

Amend CSSB 900 (house committee printing) by adding the following appropriately numbered SECTIONS to the bill and renumbering SECTIONS of the bill accordingly:

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 the voluntary market or assumption reinsurance.

(b) An insurer engaged in 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 shall by rule establish the information that is necessary to provide to an insurer under this subsection.

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

Sec. 2210.703. RENEWAL OF REINSURED POLICIES; COMPARABLE COVERAGE. (a) An insurer electing to offer a policy under Section 2210.702 shall offer a renewal of that policy to the

association policyholder for each of the next three years subject to the insurer's rate and underwriting guidelines as filed under this code.

(b) An insurer may not offer a policy to an association policyholder under this section 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.

(c) Subchapter L-1 does not apply to a policy renewed under this section.

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 Section 2210.702(a) only for the purposes of this subchapter and may not use or disclose the information for any other purpose.

(b) If an insurer elects to renew a policy for an association policyholder identified from information provided to the insurer under Section 2210.702, 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.

Sec. 2210.705. TRANSFER OF POLICIES. The commissioner shall by rule establish the procedure for the transfer of reinsured policies. The rule must provide that a reinsurance agreement include:

- (1) an offer commencement date of December 1;
- (2) the opportunity for the policy holder to opt-out of the reinsurance agreement on or before May 31;
- (3) a transfer of the earned premium on a reinsured policy to a trust account to be held until the expiration of the opt-out period described by Subdivision (2) when the earned premium for the final reinsured policy will be transferred to the reinsurer;
- (4) a period of not less than 60 days for the agent of record to accept an appointment or other written agreement with the reinsurer; and

(5) any other requirements as the commissioner determines necessary for the protection of policyholders and the policyholders' agents.

SECTION \_\_\_\_\_. 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.