

BILL ANALYSIS

Senate Research Center

C.S.S.B. 139
By: Moncrief
Economic Development
3/31/1999
Committee Report (Substituted)

DIGEST

Currently, state law provides an insurance premium discount to a homeowner who uses certain fire alarms or sprinkler systems. A less costly fire suppression system, known as a stovetop fire suppression device, is not eligible for existing premium discounts, although the device self-activates and produces a fire-retardant powder when temperatures exceed a certain level. C.S.S.B. 139 would require insurance providers to reduce the insurance premium of a homeowner who installs a stovetop fire suppression device and would require the commissioner of insurance to establish the amount of the reduction.

PURPOSE

As proposed, C.S.S.B. 139 requires insurance providers to reduce the insurance premium of a homeowner who installs a stovetop fire suppression device and requires the commissioner of insurance to establish the amount of the reduction.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Section 3, Article 5.33C, Chapter 5C, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 5C, Insurance Code, by adding Article 5.33C, as follows:

Art. 5.33C. REDUCTION IN HOMEOWNERS INSURANCE AND FIRE INSURANCE PREMIUMS FOR APPROVED FIRE SUPPRESSION DEVICES

Sec. 1. DEFINITIONS. Defines “stovetop fire suppression device” and “homeowners insurance.”

Sec. 2. ELIGIBILITY FOR PREMIUM REDUCTION. Entitles a policyholder to a reduction in homeowners insurance premiums if the policyholder has installed on the premises a stovetop fire suppression device that has been approved by the State Fire Marshall through the commissioner.

Sec. 3. AMOUNT OF PREMIUM REDUCTION. Provides that the commissioner of insurance shall establish, by rule, the amount of premium reduction applicable under this article, and may adopt other rules to implement this article.

SECTION 2. Effective date: September 1, 1999.
Makes application of this Act prospective to January 1, 2000.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends the heading to Article 5.33C, Insurance Code.

Amends Section 1, Article 5.33C, Chapter 5C, Insurance Code, to redefine “stovetop fire

suppression device.”

Amends Section 2, Article 5.33C, Chapter 5C, Insurance Code, to delete a provision that the homeowners insurance premiums for a stovetop fire suppression device be conditioned on certification by Underwriter Laboratories Standard 1254.

Amends Section 3, Article 5.33C, Chapter 5C, Insurance Code, to add authority for the commissioner to adopt other rules necessary to implement this article.