

## **BILL ANALYSIS**

C.S.H.B. 3960  
By: Hunter  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Concerns have been raised regarding the financial stability of the Texas Windstorm Insurance Association (TWIA) and TWIA's authority to increase rates for policyholders without approval from the commissioner of insurance under certain conditions. C.S.H.B. 3960 seeks to address these concerns by increasing oversight with respect to TWIA.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3960 amends the Insurance Code to revise certain conditions under which the Texas Windstorm Insurance Association (TWIA) may use a filed rate or a filed proposed manual rate, as applicable, without prior commissioner of insurance approval by:

- lowering the percent the filed rate may not exceed a rate in effect on the date TWIA filed the rate request with the Texas Department of Insurance (TDI) from 105 percent of the effective rate to 102.5 percent of that rate; and
- lowering the percent that makes the reflected rate of change for an individual rating class in effect for that rating class on that filing date without prior commissioner approval from 10 percent higher than the effective rate to more than 2.5 percent higher than that rate.

C.S.H.B. 3960 establishes that the windstorm insurance legislative funding and financial structure oversight board is composed of four members of the senate appointed by the lieutenant governor and four members of the house of representatives appointed by the speaker of the house of representatives. The bill requires the oversight board to gather information regarding how the current funding and financial structure of TWIA operate, how catastrophic risk pools of other states operate, and other information the board considers necessary to prepare a report required under the bill's provisions.

C.S.H.B. 3960 requires the oversight board to hold public meetings to hear testimony from certain interested parties regarding recommendations and proposals for establishing and implementing a sustainable funding and financial structure for TWIA. The bill authorizes the board to request necessary information from TDI, TWIA, and other interested parties.

C.S.H.B. 3960 requires the oversight board to prepare a report of the board's findings regarding

the current funding and financial structure of TWIA, problems with the funding and financial structure, and recommendations for legislative actions related to the funding and financial structure and sustainability of TWIA. The bill sets out the required components of the report and requires the board, not later than November 15, 2020, to deliver the report to the governor, the lieutenant governor, and the speaker of the house of representatives. The bill's provisions relating to the oversight board expire September 1, 2021.

**EFFECTIVE DATE**

December 1, 2019.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3960 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions establishing the windstorm insurance legislative funding and financial structure oversight board and related provisions.

The substitute revises the changes made by the bill as filed to provisions relating to rate filings by TWIA.