



2019 MAY 15 AM 9:07

HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: Cucio

Amend C.S.S.B. No. 615 (house committee report) as follows:

(1) Add the following appropriately numbered SECTIONS to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 2210.071, Insurance Code, is amended to read as follows:

Sec. 2210.071. PAYMENT OF EXCESS LOSSES. (a) If, in a catastrophe year, an occurrence or series of occurrences in a catastrophe area results in insured losses and operating expenses of the association in excess of premium and other revenue of the association, the excess losses and operating expenses shall be paid as provided by this subchapter.

(b) The association may not pay insured losses and operating expenses resulting from an occurrence or series of occurrences in a catastrophe year with premium and other revenue earned in a subsequent year.

SECTION _____. Section 2210.0715, Insurance Code, is amended to read as follows:

Sec. 2210.0715. PAYMENT FROM RESERVES AND TRUST FUND. (a) The association shall pay losses resulting from an occurrence or series of occurrences in a catastrophe year in excess of premium and other revenue of the association for that catastrophe year from ~~[available]~~ reserves of the association available before or accrued during that catastrophe year and ~~[available]~~ amounts in the catastrophe reserve trust fund available before or accrued during that catastrophe year.

(b) Proceeds of ~~[Class 1]~~ public securities issued or assessments made before or as a result [the date] of any occurrence or series of occurrences in a catastrophe year that results in insured losses may not be included in ~~[available]~~ reserves

1 available for a subsequent catastrophe year for purposes of this
2 section.

3 SECTION _____. Subchapter C, Chapter 2210, Insurance Code, is
4 amended by adding Section 2210.1052 to read as follows:

5 Sec. 2210.1052. EMERGENCY MEETING. If the final estimate
6 of losses for an occurrence or series of occurrences made by the
7 chief financial officer or chief actuary of the association
8 indicates member insurers may be subject to an assessment under
9 Subchapter B-1, the board of directors shall call an emergency
10 meeting of the members of the association to notify the members
11 about the assessment.

12 SECTION _____. Section 2210.351, Insurance Code, is amended
13 by adding Subsection (f) to read as follows:

14 (f) Notwithstanding any other law, the association may not
15 file a new rate or use a filed rate that was not in effect on May 1,
16 2019, without regard to whether the filed rate has been approved by
17 the commissioner, if the new or filed rate exceeds the rate that was
18 in effect on May 1, 2019. The commissioner may not approve a rate
19 that exceeds the rate that was in effect on May 1, 2019. This
20 subsection expires September 1, 2021.

21 SECTION _____. Section 2210.352, Insurance Code, is amended
22 by adding Subsection (e) to read as follows:

23 (e) Notwithstanding any other law, the association may not
24 file a new rate or use a filed rate that was not in effect on May 1,
25 2019, without regard to whether the filed rate has been approved by
26 the commissioner, if the new or filed rate exceeds the rate that was
27 in effect on May 1, 2019. The commissioner may not approve a rate
28 that exceeds the rate that was in effect on May 1, 2019. This
29 subsection expires September 1, 2021.

30 SECTION _____. Chapter 2210, Insurance Code, is amended by
31 adding Subchapter N-1 to read as follows:

1 SUBCHAPTER N-1. LEGISLATIVE FUNDING AND FUNDING STRUCTURE

2 OVERSIGHT BOARD

3 Sec. 2210.661. DEFINITION. In this subchapter, "board"
4 means the windstorm insurance legislative funding and funding
5 structure oversight board.

6 Sec. 2210.662. COMPOSITION OF BOARD. The board is composed
7 of eight members as follows:

8 (1) four members of the senate appointed by the
9 lieutenant governor; and

10 (2) four members of the house of representatives
11 appointed by the speaker of the house of representatives.

12 Sec. 2210.663. POWERS AND DUTIES OF BOARD. (a) The board
13 shall:

14 (1) gather information regarding:

15 (A) how the association's current funding and
16 funding structure operate;

17 (B) how the catastrophic risk pools of other
18 states operate; and

19 (C) other information that the board considers
20 necessary to prepare the report required by Section 2210.664; and

21 (2) hold public meetings to hear testimony from
22 experts, stakeholders, and other interested parties regarding
23 recommendations and proposals for establishing and implementing
24 sustainable funding and a sustainable funding structure for the
25 association.

26 (b) The board may request reports and other information as
27 necessary to implement this subchapter from:

28 (1) the department;

29 (2) the association; and

30 (3) experts, stakeholders, and other interested
31 parties described by Subsection (a)(2).

1 Sec. 2210.664. REPORT. (a) The board shall prepare a
2 report of the board's findings regarding the current funding and
3 funding structure of the association, problems with the funding and
4 funding structure, and recommendations for legislative action
5 related to the funding, funding structure, and sustainability of
6 the association. The report must include:

7 (1) an analysis of the current funding, funding
8 structure, and sustainability of the association, including the
9 association's reliance on debt and reinsurance; and

10 (2) recommendations for legislative action necessary
11 to:

12 (A) address problems with the current funding and
13 funding structure of the association; and

14 (B) foster the stability and sustainability of
15 the association.

16 (b) Not later than November 15, 2020, the board shall
17 deliver the report prepared under Subsection (a) to:

18 (1) the governor;

19 (2) the lieutenant governor; and

20 (3) the speaker of the house of representatives.

21 Sec. 2210.665. EXPIRATION. This subchapter expires
22 September 1, 2021.

23 SECTION _____. As soon as practicable after the effective
24 date of this Act, the Texas Windstorm Insurance Association,
25 through the board of directors of that association, shall propose
26 to the commissioner of insurance amendments to the association's
27 plan of operation to be effective before the hurricane season of
28 2020 as necessary under Chapter 2210, Insurance Code, as amended by
29 this Act.

30 (2) On page 16, line 24, strike "This" and substitute "(a)
31 Except as provided by Subsection (b) of this section, this".

1 (3) On page 16, immediately after line 24, insert the
2 following:

3 (b) Sections 2210.351(f) and 2210.352(e), Insurance Code,
4 as added by this Act, take effect immediately if this Act receives a
5 vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for those sections to have
8 immediate effect, those sections take effect September 1, 2019.