

BILL ANALYSIS

H.B. 2298
By: Smithee
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Article 21.49, §8E was enacted to provide credit for structures built to a more stringent building code along the Texas Coast. The statute responded to a specific and comprehensive change in building codes applicable to structures built in designated catastrophe areas that might seek wind and hail insurance coverage through the Texas Windstorm Insurance Association (TWIA), namely, the Building Code for Windstorm Resistant Construction adopted in 1997.

Since 1997, the Department has adopted the International Residential Code, which is a new building code, as the standards for windstorm construction. The statute as written applies to all future building code changes regardless of the appropriateness of a reduction in insurance risk relative to the building code change. The Department believes that this statute was not intended for application to all future building code changes and accordingly recommends repeal of §8E of Article 21.49. HB 2298 repeals Article 21.49, §8E.

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: Repeals Section 8E, Article 21.49, Insurance Code, concerning rate rollbacks.

Section 2: Provides that the Act take effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution; otherwise, the Act takes effect September 1, 2005.

EFFECTIVE DATE

Upon passage, or if the Act does not receive the necessary number of votes, the Act takes effect September 1, 2005.