

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1387
By: Patterson
Economic Development
4-18-97
Committee Report (Substituted)

DIGEST

Currently, coverage applicable to a dwelling under a policy issued by the Texas Catastrophe Property Insurance Association (association) is extended to include full cost of repair or replacement of a dwelling at the time of loss. Roof damage is a common loss and the association will often pay full replacement cost for a roof that was already damaged or in disrepair at the time of loss. This bill would authorize the association, under rules developed by the commissioner of insurance, to provide actual cash value coverage instead of replacement cost coverage on the roof covering of a building insured by the association.

PURPOSE

As proposed, C.S.S.B. 1387 authorizes the Texas Catastrophe Property Association to provide actual cash value coverage instead of replacement cost coverage on the roof covering a building insured by the association.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Section 8A(b), Article 21.49, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 8A, Article 21.49, Insurance Code (Texas Catastrophe Insurance Pool Act), by amending Subsection (b) and by adding Subsections (d) and (e), as follows:

(b) Authorizes the commissioner of insurance (commissioner), notwithstanding any other provisions of this Act or other law, after notice and hearing, to adopt rules to authorize the Texas Catastrophe Property Insurance Association (association) to provide actual cash value coverage instead of replacement cost coverage on the roof covering of a building insured by the association; and to determine the conditions under which the association may provide that actual cash value coverage, the appropriate premium reductions when coverage for the roof covering is provided on an actual cash value basis, and the disclosure that must be provided to the policyholder, prominently displayed on the face of the windstorm and hail insurance policy.

(d) Requires a hearing under Subsection (b), notwithstanding Article 1.33B, to be held before the commissioner or the commissioner's designee.

(e) Defines "roof covering" for purposes of this section.

SECTION 2. Makes application of this Act prospective to January 1, 1998.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Revises proposed relating clause.

SECTION 1.

Amends Section 8A, Article 21.49, Insurance Code, to revise changes to Subsection (b) and to add proposed Subsections (d) and (e).

SECTION 2.

Adds session law making application of this Act prospective to January 1, 1998.

SECTIONS 3-4.

Sets forth the effective date and emergency clause that were previously set forth in SECTIONS 2-3.