

1-1 By: Jackson, Van de Putte S.B. No. 581  
1-2 (In the Senate - Filed February 19, 2003; February 24, 2003,  
1-3 read first time and referred to Committee on Business and Commerce;  
1-4 May 1, 2003, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 5, Nays 0; May 1, 2003, sent  
1-6 to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 581 By: Jackson

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to an optional discount in homeowners' insurance premiums  
1-11 for the use of an insulating concrete form system.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter C, Chapter 5, Insurance Code, is  
1-14 amended by adding Article 5.33E to read as follows:

1-15 Art. 5.33E. OPTIONAL PREMIUM DISCOUNT FOR USE OF INSULATING  
1-16 CONCRETE FORM SYSTEM

1-17 Sec. 1. DEFINITIONS. In this article:

1-18 (1) "Applicant for insurance coverage" includes an  
1-19 applicant for new coverage and a policyholder renewing coverage.

1-20 (2) "Insurer" means an insurer authorized to write  
1-21 property and casualty insurance in this state. The term includes:

1-22 (A) a county mutual insurance company;

1-23 (B) a farm mutual insurance company;

1-24 (C) a Lloyd's plan; and

1-25 (D) a reciprocal or interinsurance exchange.

1-26 (3) "Insulating concrete form system" means a building  
1-27 construction system primarily used to frame exterior walls in which  
1-28 polystyrene foam forms are placed in walls of a structure under  
1-29 construction and filled with concrete and steel reinforcing  
1-30 material to become a permanent part of the structure.

1-31 Sec. 2. OPTIONAL PREMIUM DISCOUNT. (a) On receipt of  
1-32 written verification from an applicant for insurance coverage, an  
1-33 insurer may grant a discount, in accordance with the rules adopted  
1-34 by the commissioner under this article, in the applicant's  
1-35 homeowners' insurance premiums for covered property that is  
1-36 constructed using an insulating concrete form system.

1-37 (b) Verification under this section must comply with the  
1-38 requirements prescribed under Section 3 of this article.

1-39 Sec. 3. RULES; INSPECTION. (a) The commissioner:

1-40 (1) shall adopt rules that prescribe the requirements  
1-41 for determining that a structure has been built using an insulating  
1-42 concrete form system; and

1-43 (2) may adopt other rules as necessary to implement  
1-44 this article.

1-45 (b) If determined necessary by the commissioner, the rules  
1-46 adopted under this section may require an inspection of the  
1-47 property to be insured. The applicant for insurance coverage shall  
1-48 pay the costs of any inspection required under this subsection.

1-49 Sec. 4. AMOUNT OF PREMIUM DISCOUNT. (a) The commissioner  
1-50 shall establish by rule the amount of the premium discount  
1-51 applicable under this article based on sound actuarial principles.

1-52 (b) The commissioner may approve a discount greater or less  
1-53 than the discount established under Subsection (a) of this section  
1-54 if:

1-55 (1) the insurer files the proposed discount with the  
1-56 department; and

1-57 (2) the commissioner determines that the proposed  
1-58 discount is actuarially justified.

1-59 SECTION 2. Article 5.33E, Insurance Code, as added by this  
1-60 Act, applies only to an insurance policy delivered, issued for  
1-61 delivery, or renewed on or after January 1, 2004. A policy  
1-62 delivered, issued for delivery, or renewed before January 1, 2004,  
1-63 is governed by the law as it existed immediately before the

2-1 effective date of this Act, and that law is continued in effect for  
2-2 that purpose.

2-3 SECTION 3. This Act takes effect September 1, 2003.

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