

BILL ANALYSIS

Senate Research Center
78R6237 DWS-F

S.B. 1211
By: Van de Putte
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DIGEST AND PURPOSE

Currently, Texas law limits collateral protection insurance for real property to the amount of the lender's interest in the collateral while the debtor's equity in the property is completely unprotected. Homeowners are having difficulty finding insurers willing to write homeowners insurance coverage in Texas. Consequently, many borrowers are without insurance coverage for their homes except that which may be force placed by their lenders. As proposed, S.B. 1211 authorizes a premium for collateral protection insurance for collateral that is real property to be based on the amount of unpaid indebtedness, the cash value or replacement value of the property, or the amount of insurance previously maintained by the debtor. This bill also authorizes the inclusion of an additional premium for any liability coverage provided to the debtor.

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 307.051(e), Finance Code, to authorize a premium protection insurance for collateral that is real property to be based on the amount of unpaid indebtedness, the cash value or replacement value of the property, or the amount of insurance previously maintained by the debtor, and authorizes the inclusion of an additional premium for any liability coverage provided to the debtor. Includes the phrase "for other types of collateral" in relation to a premium for collateral protection insurance.

SECTION 2. Amends Section 307.052(a)(3)(A)(i), Finance Code, to replace the phrase "equal to the debtor's indebtedness to the creditor" with "the creditor specifies."

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: upon passage or September 1, 2003.