

BILL ANALYSIS

Senate Research Center

H.B. 2941
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Economic Development
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Engrossed

DIGEST

Companies that offer home protection services or products often provide deductible reimbursement benefits to their customers when they suffer a property loss. Insurers would like to insure these companies for the risks associated with providing reimbursement benefits, but the Texas Department of Insurance has been unable to establish the type of policy and wording that would provide the required coverage for these benefits. H.B. 2941 authorizes a fire or marine insurer to write home protection insurance. Under this bill, coverage under a home protection insurance policy cannot exceed \$2,000 for any single occurrence.

PURPOSE

As proposed, H.B. 2941 sets forth regulations regarding home protection insurance.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 5.53-A, Insurance Code, as follows:

ARTICLE 5.53-A. New title: HOME WARRANTY INSURANCE; HOME PROTECTION INSURANCE

Sec. 1. New heading: INSURANCE COVERAGE; LIMITATIONS. Includes home protection insurance among the types of insurance (home warranty insurance), a fire or marine insurer is authorized to write. Adds this subsection to prohibit the amount of coverage under a home protection insurance policy from exceeding \$2,000 for any single occurrence. Makes a conforming change.

Sec. 2. New heading: DEFINITIONS. Adds definitions for "home warranty insurance," "home protection insurance," and "home protection service or product." Home protection insurance means coverage insuring purchasers of home protection services or products against actual property loss. Home protection service or product means a service or product used for the protection of residential property, including a service or product provided by a person regulated under Article 4413(29bb), V.T.C.S. (Private Investigators and Private Security Agencies Act). Makes conforming and nonsubstantive changes.

SECTION 2. Makes application of this Act prospective for an insurance policy delivered, issued for delivery, or renewed on or after January 1,2000.

SECTION 3. Effective date: September 1, 1999.

SECTION 4. Emergency clause.