

## **BILL ANALYSIS**

Senate Research Center

S.B. 1702  
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Business & Commerce  
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As Filed

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

In order to obtain new residential coverage from the Texas Windstorm Insurance Association (TWIA), a homeowner is typically required to produce a certificate of building code compliance (known as a WPI-8) on their structure. However, if a WPI-8 was not required by their previous insurance carrier, securing a certificate after the fact is cost-prohibitive and burdensome.

Through rulemaking at the Texas Department of Insurance (TDI) and legislation, TWIA now has a patchwork waiver program to allow coverage on a residential structure without a WPI-8. Structures accepted into TWIA under the waiver program are subject to a 15 percent surcharge.

S.B. 1702 simplifies the waiver program by amending Section 2210.251(f) so that a residential structure need not have been insured by TWIA as of September 1, 2009, to obtain or continue coverage.

Any new construction, remodel, repair, et cetera, done after June 19, 2009, must have a WPI-8 in order to obtain new coverage from TWIA. A WPI-8 is still required for all repairs, remodels, et cetera, on homes already covered by TWIA in order to maintain coverage.

As proposed, S.B. 1702 amends current law relating to residential property insured by the Texas Windstorm Insurance Association.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the commissioner of insurance is rescinded in SECTION 3 (Section 2210.260, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2210.251, Insurance Code, by amending Subsection (f), to authorize a residential structure, notwithstanding any other provision of this section, to obtain or continue coverage through the Texas Windstorm Insurance Association (TWIA) subject to the inspection requirements imposed under Section 2210.258 (Mandatory Compliance with Building Codes; Eligibility), rather than providing that a residential structure insured by TWIA as of September 1, 2009, continue coverage through TWIA subject to the inspection requirements imposed under Section 2210.258.

SECTION 2. Amends Section 2210.259, Insurance Code, by amending Subsection (a), to provide that a noncompliant residential structure insured by TWIA that is insured under Section 2210.251(f) is subject to an annual premium surcharge in an amount equal to 15 percent of the premium for insurance coverage obtained through TWIA, rather than providing that a noncompliant residential structure insured by TWIA as of September 1, 2009, under Section 2210.251(f) that had been approved for insurability under the approval process regulations in effect on September 1, 2009, is subject to an annual premium surcharge in an amount equal to 15 percent of the premium for insurance coverage obtained through TWIA.

SECTION 3. Repealer: Section 2210.260 (Alternative Eligibility for Coverage), Insurance Code.

SECTION 4. Effective date: upon passage or September 1, 2013.