

BILL ANALYSIS

C.S.H.B. 941
By: Geren
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Section 1.01 of SB 127, enacted during the 78th Regular Session, prohibits an insurer from using a prior appliance-related claim as a basis for determining the rate to be paid for that property or for determining whether to issue, renew, or cancel an insurance policy if the prior appliance-related claim was properly remediated and was inspected and certified by a person knowledgeable and experienced in remediation of water damage. However, an insurer can use the prior appliance-related claim in determining rates if the insured or the property had previously experienced three or more appliance-related claims under a homeowner's insurance policy.

Subsequently, the Texas Department of Insurance adopted a definition of Appliance@ (Section 21.1007(b)(5) of the Texas Administrative Code). This definition did not include hoses as part of the appliance. Many appliances rely on hoses to deliver water to and away from the appliance. It is clear that hoses are commonly considered to be part of an appliance -- much the same way a power cord is considered part of an appliance.

The purpose of CSHB 941 is to clarify that hoses are considered part of the definition of an appliance, for the purpose of complying with Article 5.35-4 of the Insurance Code.

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 2, Article 5.35-4, Insurance Code, to define the term Appliance.@

SECTION 2. Clarifies that the Act only applies to a residential property insurance policy delivered, issued for delivery, or renewed on or after January 1, 2006.

SECTION 3. Effective date.

EFFECTIVE DATE

The Act takes effect September 1, 2005. The Act applies beginning with January 1, 2006.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The committee substitute to HB941 better clarifies the definition of an appliance. The substitute language only addresses appliances that typically utilize water. The list of appliances were derived from Section 21.1007, Title 28, Texas Administrative Code.