

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82nd LEGISLATURE 1st CALLED SESSION - 2011**

**June 28, 2011**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** John S O'Brien, Director, Legislative Budget Board

**IN RE: HR218** by Smithee (Suspending limitations on conference committee jurisdiction, H.B. No. 3.)

**Estimated Two-year Net Impact to General Revenue Related Funds** for HR218, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain from <i>Dept Ins Operating Acct 36</i>	Probable (Cost) from <i>Dept Ins Operating Acct 36</i>	Change in Number of State Employees from FY 2011
2012	\$291,131	(\$291,131)	3.0
2013	\$276,822	(\$276,822)	3.0
2014	\$276,822	(\$276,822)	3.0
2015	\$276,822	(\$276,822)	3.0
2016	\$276,822	(\$276,822)	3.0

**Fiscal Analysis**

The resolution would suspend House Rule 13, Section 9(a)(1) and (3) to permit the committee to add text on a matter which is not in disagreement to change the date on which compliance with Section 2210.260(d), Insurance Code, becomes mandatory before the Texas Windstorm Insurance Association (TWIA) may renew coverage for an insured structure.

The resolution would suspend House Rule 13, Section 9(a)(2) to permit the committee to omit text that is not in disagreement adding Section 2210.260(d) Insurance Code, to avoid statutorily establishing a maximum liability limit for windstorm and hail insurance policies issued by the TWIA.

The resolution would suspend House Rule 13, Section 9(a)(4) to permit the committee to add text on a

matter not included in either the House or Senate Version of the bill to clarify that any commissioner extension of the 60-day period described by Section 2210.573(d) is included in the 120-day aggregated total.

The resolution would suspend House Rule 13, Section 9(a)(4) to permit the committee to add text on a matter not included in either the House or Senate Version of the bill to clarify that any commissioner extension of the 60-day period described by Section 2210.575(d) is included in the 120-day aggregated total.

The resolution would suspend House Rule 13, Section 9(a)(4) to permit the committee to add text on a matter not included in either the House or Senate Version of the bill to establish an ombudsman program at the Texas Department of Insurance (TDI) to provide information and education programs to persons insured under TWIA and to assist those persons with the claims processed proposed under HB 3 Conference Committee Report.

The resolution would suspend House Rule 13, Section 9(a)(2) to permit the committee to omit text that is not in disagreement to clarify the lines of commercial automobile insurance to which a premium surcharge under Section 2210.613, Insurance Code, applies.

The resolution would suspend House Rule 13, Section 9(a)(1) to permit the committee to change text on a matter which is not in disagreement to allow the legislative interim study committee to study a broader range of alternative ways in which windstorm and hail insurance may be provided in the seacoast territory of this state.

The resolution would suspend House Rule 13, Section 9(a)(1) to permit the committee to change text on a matter which is not in disagreement to allow the legislative interim study committee to study a broader range of alternative ways in which windstorm and hail insurance may be provided in the seacoast territory of this state.

## **Methodology**

Based on the analysis by TDI, implementation of the new ombudsman program would require 3.0 FTEs to write consumer materials, give presentations, and assist policyholders with the claims processes. If a catastrophe occurs that affects TWIA policyholders, additional staffing may be required. The bill states that TWIA would transfer funds to TDI to fund the new ombudsman program. Absent of specific clarification by the bill of where the funds from TWIA would be deposited, it is assumed that the transferred funds would be deposited to the credit of General Revenue-Dedicated Fund 36. While the bill creates a new budget approval process within TDI, the bill does not provide additional authority to exceed the agency's FTE cap or appropriation authority established in Senate Bill 1, the General Appropriations Act for 2012-13, 82nd Legislature, Regular Session. Although the bill requires that TDI repay TWIA any unused program funds each April 30th, the bill would not provide the agency any specific appropriation authority to repay TWIA. The 3.0 FTEs would cost \$291,131 in fiscal year 2012, and \$276,822 each fiscal year of 2013-2016. This analysis assumes these costs would be funded by General Revenue-Dedicated Fund 36, with transferred funds from TWIA.

It is assumed that implementations of the other provisions of the resolution would have no significant fiscal impact.

## **Technology**

The technology impact to TDI would be \$3,675 in fiscal year 2012.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

### **Source Agencies:**

**LBB Staff:** JOB, CH, AG