

BILL ANALYSIS

C.S.H.B. 2841
By: Smithee
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Insurance Institute of Business and Home Safety (IBHS) promulgates and maintains fortified building standards that are a nationally recognized building method. The bill author has informed the committee that increased adoption of these building standards both in the coastal and non-coastal areas of Texas will in time improve occupant safety, reduce damages from natural disasters, and reduce insurance costs. C.S.H.B. 2841 seeks to encourage owners and builders of commercial and residential property to adopt resilient building standards by allowing buildings certified under IBHS fortified standards to qualify for Texas Windstorm Insurance Association (TWIA) coverage. The bill does not replace current WPI-8 standards, but rather provides for an alternative way for property owners to meet TWIA underwriting standards when the construction meets the higher IBHS fortified standards.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2841 amends the Insurance Code to require the Texas Windstorm Insurance Association (TWIA) plan of operation to provide that certification that a structure meets the fortified home, multifamily, or commercial construction standards published by the Insurance Institute for Business and Home Safety (IBHS) or its successor entity is an alternative to a certificate of compliance issued under applicable state law for purposes of determining eligibility for insurance through TWIA for structures constructed, altered, remodeled, enlarged, repaired, or added to on or after a certain date that are located in the designated catastrophe area.

C.S.H.B. 2841 authorizes TWIA to insure a structure constructed, altered, remodeled, enlarged, repaired, or added to on or after June 19, 2009, for which a certificate of compliance has not been issued in accordance with that state law, provided that the Texas Department of Insurance (TDI) and TWIA have received a certification that the structure was constructed in accordance with or retrofitted to meet the fortified home, multifamily, or commercial construction standards published by IBHS or its successor entity. The bill exempts an insurance policy insuring a structure eligible for TWIA coverage in that manner from statutory provisions regarding premium surcharges for certain noncompliant structures.

C.S.H.B. 2841 applies only to a structure constructed, altered, remodeled, enlarged, repaired, or added to on or after the bill's effective date. The bill requires TWIA, as soon as practicable after

the bill's effective date, to propose to the commissioner of insurance amendments to TWIA's plan of operation to conform to the bill's changes.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2841 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the introduced required TWIA's plan of operation to provide that new structures certified to have been constructed in accordance with the fortified home, multifamily, or commercial construction standards published by IBHS or its successor entity are deemed to meet TWIA's underwriting standards, the substitute requires the plan of operation to provide that certification that a structure meets those standards is an alternative to a certificate of compliance for purposes of determining eligibility for insurance through TWIA for certain structures constructed, altered, remodeled, enlarged, repaired, or added to on or after a certain date. Accordingly, the introduced and substitute reflect that difference in the procedural provisions of both versions relating to the applicability of the bill's provisions.

The substitute includes an authorization absent from the introduced for TWIA to insure a structure constructed, altered, remodeled, enlarged, repaired, or added to on or after June 19, 2009, for which a certificate of compliance has not been issued, provided that TDI and TWIA have received a certification that the structure was constructed in accordance with or retrofitted to meet those IBHS or successor entity standards. The substitute also includes a provision absent from the introduced exempting an insurance policy for insuring such a structure from statutory provisions regarding premium surcharges for certain noncompliant structures.