

NOTICE TO POLICYHOLDER

As of September 1st, 2019:

No Waving of Deductibles Bill: Texas HB 2102

The new law, entitled Payment of Insurance Deductible, goes into effect September 1, 2019, and will be located in Chapter 707 of the Texas Insurance Code. The first full paragraph states: "A person insured under a property insurance policy shall pay any deductible applicable to a first-party claim made under the policy."

The new law provides ***that it is a violation of this law*** if a contractor:

- Pays for,
- Waives,
- Absorbs,
- Rebates,
- Credits or Offsets or
- Otherwise assists the insured in any other manner in avoiding monetary payment of the required insurance deductible or provides a good or service 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 to do so.

The new law creates a Class B misdemeanor offense of 180 days in county jail and a fine of up to \$2000, for (1) a business who sells goods or services to provide such a good or service in such a prohibited manner (***violating contractor***), (2) an insured (***policyholder***) who commits an offense if the person, in connection with a first party claim knowingly submits or allows a claim to be submitted in violation of subsection c, (the violation section directly above) unless the insured person promptly notifies the insurer of the violation.

Another key provision is Section 707.004, ***Reasonable Proof of Payment***, which provides that an insurer may refuse to pay a claim for withheld recoverable depreciation or replacement cost holdback until the insurer receives "reasonable proof" of payment of the deductible by the policyholder. "Reasonable Proof" is set out in the statute as consisting of a: "canceled check, money order under 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. Tex. Ins. Code §707.004.

Texas law requires this notice:

Texas law requires a person insured under a property insurance policy to pay any deductible applicable to a claim made under the policy. It is a violation of this Texas law for a person or business paid wholly or partly from proceeds of a property insurance claim to knowingly allow the insured person to fail to pay. Or assist the insured person's failure to pay, the applicable insurance deductible. See SECTION 2. Business & Commerce Code, is amended to read as follows: Section 27.02. "Goods or Services Paid for by Insurance Proceeds: Payment of Deductible Required"

Any roofing company that states they can "work around your deductible" is breaking the law and putting you in liability as the consumer. At **NorthStar**, we offer the option of credit card payment.