

BILL ANALYSIS

Senate Research Center
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H.B. 2093
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State Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Many observers describe consolidated insurance programs as insurance programs in which a principal, usually an owner or general contractor, provides multiple insurance coverages that are bundled into one insurance program for a single construction project or multiple construction projects. According to these observers, the policy typically provides coverage for each entity on the project, from the general contractor to the subcontractors and their employees, for general liability, workers' compensation, and builder's risk.

However, interested parties have noted that there are no requirements regarding the duration of coverage provided by a consolidated insurance program, and many observers contend that a consolidated insurance program should provide coverage for the entire statute of repose, while a contractor can be held liable for their work, although some acknowledge that because of fluctuating market conditions, this is a difficult objective to meet.

H.B. 2093 addresses this issue by requiring a consolidated insurance program to provide completed operations coverage for a period of at least three years.

H.B. 2093 amends current law relating to the operation and regulation of certain consolidated insurance programs.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 151.002, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 2, Insurance Code, by adding Subtitle C, as follows:

SUBTITLE C. PROGRAMS AFFECTING MULTIPLE LINES OF INSURANCE

CHAPTER 151. CONSOLIDATED INSURANCE PROGRAMS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 151.001. DEFINITIONS. Defines, in this chapter, "consolidated insurance program," "construction project," "contractor," "insurer," and "principal."

Sec. 151.002. RULES. Requires the commissioner of insurance to adopt rules as necessary to implement and enforce this chapter.

[Reserves Sections 151.003-151.050 for expansion.]

SUBCHAPTER B. GENERAL REQUIREMENTS

Sec. 151.051. DURATION OF GENERAL LIABILITY COVERAGE. Requires that a consolidated insurance program that provides general liability insurance coverage

provide completed operations insurance coverage for a policy period of not less than three years.

[Reserves Sections 151.052-151.100 for expansion.]

SUBCHAPTER C. NONWAIVER

Sec. 151.101. NONWAIVER. Prohibits a provision of this chapter from being waived by contract or otherwise.

SECTION 2. Makes application of Chapter 151, Insurance Code, as added by this Act, prospective to January 1, 2012.

SECTION 3. Effective date: September 1, 2011.