

By: Herrero

H.B. No. 1451

A BILL TO BE ENTITLED

AN ACT

relating to the board of directors of the Texas Windstorm Insurance Association.

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

SECTION 1. Sections 2210.102(a), (c), (c-1), (f), and (g), Insurance Code, are amended to read as follows:

(a) The board of directors is composed of 11 ~~[nine]~~ members appointed by the governor ~~[commissioner]~~ in accordance with this section.

(c) Five ~~[Three]~~ members must, as of the date of the appointment, reside in the first tier coastal counties. Each of the following regions must be represented by a member residing in the region and appointed under this subsection:

(1) the region consisting of Cameron, Kenedy, Kleberg, and Willacy Counties;

(2) the region consisting of Aransas, Calhoun, Nueces, Refugio, and San Patricio Counties; and

(3) the region consisting of Brazoria, Chambers, Galveston, Jefferson, and Matagorda Counties and any part of Harris County designated as a catastrophe area under Section 2210.005.

(c-1) One of the members appointed under Subsection (c) must be a property and casualty agent who is licensed under this code and is not a captive agent. Other members appointed under that subsection:

1           (1) must be association policyholders nominated by the  
2 office of public insurance counsel; and

3           (2) may not be property and casualty agents.

4           (f) Insurers who are members of the association shall  
5 nominate, from among those members, persons to fill any vacancy in  
6 the three board of director seats reserved for representatives of  
7 the insurance industry. The board of directors shall solicit  
8 nominations from the members and submit the nominations to the  
9 governor [~~commissioner~~]. The nominee slate submitted to the  
10 governor [~~commissioner~~] under this subsection must include at least  
11 three more names than the number of vacancies. The governor  
12 [~~commissioner~~] may appoint replacement insurance industry  
13 representatives from the nominee slate.

14           (g) Members appointed to the board of directors under  
15 Subsections (c) and (d), other than the property and casualty agent  
16 [~~member~~] appointed under Subsection (c-1), must represent the  
17 general public in the regions described by those subsections. A  
18 person may not be appointed to represent the general public under  
19 Subsection (c) or (d) if the person or the person's spouse:

20               (1) is employed by or participates in the management  
21 of a business entity or other organization:

22                       (A) operating in the property and casualty  
23 insurance industry in this state;

24                       (B) receiving money from the association, other  
25 than insurance claim payments; or

26                       (C) receiving money from association  
27 policyholders with respect to the policyholders' claims;

1           (2) owns or controls, directly or indirectly, more  
2 than a 10 percent interest in a business entity or other  
3 organization:

4                   (A) operating in the property and casualty  
5 insurance industry in this state;

6                   (B) receiving money from the association, other  
7 than insurance claim payments; or

8                   (C) receiving money from association  
9 policyholders with respect to the policyholders' claims; or

10           (3) uses or receives a substantial amount of tangible  
11 goods, services, or money from the association, other than:

12                   (A) insurance claim payments; or

13                   (B) compensation or reimbursement authorized by  
14 law for the board members' membership, attendance, or expenses.

15           SECTION 2. Section [2210.103](#), Insurance Code, is amended to  
16 read as follows:

17           Sec. 2210.103. TERMS.   (a) Members of the board of  
18 directors serve two-year [~~three-year staggered~~] terms[~~, with the~~  
19 ~~terms of three members expiring on the third Tuesday of March of~~  
20 ~~each year~~].

21           (b) A person may serve on the board of directors for not more  
22 than three consecutive full terms, not to exceed six [~~nine~~] years.

23           (c) A member of the board of directors may be removed by the  
24 governor [~~commissioner~~] with cause stated in writing and posted on  
25 the association's website. The governor [~~commissioner~~] shall  
26 appoint a replacement in accordance with Section [2210.102](#) for a  
27 member who leaves or is removed from the board of directors.

1           SECTION 3. (a)     The board of directors of the Texas  
2 Windstorm Insurance Association established under Section  
3 2210.102, Insurance Code, as that section existed before amendment  
4 by this Act, is abolished effective December 1, 2021.

5           (b)   The governor shall appoint the members of the board of  
6 directors of the Texas Windstorm Insurance Association under  
7 Section 2210.102, Insurance Code, as amended by this Act, not later  
8 than December 1, 2021.

9           (c)   The term of a person who is serving as a member of the  
10 board of directors of the Texas Windstorm Insurance Association  
11 immediately before the abolition of that board under Subsection (a)  
12 of this section expires on December 1, 2021. Such a person is  
13 eligible for appointment by the governor to the new board of  
14 directors of the Texas Windstorm Insurance Association, subject to  
15 the requirements of Section 2210.102, Insurance Code, as amended by  
16 this Act.

17          SECTION 4.   This Act takes effect September 1, 2021.