

By: Taylor

S.B. No. 1701

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the payment of insured losses of the Texas Windstorm
3 Insurance Association and funding of the catastrophe reserve trust
4 fund.

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

6 SECTION 1. Sections 2210.452(a) and (c), Insurance Code,
7 are amended to read as follows:

8 (a) The commissioner shall adopt rules under which the
9 association makes payments to the catastrophe reserve trust fund.
10 The trust fund may be used only to fund the obligations of the trust
11 fund under Subchapter B-1 with respect to insured losses incurred
12 on or after June 1, 2013.

13 (c) At the end of each calendar year or policy year, the
14 association shall make payments to the trust fund in an amount
15 greater than or equal to \$200 million. The association may use any
16 [the] net gain from operations of the association remaining after
17 payments to the trust fund, including all premium and other revenue
18 of the association in excess of incurred losses, operating
19 expenses, public security obligations, and public security
20 administrative expenses, to make additional payments to the trust
21 fund or [7] to procure reinsurance [~~, or to make payments to the~~
22 ~~trust fund and to procure reinsurance~~].

23 SECTION 2. Notwithstanding Section 2210.452(a), Insurance
24 Code, as amended by this Act, the catastrophe reserve trust fund may

1 be used only to fund the obligations of that trust fund under
2 Subchapter B-1, Chapter 2210, Insurance Code, with respect to
3 insured losses incurred on or after the earlier of June 1, 2013, or
4 the effective date of this Act.

5 SECTION 3. This Act takes effect immediately if it receives
6 a vote of two-thirds of all the members elected to each house, as
7 provided by Section 39, Article III, Texas Constitution. If this
8 Act does not receive the vote necessary for immediate effect, this
9 Act takes effect September 1, 2013.