

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

1  
2 relating to rate filings by the Texas Windstorm Insurance  
3 Association.

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

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

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

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

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

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

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

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

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

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

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

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

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

12 SUBCHAPTER N-1. LEGISLATIVE FUNDING AND FINANCIAL STRUCTURE

13 OVERSIGHT BOARD

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

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

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

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

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

25 (1) gather information regarding:

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

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

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

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

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

11           (1) the department;

12           (2) the association; and

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

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

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

24           (2) recommendations for legislative action necessary  
25 to:

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

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

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

5                    (1) the governor;

6                    (2) the lieutenant governor; and

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

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

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

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