

SUBJECT: Allowing homeowners insurance discounts for home security devices

COMMITTEE: Insurance — committee substitute recommended

VOTE: 9 ayes — Smithee, Duncan, Averitt, Counts, De La Garza, Driver, Dutton, G. Lewis, Shields
0 nays

SENATE VOTE: On final passage, March 2 — voice vote

WITNESSES: For — Bob Leonard Jr., Texas Burglar & Fire Alarm Association
Against — None

BACKGROUND: The Insurance Code entitles homeowners who have an alarm security system installed to qualify for an insurance premium discount if a peace officer certified by the Texas Commission on Law Enforcement Officer Standards and Education performs an inspection.

DIGEST: CSSB 490 would amend the standards for entitlement to a premium reduction on a homeowners insurance policy to include property of a person who obtains an installation certificate from the burglar alarm installer indicating compliance with the code. The homeowner would be required to furnish the certificate to the insurer, which would be responsible for determining compliance.

Other requirements for a discount would include that the property be equipped with an electronic burglar alarm system in which all exterior entry doors (garage door to inside of house and all attic and basement hatches) are protected by magnetic contacts, excluding the garage door; and that all exterior windows are protected by magnetic contacts, an alarm screen or a motion detector in immediate vicinity of each exterior window; and the system includes a siren audible inside the house and audible outside the house, unless prohibited by a local ordinance.

All equipment, except for sirens, would be required to be U.L. or Factory Mutual Research Corporation (FM) listed and the alarm system monitored

by a U.L. listed central station. The system would have to have a backup battery and all equipment would have to be in compliance with the Private Investigators and Private Security Agencies Act.

The bill would take effect September 1, 1995, and apply to an insurance policy delivered or renewed on or after January 1, 1996.

**SUPPORTERS
SAY:**

Current law requires a peace officer who has been certified as a licensed inspector to perform an alarm inspection in order for a discount to be granted. But since many police departments do not have the manpower to conduct the inspections, some consumers have not been able to receive an insurance discount.

SB 490 would clarify current the law so that the company installing the alarm could issue the certificate to the homeowner, who in turn would deliver it to the insurance company for a discount. Insurance companies could still inspect property before giving a discount.

The Board of Private Investigators is responsible for regulating and monitoring the burglar alarm industry. Any homeowner's alarm system that was certified incorrectly or an alarm company that committed fraud would have its license revoked by the board.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee substitute added a requirement that the insurer be responsible for assuring that property complies with Insurance Code requirements and that motion detectors be attached to exterior windows to qualify for the insurance discount.