

BILL ANALYSIS

Senate Research Center
88R13485 JES-D

S.B. 2232
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current state law, the Texas Windstorm Insurance Association (TWIA) is not authorized to limit an insurance agent's ability to transact business in the event of errors or malpractice by the agent. An example of this is when an insurance agent unfamiliar with TWIA needs to write a singular coastal policy for a customer's coastal vacation property. A lack of familiarity with TWIA can lead the agent to make mistakes, which takes time and resources for TWIA to correct.

S.B. 2232 authorizes TWIA to establish minimum requirements that insurance agents selling windstorm and hail insurance policies must abide by. Additionally, S.B. 2232 allows TWIA to audit any agent who sells windstorm and hail insurance policies in Texas to discern if the agent is in compliance with these minimum standards. If an agent is found to not be in compliance, TWIA may limit or prohibit an agent from selling these policies until they comply.

These measures are in accordance with TWIA's biennial report of recommendations, and will save TWIA time and resources. This ensures that windstorm and hail insurance policies are handled appropriately.

As proposed, S.B. 2232 amends current law relating to requirements for insurance agents offering windstorm and hail insurance policies issued by the Texas Windstorm Insurance Association.

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 Subchapter A, Chapter 2210, Insurance Code, by adding Section 2210.016, as follows:

Sec. 2210.016. AGENT REQUIREMENTS. (a) Authorizes the Texas Windstorm Insurance Association (TWIA) to establish requirements that an agent is required to comply with to offer or sell a Texas windstorm and hail insurance policy under Chapter 2210 (Texas Windstorm Insurance Association).

(b) Authorizes TWIA to audit an agent who offers or sells Texas windstorm and hail insurance policies under this chapter to determine the agent's compliance with requirements established under Subsection (a). Authorizes TWIA, if TWIA finds that an agent is not in compliance with TWIA requirements, to take appropriate action to limit or prohibit the agent from offering or selling a Texas windstorm and hail insurance policy under this chapter until the agent complies with those requirements.

(c) Provides that an agent who offers or sells Texas windstorm and hail insurance policies under this chapter is not an agent of TWIA.

SECTION 2. Effective date: September 1, 2023.