

BILL ANALYSIS

Senate Research Center

S.B. 1701
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Business & Commerce
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, the Texas Windstorm Insurance Association (TWIA) is required to make payments to the catastrophe reserve trust fund (CRTF) at the end of each calendar year or policy year, less the net gain from operations, including all premium and other revenue in excess of incurred losses, operating expenses, public security obligations, public security administrative expenses, and procurement of reinsurance.

The CRTF may only be used to fund the obligations of the trust fund for payment of TWIA losses, with approval by the commissioner of insurance.

As proposed, S.B. 1701 amends current law relating to the payment of insured losses of the Texas Windstorm Insurance Association and funding of the catastrophe reserve trust fund.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 2210.452(a) and (c), Insurance Code, as follows:

(a) Authorizes the catastrophe reserve trust fund (trust fund) to be used only to fund the obligations of the trust fund under Subchapter B-1 (Payment of Losses) with respect to insured losses incurred on or after June 1, 2013.

(c) Requires the Texas Windstorm Insurance Association (TWIA), at the end of each calendar year or policy year, to make payments to the trust fund in an amount greater than or equal to \$200 million. Authorizes TWIA to use any net gain from operations of TWIA remaining after payments to the trust fund, including all premium and other revenue of TWIA in excess of incurred losses, operating expenses, public security obligations, and public security administrative expenses, to make additional payments to the trust fund or to procure reinsurance, rather than make payments to the trust fund, to procure reinsurance, or to make payments to the trust fund and to procure reinsurance.

SECTION 2. Authorizes the trust fund, notwithstanding Section 2210.452(a), Insurance Code, as amended by this Act, to be used only to fund the obligations of that trust fund under Subchapter B-1, Chapter 2210 (Texas Windstorm Insurance Association), with respect to insured losses incurred on or after the earlier of June 1, 2013, or the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2013.