



September 10, 2012

Dear Members of the Joint Interim Committee to Study Seacoast Territory Insurance:

Please accept this letter as the Texas Association of Builders' (TAB) initial comments to the Joint Committee. Specifically, TAB would like to comment on the building codes in Texas and the proven effectiveness of those codes.

Due to its geography, Texas is susceptible to various types of natural disasters ranging from hurricanes and tornadoes to droughts, hail and wildfires. Strong building standards go a long way toward helping prevent damage to homes when disaster strikes and to ensure safe housing. TAB has worked over the years to protect consumers by advocating and working for strong construction standards across the state. All homes in Texas built within municipalities must be built to the nationally accepted International Residential Code (IRC). Additionally, counties have the authority to require all homes built in the unincorporated areas of the respective county to meet IRC provisions and to mandate independent third party inspections to ensure those homes are properly built to the IRC standards, which include stringent windstorm provisions along the Texas coast. Additionally, the Texas Department of Insurance (TDI) provides for Texas revisions to the windstorm portion of the IRC to increase certain windstorm protections along portions of the coast over and above the IRC requirements.

The IRC standards have proven themselves during Hurricane Rita in 2005 and Hurricane Ike in 2008. Attached is a Texas Windstorm Insurance Association (TWIA) press release stating that our state building codes work. In fact, the 2007 TWIA release pointed out that the newer, up to date building codes helped prevent property damage during Hurricane Rita and that homes built to the current codes at the time resulted in far fewer claims, with the average paid loss for those homes at 40 to 50 percent less than homes not built to updated codes. Additionally, the attached FEMA report released after Hurricane Ike also concluded that our building codes work. According to the December 2008 report, "Ike provided evidence that modern building and floodplain codes work when well enforced." The report further stated that "modern homes built to the 130mph standard of the International Residential Code were still standing the morning after." With such strong codes in place, homeowners will see less damage to their homes should disaster strike.

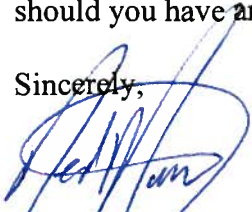
Due to the fact that our building codes work, the issue at hand is the proper enforcement of those codes. Like last session, TAB is committed to working with the counties to strengthen their code enforcement powers and clearly allow counties the authority to withhold permanent utilities if a

home does not meet the statutory county code inspections found in Subchapter F, Chapter 233, Texas Local Government Code, as required by a particular county. Furthermore, TAB is willing to explore the possibility of requiring all homes built in the TDI “catastrophe areas” along the Texas coast to get a “WPI-8” certificate of compliance from TDI, which evidences that a home meets the IRC and TDI windstorm building requirements.

During the 82nd Texas Legislative Session, TAB worked to help pass HB 1711, which requires that a disaster remediation contract be in writing and prohibits a disaster remediation contractor from requiring payment prior to beginning work. In order to protect trustworthy contractors who are an established part of a community, the bill exempts those who have held a business address for one year in the county or adjacent county where the work occurs. This statutory change will help protect the victims of natural disasters by providing safeguards against fly-by-night operators who tend to infiltrate our great state in times of disaster.

Thank you for the opportunity to comment on this important issue. TAB stands ready to work with the Joint Committee on this important issue. Please do not hesitate to contact us anytime should you have any questions or comments on this or any other matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ned Muñoz", is written over the word "Sincerely,".

Ned Muñoz
V.P. for Regulatory Affairs and General Counsel

Attachments