

A BILL TO BE ENTITLED

AN ACT

relating to establishing insurance eligibility requirements for property located in first tier coastal counties.

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

SECTION 1. Subtitle D, Title 10, Insurance Code, is amended by adding Chapter 2008 to read as follows:

CHAPTER 2008. ELIGIBILITY FOR WINDSTORM AND HAIL INSURANCE.

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2008.001. DEFINITIONS. When used in this chapter:

(1) "Association" means the Texas Windstorm Insurance Association established under Chapter 2210.

(2) "First tier coastal county" means those counties identified as first tier coastal counties in Section 2210.003.

Sec. 2008.002. APPLICABILITY OF CHAPTER TO CERTAIN INSURERS. (a) Except as provided by Subsection (b), this chapter applies to:

(1) each insurer authorized to engage in the business of property insurance in this state, including a county mutual insurance company, a Lloyd's plan, and a reciprocal or interinsurance exchange;

(2) the association; and

(3) a county mutual fire insurance company described by Section 912.310;

(b) This chapter does not apply to:

1 (1) a farm mutual insurance company operating under
2 Chapter 911; or

3 (2) a mutual insurance company or a statewide mutual
4 assessment company engaged in business under Chapter 12 or 13,
5 Title 78, Revised Statutes, respectively, before those chapters'
6 repeal by Section 18, Chapter 40, Acts of the 41st Legislature, 1st
7 Called Session, 1929, as amended by Section 1, Chapter 60, General
8 Laws, Acts of the 41st Legislature, 2nd Called Session, 1929, that
9 retains the rights and privileges under the repealed law to the
10 extent provided by those sections.

11 (c) The commissioner by rule shall establish an
12 implementation schedule for this chapter such that only the 10
13 largest groups writing residential property insurance or
14 commercial property insurance as determined by net direct written
15 premium for the calendar year 2007, shall be required to comply with
16 this chapter on and after January 1, 2009, and that all insurers
17 shall comply with this chapter on and after January 1, 2010.

18 Sec. 2008.003. APPLICATION TO PROPERTY. This chapter
19 applies to residential and commercial property located in a first
20 tier coastal county that is the subject of construction,
21 remodeling, enlargement, re-roofing, or repair, or being added on
22 to on or after January 1, 2009.

23 SUBCHAPTER B. ELIGIBILITY FOR INSURANCE

24 Sec. 2008.051 ELIGIBILITY REQUIREMENTS. Notwithstanding
25 Chapter 2210 and Chapter 2211 or other law, to be considered
26 insurable property eligible for windstorm and hail insurance
27 coverage from an insurer that is subject to this chapter, a property

1 that is subject to this chapter must be inspected and determined to
2 be in compliance with the applicable building code that has been
3 adopted by the commissioner under Sections 2210.251 and 2210.252,
4 including all amendments, as of the date of the inspection.

5 Sec. 2008.052. CERTIFICATE. (a) An insurer shall issue a
6 certificate if the property is inspected and determined to be in
7 compliance with Section 2008.051.

8 (b) A certificate issued under this chapter shall remain
9 valid until:

10 (1) the property has been the subject of construction,
11 remodeling, enlargement, re-roofing, or repair or been added on to
12 since the date on the certificate; or

13 (2) the certificate has been invalidated by the
14 commissioner.

15 Sec. 2008.053. RULES. The commissioner shall adopt rules
16 to implement this chapter, including establishing the manner and
17 timing of the inspection the insurer is required to perform,
18 inspector qualifications, inspection fees, acceptance of
19 inspection certificates, and reinspections requirements.

20 SECTION 2. Chapter 2210, Insurance Code, is amended by
21 adding Section 2210.2511 to read as follows:

22 Sec. 2210.2511. ELIGIBILITY REQUIREMENTS. (a)
23 Notwithstanding Section 2210.251, to be considered insurable
24 property eligible for windstorm and hail insurance coverage from
25 the association, a structure that is constructed, remodeled,
26 enlarged, re-roofed, or repaired or to which additions are made on
27 or after January 1, 2011, must be located in a jurisdiction that has

1 adopted the current applicable windstorm building code standards as
2 adopted by the commissioner as specified in Sections 2210.251 and
3 2210.252, including all amendments, for all construction,
4 alteration, addition, remodeling, enlargement, re-roofing, and
5 repair of residential and commercial structures located in the
6 jurisdiction.

7 (b) The commissioner may adopt rules for eligibility in the
8 association for persons with an insurable interest in property
9 located in jurisdictions that are not in compliance with Subsection
10 (a). Those requirements may differ from and exceed other
11 eligibility requirements under this chapter, including:

12 (1) rates;

13 (2) inspection requirements; and

14 (3) other requirements the commissioner determines
15 are appropriate.

16 SECTION 3. Section 941.003, Insurance Code, is amended by
17 adding Subsection (e) to read as follows:

18 (e) A Lloyd's plan is subject to Chapter 2008, as provided
19 by that chapter.

20 SECTION 4. Section 942.003, Insurance Code, is amended by
21 adding Subsection (f) to read as follows:

22 (f) An exchange is subject to Chapter 2008, as provided by
23 that chapter.

24 SECTION 5. This Act takes effect September 1, 2007.