

By: Smithee

H.B. No. 2785

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to an insurance policyholders' bill of rights in  
3 connection with policies issued by the Texas Windstorm Insurance  
4 Association.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter E, Chapter 2210, Insurance Code, is  
7 amended by adding Section 2210.2051 to read as follows:

8 Sec. 2210.2051. REQUIRED POLICY PROVISIONS: POLICYHOLDER  
9 BILL OF RIGHTS. (a) The association must include in each windstorm  
10 and hail insurance policy issued by the association a  
11 policyholders' bill of rights. The bill of rights must be printed on  
12 the declarations page of the policy and must include a statement  
13 disclosing as of the date of issuance of the policy:

14 (1) the sources of funds, including cash reserves, the  
15 catastrophe reserve trust fund balance, and public securities  
16 proceeds, immediately available to pay claims during the policy  
17 period;

18 (2) the estimated total exposure of the association  
19 during the policy period;

20 (3) the amount of reinsurance purchased or that the  
21 association intends to purchase to cover losses occurring during  
22 the policy period;

23 (4) a projection by the Texas Public Finance Authority  
24 regarding the marketability of public securities issued or that may

1 be issued under this chapter to fund payment of claims during the  
2 policy period;

3 (5) any outstanding risk that may financially impact  
4 the association's ability to pay claims;

5 (6) an estimate of probable maximum loss exposure for  
6 the association in the event of a 100-year storm occurring during  
7 the policy period; and

8 (7) an explanation of the claims payment process if  
9 financial resources available to the association are insufficient  
10 to pay claims during the policy period.

11 (b) The association must disclose on the declarations page  
12 of each windstorm and hail insurance policy issued by the  
13 association that in the event financial resources available to the  
14 association are insufficient to pay claims under policies issued by  
15 the association during the policy period:

16 (1) the state is not legally obligated to pay the  
17 claims; and

18 (2) the payment of the claims is not guaranteed by the  
19 state.

20 SECTION 2. This Act applies only to an insurance policy that  
21 is delivered, issued for delivery, or renewed on or after January 1,  
22 2014. A policy delivered, issued for delivery, or renewed before  
23 January 1, 2014, is governed by the law as it existed immediately  
24 before the effective date of this Act, and that law is continued in  
25 effect for that purpose.

26 SECTION 3. This Act takes effect September 1, 2013.