

## **BILL ANALYSIS**

Senate Research Center

H.B. 3048  
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Business & Commerce  
5/18/2005  
Engrossed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Current insurance laws are unclear as to whether property located over water may qualify as insurable property. As a result, many insurance carriers may not write wind and hail insurance coverage for properties over water.

H.B. 3048 clarifies the Insurance Code to ensure that property over water is included as insurable property that may be covered by insurance policies against windstorm or hail damage. H.B. 3048 allows Texas Windstorm Insurance Association and the FAIR (Fair Access to Insurance Requirements) plan to write policies covering this type of structure.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Commissioner of Insurance in SECTION 2 (Article 21.49, Insurance Code) and SECTION 3 (Article 21.49A, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 3(f), Article 21.49, Insurance Code, as follows:

(f) Provides that for the purposes of this act, certain structures for which a building permit or plat has been filed with the municipality, the county, or the United States Army Corps before June 11, 2003, rather than the effective date of S.B. No. 14, Acts of the 78th Legislature, Regular Session, 2003, are insurable property. Provides that insurable property includes property described by Section 3A of this Article.

SECTION 2. Amends Article 21.49, Insurance Code, by adding Section 3A, as follows:

Sec. 3A. COVERAGE FOR CERTAIN PROPERTY LOCATED OVER WATER. (a) Authorizes the association to provide windstorm and hail coverage for certain structures.

(b) Authorizes the association to impose appropriate limits of coverage and deductibles for coverage described by Subsection (a) of this section.

(c) Requires the board of directors of the association to submit any proposed changes to the plan of operation necessary to implement Subsections (a) and (b) of this section to the commissioner in the manner provided by Section 5(c) of this article.

(d) Requires the commissioner to adopt rules as necessary to implement this section and to implement changes in the plan of operation proposed under Subsection (c) of this section.

SECTION 3. Amends Article 21.49A, Insurance Code, by adding Section 5A, as follows:

Sec. 5A. COVERAGE FOR WINDSTORM AND HAIL INSURANCE; COVERAGE FOR CERTAIN PROPERTY LOCATED OVER WATER. (a) Authorizes the association to provide windstorm and hail coverage for certain structures.

(b) Authorizes the association to impose appropriate limits of coverage and deductibles for coverage described by Subsection (a) of this section.

(c) Requires the governing committee of the association to submit any proposed changes to the plan of operation necessary to implement Subsections (a) and (b) of this section to the commissioner in the manner provided by Section 3(a) of this article.

(d) Requires the commissioner to adopt rules as necessary to implement this section and to implement changes in the plan of operation proposed under Subsections (a) and (b) of this section.

SECTION 4. Amends Section 911.151, Insurance Code, by adding Subsections (c) and (d), as follows:

(c) Authorizes a farm mutual insurance company to provide windstorm and hail coverage for certain structures.

(d) Authorizes a farm mutual insurance company to impose appropriate limits of coverage and deductibles for coverage described by Subsection (c).

SECTION 5. Amends Section 912.151, Insurance Code, by adding Subsections (d) and (e), as follows:

(d) Authorizes a county mutual insurance company to provide windstorm and hail coverage for certain structures.

(e) Authorizes a county mutual insurance company to impose appropriate limits of coverage and deductibles for coverage described by Subsection (d).

SECTION 6. Amends Subchapter B, Chapter 5, Insurance Code, by adding Article 5.14, as follows:

Art. 5.14. COVERAGE FOR CERTAIN LOSS OR DAMAGE CAUSED BY WINDSTORM, HURRICANE, OR HAIL. (a) Provides that insurer has the meaning assigned by Section 3, Article 5.13-2, of this code.

(b) Authorizes an insurer to provide windstorm and hail coverage for certain structures.

(c) Authorizes an insurer to impose appropriate limits of coverage and deductibles for coverage described by Subsection (b).

SECTION 7. (a) Makes the application of article 21.49, Insurance Code, as amended by this act, prospective, except as provided by Subsection (b) of this Act.

(b) Makes application of Section 3A, Article 21.49, Insurance Code, as added by this Act, prospective, upon a determination by the board of directors of the Texas Windstorm Insurance Association that an amendment to the association's plan of operation is required, before implementation of Section 3A, Article 21.49, Insurance Code as added by this Act, may be implemented.

SECTION 8. (a) Makes the application of Article 21.49A, Insurance Code, as amended by this act, prospective, except as provided by Subsection (b) of this Act.

(b) Makes application of Section 5A, Article 21.49A, Insurance Code, as added by this Act, prospective, upon a determination by the FAIR Plan Association that an amendment to the association's plan of operation is required, before implementation of Section 5A, Article 21.49A, Insurance Code as added by this Act, may be implemented.

SECTION 9. Makes application of Sections 911.151 and 912.151, Insurance Code, as amended by this Act, and Article 5.14, Insurance Code, as added by this Act, prospective.

SECTION 10. Effective date: September 1, 2005.