**BILL ANALYSIS**

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| Senate Research Center | H.B. 1306 |
| 86R16775 JES-F | By: Frullo (Hancock) |
|  | Business & Commerce |
|  | 5/3/2019 |
|  | Engrossed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

It has been suggested that surplus lines insurers have been providing property owners with flood coverage at reasonable rates in recent years, often to insure property in special flood hazard areas designated by the Federal Emergency Management Agency (FEMA) maps. In the aftermath of recent flood events in Texas, there have been calls from property owners for access to more options to mitigate the risk of future flood events. H.B. 1306 seeks to address this issue by providing for additional flood coverage access under insurance policies issued by surplus lines insurers.

H.B. 1306 amends current law relating to the provision of flood coverage under insurance policies issued by surplus lines insurers.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 981.004, Insurance Code, by adding Subsection (e) to provide that Subsections (a)(1) (relating to authorizing an eligible surplus lines insurer to provide surplus lines insurance only if the full amount of required insurance cannot be obtained, after a diligent effort, from certain other authorized insurers in this state) and (b) (relating to authorizing an eligible surplus lines insurer to provide surplus lines insurance only in the amount that exceeds the amount of insurance obtainable from authorized insurers) do not apply to flood coverage under an insurance policy issued by an eligible surplus lines insurer that has a financial strength rating of A- or better from the A. M. Best Company.

SECTION 2. Makes application of Section 981.004(e), Insurance Code, as added by this Act, prospective to January 1, 2020.

SECTION 3. Effective date: September 1, 2019.