

Amend SB 1702 on third reading as follows:

(1) Strike the SECTION of the bill amending Section 2210.260(d), Insurance Code, as added by Amendment No. 1 by Eiland (832091).

(2) Strike the SECTION of the bill adding Section 2210.2581, Insurance Code, as added by Amendment No. 2 by Smithee (832089).

(3) Add the following appropriately numbered SECTIONS of the bill and renumber the SECTIONS accordingly:

SECTION \_\_\_\_\_. Section 2210.251(f), Insurance Code, is amended to read as follows:

(f) Notwithstanding any other provision of this section, insurance coverage for a residential structure ~~[insured by the association as of September 1, 2009,]~~ may be issued or renewed ~~[continue coverage]~~ through the association subject to the inspection requirements imposed under Section 2210.258, if applicable. This subsection expires December 31, 2015.

SECTION \_\_\_\_\_. Section 2210.258, Insurance Code, is amended to read as follows:

Sec. 2210.258. ~~[MANDATORY]~~ COMPLIANCE WITH BUILDING CODES; ELIGIBILITY. (a) Except as provided by Subsection (c) and Section 2210.2581 and notwithstanding ~~[Notwithstanding]~~ any other provision of this chapter, to be eligible for insurance through the association, all construction, alteration, remodeling, enlargement, and repair of, or addition to, any structure located in the catastrophe area that is begun on or after the effective date of Sections 5 through 49, HB 4409, Acts of the 81st Legislature, Regular Session, 2009, must be performed in compliance with the applicable building code standards, as set forth in the plan of operation.

(b) Except as provided by Subsection (c), the ~~[The]~~ association may not insure a structure described by Subsection (a) until:

(1) the structure has been inspected for compliance with the plan of operation in accordance with Section 2210.251(a); and

(2) a certificate of compliance has been issued for the structure in accordance with Section 2210.251(g).

(c) The association may insure a residential structure constructed, altered, remodeled, enlarged, repaired, or added to on or after June 19, 2009, that is not in compliance with the applicable building code standards, as set forth in the plan of operation, provided that:

(1) the structure had been insured on or after June 19, 2009, by an insurer in the private market that canceled or nonrenewed the insurance coverage of the structure before December 31, 2015;

(2) the applicant provides to the association proof that insurance coverage that was issued to the applicant or the previous insured for the structure was canceled or nonrenewed in the private market as described by Subdivision (1); and

(3) no construction, alteration, remodeling, enlargement, or repair of, or addition to, the structure occurred after cancellation or nonrenewal of the coverage and before submission of an application for coverage through the association.

SECTION \_\_\_\_\_. Subchapter F, Chapter 2210, Insurance Code, is amended by adding Section 2210.2581 to read as follows:

Sec. 2210.2581. MANDATORY COMPLIANCE WITH BUILDING STANDARDS; CERTAIN STRUCTURES. Except as provided by Section 2210.251(d) and (e), and notwithstanding Section 2210.258 or any other provision of this chapter, on and after December 31, 2015, the association may not issue or renew insurance coverage for a structure unless the structure complies with the applicable building code standards in effect on the date the construction, alteration, remodeling, enlargement, or repair of, or addition to, the structure begins, as set forth in the plan of operation.

SECTION \_\_\_\_\_. Section 2210.259, Insurance Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) Except as provided by Subsection (a-1), an insurance policy insuring a [A] noncompliant residential structure under Section 2210.251(f) [~~insured by the association 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 the association. The surcharge under this subsection applies to each policy issued or renewed by the association on or after the effective date of Sections 5 through 49, **HB 4409**, Acts of the 81st Legislature, Regular Session, 2009, and is due on the issuance or renewal of the policy.

(a-1) For a policy insuring a noncompliant residential structure eligible for coverage under Section 2210.258(c), the association shall charge:

(1) a premium based on the rate charged in the voluntary market for the portion of the cancelled or nonrenewed policy that provides windstorm and hail insurance coverage for the applicable risk; and

(2) an annual premium surcharge in an amount equal to 10 percent of that premium.

SECTION \_\_\_\_\_. Section 2210.260, Insurance Code, is repealed.