

SUBJECT: Changing determination of windstorm and hail insurance cost coverage

COMMITTEE: Insurance — favorable, without amendment

VOTE: 8 ayes — Phillips, R. Anderson, Gooden, Oliverson, Paul, Sanford,
Turner, Vo

0 nays

1 absent — Muñoz

SENATE VOTE: On final passage, May 4 — 31-0, on Local and Uncontested Calendar

WITNESSES: *On House companion bill, HB 3510:*
For — Terrilyn Tarlton, City of Galveston; (*Registered, but did not testify:*
Jay Thompson, AFACT; Tom Tagliabue, City of Corpus Christi; Jennifer
Emerson, Coastal Windstorm Insurance Coalition; Charlie Zahn, Coastal
Windstorm Task Force; Lee Loftis, Independent Insurance Agents of
Texas; Foster Edwards, San Patricio County Economic Development;
Annette Medllin, United Corpus Christi Chamber of Commerce)

Against — Beaman Floyd, Texas Coalition for Affordable Insurance
Solutions; (*Registered, but did not testify:* Thomas Ratliff, American
Insurance Association)

On — James Murphy, Texas Windstorm Insurance Association;
(*Registered, but did not testify:* Marianne Baker, Texas Department of
Insurance)

BACKGROUND: Insurance Code, sec. 2210.207 stipulates that if at the time of loss, the total amount of windstorm and hail insurance applicable to a dwelling is equal to at least 80 percent of the full replacement cost or to the maximum amount of insurance otherwise available, coverage under the policy is extended to include the full cost of repair or replacement, without a deduction for depreciation. If the total amount of insurance is less than 80 percent of the full replacement cost and less than the maximum amount of

insurance available, liability for loss may not exceed the replacement cost of the damaged dwelling, less depreciation.

Concerns have been raised that the time at which replacement cost coverage is determined creates uncertainty for policyholders and could result in less coverage than anticipated. Certain parties have noted that this issue could be addressed by changing the time of determination from the time of loss to the effective date of the policy.

DIGEST: SB 1512 would amend Insurance Code, sec. 2210.207 to change the timeframe in which replacement cost coverage for a windstorm and hail insurance policy was determined to the effective date of the policy, rather than the time of loss.

The bill would take effect September 1, 2017, and would apply only to an insurance policy delivered, issued, or renewed on or after January 1, 2018.

NOTES: A companion, HB 3510 by Faircloth, was placed on the General State Calendar for May 11.