

House Bill 769
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Subchapter B, Chapter 2210, Insurance Code, is amended by adding Section 2210.063 to read as follows:

Sec. 2210.063. LOCATION OF ASSOCIATION HEADQUARTERS. The headquarters of the association must be located in a first tier coastal county or second tier coastal county.

SECTION 2. Section 2210.351, Insurance Code, is amended by amending Subsection (d) and adding Subsection (f) 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 ~~[+05 percent of]~~ the rate 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 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.

(f) The association may not file a rate under this section that exceeds the rate in effect on the date on which the filing is made unless two-thirds of the board of directors votes to approve the rate.

SECTION 3. Subchapter H, Chapter 2210, Insurance Code, is amended by adding Section 2210.3512 to read as follows:

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No equivalent provision.

No equivalent provision.

SECTION 1. Subchapter H, Chapter 2210, Insurance Code, is amended by adding Section 2210.3512 to read as follows:

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Sec. 2210.3512. REQUIREMENT FOR VOTE ON RATE FILING. The board of directors may not vote on a proposed rate filing if there is a vacancy on the board.

SECTION 4. Section 2210.352, Insurance Code, is amended by amending Subsection (a-1) and adding Subsection (a-3) 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; and

(2) the filed rate does not exceed [~~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 10 percent higher than the rate in effect for that rating class on the date on which the filing is made].~~

(a-3) The association may not file a rate under this section that exceeds the rate in effect on the date on which the filing is made unless two-thirds of the board of directors votes to approve the rate.

SECTION 5. Section 2210.452(c), Insurance Code, is amended to read as follows:

(c) At the end of each calendar year or policy year, the association shall use the net gain from operations of the

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Sec. 2210.3512. REQUIREMENT FOR VOTE ON RATE FILING. The board of directors may not vote on a proposed rate increase if:

(1) there is a vacancy on the board; and

(2) the vacancy has existed for at least 60 days at the time the vote is to be taken. [FA1]

No equivalent provision.

No equivalent provision.

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association, including all premium and other revenue of the association in excess of incurred losses, operating expenses, public security obligations, and public security administrative expenses, to make payments to the trust fund or pay public security obligations, giving priority to the obligations with the highest interest rates~~[, procure reinsurance, or use alternative risk financing mechanisms, or to make payments to the trust fund and procure reinsurance or use alternative risk financing mechanisms].~~

No equivalent provision.

SECTION 6. Section 2210.453, Insurance Code, is amended by adding Subsections (b-1), (b-2), and (f) to read as follows:

(b-1) In determining the probable maximum loss under Subsection (b), the association:

(1) may not consider the cost of providing loss adjustments;

(2) shall, to the extent possible, contract with any disinterested third parties necessary to execute any hurricane risk simulation models that were executed in the preceding storm season;

(3) shall, if the association is unable to contract for the execution of a hurricane risk simulation model described by Subdivision (2), contract with any disinterested third party necessary to execute a hurricane risk simulation model that is

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SECTION 2. The heading to Section 2210.453, Insurance Code, is amended to read as follows:

Sec. 2210.453. FUNDING LEVELS; REINSURANCE AND ALTERNATIVE RISK FINANCING MECHANISMS; REINSURANCE FROM CERTAIN INSURER OR BROKER PROHIBITED.

SECTION 3. Section 2210.453, Insurance Code, is amended by adding Subsection (f) to read as follows:

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substantially similar to the model for which the association is unable to contract under Subdivision (2);

(4) may contract with any disinterested third parties to execute hurricane risk simulation models in addition to the models required by Subdivisions (2) and (3);

(5) shall provide to a third party executing a hurricane risk simulation model any information necessary to comply with this subsection;

(6) may not use a combination of hurricane risk simulation models to determine the probable maximum loss; and

(7) may use only the hurricane risk simulation model that produces the lowest probable maximum loss.

(b-2) Any information produced in compliance with Subsection (b-1) shall be made publicly available on the Internet website of the association.

(f) The association may not purchase reinsurance under this section from an insurer or broker involved in the execution of the hurricane risk simulation model on which the association relies in determining the probable maximum loss applicable for the period covered by the reinsurance.

SECTION 7. Section 2210.611, Insurance Code, is amended to read as follows:

Sec. 2210.611. EXCESS REVENUE COLLECTIONS AND INVESTMENT EARNINGS. Revenue collected in any calendar year from a premium surcharge under Sections 2210.612, 2210.613, and 2210.6131 that exceeds the amount of the public security obligations and public security administrative expenses payable in that calendar year and interest earned on the funds may, in the discretion of the

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(f) The association may not purchase reinsurance under this section from an insurer or broker involved in the execution of a catastrophe model on which the association relies in:

(1) determining the probable maximum loss applicable for the period covered by the reinsurance; or

(2) adopting rates under Section 2210.355.

No equivalent provision.

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association, be:

- (1) used to pay public security obligations payable in the subsequent calendar year, offsetting the amount of the premium surcharge that would otherwise be required to be levied for the year under this subchapter; or
- (2) used to redeem or purchase outstanding public securities[; ~~or~~
- ~~[(3) deposited in the catastrophe reserve trust fund].~~

SECTION 8. Section 2210.664(b), Insurance Code, is amended to read as follows:

- (b) Not later than November 15, 2022 [~~2020~~], the board shall deliver a [the] report prepared under Subsection (a) to:
- (1) the governor;
 - (2) the lieutenant governor; and
 - (3) the speaker of the house of representatives.

No equivalent provision.

SECTION 9. Section 2210.665, Insurance Code, is amended to read as follows:

Sec. 2210.665. EXPIRATION. This subchapter expires September 1, 2023 [~~2024~~].

No equivalent provision.

SECTION 10. Sections 14(c) and (d), Chapter 790 (H.B. 1900), Acts of the 86th Legislature, Regular Session, 2019, are amended to read as follows:

- (c) Not later than January 1, 2023 [~~2024~~], the windstorm insurance legislative oversight board shall submit to the governor, the lieutenant governor, the speaker of the house of representatives, and the Texas Department of Insurance a

No equivalent provision.

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written report of a ~~the~~ study conducted under this section. The report must include the findings and legislative recommendations of the board.

(d) This section expires January 1, 2024 [~~2022~~].

SECTION 11. Section 2210.063, Insurance Code, as added by this Act, applies to the Texas Windstorm Insurance Association beginning January 1, 2023.

No equivalent provision.

SECTION 12. Sections 2210.351 and 2210.352, 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.

No equivalent provision.

SECTION 13. The Texas Department of Insurance shall amend the Texas Windstorm Insurance Association's plan of operation to conform to the changes in law made by this Act not later than the 60th day after the effective date of this Act.

SECTION 4. Same as House version.

SECTION 14. This Act takes effect September 1, 2021.

SECTION 5. Same as House version.