

By: Jackson

S.B. No. 1347

Substitute the following for S.B. No. 1347:

By: Taylor

C.S.S.B. No. 1347

A BILL TO BE ENTITLED

AN ACT

1
2 relating to rate changes for insurance coverage written through the
3 Texas Windstorm Insurance Association.

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

5 SECTION 1. Subsection (f), Section 3, Article 21.49,
6 Insurance Code, is amended to read as follows:

7 (f) "Insurable Property" means immovable property at fixed
8 locations in a catastrophe area or corporeal movable property
9 located therein (as may be designated in the plan of operation)
10 which property is determined by the Association, pursuant to the
11 criteria specified in the plan of operation to be in an insurable
12 condition against windstorm, hail and/or fire and explosion as
13 appropriate, as determined by normal underwriting standards;
14 provided, however, that insofar as windstorm and hail insurance is
15 concerned, any structure located within a catastrophe area,
16 commenced on or after the 30th day following the publication of the
17 plan of operation, not built or continuing in compliance with
18 building specifications set forth in the plan of operation shall
19 not be an insurable risk under this Act except as otherwise provided
20 under this Act. A structure, or an addition thereto, which is
21 constructed in conformity with plans and specifications that comply
22 with the specifications set forth in the plan of operation at the
23 time construction commences shall not be declared ineligible for
24 windstorm and hail insurance as a result of subsequent changes in

1 the building specifications set forth in the plan of operation.
2 Except as otherwise provided by this subsection, if [When] repair
3 of damage to a structure involves replacement of items covered in
4 the building specifications as set forth in the plan of operation,
5 such repairs must be completed in a manner to comply with such
6 specifications for the structure to continue within the definition
7 of Insurable Property for windstorm and hail insurance. If repair
8 of damage to a structure is based on a direct loss and claim, the
9 amount of which is equal to less than five percent of the amount of
10 total property coverage on the structure, the repairs may be
11 completed in a manner that returns the structure to its condition
12 immediately before the loss without affecting the eligibility of
13 the structure to qualify as insurable property. Nothing in this Act
14 shall preclude special rating of individual risks as may be
15 provided in the plan of operation. For purposes of this Act, all
16 structures, other than a condominium, apartment, duplex, or other
17 multifamily residence, or a hotel or resort facility, which are
18 located within those areas designated as units under the federal
19 Coastal Barrier Resources Act (Public Law 97-348) and for which a
20 building permit or plat has been filed with the municipality,
21 county, or the United States Army Corps of Engineers before the
22 effective date of Senate Bill 1347, Acts of the 78th Legislature,
23 Regular Session, 2003, are [~~construction has commenced on or after~~
24 ~~July 1, 1991 shall not be considered~~] insurable property.

25 SECTION 2. Subdivision (9), Subsection (h), Section 8,
26 Article 21.49, Insurance Code, is amended to read as follows:

27 (9) A rate established and authorized by the

1 commissioner under this subsection may not reflect an average rate
2 change that is more than 10 percent higher or lower than the rate
3 for commercial or 10 percent higher or lower than the rate for
4 noncommercial windstorm and hail insurance in effect on the date
5 the filing is made. The rate may not reflect a rate change for an
6 individual rating class that is 15 percent higher or lower than the
7 rate for that individual class in effect on the date the filing is
8 made. The commissioner may, after notice and hearing, suspend this
9 subdivision upon a finding that a catastrophe loss or series of
10 occurrences resulting in losses in the catastrophe area justify a
11 need to assure rate adequacy in the catastrophe area and also
12 justify a need to assure availability of insurance outside the
13 catastrophe area. [~~This subdivision expires December 31, 2005.~~]

14 SECTION 3. Subsection (f), Section 3, Article 21.49,
15 Insurance Code, as amended by this Act, applies only to an insurance
16 policy delivered or issued for delivery by the Texas Windstorm
17 Insurance Association on or after the effective date of this Act. A
18 policy delivered or issued for delivery before the effective date
19 of this Act is governed by the law as it existed immediately before
20 the effective date of this Act, and that law is continued in effect
21 for that purpose.

22 SECTION 4. This Act takes effect immediately if it receives
23 a vote of two-thirds of all the members elected to each house, as
24 provided by Section 39, Article III, Texas Constitution. If this
25 Act does not receive the vote necessary for immediate effect, this
26 Act takes effect September 1, 2003.