

BILL ANALYSIS

C.S.S.B. 1347
By: Jackson
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, Texas law provides that a rate established and authorized by the commissioner of insurance for the Texas Windstorm Insurance Association may not reflect an average rate change that is more than 10 percent higher or lower than the rate for commercial, or 10 percent higher or lower than the rate for noncommercial windstorm and hail insurance in effect on the date the filing is made. Current law also prohibits such a rate from reflecting a rate change for an individual rating class that is 15 percent higher or lower than the rate for that individual class in effect on the date the filing is made. Under current law, these provisions expire on December 31, 2005. C.S.S.B. 1347 removes the expiration date and allows the statutory rate limitations to continue.

Additionally, current law allows a property owner with a structure built before 1991 and located inside a Federal Coastal Barrier Resource Zone to purchase wind insurance through the Texas Windstorm Insurance Association. C.S.S.B. 1347 deletes statutory language which prohibits coastal structures, other than a condominium, apartment, duplex, other multifamily residence, hotel or resort facility, for which construction commenced after July 1, 1991, from being considered insurable property.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Section 3(f), Article 21.49, Insurance Code, to provide that for purposes of Catastrophe Property Insurance Pool Act, all structures, other than a condominium, apartment, duplex, or other multifamily residence, or a hotel or resort facility, which are located within those areas designated as units under the federal Coastal Barrier Resources Act (Public Law 97-348) and for which a building permit or plat has been filed with the municipality, county, or the United States Army Corps of Engineers before the effective date of this Act are insurable property. Authorizes the completion of repairs in a manner that returns a structure to its condition immediately before a loss without affecting the eligibility of the structure to qualify as insurable property, if repair of damage to structure is based on a direct loss and claim, the amount of which is equal to less than five percent of the amount of total property coverage on the structure.

SECTION 2. Amends Section 8(h)(9), Article 21.49, Insurance Code, to remove the expiration date of this subdivision.

SECTION 3. Makes application of the Act prospective.

SECTION 4. Effective date: upon passage or September 1, 2003.

EFFECTIVE DATE

On passage or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.S.B. 1347 modifies the original by adding provisions relating to the definition of insurable property for purposes of the Catastrophe Property Insurance Pool Act and to the repair of damaged structures.