

TEXAS H.B. No. 2102

AN ACT

relating to the payment of insurance deductibles related to property insurance policies; creating a criminal offense.

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

SECTION 1. Subtitle F, Title 5, Insurance Code is amended by adding Chapter 707 to read as follows:

CHAPTER 707. PAYMENT OF INSURANCE DEDUCTIBLE

Sec. 707.001. DEFINITIONS. In this chapter:

1. "Person" means an individual, corporation, association, partnership, limited liability company, or other legal entity.
2. "Property insurance policy" means an insurance policy issued by an insurer, including a county mutual insurance company, farm mutual insurance company, Lloyd's plan, or reciprocal or interinsurance exchange, that provides first-party coverage for loss or damage to real property.

Sec. 707.002. PAYMENT OF DEDUCTIBLE REQUIRED. A person insured under a property insurance policy shall pay any deductible applicable to a first-party claim made under the policy.

Sec. 707.004. REASONABLE PROOF OF PAYMENT. An insurer that issues a property insurance policy with replacement cost coverage may refuse to pay a claim for withheld recoverable depreciation or a replacement cost holdback under the policy until the insurer receives reasonable proof of payment by the policyholder of any deductible applicable to the claim. Reasonable proof of payment includes a canceled check, money order receipt, credit card statement, or copy of an executed installment plan contract or other financing arrangement that requires full payment of the deductible over time.

SECTION 2. Section 27.02, Business & Commerce Code is amended to read as follows:

(c) A person who sells goods or services commits an offense if the person:

- (1) advertises or promises to provide a good or service to an insured under a property insurance policy in a transaction in which:
 - (A) the good or service will be paid for by the insured from the proceeds of a property insurance claim; and
 - (B) the person selling the good or service will, without the insurer's consent:
 - (i) pay, waive, absorb or otherwise decline to charge or collect the amount of the insured's deductible;
 - (ii) provide a rebate or credit in connection with the sale of the good or service that will offset all or part of the amount paid by the insured as a deductible; or
 - (iii) in any other manner assist the insured in avoiding monetary payment of the required insurance deductible; or
- (2) provides a good or service to an insured under a property insurance policy knowing that the insured will pay for the good or service with the proceeds of a claim under the policy and, without the insurer's consent:
 - (A) pays, waives absorbs, or otherwise declines to charge or collect the amount of the insured's deductible;
 - (B) provides a rebate or credit in connection with the sale of the good or service that offsets all or part of the amount paid by the insured as a deductible; or
 - (C) in any other manner assists the insured in avoiding monetary payment of the required insurance deductible.

(d) An offense under this section is a Class B misdemeanor.

SECTION 5. This Act takes effect September 1, 2019.