

By: Farrar

H.B. No. 115

A BILL TO BE ENTITLED

AN ACT

relating to insurance premiums for residential property insurance for property located in certain coastal counties.

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

SECTION 1. Subtitle H, Title 10, Insurance Code, as effective April 1, 2007, is amended by adding Chapter 2256 to read as follows:

CHAPTER 2256. USE OF COUNTY TIER RATINGS BY RESIDENTIAL PROPERTY INSURERS

Sec. 2256.001. DEFINITIONS. In this chapter:

(1) "First tier coastal county" has the meaning assigned by Section 2210.003.

(2) "Residential property insurance" has the meaning assigned by Section 2251.002.

(3) "Seacoast territory" has the meaning assigned by Section 2210.003.

(4) "Second tier coastal county" has the meaning assigned by Section 2210.003.

(5) "Texas windstorm and hail insurance" has the meaning assigned by Section 2210.003.

Sec. 2256.002. USE OF COUNTY TIER RATINGS. An insurer that issues a residential property insurance policy in a county in this state located in the seacoast territory may use the tier rating system adopted under Chapter 2210 to assign premium rates for

1 coverage that does not include Texas windstorm and hail insurance
2 coverage.

3 Sec. 2256.003. PREMIUM CHARGES FOR CERTAIN COVERAGE;
4 COMMISSIONER DETERMINATION. (a) An insurer, for residential
5 property insurance coverage that does not include Texas windstorm
6 and hail insurance coverage for property located in a second tier
7 coastal county, may not charge an insured or applicant a premium for
8 that coverage that is assessed at the rate computed for coverage for
9 property located in a first tier coastal county unless the
10 commissioner has, under Section 2210.005, designated the location
11 where the property is situated as part of a catastrophe area.

12 (b) If the commissioner determines that an insurer has
13 charged a rate for residential property insurance that violates
14 Subsection (a), the commissioner may order the insurer to provide a
15 refund or a discount to each affected policyholder in the manner
16 provided by Section 2254.003.

17 Sec. 2256.004. SANCTIONS. An insurer that violates Section
18 2256.003(a) is subject to sanctions under Chapter 82.

19 SECTION 2. This Act applies only to an insurance policy
20 delivered, issued for delivery, or renewed on or after January 1,
21 2008. A policy delivered, issued for delivery, or renewed before
22 January 1, 2008, is governed by the law as it existed immediately
23 before the effective date of this Act, and that law is continued in
24 effect for that purpose.

25 SECTION 3. This Act takes effect September 1, 2007.