

1-1 By: Thompson of Brazoria H.B. No. 3208
 1-2 (Senate Sponsor - LaMantia)
 1-3 (In the Senate - Received from the House May 8, 2023;
 1-4 May 9, 2023, read first time and referred to Committee on Business
 1-5 & Commerce; May 17, 2023, reported favorably by the following vote:
 1-6 Yeas 7, Nays 2; May 17, 2023, sent to printer.)

1-7 COMMITTEE VOTE

| | Yea | Nay | Absent | PNV |
|------|-----|-----|--------|-----|
| 1-8 | | | | |
| 1-9 | X | | | |
| 1-10 | | X | | |
| 1-11 | | | X | |
| 1-12 | X | | | |
| 1-13 | X | | | |
| 1-14 | X | | | |
| 1-15 | | | X | |
| 1-16 | X | | | |
| 1-17 | | X | | |
| 1-18 | X | | | |
| 1-19 | X | | | |

1-20 A BILL TO BE ENTITLED
 1-21 AN ACT

1-22 relating to the refund of premiums on the cancellation of Texas
 1-23 Windstorm Insurance Association policies by insureds.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Section 2210.204, Insurance Code, is amended by
 1-26 amending Subsections (d) and (e) and adding Subsections (d-1),
 1-27 (d-2), and (d-3) to read as follows:

1-28 (d) If an insured requests cancellation of the insurance
 1-29 coverage, the association shall refund the unearned premium only if
 1-30 the cancellation was for one of the following reasons:

1-31 (1) the purchase of similar coverage in the voluntary
 1-32 market;

1-33 (2) sale of the insured property to an unrelated
 1-34 party;

1-35 (3) total loss of the insured property; or

1-36 (4) a determination by the association that the
 1-37 insured property is no longer insurable under the association's
 1-38 rules and procedures[, less any minimum retained premium set forth
 1-39 in the plan of operation, payable to the insured and the holder of
 1-40 an unpaid balance].

1-41 (d-1) The property and casualty agent who received a
 1-42 commission as the result of the issuance of an association policy
 1-43 providing the [canceled] coverage canceled under Subsection (d)
 1-44 shall refund the agent's commission on any unearned premium in the
 1-45 same manner.

1-46 (d-2) An insured must provide proof in the form and manner
 1-47 prescribed by the association of a cancellation reason described by
 1-48 Subsection (d)(1), (2), or (3) to be eligible for a refund under
 1-49 that subsection.

1-50 (d-3) If an insured requests cancellation for a reason other
 1-51 than a reason described by Subsection (d) or fails to provide proof
 1-52 under Subsection (d-2), the insured's premium is considered earned
 1-53 and is not refundable.

1-54 (e) For cancellation of insurance coverage under this
 1-55 section, the minimum retained premium in the plan of operation must
 1-56 be for a period of not less than the full annual policy term [90
 1-57 days], except for events specified in the plan of operation that
 1-58 reflect a significant change in the exposure or the policyholder
 1-59 concerning the insured property, including:

1-60 (1) the purchase of similar coverage in the voluntary
 1-61 market;

- 2-1 (2) sale of the property to an unrelated party;
- 2-2 (3) death of the policyholder; or
- 2-3 (4) total loss of the property.

2-4 SECTION 2. The change in law made by this Act applies only
2-5 to a Texas windstorm and hail insurance policy that is delivered,
2-6 issued for delivery, or renewed by the Texas Windstorm Insurance
2-7 Association on or after the effective date of this Act. A policy
2-8 delivered, issued for delivery, or renewed before the effective
2-9 date of this Act is governed by the law as it existed immediately
2-10 before that date, and that law is continued in effect for that
2-11 purpose.

2-12 SECTION 3. This Act takes effect September 1, 2023.

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