

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 26, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB900 by Taylor, Larry (Relating to the operation of the Texas Windstorm Insurance Association.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to the operation of the Texas Windstorm Insurance Association (TWIA).

The bill would allow the Commissioner of Insurance to contract with an administrator to manage TWIA and administer the plan of operation if it is determined by the commissioner to be in the best interest of the policyholders and the public. The bill would grant the commissioner rulemaking authority to implement the contract.

The bill would modify the manner in which insured losses in excess of reserves and amounts available in the Catastrophe Reserve Trust Fund (CRTF) would be paid. The bill required the Comptroller of Public Accounts to invest the portion of the CRTF that is above the required balances.

The bill would amend Chapter 2210 of the Insurance Code to require the Texas Department of Insurance (TDI) to conduct a biennial study of market incentives to promote participation in the voluntary windstorm and hail insurance market in the seacoast territory and include the results of the study in the report submitted by TDI under Section 32.022 of the Insurance Code.

This analysis does not reflect estimates of the fiscal impact of assessments made by TWIA on insurers in the state in the event of a disaster as those revenues are deposited to the CRTF and accounted for outside the treasury. Further, because the state is not liable for any public issuances by or on behalf of TWIA, the bill would have no significant fiscal implications to the state related to any public securities issued by, or on behalf of TWIA.

The bill would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

Based on information provided by the TDI and the Comptroller of Public Accounts, it is assumed that all duties and responsibilities necessary to implement the provisions of the bill could be accomplished utilizing existing staff and resources.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If the bill does not receive the vote necessary for immediate effect, the bill would take effect September 1, 2015.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 347 Public Finance Authority, 454 Department of Insurance, 304
Comptroller of Public Accounts

LBB Staff: UP, ER, AG, NV, CL, NHe