

Amend CSHB 272 (house committee printing) by striking SECTIONS 13 and 14 of the bill (page 9, line 7, through page 10, line 1), substituting the following appropriately numbered SECTIONS of the bill, and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 2210.202, Insurance Code, is amended to read as follows:

Sec. 2210.202. APPLICATION FOR COVERAGE. (a) A person who has an insurable interest in insurable property may apply to the association for insurance coverage provided under the plan of operation and an inspection of the property, subject to any rules established by the board of directors and approved by the commissioner. The association shall make insurance available to each applicant in the catastrophe area whose property is insurable property but who, after diligent efforts, is unable to obtain property insurance through the voluntary market, as evidenced by one declination from an insurer authorized to engage in the business of, and writing, property insurance providing windstorm and hail coverage in the first tier coastal counties. For purposes of this section, "declination" has the meaning assigned by the plan of operation and shall include a refusal to offer coverage for the perils of windstorm and hail and the inability to obtain substantially equivalent insurance coverage for the perils of windstorm and hail. Notwithstanding Section 2210.203(c), evidence of one declination every three calendar years is also required with an application for renewal of an association policy.

(b) A property and casualty agent must submit an application for initial ~~[the]~~ insurance coverage on behalf of the applicant on forms prescribed by the association. A person insured under this chapter may submit an application for renewal coverage directly to the association on forms prescribed by the association. An [The] application for initial or renewal coverage must contain:

(1) a statement as to whether the applicant has submitted or will submit the premium in full from personal funds or, if not, to whom a balance is or will be due; and

(2) ~~[. Each application for initial or renewal coverage must also contain]~~ a statement that the agent acting on

behalf of the applicant possesses proof of the declination described by Subsection (a) and proof of flood insurance coverage or unavailability of that coverage as described by Section 2210.203(a-1), regardless of whether the agent or the applicant submits the application for coverage.

SECTION _____. Section 2210.203, Insurance Code, is amended by amending Subsection (a) and adding Subsection (d) to read as follows:

(a) If the association determines that the property for which an application for initial insurance coverage is made is insurable property, the association, on payment of the premium, shall direct the issuance of an insurance policy as provided by the plan of operation.

(d) The commissioner shall adopt rules governing the rate of agent commissions on policies renewed under Subsection (c). Rules adopted under this subsection must require that commission rates be reasonable and not excessive, based on the time required of, and the nature of work to be performed by, an agent.

SECTION _____. Sections 2210.204(d) and (e), Insurance Code, are amended to read as follows:

(d) If an insured requests cancellation of the insurance coverage, the association shall refund the unearned premium, less any minimum retained premium set forth in the plan of operation, payable to the insured and the holder of an unpaid balance. The property and casualty agent who received a commission as the result of the issuance of an association policy providing the canceled coverage [~~submitted the application~~] shall refund the agent's commission on any unearned premium in the same manner.

(e) For cancellation of insurance coverage under this section, the minimum retained premium in the plan of operation must be for a period of not less than 90 [~~180~~] days, except for events specified in the plan of operation that reflect a significant change in the exposure or the policyholder concerning the insured property, including:

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

(2) sale of the property to an unrelated party;

- (3) death of the policyholder; or
- (4) total loss of the property.