

AN ACT

relating to residential property insured by the Texas Windstorm Insurance Association.

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

SECTION 1. Subsection (f), Section 2210.251, Insurance Code, is amended to read as follows:

(f) Notwithstanding any other provision of this section, insurance coverage for a residential structure ~~[insured by the association as of September 1, 2009,]~~ may be issued or renewed ~~[continue coverage]~~ through the association subject to the inspection requirements imposed under Section 2210.258, if applicable. This subsection expires December 31, 2015.

SECTION 2. Section 2210.258, Insurance Code, is amended to read as follows:

Sec. 2210.258. ~~[MANDATORY]~~ COMPLIANCE WITH BUILDING CODES; ELIGIBILITY. (a) Except as provided by Subsection (c) and Section 2210.2581 and notwithstanding ~~[Notwithstanding]~~ any other provision of this chapter, to be eligible for insurance through the association, all construction, alteration, remodeling, enlargement, and repair of, or addition to, any structure located in the catastrophe area that is begun on or after the effective date of Sections 5 through 49, H.B. No. 4409, Acts of the 81st Legislature, Regular Session, 2009, must be performed in compliance with the applicable building code standards, as set forth in the

1 plan of operation.

2 (b) Except as provided by Subsection (c), the ~~[The]~~
3 association may not insure a structure described by Subsection (a)
4 until:

5 (1) the structure has been inspected for compliance
6 with the plan of operation in accordance with Section 2210.251(a);
7 and

8 (2) a certificate of compliance has been issued for
9 the structure in accordance with Section 2210.251(g).

10 (c) The association may insure a residential structure
11 constructed, altered, remodeled, enlarged, repaired, or added to on
12 or after June 19, 2009, that is not in compliance with the
13 applicable building code standards, as set forth in the plan of
14 operation, provided that:

15 (1) the structure had been insured on or after June 19,
16 2009, by an insurer in the private market that canceled or
17 nonrenewed the insurance coverage of the structure before December
18 31, 2015;

19 (2) the applicant provides to the association proof
20 that insurance coverage that was issued to the applicant or the
21 previous insured for the structure was canceled or nonrenewed in
22 the private market as described by Subdivision (1); and

23 (3) no construction, alteration, remodeling,
24 enlargement, or repair of, or addition to, the structure occurred
25 after cancellation or nonrenewal of the coverage and before
26 submission of an application for coverage through the association.

27 SECTION 3. Subchapter F, Chapter 2210, Insurance Code, is

amended by adding Section 2210.2581 to read as follows:

Sec. 2210.2581. MANDATORY COMPLIANCE WITH BUILDING STANDARDS; CERTAIN STRUCTURES. Except as provided by Section 2210.251(d) and (e), and notwithstanding Section 2210.258 or any other provision of this chapter, on and after December 31, 2015, the association may not issue or renew insurance coverage for a structure unless the structure complies with the applicable building code standards in effect on the date the construction, alteration, remodeling, enlargement, or repair of, or addition to, the structure begins, as set forth in the plan of operation.

SECTION 4. Section 2210.259, Insurance Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) Except as provided by Subsection (a-1), an insurance policy insuring a [A] noncompliant residential structure under Section 2210.251(f) [insured by the association as of September 1, 2009, under Section 2210.251(f) that had been approved for insurability under the approval process regulations in effect on September 1, 2009, is subject to an annual premium surcharge in an amount equal to 15 percent of the premium for insurance coverage obtained through the association. The surcharge under this subsection applies to each policy issued or renewed by the association on or after the effective date of Sections 5 through 49, H.B. No. 4409, Acts of the 81st Legislature, Regular Session, 2009, and is due on the issuance or renewal of the policy.

(a-1) For a policy insuring a noncompliant residential structure eligible for coverage under Section 2210.258(c), the

1 association shall charge:

2 (1) a premium based on the rate charged in the
3 voluntary market for the portion of the canceled or nonrenewed
4 policy that provides windstorm and hail insurance coverage for the
5 applicable risk; and

6 (2) an annual premium surcharge in an amount equal to
7 10 percent of that premium.

8 SECTION 5. Section 2210.260, Insurance Code, is repealed.

9 SECTION 6. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2013.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1702 passed the Senate on April 11, 2013, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 25, 2013, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1702 passed the House, with amendments, on May 22, 2013, by the following vote: Yeas 134, Nays 11, three present not voting.

Chief Clerk of the House

Approved:

Date

Governor