

BILL ANALYSIS

Senate Research Center
85R23745 SCL-D

C.S.S.B. 1512
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Windstorm Insurance Association (TWIA) was established by the Texas Legislature in 1971 in response to regional market conditions following Hurricane Celia in August 1970. TWIA serves as the state's insurer of last resort by providing wind and hail coverage to coastal residents unable to secure a policy in the private market.

Under current law, Section 2210.207, Insurance Code, replacement cost coverage for TWIA residential policies is determined at the time of loss, based on the insurance to value being more or less than 80 percent. This creates uncertainty for policyholders at the time a claim is filed and may result in policyholders receiving less coverage at the time of loss than anticipated.

S.B. 1512 modifies the Texas Insurance Code to eliminate the requirement that replacement cost coverage be determined at the time of loss and instead, such coverage would be determined at the time a policy is initially issued or upon renewal. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 1512 amends current law relating to replacement cost coverage in policies issued 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 Sections 2210.207(c) and (d), Insurance Code, as follows:

(c) Provides that if, on the effective date of a Texas Windstorm Insurance Association (TWIA) policy, rather than if at the time of loss, the total amount of insurance applicable to a dwelling is equal to 80 percent or more of the full replacement cost of the dwelling or equal to the maximum amount of insurance otherwise available through TWIA, coverage applicable to the dwelling under the policy is extended to include the full cost of repair or replacement, without a deduction for depreciation.

(d) Makes a conforming change.

SECTION 2. Makes application of Section 2210.207, Insurance Code, as amended by this Act, prospective to January 1, 2018.

SECTION 3. Effective date: September 1, 2017.