

## **BILL ANALYSIS**

Senate Research Center  
85R24058 PMO-D

C.S.S.B. 1466  
By: Taylor, Larry  
Business & Commerce  
4/20/2017  
Committee Report (Substituted)

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

Chapter 2210, Subchapter K, Insurance Code, requires that the Texas Windstorm Insurance Association (TWIA) board of directors propose maximum liability limits for coverage on policies based on the Boeckh Index or another appropriate index.

The Boeckh Index is an important statutory tool specifically identified in the Texas Insurance Code to provide a standard by which the Texas commissioner of insurance (commissioner) considers the fluctuating cost of construction on an annual basis to adjust the limits of insurance for TWIA policies accordingly.

Within 60 days following a proposed adjustment by the board, the commissioner, by order, must approve, disapprove, or modify the board's proposal.

The TWIA residential and commercial limits today have gone unchanged since 2010. While the TWIA board does not file a proposal to increase the limits of liability each year, it is important that the statutory indexing tool and recommendation be given adequate consideration by the commissioner.

S.B. 1466 applies insurance standards and tools commonly used by the industry to determine appropriate limits of liability for TWIA policies and amends the commissioner's authority to approve, disapprove, or modify the board's proposal within a 30-day period. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 1466 amends current law relating to maximum liability limits for windstorm and hail insurance coverage provided through 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 2210.501(a), Insurance Code, to provide that the maximum liability limits are considered approved by the commissioner of insurance (commissioner) unless the commissioner disapproves or modifies the liability limits by order issued not later than the 30th day after the date of receipt of a filing under Section 2210.503 (Filing of Proposed Adjustments with Commissioner), rather than are required to be approved by the commissioner.

SECTION 2. Amends Section 2210.504(a), Insurance Code, to require the commissioner by order to, not later than the 30th day after the date the commissioner disapproves or modifies, rather than the 60th day after the date of receipt of, a filing under Section 2210.503, and after notice and hearing, approve, disapprove, or modify the proposed adjustment to the maximum liability limits.

SECTION 3. Provides that the changes in law made by this Act apply only to a proposed maximum liability limit for an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2018. Provides that a proposed maximum liability limit for an insurance policy

delivered, issued for delivery, or renewed before January 1, 2018, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 4. Effective date: upon passage or September 1, 2017.