

BILL ANALYSIS

Senate Research Center

H.B. 272
By: Smithee et al. (Carona)
Business & Commerce
5/14/2011
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 272 amends current law relating to the operation and name of the Texas Windstorm Insurance Association and to the resolution of certain disputes concerning claims made to that association and provides penalties.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 21 (Section 2210.203, Insurance Code), SECTION 25 (Section 2210.2551, Insurance Code), SECTION 28 (Section 2210.260, Insurance Code), and SECTION 35 (Sections 2210.575, 2210.576, and 2210.577, Insurance Code) of this bill.

Rulemaking authority is expressly granted to the Texas Supreme Court in SECTION 35 (Section 2210.578, Insurance Code) of this bill.

Rulemaking authority is expressly granted to legislative interim study committee in SECTION 45 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 83.002, Insurance Code, by adding Subsection (c), to provide that this chapter also applies to a person appointed as a qualified inspector under Section 2210.254 or 2210.255, and a person acting as a qualified inspector under Section 2210.254 or 2210.255 without being appointed as qualified inspector under either of those sections.

SECTION 2. Amends Section 541.152, Insurance Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Authorizes the trier of fact, except as provided by Subsection (c), on a finding by the trier of fact that the defendant knowingly committed the act complained of, to award an amount not to exceed three times the amount of actual damages.

(c) Provides that Subsection (c) does not apply to an action under this subchapter brought against the Texas Windstorm Insurance Association by a person who is insured under Chapter 2210.

SECTION 3. Amends the heading to Chapter 2210, Insurance Code, to read as follows:

CHAPTER 2210. TEXAS COASTAL INSURANCE PLAN

SECTION 4. Amends Section 2210.002, Insurance Code, as follows:

Sec. 2210.002. SHORT TITLE; SUNSET PROVISION. (a) Authorizes this chapter to be cited as the Texas Coastal Insurance Plan Act, rather than the Texas Windstorm Insurance Association Act. Provides that a reference to the Texas Windstorm Insurance Act means this chapter.

(b) Requires Texas Coastal Insurance Plan Association (association) to be reviewed during the period in which state agencies abolished in 2013, rather than 2015, are reviewed. Provides that this subsection expires September 1, 2013, rather than September 1, 2015.

SECTION 5. Amends Section 2210.003(1), Insurance Code, to redefine "association."

SECTION 6. Amends Section 2210.003, Insurance Code, by adding Subdivision (3-b), to define "catastrophe year."

SECTION 7. Amends Subchapter A, Chapter 2210, Insurance Code, by adding Sections 2210.0081, 2210.010, 2210.012, and 2210.013, as follows:

Sec. 2210.0081. CERTAIN ACTIONS BROUGHT AGAINST ASSOCIATION BY COMMISSIONER. Provides that in an action brought by the commissioner of insurance (commissioner) against the association under Chapter 441 (Supervision and Conservatorship):

(1) the association's inability to satisfy obligations under Subchapter M (Public Securities Program) related to the issuance of public securities under this chapter constitutes a condition that makes the association's continuation in business hazardous to the public or to the association's policyholders for the purposes of Section 441.052 (Circumstances Constituting Insurer Exceeding Powers);

(2) the time for the association to comply with the requirements of supervision or for the conservator to complete the conservator's duties, as applicable, is limited to three years from the date the commissioner commences the action against the association; and

(3) unless the commissioner takes further action against the association under Chapter 441, as a condition of release from supervision, the association must demonstrate to the satisfaction of the commissioner that the association is able to satisfy obligations under Subchapter M related to the issuance of public securities under this chapter.

Sec. 2210.010. APPLICABILITY OF CERTAIN OTHER LAW. (a) Prohibits a person from bringing a private action against the association, including a claim against an agent or representative of the association, under Chapter 541 (Unfair Methods of Competition and Unfair or Deceptive Acts or Practices) or 542 (Processing and Settlement of Claims).

(b) Provides that Chapter 542 does not apply to the processing and settlement of claims by the association.

Sec. 2210.012. STANDARDS OF CONDUCT: BOARD OF DIRECTORS AND EMPLOYEES; REPORT OF CERTAIN FRAUDULENT CONDUCT. (a) Prohibits a member of the board of directors or an employee of the association from:

(1) accepting or soliciting any gift, favor, or service that might reasonably tend to influence the member or employee in the discharge of duties related to the operation or business of the association or that the member or employee knows or should know is being offered with the intent to influence the member's or employee's conduct related to the operation or business of the association;

(2) accepting other employment or engaging in a business or professional activity that the member or employee might reasonably expect would require or induce the member or employee to disclose confidential information acquired by reason of the member's or employee's position with the association;

(3) accepting other employment or compensation that could reasonably be expected to impair the member's or employee's independence of judgment in the performance of the member's or employee's duties related to the operation or business of the association;

(4) making personal investments that could reasonably be expected to create a substantial conflict between the member's or employee's private interest and the interest of the association; or

(5) intentionally or knowingly soliciting, accepting, or agreeing to accept any benefit for having exercised the member's or employee's powers related to the operation or business of the association or having performed, in favor of another, the member's or employee's duties related to the operation or business of the association.

(b) Provides that an association employee who violates Subsection (a) or a code of conduct established under Section 2210.107(a)(4) is subject to an employment-related sanction, including termination of the employee's employment with the association.

(c) Provides that a member of the board of directors or an association employee who violates Subsection (a) is subject to any applicable civil or criminal penalty if the violation also constitutes a violation of another statute or rule.

(d) Requires a board member, employee of the association, or member of the windstorm insurance legislative oversight board established under Subchapter N (Legislative Oversight Board) who reasonably suspects that a fraudulent insurance act has been or is about to be committed by any board member, employee of the association, or member of the windstorm insurance legislative oversight board established under Subchapter N, to, not later than the 30th day after discovering the conduct, report the conduct and identity of the person engaging in the conduct to the Travis County district attorney or the Texas Department of Insurance (TDI).

Sec. 2210.013. CERTAIN EMPLOYMENT AND CONTRACTS PROHIBITED. Prohibits a member of the board of directors of the association (board) or an employee of the association from appointing or employing, or contracting with, the following individuals for the provision of goods or services in connection with the operation or business of the association, if the individual to be appointed or employed, or with whom a contract is to be entered into, is to be directly or indirectly compensated from funds of the association:

(1) an individual related to the member of the board or employee within a degree of relationship described by Section 573.002, (Degrees of Relationship) Government Code; or

(2) an individual related to any member of the board or employee of the association within a degree of relationship described by Section 573.002, Government Code.

SECTION 8. Amends Section 2210.053, Insurance Code, by adding Subsection (c), to prohibit the association from considering a debtor authorized to file a petition or seek relief in bankruptcy under Title 11, United States Code.

SECTION 9. Amends Subchapter B, Chapter 2210, Insurance Code, by adding Section 2210.058, as follows:

Sec. 2210.058. CLAIMS PRACTICES AUDIT. (a) Requires TDI, if the commissioner determines that 100 or more claims have been filed under association policies the bases

of which are damage to insured property caused by the same storm, to conduct a random audit of the claim files of those claims to:

(1) determine whether the association is adequately and properly documenting claims decisions in each claim file; and

(2) ensure that each claim is being handled appropriately, including being handled in accordance with the terms of the policy under which the claim is filed.

(b) Requires TDI to conduct an audit required under this section as soon as possible after the filing of the 100th claim described by Subsection (a) to ensure the quality of the process with which the association is handling claims described by Subsection (a).

(c) Requires the commissioner, if, following an audit conducted under this section, the commissioner determines that the association is not adequately and properly documenting claims decisions or that claims described by Subsection (a) are not otherwise being handled appropriately, to:

(1) notify the board of directors of that determination; and

(2) identify the manner in which the association should correct any deficiencies identified by the commissioner.

SECTION 10. Amends Section 2210.071(a), Insurance Code, to require that the excess losses and operating expenses, if, in a catastrophe year, an occurrence or series of occurrences in a catastrophe area results in insured losses and operating expenses of the association in excess of premium and other revenue of the association, be paid as provided by this subchapter.

SECTION 11. Amends Section 2210.072, Insurance Code, by amending Subsections (a), (b), and (c) and adding Subsection (b-1), as follows:

(a) Requires that losses not paid under Section 2210.071 be paid as provided by this section from the proceeds from Class 1 public securities authorized to be issued in accordance with Subchapter M before, on, or after the date of any occurrence or series of occurrences that results in insured losses.

(b) Authorizes public securities described by Subsection (a) that are issued before an occurrence or series of occurrences that results in incurred losses to be issued if the board of directors determines, before the date of any occurrence, that the amount available from premium and other revenue, in combination with the amounts available from the catastrophe reserve trust fund, may be insufficient to pay insured losses.

(b-1) Creates this subsection from existing text. Requires that public securities described by Subsection (a) be issued as necessary in a principal amount not to exceed \$1 billion per catastrophe year, in the aggregate, for securities issued before the occurrence or series of occurrences that results in incurred losses in that year and securities issued on or after the date of that occurrence or series of occurrences.

(c) Requires that public securities, if public securities are issued, rather than if the losses are paid with public securities, as described by this section, be repaid in the manner prescribed by Subchapter M from association premium revenue.

SECTION 12. Amends Section 2210.073(b), Insurance Code, to authorize public securities described by Subsection (a) (relating requiring losses to be paid from Class 2 public securities) to be issued as necessary in a principal amount not to exceed \$1 billion per catastrophe year.

SECTION 13. Amends Section 2210.074(b), Insurance Code, to make a conforming change.

SECTION 14. Amends Section 2210.102, Insurance Code, by adding Subsection (i) as follows:

(i) Authorizes the commissioner, notwithstanding Subsection (f) (relating to requiring insurers who are members of the association to nominate a replacement), for a vacancy occurring in a position under Subsection (b) (relating to requiring four members to be representatives of the insurance industry), to appoint, for the lesser of 120 days or until the vacancy is filled, a person who has demonstrated knowledge in insurance principles. Provides that this subsection does not apply to a vacancy due to the expiration of a term occurring under Section 2210.103 (Terms). Provides that this subsection expires December 31, 2012, and any appointment in effect on that date is continued until the expiration of the term of the appointment.

SECTION 15. Amends Section 2210.104, Insurance Code, as follows:

Sec. 2210.104. New heading: OFFICERS AND MANAGERIAL EMPLOYEES; SALARIES AND BONUSES. (a) Creates this subsection from existing text and makes no further changes.

(b) Requires the association to post on the association's Internet website the salary of each association employee who serves in a managerial capacity and any bonuses paid to those association employees.

SECTION 16. Amends Section 2210.105, Insurance Code, by amending Subsections (a) and (b) and adding Subsections (b-1), (e), and (f), as follows:

(a) Requires the association, except for an emergency meeting, to:

(1) notify TDI not later than the 11th day before the date of a meeting of the board of directors or of the members of the association; and

(2) not later than the seventh day before the date of a meeting of the board of directors, post notice of the meeting on the association's Internet website and TDI's Internet website.

(b) Deletes existing text providing that except for a closed meeting authorized by Subchapter D (Exceptions to Requirements that Meetings Be Open), Chapter 551 (Open Meetings), Government Code, a meeting of the board of directors or of the members of the association is open to the commissioner or the commissioner's designated representative. Makes nonsubstantive changes.

(b-1) Requires a meeting of the board or the members of the association, including a closed meeting authorized by Subchapter D, Chapter 551, Government Code, is open to the commissioner or the commissioner's designated representative. Requires the commissioner or the commissioner's designated representative to maintain the confidentiality of, and is prohibited from disclosing the content of, any confidential information discussed in a closed meeting authorized by Subchapter D, Chapter 551, Government Code.

(e) Requires the association to broadcast live on the association's Internet website all meetings of the board, other than closed meetings, and maintain on the association's Internet website an archive of meetings of the board.

(f) Requires that a recording of a meeting be maintained in the archive required under Subsection (e) through and including the second anniversary of the meeting.

SECTION 17. Amends Section 2210.107, Insurance Code, as follows:

Sec. 2210.107. New heading: PRIMARY BOARD OBJECTIVES; REPORT. (a) Creates this subsection from existing text. Provides that the primary objectives of the board are to ensure that the board and the association operate in accordance with this

chapter, the plan of operation, and commissioner rules; comply with sound insurance principles; meet all standards imposed under this chapter, establish a code of conduct and performance standards for association employees and persons with which the association contracts; and establish, and adhere to terms of, an annual evaluation of association management necessary to achieve the statutory purpose, board objectives, and any performance or enterprise risk management objectives established by the board. Makes nonsubstantive changes.

(b) Requires the association, not later than June 1 of each year, to submit to the commissioner, the legislative oversight board established under Subchapter N, the governor, the lieutenant governor, and the speaker of the house of representatives a report evaluating the extent to which the board met the objectives described by Subsection (a) in the 12-month period immediately preceding the date of the report.

SECTION 18. Amends Subchapter C, Chapter 2210, Insurance Code, by adding Section 2210.108, as follows:

Sec. 2210.108. OPEN MEETINGS AND OPEN RECORDS. (a) Provides that, except as specifically provided by this chapter or another law, the association is subject to Chapters 551 and 552 (Public Information), Government Code.

(b) Provides that a settlement agreement to which the association is a party:

(1) is public information and is not exempted from required disclosure under Chapter 552, Government Code; and

(2) if applicable, must contain the name of any attorney or adjuster involved with the claim that is the basis of the settlement.

(c) Prohibits Subsection (b) from being construed to limit or otherwise restrict the categories of information that are public information under Section 552.022, Government Code.

SECTION 19. Amends Section 2210.152, Insurance Code, by adding Subsection (c), to require that the plan of operation require the association to use the claim settlement guidelines published by the commissioner under Section 2210.577(f) in evaluating the extent to which a loss to insured property is incurred as a result of wind, waves, tidal surges, rising waters not caused by waves or surges, or wind-driven rain associated with a storm.

SECTION 20. Amends Section 2210.202, Insurance Code, as follows:

Sec. 2210.202. APPLICATION FOR COVERAGE. (a) Provides that notwithstanding Section 2210.203(c), evidence of one declination every three calendar years is also required with an application for renewal of an association policy.

(b) Requires that a property and casualty agent submit an application for initial insurance coverage on behalf of the applicant on forms prescribed by the association. Authorizes a person insured under this chapter to submit an application for renewal coverage directly to the association on forms prescribed by the association. Requires that an application for initial or renewal coverage contain:

(1) a statement as to whether the applicant has submitted or will submit the premium in full from personal funds or, if not, to whom a balance is or will be due; and

(2) a statement that the agent acting on behalf of the applicant possesses proof of the declination described by Subsection (a) and proof of flood insurance coverage or unavailability of that coverage as described by

Section 2210.203(a-1), regardless of whether the agent or the applicant submits the application for coverage. Makes nonsubstantive changes.

SECTION 21. Amends Section 2210.203, Insurance Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Requires the association, on payment of the premium, if the association determines that the property for which an application for initial insurance coverage is made is insurable property, to direct the issuance of an insurance policy as provided by the plan of operation.

(d) Requires the commissioner to adopt rules governing the rate of agent commissions on policies renewed under Subsection (c) (relating to authorizing a policy to be renewed annually as long as the property continues to be insurable property). Requires that rules adopted under this subsection require that commission rates be reasonable and not excessive, based on the time required of, and the nature of work to be performed by, an agent.

SECTION 22. Sections 2210.204(d) and (e), Insurance Code, as follows:

(d) Requires the property and casualty agent who received a commission as the result of the issuance of an association policy providing the canceled coverage, rather than requiring the property and casualty agent who submitted the application, to refund the agent's commission on any unearned premium in the same manner.

(e) Requires that the minimum retained premium in the plan of operation for cancellation of insurance coverage under this section be for a period of not less than 90 days, rather than 180 days, except for events specified in the plan of operation that reflect a significant change in the exposure or the policyholder concerning the insured property, including the purchase of similar coverage in the voluntary market, sale of the property to an unrelated party, death of the policyholder, or total loss of the property.

SECTION 23. Amends Subchapter E, Chapter 2210, Insurance Code, by adding Sections 2210.205 and 2210.210, as follows:

Sec. 2210.205. **REQUIRED POLICY PROVISIONS: DEADLINE FOR FILING CLAIM; NOTICE CONCERNING RESOLUTION OF CERTAIN DISPUTES.** (a) Requires that a windstorm and hail insurance policy issued by the association:

(1) require an insured to file a claim under the policy not later than the first anniversary of the date on which the damage to property that is the basis of the claim occurs; and

(2) contain, in boldface type, a conspicuous notice concerning the resolution of disputes under the policy, including:

(A) the processes and deadlines for appraisal under Section 2210.575 and independent coverage review under Section 2210.576; and

(B) the necessity of complying with the requirements of Subchapter L-1 to seek administrative or judicial relief.

(b) Authorizes the commissioner, on a showing of good cause by a person insured under this chapter, to extend the one-year period described by Subsection (a)(1) for a period not to exceed 180 days.

Sec. 2210.210. **COVERAGE OF CERTAIN STRUCTURES PROHIBITED.** Prohibits the association from issuing coverage for the following structures, regardless of whether the structure is otherwise insurable property under this chapter:

- (1) a wind turbine;
- (2) a structure used primarily as a casino or other gambling establishment;
- (3) a structure used as a sexually oriented business, as defined by Section 243.002 (Definition), Local Government Code; or
- (4) a structure in which, or in any portion of which, an establishment is located that is used primarily for the operation of video lottery machines, eight-liners, or other gambling devices, regardless of whether the gambling devices are regulated under state law.

SECTION 24. Amends Section 2210.254, Insurance Code, by adding Subsection (e), to authorize TDI to establish an annual renewal period for persons appointed as qualified inspectors.

SECTION 25. Amends Subchapter F, Chapter 2210, Insurance Code, by adding Section 2210.2551, as follows:

Sec. 2210.2551. EXCLUSIVE ENFORCEMENT AUTHORITY; RULES. (a) Provides that TDI has exclusive authority over all matters relating to the appointment and oversight of qualified inspectors for purposes of this chapter.

(b) Requires the commissioner by rule to establish criteria to ensure that a person seeking appointment as a qualified inspector under this subchapter, including an engineer seeking appointment under Section 2210.255, possesses the knowledge, understanding, and professional competence to perform windstorm inspections under this chapter and to comply with other requirements of this chapter.

(c) Provides that Subsection (b) applies only to a determination concerning the appointment of a qualified inspector under this chapter. Provides that the exclusive jurisdiction of TDI under this section does not apply to the practice of engineering as defined by Section 1001.003 (Practice of Engineering), Occupations Code, or to a license issued, qualification required, determination made, order issued, judgment rendered, or other action of a board operating under Chapter 1001 (Engineers), Occupations Code. Provides that in the event of conflict, the authority of that board prevails with regard to the practice of engineering.

SECTION 26. Amends the heading to Section 2210.256, Insurance Code, to read as follows:

Sec. 2210.256. DISCIPLINARY PROCEEDINGS REGARDING APPOINTED INSPECTORS AND CERTAIN OTHER PERSONS.

SECTION 27. Amends Section 2210.256, Insurance Code, by adding Subsection (a-1), as follows:

(a-1) Authorizes a commissioner ex parte, in addition to any other action authorized under this section, to enter an emergency cease and desist order under Chapter 83 (Emergency Cease and Desist Orders) against a qualified inspector, or a person acting as a qualified inspector, if:

- (1) the commissioner believes that the qualified inspector has through submitting or failing to submit to TDI sealed plans, designs, calculations, or other substantiating information, failed to demonstrate that a structure or a portion of a structure subject to inspection meets the requirements of this chapter and TDI rules; or refused to comply with requirements imposed under this chapter or TDI rules; or the person acting as a qualified inspector is acting without appointment as a qualified inspector under Section 2210.254 or 2210.255; and

(2) the commissioner determines that the conduct described by Subdivision (1) is fraudulent or hazardous or creates an immediate danger to the public.

SECTION 28. Amends Subchapter F, Chapter 2210, Insurance Code, by adding Section 2210.260, as follows:

Sec. 2210.260. ALTERNATIVE ELIGIBILITY FOR COVERAGE. (a) Authorizes a person who has an insurable interest in a residential structure, on and after January 1, 2012, to obtain insurance coverage through the association for that structure without obtaining a certificate of compliance under Section 2210.251(g) (relating to requiring TDI to issue a certificate of compliance for each structure that qualifies for coverage) in accordance with this section and rules adopted by the commissioner.

(b) Authorizes TDI to issue an alternative certification for a residential structure if the person who has an insurable interest in the structure demonstrates that at least one qualifying structural building component of the structure has been:

(1) inspected by a TDI inspector or by a qualified inspector; and

(2) determined to be in compliance with applicable building code standards, as set forth in the plan of operation.

(c) Requires the commissioner to adopt reasonable and necessary rules to implement this section. Requires that the rules adopted under this section establish which structural building components are considered qualifying structural building components for the purposes of Subsection (b), taking into consideration those items that are most probable to generate losses for the association's policyholders and the cost to upgrade those items.

(d) Requires that, except as provided in Section 2210.251(f) (relating to authorizing a residential structure to continue coverage through the association subject to inspection requirements), a person who has an insurable interest in a residential structure that is insured by the association as of January 1, 2012, but for which the person has not obtained a certificate of compliance under Section 2210.251(g), to obtain an alternative certification under this section before the association, on or after January 1, 2013, is authorized to renew coverage for the structure.

(e) Requires that each residential structure for which a person obtains an alternative certification under this section comply with:

(1) the requirements of this chapter, including Section 2210.258 (Mandatory Compliance with Building Codes; Eligibility); and

(2) the association's underwriting requirements, including maintaining the structure in an insurable condition and paying premiums in the manner required by the association.

(f) Requires the association to develop and implement an actuarially sound rate, credit, or surcharge that reflects the risks presented by structures with reference to which alternative certifications have been obtained under this section. Authorizes a rate, credit, or surcharge under this subsection to vary based on the number of qualifying structural building components included in a structure with reference to which an alternative certification is obtained under this section.

SECTION 29. Amends Section 2210.453, Insurance Code, by adding Subsections (c) and (d), as follows:

(c) Requires the board, not later than June 1 of each year, if the association does not purchase reinsurance as authorized by this section, to submit to the commissioner, the legislative oversight board established under Subchapter N, the governor, the lieutenant governor, and the speaker of the house of representatives a report containing an actuarial plan for paying losses in the event of a catastrophe with estimated damages of \$2.5 billion or more. Requires that the report required by this subsection:

(1) document and denominate the association's resources available to pay claims, including cash or other highly liquid assets, assessments that the association is projected to impose, pre-event and post-event bonding capacity, and private-sector recognized risk-transfer mechanisms, including catastrophe bonds and reinsurance;

(2) include an independent, third-party appraisal of the likelihood of an assessment, the maximum potential size of the assessment, and an estimate of the probability that the assessment would not be adequate to meet the association's needs; and

(3) include an analysis of financing alternatives to assessments that includes the costs of borrowing and the consequences that additional purchase of reinsurance, catastrophe bonds, or other private-sector recognized risk-transfer instruments would have in reducing the size or potential of assessments.

(d) Prohibits a person who prepares a report required by Subsection (c) from contracting to provide any other service to the association, except for the preparation of similar reports, before the third anniversary of the date the last report prepared by the person under that subsection is submitted.

SECTION 30. Amends Subchapter J, Chapter 2210, Insurance Code, by adding Section 2210.455, as follows:

Sec. 2210.455. CATASTROPHE PLAN. (a) Requires the board, not later than June 1 of each year, to submit to the commissioner, the legislative oversight board established under Subchapter N, the governor, the lieutenant governor, and the speaker of the house of representatives a catastrophe plan covering the period beginning on the date the plan is submitted and ending on the following May 31.

(b) Requires that the catastrophe plan:

(1) describe the manner in which the association will, during the period covered by the plan, evaluate losses and process claims after the following windstorms affecting an area of maximum exposure to the association

(A) a windstorm with a four percent chance of occurring during the period covered by the plan,

(B) a windstorm with a two percent chance of occurring during the period covered by the plan; and

(C) and a windstorm with a one percent chance of occurring during the period covered by the plan; and

(2) include, if the association does not purchase reinsurance under Section 2210.453 for the period covered by the plan, an actuarial plan for paying losses in the event of a catastrophe with estimated damages of \$2.5 billion or more.

(c) Requires that the catastrophe plan include a description of how losses under association policies will be paid, and how claims under association policies will be administered and adjusted, during the period covered by the plan.

SECTION 31. Amends Sections 2210.551(a) and (b), Insurance Code, as follows:

(a) Provides that this section:

(1) does not apply to a person who is required to resolve a dispute under Subchapter L-1; and

(2) applies only to a person not described by Subdivision (1) who is insured under this chapter or an authorized representative of the person; or an affected insurer.

(b) Authorizes a person or entity described by Subsection (a)(2), rather than Subsection (a), who is aggrieved by an act, ruling, or decision of the association to appeal to the commissioner not later than the 30th day after the date of that act, ruling, or decision. Makes nonsubstantive changes.

SECTION 32. Amends the heading to Section 2210.552, Insurance Code, to read as follows:

Sec. 2210.552. DISPUTES OTHER THAN CLAIM DISPUTES; VENUE.

SECTION 33. Amends Section 2210.552, Insurance Code, by amending Subsection (a) and adding Subsection (e), as follows:

(a) Authorizes a person insured under this chapter who is aggrieved by an act, ruling, or decision of the association, except as provided by Sections 2210.007 (Immunity from Liability in General) and 2210.106 (Immunity of Director or Officer from Liability) and Subchapter L-1, to bring an action against the association; or appeal the act, ruling, or decision under Section 2210.551. Deletes existing text authorizing a person insured under this chapter who is aggrieved by an act, ruling, or decision of the association, except as provided by Sections 2210.007 and 2210.106, relating to the payment of, the amount of, or the denial of a claim to bring an action against the association, including an action under Chapter 541 (Unfair Methods of Competition and Unfair or Deceptive Acts or Practices).

(e) Provides that a person who brings an action against the association under this section may recover only the amount of actual damages, plus court costs and reasonable and necessary attorney's fees; and may not recover consequential, punitive, or exemplary damages, including damages under Section 541.152(b) of this code or Section 17.50 (Relief for Consumers), Business & Commerce Code.

SECTION 34. Amends Subchapter L, Chapter 2210, Insurance Code, by adding Section 2210.553, as follows:

Sec. 2210.553. LIMITATIONS PERIOD. (a) Requires a person insured under this chapter who brings an action against the association in the manner described by Section 2210.552(a)(1), notwithstanding any other law, including Section 541.162 (Limitations Period) to bring the action not later than the second anniversary of the date of the act, ruling, or decision of the association by which the insured is aggrieved.

(b) Provides that this section is a statute of repose and controls over any other applicable limitations period.

SECTION 35. Amends Chapter 2210, Insurance Code, by adding Subchapter L-1, as follows:

SUBCHAPTER L-1. CLAIMS: SETTLEMENT AND DISPUTE RESOLUTION

Sec. 2210.571. DEFINITIONS. Defines, in this subchapter "association policy," "causation dispute," "claim," "claimant," "coverage dispute," and "damage dispute."

Sec. 2210.572. EXCLUSIVE REMEDIES AND LIMITATION ON AWARD. (a) Provides that this subchapter provides the exclusive remedies for a claim against the association, including an agent or representative of the association.

(b) Prohibits the association or an agent or representative of the association from being held liable for any amount on a claim other than:

(1) amounts payable under the terms of the association policy for loss to an insured structure, loss to contents of an insured structure, and additional living expenses; and

(2) any costs and fees awarded under Section 2210.578.

(c) Prohibits the association or an agent or representative of the association from being held liable for damages under Chapter 17 (Deceptive Trade Practices), Business & Commerce Code, or under any provision of any law providing for trebling of damages or a penalty.

Sec. 2210.573. FILING OF CLAIM; CLAIM PROCESSING. (a) Requires an insured, subject to Section 2210.205(b), to file a claim under an association policy not later than the first anniversary of the date on which the damage to property that is the basis of the claim occurs.

(b) Requires the association, except as provided by Subsection (d), not later than the 90th day after the date the association receives a claim, to:

(1) notify the claimant in writing of the amount of money, if any, the association will pay the claimant for the claim; and

(2) provide the claimant with a detailed description of the assumptions or estimates used by the association in determining the amount of the claim to be paid, including the estimated labor and materials required and the estimated prices for the labor and materials; or if the association determines that, in whole or in part, the property damaged is not insured under the association policy, or that the property insured under the association policy was damaged by an event or peril not covered by the association policy, a detailed description of the factual and legal basis on which the association determined that a coverage or causation dispute exists concerning all or part of the claim.

(c) Provides that if the association does not notify the claimant within the period required by Subsection (b), the claim is presumed to be covered by the association policy.

(d) Authorizes the association to extend the 90-day period described by Subsection (b) for a period not to exceed 90 days, if, before the end of the 90-day period described by Subsection (b), the association determines that special circumstances require an extension of the 90-day period described by Subsection (b) and notifies the claimant in writing of that determination and those circumstances.

(e) Requires the association, not later than the 15th day after the date the association receives notice of the claim, if a claimant fails to submit information necessary for the association to determine whether to pay a claim or any portion of a claim or to deny payment of a claim or any portion of a claim, to request in writing any necessary information from the claimant. Authorizes the association for good cause, to make a request for additional information under this subsection not later than the 30th day after the date the association receives notice of a claim. Provides that if the association makes a written request for information, the applicable period described by Subsection (b) or (d) is tolled from the date the

association requests the information until the date the association receives from the claimant information responsive to the request.

(f) Requires the association, in addition to the notice and information otherwise required under this section, to notify a claimant of the time limits under Section 2210.574 to request review of the association's determination under Subsection (e).

Sec. 2210.574. REQUEST FOR REVIEW OF ASSOCIATION DETERMINATION.

(a) Authorizes a claimant aggrieved by a determination of the association under Section 2210.573, not later than the 30th day after the date the claimant receives the association's determination, to request in writing a review of the determination. Authorizes a claimant to submit written comments, documents, records, and other information to the association with or following the request for review.

(b) Requires the association, on request and free of charge, to provide a claimant requesting review of an association determination under Subsection (a) reasonable access to all information relevant to the determination of the association that is being reviewed. Authorizes the claimant to copy the information at the claimant's own cost or to request the association to provide a copy of all or part of the information to the claimant. Authorizes the association to charge a claimant the actual cost incurred by the association in providing a copy of information under this section, excluding any amount for labor involved in making any information or copy of information available to the claimant.

(c) Requires the association, not later than the 60th day after the date the association receives a request for review under Subsection (a), to notify the claimant in writing of the outcome of the association's review. Authorizes the association and the claimant to agree to extend the 60-day period described by this subsection.

(d) Requires that the association's notice to the claimant of the outcome of the association's review be in writing, contain the reasons for the outcome, and notify the claimant of the time limits to request, as applicable, appraisal under Section 2210.575 or review by an independent review panel under Section 2210.576.

Sec. 2210.575. APPRAISAL IN DAMAGE DISPUTES. (a) Authorizes a claimant, if, after review of an association determination under Section 2210.574, a damage dispute exists with reference to a claim filed under an association policy, but a coverage or causation dispute does not exist with reference to that claim, to request appraisal of the extent of damage to the property, or the cost of repairing or replacing the property, insured under the policy.

(b) Requires a claimant to make a written request for appraisal not later than the 30th day after the date the claimant receives actual or constructive notice of the outcome of the association's review of a determination under Section 2210.574 that is the basis of the damage dispute. Authorizes the commissioner, if a claimant, on a showing of good cause and not later than the 60th day after the expiration of the 30-day period described by this subsection, requests in writing that the 30-day period to request appraisal be extended, to grant an additional 30-day period in which the claimant may request appraisal.

(c) Requires the claimant and the association, if a claimant requests appraisal under Subsection (b), to resolve the damage dispute through appraisal, in accordance with the terms of the association policy. Provides that the results of the appraisal:

(1) are binding on the claimant and the association and are subject to appeal and judicial review only in the manner provided by Section 2210.578; and

(2) become final and appealable on the 15th day after the date the appealing party receives actual or constructive notice of the results.

(d) Provides that a request for appraisal, and participation in the appraisal process, under this section is a condition precedent to contesting a determination made by the association concerning the extent of damage to property, or the cost of repairing or replacing property, insured under an association policy. Provides that a claimant who does not request appraisal within the applicable period described by Subsection (b) waives the claimant's right to contest a determination of the association concerning the extent of damage to property, or the cost of repairing or replacing property, insured under an association policy.

(e) Provides that if a claimant requests appraisal under this section, the claimant is responsible for paying any costs incurred or charged by an appraiser retained by and on behalf of the claimant, the association is responsible for paying any costs incurred or charged by an appraiser retained by and on behalf of the association, and the claimant and the association are responsible in equal shares for any costs incurred or charged by any other appraiser chosen by the claimant's and the association's appraisers to participate in the resolution of the dispute.

(f) Requires the commissioner by rule to establish policies and procedures for an appraisal requested and conducted under this section.

Sec. 2210.576. REVIEW BY INDEPENDENT REVIEW PANEL. (a) Authorizes the claimant, if, after review of an association determination under Section 2210.574, a coverage or causation dispute exists with reference to a claim filed under an association policy, to seek resolution of all disputes concerning the claim, including a damage dispute, through review by an independent review panel.

(b) Requires a claimant to make a written request, mailed or served on the association or the commissioner, for review by an independent review panel not later than the 30th day after the date the claimant receives actual or constructive notice of the outcome of the association's review of a determination under Section 2210.574 that is the basis of the causation, coverage, or damage dispute. Requires the association, if a claimant mails or serves a request for review by an independent review panel, to immediately forward the request for review to the commissioner.

(c) Authorizes the commissioner, if a claimant, on a showing of good cause and not later than the 60th day after the expiration of the 30-day period described by Subsection (b), requests in writing that the 30-day period to request review by an independent review panel be extended, to grant an additional 30-day period in which the claimant may request independent review under this section.

(d) Requires the commissioner to appoint an independent review panel to resolve a dispute in the manner described by this section. Requires that a panel appointed under this section consist of three members, selected by the commissioner from a roster of qualified panel members maintained and published by the commissioner. Requires the commissioner, if a selected panel member cannot serve or declines to serve for any reason, to select a new panel member not later than the 10th day after the date the panel member notifies the commissioner of the member's inability or unwillingness to serve. Requires the commissioner to appoint one member of the panel to serve as the presiding officer of the panel.

(e) Requires an independent review panel appointed under Subsection (b) to make a determination concerning, as applicable, the causation, coverage, or damage dispute submitted to the panel for review and notify the claimant and the association in writing of the panel's determination as soon as practicable, but not later than the 120th day after the date the independent review panel is appointed.

Authorizes the commissioner, if the independent review panel does not make a determination concerning a dispute before the 120th day, to grant a reasonable extension for the panel to make a determination or dissolve the panel and appoint a new panel to conduct the review.

(f) Requires an independent review panel to determine whether the review of a dispute involves a technical issue requiring guidance or information from the technical panel appointed under Section 2210.577. Requires the independent review panel, if the review of a dispute involves a technical issue, to request from the technical panel guidance and any information relevant to the dispute.

(g) Provides that the 120-day period described by Subsection (e) is tolled from the date the independent review panel requests guidance or information from the technical panel through the date on which the independent review panel receives the requested guidance or information.

(h) Provides that the determination of an independent review panel is binding on the claimant and the association and is subject to appeal and judicial review only in the manner provided by Section 2210.578; and becomes final and appealable on the 15th day after the date the appealing party receives actual or constructive notice of the determination.

(i) Requires the commissioner by rule to establish the qualifications for members of the independent review panel; procedures and deadlines to be used in independent review; procedures and requirements relating to the exchange of documents during the independent review process, including the content of those documents; and procedures or requirements necessary for any other matter regarding the handling of requests for review.

(j) Requires that the rules adopted by the commissioner under Subsection (i) ensure that the independent review process is fair to the claimant and enables the claimant to participate in the independent review process without engaging legal counsel.

Sec. 2210.577. TECHNICAL PANEL. (a) Requires the commissioner to appoint a technical panel of experts to advise the association concerning the extent to which damage to property insured under an association policy was incurred as a result of wind, waves, tidal surges, rising waters not caused by waves or surges, and wind-driven rain associated with a storm. Requires the panel to consist of a number of experts to be decided by the commissioner. Requires the commissioner to appoint one member of the panel to serve as the presiding officer of the panel.

(b) Requires members of the panel to have professional expertise in, and be knowledgeable concerning, the geography and meteorology of the Texas seacoast territory, as well as the scientific basis for determining the extent to which damage to property is caused by wind, waves, tidal surges, rising waters not caused by waves or surges, and wind-driven rain associated with a storm.

(c) Requires the panel to meet at the request of the commissioner or the call of the presiding officer of the panel.

(c-1) Requires the commissioner to adopt rules regarding notice of panel meetings and the transparency of deliberations of the technical panel.

(d) Requires the panel to investigate, collect, and evaluate the information necessary to provide recommendations under Subsection (e) and to provide guidance or other information requested by an independent review panel under Section 2210.576.

(e) Requires the technical panel, at the request of the commissioner, to recommend to the commissioner methods for determining the extent to which damage to property insured under an association policy resulted from wind, waves, tidal surges, rising waters not caused by waves or surges, and wind-driven rain associated with a storm for geographic areas or regions designated by the commissioner.

(f) Requires the commissioner, after consideration of the recommendations made by the panel under Subsection (e), to publish guidelines that the association will use to settle claims.

(g) Provides that a member of the technical panel is not individually liable for an act or failure to act in the performance of the official duties in connection with the individual's work on the panel.

Sec. 2210.578. JUDICIAL REVIEW. (a) Entitles a claimant who has exhausted all administrative remedies under this subchapter and who is aggrieved by an appraisal under Section 2210.575 or the determination of an independent review panel under Section 2210.576 to judicial review. Prohibits a claimant from seeking judicial review before exhausting all administrative remedies under this subchapter.

(b) Authorizes a claimant to seek judicial review of an appraisal under Section 2210.575 or the determination of an independent review panel under Section 2210.576 in the manner provided for the appeal of contested cases under Subchapter G (Contested Cases: Judicial Review), Chapter 2001 (Administrative Procedure), Government Code. Provides that the standard for judicial review under this section is the substantial evidence rule.

(c) Authorizes the court, in a proceeding for judicial review under this section, to award only the amount described by Section 2210.572(b), plus court costs and reasonable and necessary attorney's fees.

(d) Authorizes a claimant aggrieved by an appraisal process under Section 2210.575 or the determination of an independent review panel under Section 2210.576, notwithstanding Subsection (b), to appeal to a district court in the county in which the loss that, as applicable, is the subject of the appraisal or independent review occurred, for a determination concerning:

- (1) the amount of the loss;
- (2) whether the loss is covered by or insured under the association policy;
- (3) whether the loss was caused by a hazard or risk insured under the policy; and
- (4) the amount of court costs and reasonable and necessary attorney's fees.

(e) Requires that an appeal to a district court under Subsection (d) be trial de novo. Provides that the only questions that may be presented and determined at the trial de novo are:

- (1) the amount of the loss;
- (2) whether the loss is covered by or insured under the association policy;
- (3) whether the loss was caused by a hazard or risk insured under the policy; and

(4) the amount of court costs and reasonable and necessary attorney's fees.

(f) Provides that the only evidence authorized that may be admitted in a trial de novo under Subsection (d) is evidence that was admitted or presented in the appraisal process under Section 2210.575 or the independent review process under Section 2210.576. Provides that the Texas Rules of Evidence govern whether evidence presented during the appraisal process under Section 2210.575 or the independent review process under Section 2210.576 is admissible in a trial de novo under Subsection (d).

(g) Requires that a petition for trial de novo under Subsection (d) be filed with a district court in the county in which the loss that, as applicable, is the subject of the appraisal or independent review occurred, not later than the 30th day after the date on which the determination being appealed is final and appealable under this subchapter.

(h) Requires that the appeal seeking a trial de novo under Subsection (d) be presided over by a judge appointed by the judicial panel on multidistrict litigation designated under Section 74.161 (Judicial Panel on Multidistrict Litigation), Government Code. Requires that a judge appointed under this section be a resident of a first tier coastal county or a second tier coastal county.

(i) Requires the Texas Supreme Court to adopt rules governing the proceedings of a trial de novo under Subsection (d).

Sec. 2210.579. CONSTRUCTION WITH OTHER LAW. Provides that to the extent of any conflict between a provision of this subchapter and any other law, the provision of this subchapter prevails.

Sec. 2210.580. MEDIATION; CERTAIN DEADLINES TOLLED. Provides that a deadline imposed on a claimant under Section 2210.574, 2210.575, or 2210.576 is tolled for a single period not to exceed 45 consecutive days during which the claimant is actively seeking resolution of the causation dispute, coverage dispute, or damage dispute through a mediation administered by TDI.

SECTION 36. Amends Section 2210.602(2), Insurance Code, to redefine "class 1 public securities."

SECTION 37. Amends Section 2210.604, Insurance Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Requires the association to submit to the commissioner a cost-benefit analysis of various financing methods and funding structures when requesting the issuance of public securities under this subsection.

(a-1) Creates this subsection from existing text and makes no further changes.

SECTION 38. Amends Section 2210.609(b), Insurance Code, as follows:

(b) Requires the board to notify the association of the amount of the public security obligations and the estimated amount of public security administrative expenses, if any, each calendar year in a period sufficient, as determined by the association, to permit the association to determine the availability of funds and assess a premium surcharge if necessary.

SECTION 39. Amends Section 2210.611, Insurance Code, as follows:

Sec. 2210.611. EXCESS REVENUE COLLECTIONS AND INVESTMENT EARNINGS. Provides that revenue collected in any calendar year from a premium

surcharge under Section 2210.613 that exceeds the amount of the public security obligations and public security administrative expenses payable in that calendar year and interest earned on the public security obligation fund may, in the discretion of the 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;
- (2) used to redeem or purchase outstanding public securities; or
- (3) deposited in the catastrophe reserve trust fund.

SECTION 40. Amends Section 2210.612(b), Insurance Code, to provide that, rather than requires that, nothing in this subsection prevents the authorization and creation of one or more programs for the issuance of commercial paper before the date of an occurrence that results in insured losses under Section 2210.072(a), but in which, rather than so long as, no tranche of commercial paper is issued under a commercial paper program until after such an occurrence.

SECTION 41. Amends Section 2210.613, Insurance Code, as follows:

Sec. 2210.613. PAYMENT OF CLASS 2 PUBLIC SECURITIES. (a) Provides that a member of the association:

- (1) may not recoup an assessment paid under this subsection through a premium surcharge or tax credit; and
- (2) notwithstanding Section 2210.073(a) (relating to requiring losses paid from proceeds from Class 2 public securities), may elect to pay an assessment under this subsection in a lump sum.

(b) Requires that seventy percent of the cost of the public securities be paid by a premium surcharge, rather than a nonrefundable premium surcharge, collected under this section in an amount set by the commissioner. Requires that each insurer, the association, and the Texas FAIR Plan Association to assess, as provided by this section, on approval by the commissioner, a premium surcharge to each policyholder of a policy that is in effect on or after the 180th day after the date the commissioner issues notice of the approval of the public securities. Requires that the premium surcharge be set in an amount sufficient to pay, for the duration of the issued public securities, all debt service not already covered by available funds and all related expenses on the public securities. Deletes existing text requiring, that on approval by the commissioner, each insurer, the association, and the Texas FAIR Plan Association to assess a premium surcharge to its policyholders as provided by this section

(c) Requires that the premium surcharge under Subsection (b) be assessed on all policyholders of policies that cover insured property that is located in a catastrophe area, including automobiles principally garaged in a catastrophe area. Requires that the premium surcharge be assessed on each Texas windstorm and hail insurance policy and each property and casualty insurance policy, including an automobile insurance policy, issued for automobiles and other property located in the catastrophe area. Provides that a premium surcharge under Subsection (b) applies to:

- (1) all policies written under the following lines of insurance:
 - (A) fire and allied lines;
 - (B) farm and ranch owners

(C) residential property insurance;

(D) private passenger automobile liability and physical damage insurance; and

(E) commercial passenger automobile liability and physical damage insurance; and the property insurance portion of a commercial multiple peril insurance.

(2) the property insurance portion of a commercial multiple peril insurance.

Deletes existing text requiring that the premium surcharge under Subsection (b) be assessed on all policyholders who reside or have operations in, or whose insured property is located in a catastrophe area for each Texas windstorm and hail insurance policy and each property and casualty insurance policy issued for property located in the catastrophe area. Deletes existing text providing that a premium surcharge under Subsection (b) applies to all policies that provide coverage on any premises, locations, operations, or property located in the area described by this subsection for all property and casualty lines of insurance, other than federal flood insurance, workers' compensation insurance, accident and health insurance, and medical malpractice insurance.

(d) Provides that a premium surcharge under Subsection (b) is a separate charge in addition to the premiums collected and is not subject to premium tax or commissions. Provides that failure by a policyholder to pay the surcharge constitutes failure to pay premium for purposes of policy cancellation. Makes a conforming change.

SECTION 42. Amends Sections 2210.6135(a) and (c), Insurance Code, as follows:

(a) Requires the association, for the payment of the losses, to assess the members of the association an amount not to exceed \$500 million per catastrophe year rather than requiring the association to assess the members of the association an amount not to exceed \$500 million per year for the payment of the losses.

(c) Prohibits a member of the association from recouping an assessment paid under this section through a premium surcharge or tax credit, authorizes a member of the association and, notwithstanding Section 2210.074(a), to elect to pay an assessment under this section in a lump sum.

SECTION 43. Repealer: Section 2210.551(e) (relating to requiring a hearing on an act to be held at the request of the claimant, in the county in which the insured property is located or in Travis County), Insurance Code.

SECTION 44. (a) Requires a legislative interim study committee (committee) to conduct a study of alternative ways to provide insurance to the seacoast territory of this state through a quasi-governmental entity.

(b) Provides that the committee is composed of nine members appointed as follows:

(1) three members of the senate appointed by the lieutenant governor;

(2) three members of the house of representatives appointed by the speaker of the house of representatives; and

(3) three public members with a background in actuarial science or insurance appointed, one by the governor, one by the lieutenant governor, and one by the speaker of the house of representatives.

(c) Requires the speaker of the house of representatives and the lieutenant governor to jointly designate a chair or, alternatively, designate two co-chairs, from among the committee membership.

(d) Requires the committee to examine alternative ways to provide insurance to the seacoast territory of this state through a quasi-governmental entity; recommend the appropriate scope of authority and responsibility for the entity to provide insurance to the seacoast territory of this state, an organizational structure to exercise authority and responsibility over the provision of insurance to the seacoast territory of this state, a timetable for implementation; recommended specific amendments to state laws and rules that are necessary to implement the committee's recommendations under this subdivision; and estimate funding requirements to implement the recommendations.

(e) Authorizes the committee to adopt rules necessary to conduct business under and implement this section.

(f) Authorizes the committee, except as specifically provided by this section, to operate in the same manner as a joint committee of the 82nd Legislature.

(g) Requires the committee, not later than December 1, 2012, to report to the governor and the legislature the recommendations made under this section.

SECTION 45. (a) Provides that the name of the Texas Windstorm Insurance Association is changed to the Texas Coastal Insurance Plan Association.

(b) Provides that a reference in law to the Texas Windstorm Insurance Association or the Texas Windstorm Insurance Association Act means the Texas Coastal Insurance Plan Association or the Texas Coastal Insurance Plan Act, respectively.

SECTION 46. (a) Provides that the adjuster advisory board (advisory board) established under this section is composed of the following nine members appointed by the commissioner:

(1) two public insurance adjusters;

(2) two members who represent the general public;

(3) two independent adjusters;

(4) one adjuster who represents a domestic insurer authorized to engage in business in this state;

(5) one adjuster who represents a foreign insurer authorized to engage in business in this state; and

(6) one representative of the Independent Insurance Agents of Texas.

(b) Prohibits a member who represents the general public from being an officer, director, or employee of an adjuster or adjusting company; an insurance agent or agency; an insurance broker, an insurer, or any other business entity regulated by TDI, a person required to register as a lobbyist under Chapter 305 (Registration of Lobbyists), Government Code, or a person related within the second degree of affinity or consanguinity to a person described by Subdivision (1) or (2).

(c) Requires the advisory board to make recommendations to the commissioner regarding:

(1) matters related to the licensing, testing, and continuing education of licensed adjusters;

(2) matters related to claims handling, catastrophic loss preparedness, ethical guidelines, and other professionally relevant issues; and

(3) any other matter the commissioner submits to the advisory board for a recommendation.

(d) Provides that a member of the advisory board serves without compensation. Provides that, if authorized by the commissioner, a member is entitled to reimbursement for reasonable expenses incurred in attending meetings of the advisory board.

(e) Provides that the advisory board is subject to Chapter 2110 (State Agency Advisory Committee), Government Code.

SECTION 47. Provides that application of this Act applies only to a Texas windstorm and hail insurance policy, and a claim or dispute arising under a Texas windstorm and hail insurance policy, delivered, issued for delivery, or renewed by the Texas Windstorm Insurance Association on or after the 30th day after the effective date of this Act. Makes application of this Act prospective.

SECTION 48. Requires the Texas Windstorm Insurance Association to amend the association's plan of operation to conform to the changes in law made by this Act not later than January 1, 2012.

SECTION 49. Severability clause.

SECTION 50. Effective date: upon passage or September 1, 2011.