

BILL ANALYSIS

Senate Research Center

C.S.S.B. 79
By: Ellis
Economic Development
3-7-97
Committee Report (Substituted)

DIGEST

Currently, although most churches' insurance policies are renewed after arson, every church affected by arson may be threatened with cancellation of insurance coverage. In July 1996, *USA Today* reported that five churches lost their insurance coverage after being affected by arson. A December 1996 *USA Today* survey of 109 churches affected by arson found that two churches lost their insurance. According to the Texas Commission on Fire Protection, in 1995 there were 33 suspicious church fires in Texas. The goal of C.S.S.B. 79 is to prohibit an insurer from cancelling or declining to renew an insurance policy solely because of a previous occurrence of arson against the church or a verbal or written statement regarding the church.

PURPOSE

As proposed, C.S.S.B. 79 outlines provisions and provides penalties relating to certain insurance covering church property.

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 21B, Insurance Code, to add Article 21.21-9, as follows:

Art. 21.21-9. CERTAIN COVERAGE FOR CHURCH PROPERTY

Sec. 1. DEFINITIONS. Defines "church" and "religious organization."

Sec. 2. APPLICATION. Provides that this article applies to any insurer admitted to do business and authorized to write an insurance policy providing coverage for losses resulting from fire in this state, including a county mutual insurance company, a Lloyd's plan company, a reciprocal or interinsurance exchange, or a farm mutual insurance company.

Sec. 3. PROHIBITION. Prohibits an insurer writing insurance for a church from cancelling or declining to renew an insurance policy solely because of a previous occurrence of arson against the church in which the church has cooperated with police, fire and the authorities in the investigation of the arson and prosecution of those responsible; or a verbal or written statement directed to the religious organization threatening an act of arson against the church when such official or organization within a reasonable amount of time reported such threat to the appropriate law enforcement agency.

Sec. 4. PENALTY. Provides that a violation of this article is an unfair act in the business of insurance for purposes of Article 21.21 and an insurer that violates this article is subject to the sanctions established by Article 21.21.

SECTION 2. Effective date: September 1, 1997.

Makes application of this Act prospective to January 1, 1998.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amends SECTION 1, by expanding Section 3, Insurance Code, prohibiting an insurer writing insurance for a church from cancelling or declining to renew a policy for certain reasons.