

## **BILL ANALYSIS**

Senate Research Center  
76R10239 PB-F

C.S.S.B. 677  
By: Jackson  
Economic Development  
3/24/1999  
Committee Report (Substituted)

### **DIGEST**

Currently, an advisory committee established under the Insurance Code makes recommendations to the commissioner of insurance on changes to the coastal building code. On September 1, 1998, a new coastal building code, approved by the Texas Department of Insurance, went into effect. Some builders have encountered difficulty with the requirements and technical challenges of the new code. The current advisory committee, consisting of sixteen members, sets no time line or procedure for establishing and recommending changes to the building code. Although proposed changes to the building code would still have to be approved through the existing rule-making process, a replacement committee--consisting of builders, insurers, and public members--would address procedures for possible changes to the code and would make recommendations to the commissioner. C.S.S.B. 677 would replace the current advisory committee with the Advisory Committee on Building Code Specifications and Maintenance

### **PURPOSE**

As proposed, C.S.S.B. 677 establishes for the commissioner of insurance the Advisory Committee on Building Code Specifications and Maintenance.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 Sections 6C(h), (m), and (n), Article 21.49, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Article 21.49, Insurance Code, by adding Section 6C, as follows:

Sec. 6C. ADVISORY COMMITTEE ON BUILDING CODE SPECIFICATIONS AND MAINTENANCE. Defines "advisory committee." Establishes the Windstorm Building Code Advisory Committee on Specifications and Maintenance (committee) as an advisory committee to the commissioner of insurance (commissioner) to advise and make recommendations to the commissioner on building specifications and maintenance in the plan of operation. Sets forth composition, terms of office, and meeting procedures. Requires the committee to make building code recommendations with consideration to technological developments, research, and concern of the affected parties. Requires each proposal to be submitted to the commissioner containing certain information on the proponent, building code citations, proposed changes, and statements. Requires the commissioner to adopt, by rule, a form to be used for presenting the proposal. Establishes guidelines for the submission and consideration of the proposal. Requires the Texas Department of Insurance to review and organize the proposals for the committee; to allow interested parties to view the proposals; and to make recommendations on a proposal if the committee requests a recommendation. Authorizes a person to present views to the committee on a proposal. Requires the committee to consider each comment presented. Sets forth required actions for the committee to take on each proposal. Requires the committee to submit its recommendation on each proposal to the commissioner, and for the commissioner to notify the committee of the commissioner's acceptance or rejection of the proposals. Provides that acceptance of a recommendation means the commissioner will consider adoption. Authorizes the commissioner to adopt, by rule, a recommendation and to adopt a specification by reference. Authorizes the commissioner to adopt rules as necessary to implement this section.

SECTION 2. Repealer: Section 6A(f), Article 21.49, Insurance Code (Valuation of investment in a subsidiary or affiliate).

SECTION 3. (a) Effective date: upon passage, except for SECTION 2, which takes effect September 1, 1999.

(b) Abolishes the committee established under Section 6A(f), Article 21.49, Insurance Code, effective August 31, 1999.

(c) Requires the members of the committee created under Section 6C, Article 21.49, Insurance Code, to be appointed by September 1, 1999.

SECTION 4. Emergency clause.

### **SUMMARY OF COMMITTEE CHANGES**

#### **SECTION 1.**

Amends Section 6C, Article 21.49, Insurance Code, to include nonsubstantive provisions regarding the purpose and structure of the committee. Sets forth provisions regarding meetings of the committee and committee procedure. Sets forth provisions regarding submission of proposals to the commissioner. Sets forth requirements regarding the department's review, organization, and recommendations of proposals. Adds provisions regarding the authority of a person to present views on a proposal. Changes the required action to be taken by the committee on each proposal. Specifies what acceptance of a recommendation means. Adds rulemaking authority for the commissioner regarding adoption of a recommendation and implementation of this section.