

By: Weber

H.B. No. 2135

A BILL TO BE ENTITLED

1 AN ACT
2 relating to assessment of a premium surcharge by the Texas
3 Windstorm Insurance Association for coverage of improvements to
4 certain commercial structures.

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

6 SECTION 1. Subchapter F, Chapter 2210, Insurance Code, is
7 amended by adding Section 2210.258 to read as follows:

8 Sec. 2210.258. SURCHARGE FOR CERTAIN NONCOMPLIANT
9 CONSTRUCTION. (a) Notwithstanding any other provision of this
10 chapter, a person may obtain windstorm and hail insurance coverage
11 through the association as provided by this section for
12 improvements to a commercial structure and property located inside
13 the structure even though:

14 (1) the structure has not been inspected for
15 compliance with the plan of operation in accordance with Section
16 2210.251(a); and

17 (2) a certificate of compliance has not been issued on
18 the structure in accordance with Section 2210.251(f).

19 (b) An applicant for coverage from the association or a
20 policyholder of the association under Subsection (a) is subject to
21 a premium surcharge for insurance coverage obtained through the
22 association. The commissioner shall set the surcharge, after
23 notice and a hearing, in an amount not less than an amount equal to
24 10 percent of the premium that would be assessed if the structure

1 were in compliance.

2 (c) A premium surcharge collected under this section shall
3 be deposited in the catastrophe reserve trust fund under Subchapter
4 J.

5 (d) A premium surcharge under this section is a separate
6 charge in addition to the premiums collected and is not subject to
7 premium tax or commissions. Failure to pay the surcharge by a
8 policyholder constitutes failure to pay a premium for purposes of
9 policy cancellation.

10 (e) The commissioner shall adopt rules as necessary to
11 implement this section.

12 SECTION 2. This Act applies only to an insurance policy
13 delivered, issued for delivery, or renewed by the Texas Windstorm
14 Insurance Association on or after January 1, 2010. A policy
15 delivered, issued for delivery, or renewed before January 1, 2010,
16 is governed by the law as it existed immediately before the
17 effective date of this Act, and that law is continued in effect for
18 that purpose.

19 SECTION 3. This Act takes effect September 1, 2009.