

Amend CSHB 272 (house committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter B, Chapter 2210, Insurance Code, is amended by adding Section 2210.058 to read as follows:

Sec. 2210.058. CLAIMS PRACTICES AUDIT. (a) If the commissioner determines that 100 or more claims have been filed under association policies the bases of which are damage to insured property caused by the same storm, the department shall conduct a random audit of the claim files of those claims to:

(1) determine whether the association is adequately and properly documenting claims decisions in each claim file; and

(2) ensure that each claim is being handled appropriately, including being handled in accordance with the terms of the policy under which the claim is filed.

(b) The department shall conduct an audit required under this section as soon as possible after the filing of the 100th claim described by Subsection (a) to ensure the quality of the process with which the association is handling claims described by Subsection (a).

(c) If, following an audit conducted under this section, the commissioner determines that the association is not adequately and properly documenting claims decisions or that claims described by Subsection (a) are not otherwise being handled appropriately, the commissioner shall:

(1) notify the board of directors of that determination; and

(2) identify the manner in which the association should correct any deficiencies identified by the commissioner.