

BILL ANALYSIS

C.S.H.B. 3048
By: Hopson
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current insurance laws are unclear as to whether or not property located over water may qualify as "insurable property." Due to this, carriers may or not be able to write wind and hail insurance coverage for properties over water.

CSHB 3048 clarifies current law in 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. The bill allows TWIA and the FAIR plan to write policies covering this type of structure.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Commissioner of the Texas Department of Insurance in SECTION 2 (Article 21.49, Section 3A of the Insurance Code) and in SECTION 3 (Article 21.49A, Section 5A of the Insurance Code) of this bill.

ANALYSIS

SECTION 1: This section amends Section 3(f) of the Insurance Code to conform to changes made within Section 2 of this legislation.

SECTION 2: This section amends the Insurance Code to allow Windstorm Association the opportunity to write insurance policies that cover properties located partially or wholly over water on the coast, and further grants the association the authority to work with the Insurance Commission to implement any changes provided by this section and grants the commissioner rulemaking authority necessary for implementation.

SECTION 3: This section amends the Insurance Code to allow Fair Plan the opportunity to write insurance policies that cover properties located partially or wholly over inland water, and further grants the association the authority to work with the Insurance Commission to implement any changes provided by this section and grants the commissioner rulemaking authority necessary for implementation.

SECTION 4: This section amends the Insurance Code to allow a farm mutual insurance company the opportunity to write insurance policies that cover properties located partially or wholly over water on the coast.

SECTION 5: This section amends the Insurance Code to allow a county mutual insurance company the opportunity to write insurance policies that cover properties located partially or wholly over water on the coast.

SECTION 6: This section amends the Insurance Code to allow insurers the opportunity to write insurance policies that cover properties located partially or wholly over water on the coast.

SECTION 7: This section states that, excluding exemptions made within the bill itself, the bill only allows Windstorm Association to adopt the provisions of this bill on policy delivered, issued for delivery, or renewed on or after January 1, 2006.

SECTION 8: This section states that, excluding exemptions made within the bill itself, the bill only allows Fair Plan to adopt the provisions of this bill on policy delivered, issued for delivery, or renewed on or after January 1, 2006.

SECTION 9: This section states that, excluding exemptions made within the bill itself, the bill only allows farm mutual and county mutual insurance companies to adopt the provisions of this bill on policy delivered, issued for delivery, or renewed on or after January 1, 2006.

SECTION 10: This Act takes effect September 1, 2005.

EFFECTIVE DATE

September 1, 2005. The Act applies on January 1, 2006.

If it is determined by the board of TWIA that an amendment to the association's plan of operation is necessary before the implementation of this Act, section 3A, Article 21.49 takes effect on the 30th day after the adoption of rules by the commissioner amending the operating plan. In this case, the change applies on the 90th day after the adoption of rules.

If it is determined by the board of FAIR that an amendment to the association's plan of operation is necessary before the implementation of this Act, section 5A, Article 21.49A takes effect on the 90th day after the adoption of rules by the commissioner amending the operating plan. In this case, the change applies on the 180th day after the adoption of rules.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 3048 contains added language allowing the FAIR Plan to write windstorm and hail damage insurance policies for this type of structure.