86R28201 PMO-F

By:  Hunter, Lozano, Herrero, Middleton H.B. No. 3960

Substitute the following for H.B. No. 3960:

By:  Lucio III C.S.H.B. No. 3960

A BILL TO BE ENTITLED

AN ACT

relating to rate filings by the Texas Windstorm Insurance Association.

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

SECTION 1.  Section 2210.351(d), Insurance Code, is amended to read as follows:

(d)  The association may use a rate filed by the association without prior commissioner approval if:

(1)  the filing is made not later than the 30th day before the date of any use or delivery for use of the rate;

(2)  the filed rate does not exceed 102.5 [~~105~~] percent of the rate in effect on the date on which the filing is made;

(3)  the filed rate does not reflect a rate change for an individual rating class that is more than 2.5 [~~10~~] percent higher than the rate in effect for that rating class on the date on which the filing is made; and

(4)  the commissioner has not disapproved the filing in writing, advising of the reasons for the disapproval and the criteria the association is required to meet to obtain approval.

SECTION 2.  Section 2210.352(a-1), Insurance Code, is amended to read as follows:

(a-1)  The association may use a rate filed by the association under this section without prior commissioner approval if:

(1)  the filing is made not later than the 30th day before the date of any use or delivery for use of the rate;

(2)  the filed rate does not exceed 102.5 [~~105~~] percent of the rate used by the association in effect on the date on which the filing is made; and

(3)  the filed rate does not reflect a rate change for an individual rating class that is more than 2.5 [~~10~~] percent higher than the rate in effect for that rating class on the date on which the filing is made.

SECTION 3.  Chapter 2210, Insurance Code, is amended by adding Subchapter N-1 to read as follows:

SUBCHAPTER N-1. LEGISLATIVE FUNDING AND FINANCIAL STRUCTURE OVERSIGHT BOARD

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

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

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

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

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

(1)  gather information regarding:

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

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

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

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

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

(1)  the department;

(2)  the association; and

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

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

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

(2)  recommendations for legislative action necessary to:

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

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

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

(1)  the governor;

(2)  the lieutenant governor; and

(3)  the speaker of the house of representatives.

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

SECTION 4.  Sections 2210.351(d) and 2210.352(a-1), Insurance Code, as amended by this Act, apply only to a rate filed by the Texas Windstorm Insurance Association with the Texas Department of Insurance on or after the effective date of this Act. A rate filed with the Texas Department of Insurance before the effective date of this Act is governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose.

SECTION 5.  This Act takes effect December 1, 2019.