

Amend CSSB 900 as follows:

1. On page \_\_\_\_, line \_\_\_\_, add the following:

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

SUBCHAPTER O. DEPOPULATION PROGRAM

Sec. 2210.701. DEPOPULATION PROGRAM. (a) The association shall administer, subject to commissioner approval, a depopulation program that encourages the transfer of association policies to insurers through assumption reinsurance.

(b) An insurer authorized to conduct the business of property and casualty insurance in this state may elect to participate in the depopulation program.

Sec. 2210.702. ASSUMPTION REINSURANCE DEPOPULATION. (a) The association shall make available to insurers who elect to participate in the depopulation program association policy information necessary for the insurers to determine whether to reinsure a policy ceded to the insurer by the association. The commissioner by rule shall establish the information that is necessary to provide to an insurer under this subsection.

(b) Reinsurance under this section must be provided as assumption reinsurance by novation and the insurer is legally and contractually responsible for the association policy ceded to the insurer on the effective date of the assumption reinsurance agreement regardless of whether the association continues to provide some services on the policy. The association is not liable under the policy on and after the effective date of the assumption reinsurance agreement. Except as specifically provided in an agreement between the association and the insurer, the insurer shall administer the policy and process, adjust, and pay claims in accordance with the policy.

(c) If an insurer elects to reinsure an association policy under this section, the insurer shall comply with the applicable provisions of Chapters 202 and 493.

Sec. 2210.703. COMPARABLE COVERAGE; PRIVATE MARKET OFFER. An insurer may not offer a policy to an association policyholder under Section 2210.703 unless the policy contains generally comparable coverage and premiums to the association policy as determined by

commissioner rule. The premiums for a policy of generally comparable coverage may not exceed 115 percent of the premiums for the association policy. The insurer will offer renewal of the reinsured policy for each of the next 3 years subject to the rate and underwriting guidelines of insurer filed with the Texas Department of Insurance. The provisions of Subchapter L-1 do apply to the policy issued by the insurer issued under the reinsurance agreement.

Sec. 2210.704. CONFIDENTIALITY OF INFORMATION; USE OF POLICYHOLDER'S AGENT. (a) An insurer may use information concerning a specific policy or insured provided by the association under Sections 2210.702(b) and 2210.703(a) only for the purposes of this subchapter and may not use or disclose the information for any other purpose. The insurer must offer the policy through the insurance agent of record for the association policyholder under the prevailing terms, conditions, and commissions of the agent.

(b) The commissioner shall establish the procedure for transferring the reinsured policies by rule. The rule shall provide that the reinsurance agreement includes:

- (1) an offer commencement date of December 1;
- (2) a transfer of the earned premium on the reinsured policies to a trust account to be held until the expiration of the opt out period when the earned premium for the final reinsured policies will be transferred to the reinsurer;
- (3) a period of not less than 60 days for the agent of record to accept an appointment or other written agreement with the reinsurer;
- (4) the opportunity for the policy holder to opt out of the reinsurance agreement on or before May 31;
- (5) such other requirements as the commissioner deems necessary for the protection of policyholders and their agents; and

SECTION 2. As soon as practicable after the effective date of this Act, the board of directors of the Texas Windstorm Insurance Association shall propose amendments to the plan of operation of the association and the commissioner of insurance shall adopt rules to implement Subchapter O, Chapter 2210, Insurance Code, as added by this Act.