

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 865  
By: Patterson  
Economic Development  
4-10-97  
Committee Report (Substituted)

### **DIGEST**

Currently, Article 21.49, Insurance Code, the Texas Catastrophe Property Insurance Pool Act, provides for windstorm, hail, and fire insurance policies issued by the Texas Catastrophe Property Insurance Association. The Act does not require an insurance policy that offers financial assistance to remove the debris left behind when a home is destroyed or partially destroyed by a storm, or when high tides damage beach front property. This bill would require a policy of windstorm and hail insurance to include coverage for the demolition of dwellings and other associated structures and the removal of the associated debris under certain circumstances.

### **PURPOSE**

As proposed, C.S.S.B. 865 requires a policy of windstorm and hail insurance issued by the Texas Catastrophe Property Insurance Association to include coverage for the demolition of a dwelling and other associated structures and the removal of associated debris under certain conditions.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Article 21.49, Insurance Code (Texas Catastrophe Property Insurance Pool Act), by adding Section 8C, as follows:

Sec. 8C. COVERAGE FOR DEMOLITION AND DEBRIS REMOVAL. (a) Authorizes the Texas Catastrophe Property Insurance Association (association) to include an endorsement on a policy of windstorm and hail insurance issued by the association to provide coverage for the cost of demolition of undamaged portions of real property insured under a windstorm and hail policy and the removal of associated debris if at least 50 percent of the insured real property is destroyed at the time of loss through wind damage, hail damage, or wind-driven rain damage.

(b) Prohibits liability limits for demolition and debris removal authorized by this section from exceeding \$1,000 and from increasing the association's liability under a windstorm and hail policy issued under this Act beyond limits established under Section 8D of this Act. Requires the commissioner of insurance (commissioner) to provide, by rule, how, and to whom, the loss of payment for coverage authorized in this section is to be paid; the form and content of the endorsement; the rate the association may charge for coverage under the endorsement; the geographic location in each designated catastrophe area in which real properties are eligible for coverage under the endorsement; and any other item determined by the commission to be necessary to implement this section.

(c) Requires a hearing, notwithstanding Article 1.33B of this code, to be held before the commissioner or the commissioner's designee.

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

SECTION 3. Emergency clause.  
Effective date: upon passage.

**SUMMARY OF COMMITTEE CHANGES**

SECTION 1.

Amends Section 8C, Article 21.49, Insurance Code, to revise Subsections (a) and (c) and to add Subsection (c).

SECTION 3.

Revises the effective date from 90 days after adjournment to upon passage of the Act.