

By: Sheets

H.B. No. 3204

A BILL TO BE ENTITLED

AN ACT

relating to a depopulation program for the Texas Windstorm Insurance Association.

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

SECTION 1. 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.

(c) An eligible surplus lines insurer may elect to participate in the depopulation program if the surplus lines insurer has at least a minimum A7 rating from A. M. Best or a comparable rating determined by the commissioner. The commissioner by rule shall establish the manner in which an eligible surplus lines insurer may participate in the depopulation program. The rules must address the transmission of information to participating surplus lines insurers or surplus lines agents under Section 2210.702(a) or 2210.703(a) and the manner in which compliance with Section 981.004(a)(1) must be established.

1 Sec. 2210.702. VOLUNTARY MARKET DEPOPULATION. (a) The
2 association shall notify each insurer who elects to participate in
3 the depopulation program of the expiration of an association
4 policy.

5 (b) In the notice provided under Subsection (a), the
6 association shall provide necessary information for the insurer to
7 determine whether to issue a policy in the voluntary market to the
8 association policyholder.

9 (c) If an insurer elects to issue a policy to an association
10 policyholder under this section, the insurer is legally and
11 contractually responsible for the issued policy regardless of
12 whether the association continues to provide some services on the
13 policy. Except as specifically provided in an agreement between
14 the association and the insurer, the insurer shall administer the
15 policy and process, adjust, and pay claims in accordance with the
16 policy.

17 (d) If an insurer offers a policy to a policyholder under
18 this section that contains generally comparable coverage and
19 premiums to the association policy as determined by commissioner
20 rule, the association may not renew or issue a new association
21 policy to the policyholder. The commissioner by rule shall
22 establish, as a percentage, a reasonable difference in premium cost
23 that qualifies as comparable premiums for purposes of this
24 subsection.

25 Sec. 2210.703. ASSUMPTION REINSURANCE DEPOPULATION. (a)
26 The association shall make available to insurers who elect to
27 participate in the depopulation program association policy

1 information necessary for the insurers to determine whether to
2 reinsure a policy ceded to the insurer by the association.

3 (b) If an insurer elects to reinsure a policy under this
4 section, the reinsurance must be provided as assumption reinsurance
5 and the insurer is legally and contractually responsible for the
6 association policy ceded to the insurer on the effective date of the
7 reinsurance agreement regardless of whether the association
8 continues to provide some services on the policy. Except as
9 specifically provided in an agreement between the association and
10 the insurer, the insurer shall administer the policy and process,
11 adjust, and pay claims in accordance with the policy.

12 Sec. 2210.704. CONFIDENTIALITY OF INFORMATION. An insurer
13 may use information concerning a specific policy or insured
14 provided by the association under Sections 2210.702(a) and
15 2210.703(a) only for the purposes of this subchapter and may not use
16 or disclose the information for any other purpose.

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

23 SECTION 3. This Act takes effect September 1, 2015.