issued or renewed a commercial or residential property insurance policy that did not provide coverage against loss caused by flooding to include certain information with the policy documents provided to the policyholder. The documents provided to a policyholder at the time the policy was issued or renewed would have to include, in a conspicuous manner, the following statement:

"Flood Insurance: You may also need to consider the purchase of flood insurance. Your insurance policy does not include coverage for damage

resulting from a flood even if hurricane winds and rain caused the flood to occur. Without separate flood insurance coverage, you may have uncovered losses caused by a flood. Please discuss the need to purchase separate flood insurance coverage with your insurance agent or insurance company, or visit www.floodsmart.gov."

An insurer's failure to comply with the bill would not invalidate any exclusion, including a flood exclusion, in a commercial or residential property insurance policy.

The bill's provisions would apply to each authorized insurer in the state, including a county mutual insurance company, farm mutual insurance company, Lloyd's plan, and reciprocal or interinsurance exchange.

The bill would take effect September 1, 2019 and would apply only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2020.

**SUPPORTERS
SAY:**

SB 442 would be a simple and low-cost solution to inform consumers that they were without flood insurance so they could better prepare for future natural disasters. Many Texans who live in flood-prone areas continue to lack flood insurance because they mistakenly believe that their property insurance policy includes flood coverage.

**OPPONENTS
SAY:**

No concerns identified.