

BILL ANALYSIS

Senate Research Center

H.B. 2438
By: Chisum (Bivins)
Economic Development
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Engrossed

DIGEST

Often small communities cannot support more than one volunteer fire department. When that community is split by a state line, there is a decision made for the volunteer department to be located on one side or the other. People from the community on both sides of the line volunteer for the fire department, and the department responds to emergencies on both sides of the state line. A problem arises for the volunteer fire department when the insurance company does not recognize a department across the state line. In setting insurance rates, the premiums can be considerably higher if there is no fire suppression service taken into account.

This bill would require the insurance commissioner, in adopting fire insurance rates for a municipality, to take into account the nearby fire department or volunteer fire department that provides fire suppression in a Texas municipality. The department must be considered even if that department is located across a state line or across the border with the United Mexican States.

PURPOSE

As proposed, H.B. 2438 requires the insurance commissioner, in adopting fire insurance rates for a municipality, to take into account the nearby fire department or volunteer fire department that provides fire suppression in a Texas municipality. The department must be considered even if that department is located across a state line or across the border with the United Mexican States.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 5C, Insurance Code, by adding Article 5.25-3, as follows:

Art. 5.25-3. FIRE INSURANCE RATES AND FIRE SUPPRESSION RATINGS FOR BORDER MUNICIPALITY. Requires the insurance commissioner, in adopting fire insurance rates or in assigning or evaluating a fire suppression rating for a municipality at or near the border between this state and another state or the United Mexican States, to take into account the existence and capabilities of a fire department or volunteer fire department that serves an adjoining or nearby municipality in the other state or the United Mexican States and that by agreement or by long-standing practice provides fire suppression services to the Texas municipality.

SECTION 2. Emergency clause.

Effective date: upon passage.