

## **BILL ANALYSIS**

Senate Research Center

S.B. 1393  
By: Middleton  
Business & Commerce  
4/14/2023  
As Filed

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

Under current law, the Texas Windstorm Insurance Association (TWIA) provides property and casualty insurance to residents within the TWIA coverage zone, which acts as an insurer of last resort. Similarly, the Fair Access to Insurance Requirements (FAIR) Plan delivers residential property insurance to Texans who reside in underserved areas of the state if residential property insurance is not reasonably available in the voluntary market. In order to qualify for FAIR plan coverage, the residential property must have received two declinations of coverage from insurers.

Concerns have been raised that residential properties located outside of the TWIA coverage zone are also ineligible for FAIR Plan coverage because they do receive coverage offers. However, these properties are offered coverage at a significantly increased and untenable cost due to their location near the Gulf Coast, making it difficult and burdensome to obtain adequate property insurance.

S.B. 1393 seeks to remedy this issue by declaring that an offer of coverage through the voluntary market for a residential property within two miles beyond the TWIA catastrophe area that is more than 10 percent of the Texas FAIR Plan Association's offering of equivalent coverage with similar property characteristics constitutes a declination for the purpose of establishing eligibility for coverage under the FAIR Plan. This would allow individuals to obtain residential property insurance through the FAIR Plan at a reasonable, affordable rate.

As proposed, S.B. 1393 amends current law relating to eligibility for coverage under the FAIR Plan Association in certain areas.

### **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 2211.151, Insurance Code, as follows:

Sec. 2211.151. MANDATORY COVERAGE PROVIDED TO CERTAIN INSURED.

(a) Creates this subsection from existing text.

(b) Requires that an offer of coverage for a residential property through the voluntary market whose cost exceeds 10 percent of a Texas FAIR Plan Association policy offering equivalent coverage of a residential property with similar rating characteristics, including size, elevation, age, and construction standard to constitute a declination for purposes of establishing eligibility for coverage under Subsection (a) (relating to requiring the FAIR Plan Association to make residential property insurance available to applicants in underserved areas who cannot obtain residential property insurance through the private market) for residential properties located not more than two miles beyond the Texas Windstorm Insurance Association catastrophe area designated under Section 2210.005 (Designation as Catastrophe Area; Revocation of Designation).

SECTION 2. Effective date: upon passage or September 1, 2023.