

**SUBJECT:** CatPool policy endorsement for debris removal

**COMMITTEE:** Insurance — favorable, without amendment

**VOTE:** 8 ayes — Smithee, Van de Putte, Averitt, Bonnen, Eiland, G. Lewis, Olivo, Wise  
0 nays  
1 absent — Burnam

**SENATE VOTE:** On final passage, Local and Uncontested Calendar, April 24 — 29-0

**WITNESSES:** None

**BACKGROUND :** The Catastrophe Property Insurance Pool Act governs the availability and issuance of insurance coverage for coastal areas subject to frequent and severe windstorm or hail damage. Under the act, the Texas Catastrophe Property Insurance Pool Association (“CatPool”), composed of all property and casualty insurers doing business in Texas, is charged with developing a plan of operation for windstorm and hail insurance in areas hit by catastrophes, issuing policies, proposing rates within statutory guidelines, reinsuring, and ceding reinsurance. The CatPool serves as the insurer of last resort for residential and commercial properties unable to obtain insurance through the regular, or voluntary, market.

The CatPool may offer coverage up to a certain policy limits outlined in the Insurance Code, and may offer endorsements to the basic policy as authorized by the code.

**DIGEST:** SB 865 would allow the CatPool to add an endorsement to its policies to provide coverage for the cost of demolishing undamaged portions of property and removing associated debris if at least 50 percent of the property was destroyed by wind damage, hail damage, or wind-driven rain damage.

Liability limits for demolition and debris removal could not exceed \$1,000 and could not increase the CatPool's legal limits of liability for property.

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The insurance commissioner would have to establish rules governing how and to whom the payment of coverage would be paid, the form and content of the endorsement, the rate that could be charged, the geographic locations eligible for the endorsement, and any other necessary items, and would have to hold a hearing on the rules.

SB 865 would apply to policies delivered, issued for delivery, or renewed after January 1, 1998.