

BILL ANALYSIS

S.B. 1512
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Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties contend that the time at which replacement cost coverage for Texas Windstorm Insurance Association residential policies is determined creates uncertainty for policyholders and may result in policyholders receiving less coverage at the time of loss than anticipated. S.B. 1512 seeks to address this issue by changing the time at which replacement cost coverage for such a policy is to be determined to the effective date of the policy.

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. 1512 amends the Insurance Code to change the time at which a certain amount of Texas windstorm and hail insurance applicable to a dwelling for replacement costs triggers an extension of coverage applicable to the dwelling under a policy issued by the Texas Windstorm Insurance Association (TWIA) to include the full cost of repair or replacement, without a deduction for depreciation, from the time of loss to the effective date of the TWIA policy. The bill changes the time at which a certain amount of Texas windstorm and hail insurance applicable to a dwelling for replacement costs triggers the prohibition against the liability for loss under a TWIA policy exceeding the replacement cost of the part of the dwelling that is damaged or destroyed, less depreciation, from the time of loss to the effective date of the TWIA policy. The bill's provisions apply only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2018.

EFFECTIVE DATE

September 1, 2017.