

[Clarifying the effect of Texas House Bill 1774 on Harvey insurance claims](#)

There has been some confusion about the effect of a new Texas law that limits the future legal rights of people and businesses that will be filing insurance claims for damage from Hurricane Harvey. The new law comes into play in situations where an insurance company wrongfully underpays or denies a claim.

The law will impact policyholders differently, depending on what type of insurance policy they have and when they notify their insurer of Harvey damage. There are at least three types of insurance policies at issue: Policies issued by standard/private insurance companies such as State Farm and Allstate. Policies issued by the Texas Windstorm Association (TWIA), and policies issued by the National Flood Insurance Program (NFIP).

It is our understanding that the new law will only limit the rights of the customers of standard/private insurance companies. Best practice for any damage victim is to notify their insurance company as soon after a loss as practical. As to standard/private insurance company claims, property owners will still be able to recover the 18% statutory penalty that existed before the new law took effect, *as long as the property owner notified their insurer before midnight on August 31st, 2017*. As to property owners who file Harvey damage claims with standard/private insurance companies *after* the new law takes effect September 1st, those property owners will only be able to recover a reduced statutory penalty of approximately 10%. For more details, consult a qualified attorney.

See also: [American Bar Association, Tort Trial and Insurance Practice Section](#)