

BILL ANALYSIS

Senate Research Center
87R11598 SMT-D

H.B. 3564
By: Paul (Taylor)
Jurisprudence
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A property owner must obtain a property inspection before receiving windstorm and hail insurance from the Texas Windstorm Insurance Association (TWIA). This certificate of compliance can be rescinded if the Texas Department of Insurance (TDI) finds that the improvement does not comply with the applicable building code under the TWIA plan of operation. This means that a certificate can be issued by TDI and later rescinded due to no fault of the policy holder, which in turn can lead to the loss of insurance coverage. H.B. 3564 seeks to prohibit TDI from rescinding a certificate that has already been issued.

H.B. 3564 amends the Insurance Code to prohibit the Texas Department of Insurance from rescinding a certificate of compliance for a completed or ongoing improvement for purposes of coverage under a policy issued by the Texas Windstorm Insurance Association after issuing the certificate. That prohibition applies to certificates that are in effect or issued on or after the bill's effective date.

The bill would go into effect September 1, 2021, provided the necessary vote.

H.B. 3564 amends current law relating to the authority of the Texas Department of Insurance to rescind a certificate of compliance issued for an improvement for purposes of coverage through the Texas Windstorm Insurance Association.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the commissioner of insurance is rescinded in SECTION 1 (Section 2210.2515, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2210.2515(k), Insurance Code, as follows:

(k) Prohibits the Texas Department of Insurance (TDI) from rescinding a certificate of compliance after issuing the certificate under Section 2210.2515 (Insurance Certificates of Compliance). Deletes existing text authorizing TDI to rescind a certificate of compliance issued under Section 2210.2515 if TDI finds that the improvement does not comply with the applicable building code under the plan of operation. Deletes existing text authorizing the commissioner of insurance to adopt rules as necessary to implement this subsection.

SECTION 2. Provides that the change in law made by this Act applies to a certificate of compliance that is in effect or issued on or after the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2021.