

## **BILL ANALYSIS**

Senate Research Center  
84R4516 SCL-F

S.B. 498  
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Business & Commerce  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Under current law, residential structures located in a Tier 1 coastal county may be eligible for wind and hail coverage through the Texas Windstorm Insurance Association (TWIA) if certain requirements are met, such as applicable windstorm building code standards (example: WPI-8 inspection) and proof of declination from the private market.

Many times, due to no fault of their own, a residential property owner is dropped from their private carrier for wind and hail coverage and must seek coverage from TWIA. Unlike TWIA, the private insurance market does not require a WPI-8, certifying the structure meets windstorm building code requirements. In addition, some residential structures constructed prior to inspection certification requirements cannot obtain a WPI-8 due to the property's date of construction. Therefore, the legislature established the TWIA "waiver" program to ensure residential property owners have access to wind and hail coverage under these limited circumstances.

The TWIA "waiver" program will expire December 31, 2015, if the Texas Legislature fails to renew it during the 84th session.

S.B. 498 authorizes the TWIA "waiver" program to continue accepting eligible residential structures for wind and hail coverage by repealing the statutory program expiration date of December 31, 2015.

As proposed, S.B. 498 amends current law relating to building code requirements for residential property insured by the Texas Windstorm Insurance Association.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2210.251(f), Insurance Code, to delete existing text providing that this subsection expires December 31, 2015.

SECTION 2. Amends Sections 2210.258(a) and (c), Insurance Code, as follows:

(a) Deletes existing text providing that Section 2210.2581 (Mandatory Compliance with Building Standards; Certain Structures), is an exception for eligibility for insurance by the Texas Windstorm Insurance Association (TWIA). Makes a nonsubstantive change.

(c) Authorizes TWIA to insure a residential structure constructed, altered, remodeled, enlarged, repaired, or added to on or after June 19, 2009, that is not in compliance with the applicable building code standards, as set forth in the plan of operation, provided that:

(1) the structure had been insured on or after June 19, 2009, by an insurer in the private market that cancelled or nonrenewed the insurance coverage

of the structure, rather than cancelled or nonrenewed the insurance coverage of the structure before December 31, 2015.

(2)-(3) Makes no change to these subdivisions.

SECTION 3. Repealer: Section 2210.2581 (Mandatory Compliance with Building Standards; Certain Structures), Insurance Code.

SECTION 4. Effective date: upon passage or September 1, 2015.