

BILL ANALYSIS

S.B. 498
By: Taylor, Larry
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Prior to the passage of recent legislation, in order to obtain new residential coverage from the Texas Windstorm Insurance Association (TWIA), a homeowner was typically required to produce a certificate of building code compliance on the structure. However, informed observers note that if such a certificate was not required by the owner's previous insurance carrier, securing a certificate after the fact was cost-prohibitive and overly burdensome. These observers assert that TWIA previously had a "patchwork" waiver program to allow coverage on a residential structure without a certificate of compliance, but the recent legislation simplified the waiver program so that a residential structure need not have been insured by TWIA as of a specified deadline to obtain or continue coverage and any new construction, remodels, or repairs done after another deadline must have a certificate of compliance in order to get new coverage from TWIA. There are concerns that these statutory changes are set to expire at the end of 2015. S.B. 498 seeks to address the pending expiration of such provisions.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 498 amends the Insurance Code to repeal a statutory provision prohibiting the Texas Windstorm Insurance Association (TWIA), on and after December 31, 2015, from issuing or renewing insurance coverage for a structure unless the structure complies with the applicable building code standards in effect on the date the construction, alteration, remodeling, enlargement, or repair of, or addition to, the structure begins.

S.B. 498 removes the expiration date of December 31, 2015, from the statutory provision making a residential structure on which construction has taken place on or after January 1, 1988, but before June 19, 2009, that is not in compliance with the applicable inspection requirements eligible for new or renewal insurance coverage through TWIA. The bill removes a condition limiting the authorization for TWIA to insure a residential structure on which construction has taken place on or after June 19, 2009, that is not in compliance with the applicable building code standards if the structure had been insured on or after that date by an insurer in the private market that canceled or nonrenewed the structure's insurance coverage to structures for which private insurance coverage was canceled or nonrenewed before December 31, 2015.

S.B. 498 repeals Section 2210.2581, Insurance Code.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.