

Amend CSSB 900 (senate committee printing) on third reading as follows:

(1) In the recital to SECTION 8 of the bill (page 2, line 42), after "2210.0715", insert ", 2210.07151,".

(2) In SECTION 8 of the bill, following added Section 2210.0715, Insurance Code (page 2, between lines 55 and 56), insert the following:

Sec. 2210.07151. PAYMENT FROM CLASS 1-A PUBLIC SECURITIES; FINANCIAL INSTRUMENTS. (a) Losses not paid under Section 2210.0715 shall be paid as provided by this section from the proceeds from Class 1-A public securities authorized to be issued in accordance with Subchapter M before, on, or after the date of any occurrence or series of occurrences that results in insured losses. Public securities issued under this section must be paid within a period not to exceed 10 years and may be paid sooner if the board of directors elects to do so and the commissioner approves.

(b) Public securities described by Subsection (a) that are issued before an occurrence or series of occurrences that results in incurred losses:

(1) may be issued on the request of the board of directors with the approval of the commissioner; and

(2) may not, in the aggregate, exceed \$250 million at any one time, regardless of the calendar year or years in which the outstanding public securities were issued.

(b-1) Public securities described by Subsection (a):

(1) shall be issued as necessary in a principal amount not to exceed \$250 million per catastrophe year, in the aggregate, for securities issued during that catastrophe year before the occurrence or series of occurrences that results in incurred losses in that year and securities issued on or after the date of that occurrence or series of occurrences, and regardless of whether for a single occurrence or a series of occurrences; and

(2) subject to the maximum described by Subdivision (1), may be issued, in one or more issuances or tranches, during the calendar year in which the occurrence or series of occurrences occurs or, if the public securities cannot reasonably be issued in that year, during the following calendar year.

(c) If public securities are issued as described by this section, the public securities shall be paid in the manner prescribed by Subchapter M.

(d) The association may borrow from, or enter into other financing arrangements with, any market source, under which the market source makes interest-bearing loans or other financial instruments to the association to enable the association to pay losses under this section or to obtain public securities under this section. For purposes of this subsection, financial instruments includes commercial paper.

(e) The proceeds of any outstanding public securities described by Subsection (a) that are issued before an occurrence or series of occurrences shall be depleted before the proceeds of any securities issued after an occurrence or series of occurrences may be used. This subsection does not prohibit the association from issuing securities after an occurrence or series of occurrences before the proceeds of outstanding public securities issued during a previous catastrophe year have been depleted.

(f) If, under Subsection (e), the proceeds of any outstanding public securities issued during a previous catastrophe year must be depleted, those proceeds shall count against the limit on public securities described by this section in the catastrophe year in which the proceeds must be depleted.

(3) In SECTION 8 of the bill, in added Section 2210.0716,

Insurance Code (page 2, line 57), strike "Section 2210.0715" and substitute "Sections 2210.0715 and 2210.07151".

(4) Following SECTION 8 of the bill (page 3, between lines 4 and 5), insert the following appropriately numbered SECTION:

SECTION \_\_\_\_\_. The heading to Section 2210.072, Insurance Code, is amended to read as follows:

Sec. 2210.072. PAYMENT FROM CLASS 1-B [~~1~~] PUBLIC SECURITIES; FINANCIAL INSTRUMENTS.

(5) In SECTION 9 of the bill, in amended Section 2210.072(a), Insurance Code (page 3, line 7), after "Sections 2210.0715", insert ", 2210.07151,".

(6) In SECTION 9 of the bill, in amended Section 2210.072(a), Insurance Code (page 3, line 9), strike "Class 1" and substitute "Class 1-B [~~1~~]".

(7) In SECTION 9 of the bill, in amended Section 2210.072(b)(2), Insurance Code (page 3, line 21), strike "\$500 million" and substitute "\$250 million".

(8) In SECTION 9 of the bill, in amended Section 2210.072(b-1), Insurance Code (page 3, line 26), strike "\$500 million" and substitute "\$250 million".

(9) In SECTION 9 of the bill, in amended Section 2210.072(f), Insurance Code (page 3, lines 43-44), strike "\$500 million".

(10) In SECTION 10 of the bill, in added Section 2210.0725, Insurance Code (page 3, line 51), after "2210.0715,", insert "2210.07151,".

(11) In SECTION 11 of the bill, in amended Section 2210.073, Insurance Code (page 3, line 65), after "2210.0715,", insert "2210.07151,".

(12) Following SECTION 14 of the bill (page 5, between lines 40 and 41), insert the following appropriately numbered SECTION:

SECTION \_\_\_\_\_. Section 2210.355(b), Insurance Code, is amended to read as follows:

(b) In adopting rates under this chapter, the following must be considered:

(1) the past and prospective loss experience within and outside this state of hazards for which insurance is made available through the plan of operation, if any;

(2) expenses of operation, including acquisition costs;

(3) a reasonable margin for profit and contingencies;

(4) payment of public security obligations for Class 1-A or Class 1-B [~~1~~] public securities issued under this chapter, including the additional amount of any debt service coverage determined by the association to be required for the issuance of marketable public securities; and

(5) all other relevant factors, within and outside this state.

(13) In the recital to SECTION 18 of the bill (page 6, line 58), strike "adding Subdivisions (2-a) and (3-a)" and substitute "adding Subdivisions (1-c), (2-a), (2-b), and (3-a) and amending Subdivision (2)".

(14) In SECTION 18 of the bill, following the recital (page 6, between lines 58 and 59), insert the following:

(1-c) "Class 1-A public securities" means public securities authorized to be issued by Section 2210.07151, including a commercial paper program authorized before the occurrence of a catastrophic event.

(2) "Class 1-B [~~1~~] public securities" means public securities authorized to be issued by Section 2210.072, including a commercial paper program authorized before the occurrence of a catastrophic event.

(15) In SECTION 18 of the bill, in added Section 2210.602(2-a), Insurance Code (page 6, line 59), strike "Class 1" and substitute "Class 1-A".

(16) In SECTION 18 of the bill, in added Section 2210.602(2-a), Insurance Code (page 6, line 62), strike "Class 1" and substitute "Class 1-A".

(17) In SECTION 18 of the bill, following added Section 2210.602(2-a), Insurance Code (page 6, between lines 63 and 64), insert the following:

(2-b) "Class 1-B public security trust fund" means the dedicated trust fund established by the board and held by the Texas Treasury Safekeeping Trust Company into which premium surcharges collected under Section 2210.612 for the purpose of paying Class 1-B public securities are deposited.

(18) In SECTION 19 of the bill, in amended Section 2210.604(a), Insurance Code (page 7, line 4), strike "Class 1 or [~~1~~]" and substitute "Class 1-A, Class 1-B, or [~~1~~]".

(19) Following SECTION 19 of the bill (page 7, between lines 7 and 8), insert the following appropriately numbered SECTION:

SECTION \_\_\_\_\_. Section 2210.608(c), Insurance Code, is amended to read as follows:

(c) Notwithstanding Subsection (a)(2), the proceeds from public securities issued under Section 2210.07151 or 2210.072 before an occurrence or series of occurrences that results in incurred losses, including investment income, may not be used to purchase reinsurance for the association.

(20) In SECTION 20 of the bill, in amended Section 2210.609(a), Insurance Code (page 7, lines 20-21), strike "Class 1 or [~~1~~]" and substitute "Class 1-A, Class 1-B, or [~~1~~]".

(21) In SECTION 20 of the bill, in amended Section 2210.609(a), Insurance Code (page 7, line 22), strike "Class 1 or [7]" and substitute "Class 1-A, Class 1-B, or [17]".

(22) In SECTION 20 of the bill, in amended Section 2210.609(c), Insurance Code (page 7, line 33), strike "Class 1 public security trust fund" and substitute "Class 1-A public security trust fund or Class 1-B public security trust fund, as applicable,".

(23) In SECTION 20 of the bill, in amended Section 2210.609(c), Insurance Code (page 7, line 51), strike "Class 1 public security trust fund" and substitute "Class 1-A public security trust fund, the Class 1-B public security trust fund,".

(24) In SECTION 20 of the bill, in amended Section 2210.609(d), Insurance Code (page 7, line 60), strike "Class 1 public security trust fund" and substitute "Class 1-A public security trust fund, the Class 1-B public security trust fund,".

(25) In SECTION 20 of the bill, in amended Section 2210.609(e), Insurance Code (page 7, line 69), strike "Class 1 public security trust fund" and substitute "Class 1-A public security trust fund, the Class 1-B public security trust fund".

(26) In SECTION 23 of the bill, in the heading to amended Section 2210.612, Insurance Code (page 8, line 30), strike "CLASS 1" and substitute "CLASS 1-A AND CLASS 1-B [1]".

(27) In SECTION 23 of the bill, in amended Section 2210.612(a), Insurance Code (page 8, line 31), strike "Class 1" and substitute "Class 1-A and Class 1-B [1]".

(28) In SECTION 23 of the bill, in amended Section 2210.612(a), Insurance Code (page 8, lines 31-32), strike "issued under Section 2210.072" and substitute "~~[issued under Section 2210.072]~~".

(29) In SECTION 23 of the bill, in added Section 2210.612(e), Insurance Code (page 8, line 53), between "Section" and "2210.072(d)", insert "2210.07151(d) or".

(30) In SECTION 23 of the bill, in added Section 2210.612(e), Insurance Code (page 8, line 54), strike "Section 2210.072" and substitute "Section 2210.07151 or 2210.072, as applicable".

(31) In SECTION 23 of the bill, in added Section 2210.612(e), Insurance Code (page 8, line 58), between "Section" and "2210.072(a)", insert "2210.07151(a) or".

(32) In SECTION 25 of the bill, in amended Section 2210.614, Insurance Code (page 9, lines 57-58), strike "Class 1 or[7]" and substitute "Class 1-A, Class 1-B, or [~~17~~]".

(33) In SECTION 26 of the bill, in amended Section 2210.616(a), Insurance Code (page 9, lines 67-68), strike "Class 1 public security [~~member assessment~~] trust fund" and substitute "Class 1-A public security trust fund, Class 1-B public security [~~member assessment~~] trust fund<sub>1</sub>".

(34) Renumber the SECTIONS of the bill appropriately.