

By: West

S.B. No. 1452

A BILL TO BE ENTITLED

AN ACT

relating to a residential property insurance premium discount for certain dwellings.

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

SECTION 1. Chapter 2006, Insurance Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. REQUIRED PREMIUM DISCOUNT FOR CERTAIN DWELLINGS

Sec. 2006.151. DEFINITIONS. In this subchapter:

(1) "Applicant" includes:

(A) an applicant for new insurance coverage; and

(B) a policyholder renewing insurance coverage.

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

(3) "Insurer" means:

(A) an insurer subject to Chapter 2251;

(B) the Texas Windstorm Insurance Association;

and

(C) the FAIR Plan Association.

Sec. 2006.152. REQUIRED PREMIUM DISCOUNT. (a) The commissioner by rule shall authorize an insurer to grant to an applicant for residential property insurance a discount on the applicant's premium for an insured dwelling that is certified by the Institute for Business and Home Safety (IBHS) as an IBHS Fortified Home for the geographic location in which the dwelling is

1 located or by a similar organization as meeting similar home
2 fortification standards for the geographic location in which the
3 dwelling is located if the commissioner determines that the
4 standards being certified reflect a reduction in the risk being
5 insured under the policy.

6 (b) The commissioner shall prescribe requirements for a
7 policy applicant to submit verification of the certification of the
8 dwelling to the insurer.

9 Sec. 2006.153. DWELLING INSPECTION. (a) The rules adopted
10 under this subchapter may authorize an insurer to conduct an
11 inspection of a dwelling to be insured to confirm that the dwelling
12 meets the applicable standards for the geographic location in which
13 the dwelling is located.

14 (b) The insurer shall pay the costs of an inspection under
15 this section.

16 Sec. 2006.154. PREMIUM DISCOUNT; EXCEPTION. (a) The
17 commissioner by rule shall establish the premium discount under
18 this subchapter based on sound actuarial principles. The
19 commissioner may vary the discount based on the coverage offered or
20 excluded under the insurance policy, including windstorm and hail
21 coverage.

22 (b) The commissioner may approve a premium discount greater
23 or less than the discount established under Subsection (a) if:

24 (1) the insurer files the proposed discount with the
25 department; and

26 (2) the commissioner determines that the proposed
27 discount is actuarially justified.

1 Sec. 2006.155. RULES. The commissioner may adopt rules as
2 necessary to implement this subchapter in addition to other rules
3 specifically required to be adopted under this chapter.

4 SECTION 2. Not later than December 1, 2009, the
5 commissioner of insurance shall adopt rules required by Subchapter
6 D, Chapter 2006, Insurance Code, as added by this Act.

7 SECTION 3. This Act applies only to a residential property
8 insurance policy delivered, issued for delivery, or renewed on or
9 after January 1, 2010. A policy delivered, issued for delivery, or
10 renewed before January 1, 2010, is governed by the law as it existed
11 immediately before the effective date of this Act, and that law is
12 continued in effect for that purpose.

13 SECTION 4. This Act takes effect September 1, 2009.