

(1) Amend **HB 3689** by inserting the words "and the comptroller" in new Sec. 2210.6435(a) on page 12, line 14, after the words "board of directors" and in new Sec. 2210.6435(b) on page 13, line 1, after the words "board of directors".

(2) Amend **HB 3689** by striking SECTION 1.10 on page 7, lines 15-25, and substituting therefor the following:

SECTION 1.10. Section 2210.4521, Insurance Code, is amended to read as follows:

(a) The comptroller shall invest in accordance with the investment standard described by Section 404.024(j), Government Code, the portion of the trust fund balance that exceeds the amount of the sufficient balance determined under Subsection (b).

(b) The comptroller's investment of that portion of the balance is not subject to any other limitation or other requirement provided by Sections 404.024. The comptroller and board of directors may recommend investments to protect the trust fund and create investment income.

(3) Amend **HB 3689** by striking SECTION 1.15 on page 15, lines 2-27, and on page 16, lines 1-8, and substituting therefore the following:

SECTION 1.15. Subchapter C, Chapter 404, Government Code, is amended by adding Section 404.0242 to read as follows:

Sec. 404.0242. INVESTMENT IN WINDSTORM CATASTROPHE FINANCING ARRANGEMENTS. (a) The comptroller shall invest certain economic stabilization fund balances to provide a financing arrangement for losses of the Texas Windstorm Insurance Association in accordance with this section and Chapter 2210, Insurance Code. For the purpose of investing the assets of the economic stabilization fund under this section, the comptroller may acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor exercising reasonable care, skill, and caution would acquire, exchange, sell, supervise, manage, or retain in light of the purposes, terms, distribution requirements, and other circumstances then prevailing for the economic stabilization fund, taking into consideration the investment of all the assets of the fund rather than a single investment.

(b) For purposes of this section, the comptroller may enter into an appropriate financing arrangement or debt obligation with the Texas Windstorm Insurance Association to provide the association up to \$500 million in funding before a catastrophic event and up to \$1 billion in funding after a catastrophic event to fund the losses of the association arising from the catastrophic event. Financing provided under this section must be secured and repaid by catastrophe surcharges under Subchapter M-2, Chapter 2210, Insurance Code. For purposes of this chapter and subchapter, the terms "debt obligation and financing arrangement" includes all outstanding principal, interest, and related financing and administrative expenses in issuing a debt obligation or financing arrangement.

(c) The interest rate charged in connection with a financing arrangement or debt obligation entered into under this section shall be calculated as the sum of:

(1) The current market rate of a United States Treasury Security of comparable maturity, as determined by the comptroller; and,

(2) 2 percent.

(d) A debt obligation or financing arrangement entered into under this section may not exceed 36 months to maturity and may include a contractual coverage amount of at least 1.10 but not greater than 1.25.

(e) Notwithstanding any other law, directly or indirectly through a separately managed account or other investment vehicle, the comptroller may invest up to \$1 billion of the economic stabilization fund balance per Catastrophe Year to provide financing under this section.

(f) The aggregate amount of outstanding pre-event and post-event financing provided under this section may not exceed \$2 billion.

(g) A person may not bring a civil action against this state, the Texas Treasury Safekeeping Trust Company, or an employee, independent contractor, or official of this state, including the comptroller, for any claim, including breach of fiduciary duty or violation of any constitutional, statutory, or

regulatory requirement, in connection with any action, inaction, decision, divestment, investment, report, or other determination made or taken in connection with this section. A person who brings an action described by this subsection is liable to the defendant for the defendant's costs and attorney's fees resulting from the action.

(h) The comptroller shall manage the investments required by this section as a separate investment portfolio. The comptroller shall provide separate accounting and reporting for the investments in that portfolio. The comptroller shall credit to that portfolio all payments, distributions, interest, and other earnings on the investments in that portfolio. The comptroller has any power necessary to accomplish the purposes of managing and investing the assets of this separate investment portfolio. In managing the assets of that portfolio, through procedures and subject to restrictions the comptroller considers appropriate, the comptroller may acquire, sell, transfer, or otherwise assign the investments as appropriate, taking into consideration the purposes, terms, distribution requirements, and other circumstances of that portfolio then prevailing.