

1-1 By: Taylor S.B. No. 1700
1-2 (In the Senate - Filed March 8, 2013; March 18, 2013, read
1-3 first time and referred to Committee on Business and Commerce;
1-4 May 9, 2013, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 6, Nays 1; May 9, 2013,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Carona	X			
1-9 Taylor	X			
1-10 Eltife	X			
1-11 Estes		X		
1-12 Hancock	X			
1-13 Lucio	X			
1-14 Van de Putte			X	
1-15 Watson	X			
1-16 Whitmire			X	

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1700 By: Taylor

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the operation of the Texas Windstorm Insurance
1-22 Association and the FAIR Plan Association and the renaming of the
1-23 Texas Windstorm Insurance Association as the Texas Residual
1-24 Insurance Plan.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Section 2210.001, Insurance Code, is amended to
1-27 read as follows:

1-28 Sec. 2210.001. PURPOSE. The primary purpose of the Texas
1-29 Residual [Windstorm] Insurance Plan [Association] is the provision
1-30 of an adequate market for windstorm and hail insurance in the
1-31 seacoast territory of this state. The legislature finds that the
1-32 provision of adequate windstorm and hail insurance is necessary to
1-33 the economic welfare of this state, and without that insurance, the
1-34 orderly growth and development of this state would be severely
1-35 impeded. This chapter provides a method by which adequate
1-36 windstorm and hail insurance may be obtained in certain designated
1-37 portions of the seacoast territory of this state. The plan
1-38 [association] is intended to serve as a residual insurer of last
1-39 resort for windstorm and hail insurance in the seacoast territory.
1-40 The plan [association] shall:

1-41 (1) function in such a manner as to not be a direct
1-42 competitor in the private market; and

1-43 (2) provide windstorm and hail insurance coverage to
1-44 those who are unable to obtain that coverage in the private market.

1-45 SECTION 2. Section 2210.002, Insurance Code, is amended by
1-46 amending Subsection (a) and adding Subsection (a-1) to read as
1-47 follows:

1-48 (a) This chapter may be cited as the Texas Residual
1-49 [Windstorm] Insurance Plan [Association] Act.

1-50 (a-1) A reference in this chapter or other law to the Texas
1-51 Windstorm Insurance Association means the Texas Residual Insurance
1-52 Plan.

1-53 SECTION 3. Section 2210.003, Insurance Code, is amended by
1-54 amending Subdivision (1) and adding Subdivisions (1-a), (3-c), and
1-55 (14) to read as follows:

1-56 (1) "Administrator" means the entity contractually
1-57 retained to:

1-58 (A) manage the association and administer the
1-59 plan of operation under Section 2210.062;

1-60 (B) establish, administer, and maintain the

2-1 electronic portal under Section 2210.211; and
 2-2 (C) manage the FAIR Plan Association and
 2-3 administer the plan of operation under Section 2211.0522.

2-4 (1-a) "Association" means the Texas Residual
 2-5 [Windstorm] Insurance Plan [Association].

2-6 (3-c) "Exposure reduction plan fund" means the
 2-7 dedicated trust fund established by the board of directors and held
 2-8 by the Texas Treasury Safekeeping Trust Company into which
 2-9 assessments collected under Section 2210.212 are deposited for the
 2-10 purpose of achieving the association's required exposure reduction
 2-11 through means including mitigation, rate assistance, or any other
 2-12 means related to that purpose considered necessary by the board.

2-13 (14) "Total insured exposure" means the total of all
 2-14 risks insured by the association in any class of business.

2-15 SECTION 4. Section 2210.014, Insurance Code, is amended by
 2-16 amending Subsection (b) and adding Subsection (c) to read as
 2-17 follows:

2-18 (b) Chapter 542 does not apply to the processing and
 2-19 settlement of claims by the association or to an agent or
 2-20 representative of the association.

2-21 (c) An insurer or adjuster, or the administrator contracted
 2-22 under Section 2210.062, is an agent of the association for purposes
 2-23 of adjusting association claims under this section.

2-24 SECTION 5. Subchapter A, Chapter 2210, Insurance Code, is
 2-25 amended by adding Section 2210.015 to read as follows:

2-26 Sec. 2210.015. STUDY OF MARKET INCENTIVES; BIENNIAL
 2-27 REPORTING. (a) Each biennium, the department shall conduct a
 2-28 study of market incentives to promote participation in the
 2-29 voluntary windstorm and hail insurance market in the seacoast
 2-30 territory of this state. The study must address as possible
 2-31 incentives the mandatory or voluntary issuance of windstorm and
 2-32 hail insurance in conjunction with the issuance of a homeowners
 2-33 policy in the seacoast territory.

2-34 (b) The department shall include the results of the study
 2-35 conducted under this section in the report submitted under Section
 2-36 32.022.

2-37 SECTION 6. Subchapter B, Chapter 2210, Insurance Code, is
 2-38 amended by adding Sections 2210.062, 2210.063, 2210.064, 2210.065,
 2-39 and 2210.066 to read as follows:

2-40 Sec. 2210.062. ADMINISTRATION BY CONTRACTED ADMINISTRATOR.
 2-41 (a) Notwithstanding any other law, the commissioner shall
 2-42 contract with an administrator to manage the association and
 2-43 administer the plan of operation beginning January 1, 2014. The
 2-44 administrator may not exercise any power under the contract before
 2-45 January 1, 2014.

2-46 (b) The administrator must hold either a managing general
 2-47 agent license issued under Chapter 4053 or a third-party
 2-48 administrator certificate of authority issued under Chapter 4151.

2-49 (c) The term of the administrator's contract may not exceed
 2-50 five years. The contract may be renewed for additional terms not to
 2-51 exceed five years for each term.

2-52 (d) In establishing the compensation paid to the
 2-53 administrator under the contract, the commissioner shall consider
 2-54 the cost of operations of the association and make every reasonable
 2-55 effort to ensure that the cost of operations of the association
 2-56 under the contract does not exceed average historical costs.

2-57 Sec. 2210.063. PROPRIETARY INFORMATION. (a) Any
 2-58 information, analyses, programs, or data acquired or created by the
 2-59 administrator under a contract under this chapter or Chapter 2211
 2-60 are property of the department.

2-61 (b) Information, analyses, programs, or data described by
 2-62 Subsection (a) are confidential and exempt from public disclosure
 2-63 under Chapter 552, Government Code.

2-64 Sec. 2210.064. OFFICE; RECORDS. (a) The administrator
 2-65 shall maintain an office in Austin, Texas.

2-66 (b) The commissioner may arrange to lease office space of
 2-67 the department to the administrator.

2-68 Sec. 2210.065. AUDIT. (a) The administrator is subject to
 2-69 audit by the commissioner and shall pay the costs incurred by the

3-1 commissioner in performing an audit under this section in an amount
 3-2 the commissioner finds reasonable.

3-3 (b) Work papers, as defined by Section 401.020(a), from an
 3-4 audit are confidential and not subject to disclosure under Chapter
 3-5 552, Government Code.

3-6 Sec. 2210.066. ANNUAL REPORT OF ADMINISTRATOR. (a) Not
 3-7 later than March 1 of each year, the administrator shall submit a
 3-8 report regarding the administrator's duties under this chapter and
 3-9 Chapter 2211 to:

3-10 (1) the governor;
 3-11 (2) the lieutenant governor;
 3-12 (3) the speaker of the house of representatives;
 3-13 (4) the Senate Committee on Business and Commerce or
 3-14 the successor of that committee with jurisdiction over insurance;
 3-15 (5) the House Committee on Insurance or the successor
 3-16 of that committee with jurisdiction over insurance; and
 3-17 (6) the legislative oversight board established under
 3-18 Subchapter N.

3-19 (b) The report must be made in accordance with the terms of
 3-20 the administrator's contract with the department.

3-21 SECTION 7. Subchapter B-1, Chapter 2210, Insurance Code, is
 3-22 amended by amending Section 2210.071 and adding Section 2210.0715
 3-23 to read as follows:

3-24 Sec. 2210.071. PAYMENT OF EXCESS LOSSES [~~PAYMENT FROM~~ RESERVES AND TRUST FUND]. [(a)] If, in a catastrophe year, an
 3-25 occurrence or series of occurrences in a catastrophe area results
 3-26 in insured losses and operating expenses of the association in
 3-27 excess of premium and other revenue of the association, the excess
 3-28 losses and operating expenses shall be paid as provided by this
 3-29 subchapter.

3-30 Sec. 2210.0715. PAYMENT FROM RESERVES AND TRUST FUND. [(b)]
 3-31 The association shall pay losses in excess of premium and other
 3-32 revenue of the association from available reserves of the
 3-33 association and available amounts in the catastrophe reserve trust
 3-34 fund.

3-35 [(c) Losses not paid under Subsection (b) shall be paid from
 3-36 the proceeds from public securities issued in accordance with this
 3-37 subchapter and Subchapter M and, notwithstanding Subsection (a),
 3-38 may be paid from the proceeds of public securities issued under
 3-39 Section 2210.072(a) before an occurrence or series of occurrences
 3-40 that results in insured losses.]

3-41 SECTION 8. Subchapter B-1, Chapter 2210, Insurance Code, is
 3-42 amended by adding Section 2210.0716 to read as follows:

3-43 Sec. 2210.0716. PAYMENT FROM CLASS 1 ASSESSMENTS.
 3-44 (a) Losses in a catastrophe year not paid under Section 2210.0715
 3-45 shall be paid as provided by this section from member assessments
 3-46 not to exceed \$500 million for that catastrophe year.

3-47 (b) The administrator, with the approval of the
 3-48 commissioner, shall notify each member of the amount of the
 3-49 member's assessment under this section. The proportion of the
 3-50 losses allocable to each insurer under this section shall be
 3-51 determined in the manner used to determine each insurer's
 3-52 participation in the association for the year under Section
 3-53 2210.052.

3-54 (c) A member of the association may not recoup an assessment
 3-55 paid under this section through a premium surcharge or tax credit.

3-56 SECTION 9. Subsections (a), (b), (b-1), (c), and (f),
 3-57 Section 2210.072, Insurance Code, are amended to read as follows:

3-58 (a) Losses not paid under Sections 2210.0715 and 2210.0716
 3-59 [Section 2210.071(b)] shall be paid as provided by this section
 3-60 from the proceeds from Class 1 public securities authorized to be
 3-61 issued in accordance with Subchapter M before, on, or after the date
 3-62 of any occurrence or series of occurrences that results in insured
 3-63 losses. Public securities issued under this section must be paid
 3-64 [repaid] within a period not to exceed 10 [14] years, and may be
 3-65 paid [repaid] sooner if the board of directors elects to do so and
 3-66 the commissioner approves.

3-67 (b) Public securities described by Subsection (a) that are
 3-68 issued before an occurrence or series of occurrences that results

4-1 in incurred losses:

4-2 (1) may be issued on the request of the board of
4-3 directors with the approval of the commissioner; and
4-4 (2) may not, in the aggregate, exceed \$500 million [\$1
4-5 billion] at any one time, regardless of the calendar year or years
4-6 in which the outstanding public securities were issued.

4-7 (b-1) Public securities described by Subsection (a):

4-8 (1) shall be issued as necessary in a principal amount
4-9 not to exceed \$500 million [\$1 billion] per catastrophe year, in the
4-10 aggregate, for securities issued during that catastrophe year
4-11 before the occurrence or series of occurrences that results in
4-12 incurred losses in that year and securities issued on or after the
4-13 date of that occurrence or series of occurrences, and regardless of
4-14 whether for a single occurrence or a series of occurrences; and

4-15 (2) subject to the \$500 million [\$1 billion] maximum
4-16 described by Subdivision (1), may be issued, in one or more
4-17 issuances or tranches, during the calendar year in which the
4-18 occurrence or series of occurrences occurs or, if the public
4-19 securities cannot reasonably be issued in that year, during the
4-20 following calendar year.

4-21 (c) If public securities are issued as described by this
4-22 section, the public securities shall be paid [~~repaid~~] in the manner
4-23 prescribed by Subchapter M [~~from association premium revenue~~].

4-24 (f) If, under Subsection (e), the proceeds of any
4-25 outstanding public securities issued during a previous catastrophe
4-26 year must be depleted, those proceeds shall count against the \$500
4-27 million [\$1 billion] limit on public securities described by this
4-28 section in the catastrophe year in which the proceeds must be
4-29 depleted.

4-30 SECTION 10. Subchapter B-1, Chapter 2210, Insurance Code,
4-31 is amended by adding Section 2210.0725 to read as follows:

4-32 Sec. 2210.0725. PAYMENT FROM CLASS 2 ASSESSMENTS.
4-33 (a) Losses in a catastrophe year not paid under Sections
4-34 2210.0715, 2210.0716, and 2210.072 shall be paid as provided by
4-35 this section from member assessments not to exceed \$500 million for
4-36 that catastrophe year.

4-37 (b) The administrator, with the approval of the
4-38 commissioner, shall notify each member of the amount of the
4-39 member's assessment under this section. The proportion of the
4-40 losses allocable to each insurer under this section shall be
4-41 determined in the manner used to determine each insurer's
4-42 participation in the association for the year under Section
4-43 2210.052.

4-44 (c) A member of the association may not recoup an assessment
4-45 paid under this section through a premium surcharge or tax credit.

4-46 SECTION 11. Section 2210.073, Insurance Code, is amended to
4-47 read as follows:

4-48 Sec. 2210.073. PAYMENT FROM CLASS 2 PUBLIC SECURITIES.
4-49 (a) Losses not paid under Sections 2210.0715, 2210.0716,
4-50 [~~2210.071 and~~] 2210.072, and 2210.0725 shall be paid as provided by
4-51 this section from the proceeds from Class 2 public securities
4-52 authorized to be issued in accordance with Subchapter M on or after
4-53 the date of any occurrence or series of occurrences that results in
4-54 insured losses [~~under this subsection~~]. Public securities issued
4-55 under this section must be paid [~~repaid~~] within a period not to
4-56 exceed 10 years, and may be paid [~~repaid~~] sooner if the board of
4-57 directors elects to do so and the commissioner approves.

4-58 (b) Public securities described by Subsection (a):

4-59 (1) shall [may] be issued as necessary in a principal
4-60 amount not to exceed \$500 million [\$1 billion] per catastrophe
4-61 year, in the aggregate, whether for a single occurrence or a series
4-62 of occurrences; and

4-63 (2) subject to the \$500 million [\$1 billion] maximum
4-64 described by Subdivision (1), may be issued, in one or more
4-65 issuances or tranches, during the calendar year in which the
4-66 occurrence or series of occurrences occurs or, if the public
4-67 securities cannot reasonably be issued in that year, during the
4-68 following calendar year.

4-69 (c) If the losses are paid with public securities described

5-1 by this section, the public securities shall be paid [~~repaid~~] in the
 5-2 manner prescribed by Subchapter M.

5-3 SECTION 12. Section 2210.102, Insurance Code, is amended to
 5-4 read as follows:

5-5 Sec. 2210.102. COMPOSITION. (a) The board of directors is
 5-6 composed of nine members appointed by the governor [~~commissioner~~]
 5-7 in accordance with this section.

5-8 (b) Three [~~Four~~] members must be representatives of the
 5-9 insurance industry who actively write and renew windstorm and hail
 5-10 insurance in the first tier coastal counties.

5-11 (c) Three [~~Four~~] members must, as of the date of the
 5-12 appointment, reside in the first tier coastal counties. Each of
 5-13 the following regions must be represented by a member residing in
 5-14 the region and [At least one of the members] appointed under this
 5-15 subsection:

5-16 (1) the region consisting of Cameron, Kenedy, Kleberg,
 5-17 and Willacy Counties;

5-18 (2) the region consisting of Aransas, Calhoun, Nueces,
 5-19 Refugio, and San Patricio Counties; and

5-20 (3) the region consisting of Brazoria, Chambers,
 5-21 Galveston, Jefferson, and Matagorda Counties and any part of Harris
 5-22 County designated as a catastrophe area under Section 2210.005.

5-23 (c-1) One of the members appointed under Subsection (c) must
 5-24 be a property and casualty agent who is licensed under this code and
 5-25 is not a captive agent.

5-26 (d) One member must be a representative of an area of this
 5-27 state that is not located in the seacoast territory [with
 5-28 demonstrated expertise in insurance and actuarial principles].

5-29 (d-1) One member must be an engineer who:

5-30 (1) is knowledgeable of, and has professional
 5-31 expertise in, wind-related design and construction practices in
 5-32 coastal areas that are subject to high winds and hurricanes; and

5-33 (2) resides in a second tier coastal county.

5-34 (d-2) One member must be a representative of the financial
 5-35 industry who resides in a second tier coastal county.

5-36 (e) All members must have demonstrated experience in
 5-37 insurance, general business, or actuarial principles and the
 5-38 member's area of expertise, if any, sufficient to make the success
 5-39 of the association probable.

5-40 (f) Insurers who are members of the association shall
 5-41 nominate, from among those members, persons to fill any vacancy in
 5-42 the three [~~four~~] board of director seats reserved for
 5-43 representatives of the insurance industry. The board of directors
 5-44 shall solicit nominations from the members and submit the
 5-45 nominations to the governor [~~commissioner~~]. The nominee slate
 5-46 submitted to the governor [~~commissioner~~] under this subsection must
 5-47 include at least three more names than the number of vacancies. The
 5-48 governor may [~~commissioner shall~~] appoint replacement insurance
 5-49 industry representatives from the nominee slate.

5-50 (g) In addition to the nine members appointed under
 5-51 Subsection (a), the governor [~~commissioner~~] shall appoint three
 5-52 individuals [~~one person~~] to serve as [a] nonvoting ex officio
 5-53 members [~~member~~] of the board to advise the board [regarding issues
 5-54 relating to the inspection process. The commissioner may give
 5-55 preference in an appointment under this subsection to a person who
 5-56 is a qualified inspector under Section 2210.254]. Each [~~The~~]
 5-57 nonvoting member appointed under this section must:

5-58 (1) hold an elective office of this state or a
 5-59 political subdivision of this state; and

5-60 (2) reside in and represent one of the following
 5-61 areas:

5-62 (A) the northern portion of the seacoast
 5-63 territory [~~be an engineer licensed by, and in good standing with,~~
 5-64 ~~the Texas Board of Professional Engineers~~];

5-65 (B) the southern portion of the seacoast
 5-66 territory [~~2) reside in a first tier coastal county~~]; or [and]

5-67 (C) an area of this state that is not located in
 5-68 the seacoast territory [~~3) be knowledgeable of, and have~~
 5-69 ~~professional expertise in, wind-related design and construction~~

6-1 practices in coastal areas that are subject to high winds and
 6-2 ~~hurricanes~~].

6-3 (h) The persons appointed under Subsection (c) must reside
 6-4 in ~~be from~~ different counties. The persons appointed under
 6-5 Subsection (g) must reside in different counties.

6-6 SECTION 13. Subsection (c), Section 2210.103, Insurance
 6-7 Code, is amended to read as follows:

6-8 (c) A member of the board of directors may be removed by the
 6-9 governor ~~commissioner~~ with cause stated in writing and posted on
 6-10 the association's website. The governor ~~commissioner~~ shall
 6-11 appoint a replacement in the manner provided by Section 2210.102
 6-12 for a member who leaves or is removed from the board of directors.

6-13 SECTION 14. Subchapter E, Chapter 2210, Insurance Code, is
 6-14 amended by adding Sections 2210.2022, 2210.211, 2210.212, and
 6-15 2210.213 to read as follows:

6-16 Sec. 2210.2022. INFORMATION REQUIRED FOR CERTAIN
 6-17 APPLICATIONS. An application for association coverage, including
 6-18 an application for new or renewal coverage on or after January 1,
 6-19 2014, must include information on the applicant's policy that
 6-20 covers perils other than windstorm and hail, if any, including:

6-21 (1) the total premium for that policy, including a
 6-22 policy number for coverage issued by the FAIR Plan Association
 6-23 under Chapter 2211, if applicable, and:

6-24 (A) the amount of insurance on the dwelling and
 6-25 contents; or

6-26 (B) if the policy is a tenants policy or
 6-27 condominium owners policy, the insured amount for the contents
 6-28 coverage; and

6-29 (2) the deductibles applicable for each policy.

6-30 Sec. 2210.211. VOLUNTARY ELECTRONIC PORTAL. (a) As soon
 6-31 as practicable after January 1, 2014, the administrator shall make
 6-32 available to all insurers an electronic portal to provide insurers
 6-33 access to information described by Subsection (b).

6-34 (b) The portal must provide insurers access to information
 6-35 on each insured's association policy and other policy, if any, that
 6-36 covers other perils, if known, including:

6-37 (1) the insured's total premium amount on the
 6-38 association policy; and

6-39 (2) for coverage for perils other than windstorm and
 6-40 hail:

6-41 (A) the total premium for that policy, including
 6-42 a policy issued by the FAIR Plan Association under Chapter 2211, if
 6-43 applicable, and:

6-44 (i) the amount of insurance on the dwelling
 6-45 and its contents; or

6-46 (ii) if the policy is a tenants policy or
 6-47 condominium owners policy, the insured amount for the contents
 6-48 coverage; and

6-49 (B) the deductibles applicable for each policy.

6-50 Sec. 2210.212. EXPOSURE REDUCTION PLAN. (a) The
 6-51 association shall reduce the association's total insured exposure
 6-52 determined as of January 1, 2013, according to the following
 6-53 schedule:

6-54 (1) not later than January 1, 2016, the amount of the
 6-55 association's total insured exposure must reflect a 20 percent
 6-56 reduction from the association's total insured exposure as of
 6-57 January 1, 2013;

6-58 (2) not later than January 1, 2018, the amount of the
 6-59 association's total insured exposure must reflect a 35 percent
 6-60 reduction from the total insured exposure as of January 1, 2013;

6-61 (3) not later than January 1, 2020, the amount of the
 6-62 association's total insured exposure must reflect a 45 percent
 6-63 reduction from the association's total insured exposure as of
 6-64 January 1, 2013;

6-65 (4) not later than January 1, 2022, the amount of the
 6-66 association's total insured exposure must reflect a 55 percent
 6-67 reduction from the association's total insured exposure as of
 6-68 January 1, 2013; and

6-69 (5) not later than January 1, 2024, the amount of the

7-1 association's total insured exposure must reflect a 60 percent
 7-2 reduction from the association's total insured exposure as of
 7-3 January 1, 2013.

7-4 (b) As soon as practicable after January 1, 2016, January 1,
 7-5 2018, January 1, 2020, and January 1, 2024, respectively, the board
 7-6 of directors shall determine whether the reductions in the
 7-7 association's total insured exposure required under Subsection (a)
 7-8 have been achieved.

7-9 (c) If on January 1, 2016, the association did not achieve
 7-10 the reduction in the total insured exposure required by Subsection
 7-11 (a)(1), the board of directors shall establish a plan to reduce the
 7-12 association's total insured exposure, which must include imposing
 7-13 an assessment as described by Subsection (f).

7-14 (d) If on January 1, 2018, January 1, 2020, and January 1,
 7-15 2024, respectively, the association did not achieve the reduction
 7-16 in the total insured exposure required for that date, the board of
 7-17 directors shall establish a plan to reduce the association's total
 7-18 insured exposure, which must include imposing an assessment as
 7-19 described by Subsection (f).

7-20 (e) An exposure reduction plan under Subsection (c) or (d)
 7-21 must be implemented not later than March 31 in the year in which the
 7-22 board of directors determines that the required reduction was not
 7-23 achieved and must result in the achievement of the required
 7-24 reduction by not later than December 31 of that year.

7-25 (f) An assessment imposed under this section must be paid
 7-26 into the exposure reduction plan fund and is assessed against each
 7-27 member of the association that, as determined by the board of
 7-28 directors, has not met the member's proportionate responsibility
 7-29 for reduction of the association's total insured exposure. The
 7-30 total aggregate amount of an assessment under this section, if
 7-31 assessed against all members of the association, is \$200 million.

7-32 (g) The amount of a member's assessment paid under
 7-33 Subsection (f) must be equal to the portion of \$200 million that is
 7-34 consistent with the member's proportionate participation in the
 7-35 association as determined under Section 2210.052.

7-36 (h) A member of the association may not recoup an assessment
 7-37 paid under this section through a premium surcharge or tax credit or
 7-38 through a rate increase.

7-39 (i) At the request of the commissioner, but not less
 7-40 frequently than twice each year, the administrator shall submit a
 7-41 report to the commissioner detailing the amount of the
 7-42 association's total insured exposure and any statistical
 7-43 information or experience data requested by the commissioner
 7-44 concerning the characteristics of that exposure.

7-45 (j) Not later than May 15 and November 15 of each year, the
 7-46 commissioner shall submit a report to the windstorm insurance
 7-47 legislative oversight board established under Subchapter N
 7-48 summarizing the contents of the report submitted to the
 7-49 commissioner under Subsection (i).

7-50 (k) In determining whether the association has met the goal
 7-51 established under Subsection (a), the commissioner shall make
 7-52 adjustments to book value of the total insured exposure as of
 7-53 January 1, 2013, to reflect any change in the BOECKH Index. If the
 7-54 BOECKH Index ceases to exist, the commissioner shall make
 7-55 adjustments in the same manner based on another index that the board
 7-56 of directors determines accurately reflects changes in the cost of
 7-57 construction or residential values in the catastrophe area.

7-58 (l) Not later than January 1 of each year, beginning January
 7-59 1, 2014, the department shall notify each member of the member's
 7-60 proportionate share of the association's total insured exposure
 7-61 required to be reduced under this section and of the member's
 7-62 potential liability for an assessment under this section.

7-63 (m) The commissioner shall adopt rules necessary to
 7-64 implement and enforce this section.

7-65 Sec. 2210.213. CONFIDENTIAL INFORMATION. (a) Except as
 7-66 provided by Subsection (b), all information, data, and databases
 7-67 collected and used under Sections 2210.2022, 2210.211, and 2210.212
 7-68 are confidential information not subject to disclosure under
 7-69 Chapter 552, Government Code.

(b) Information described by Subsection (a) may be used for the purposes and in the manner described by this chapter and Chapter 2211.

— SECTION 15. Section 2210.451, Insurance Code, is amended to read as follows:

Sec. 2210.451. DEFINITION. Except to the extent that context clearly requires otherwise, in [In] this subchapter, "trust fund" means the catastrophe reserve trust fund.

SECTION 16. Section 2210.452, Insurance Code, is amended by amending Subsections (a), (c), and (d) and adding Subsection (f) to read as follows:

(a) The commissioner shall adopt rules under which the association makes payments to the catastrophe reserve trust fund. Except as otherwise specifically provided by this section, the [The] trust fund may be used only for purposes directly related to funding the payment of insured losses, including:

(1) funding [~~to fund~~] the obligations of the trust fund under Subchapter B-1; and

(2) purchasing reinsurance or using alternative risk financing mechanisms under Sections 2210.453 and 2210.4531.

(c) At the end of each calendar year or policy year, the association shall use the net gain from operations of the association, including all premium and other revenue of the association in excess of incurred losses, operating expenses, deposits to the fund under Section 2210.4521, public security obligations, and public security administrative expenses, to make payments to the trust fund, to procure reinsurance, or to make payments to the trust fund and to procure reinsurance.

(d) The commissioner by rule shall establish the procedure relating to the disbursement of money from the trust fund to policyholders and for association administrative expenses directly related to funding the payment of insured losses in the event of an occurrence or series of occurrences within a catastrophe area that results in a disbursement under Subchapter B-1.

(f) The commissioner by rule shall establish the procedure relating to the disbursement of money from the trust fund to pay for operating expenses, including reinsurance or alternate risk financing mechanisms under Sections 2210.453 and 2210.4531, if the association does not have sufficient premium and other revenue.

SECTION 17. Subchapter J, Chapter 2210, Insurance Code, is amended by adding Section 2210.4521 to read as follows:

Sec. 2210.4521. CATASTROPHE RESERVE TRUST FUND DEDICATION.

(a) Notwithstanding any other provision in this chapter, as provided for in the plan of operation, the association shall deposit monthly in a fund, separate from the catastrophe reserve trust fund established under Section 2210.452, an amount sufficient to accumulate on an annual calendar year basis an amount equal to 30 percent of the association's earned premium for the preceding calendar year.

(b) The fund described by Subsection (a) is a trust fund with the Texas Treasury Safekeeping Trust Company to be held outside the state treasury.

(c) Not later than February 1 of each year the association shall direct the Texas Treasury Safekeeping Trust Company to deposit all amounts deposited in the fund described by Subsection (a) during the preceding calendar year, and interest earned on those amounts, into the catastrophe reserve trust fund.

(d) Money deposited in the fund described by Subsection (a) is irrevocably pledged to be distributed to the catastrophe reserve trust fund as provided in this section and is exempt from any other claim or attachment under law.

(e) Money deposited under this section may be invested by the Texas Treasury Safekeeping Trust Company as permitted by general law.

SECTION 18. Section 2210.453, Insurance Code, is amended to read as follows:

Sec. 2210.453. REINSURANCE AND ALTERNATIVE RISK FINANCING
MECHANISMS. (a) The association shall [may:
[(1) make payments into the trust fund; and

9-1 [42] purchase reinsurance or use alternative risk
 9-2 financing mechanisms in an amount equal to \$1 billion.

9-3 (b) The [association may purchase] reinsurance or
 9-4 alternative risk financing mechanisms purchased or used under this
 9-5 section operate [that operates] in addition to [or in concert with
 9-6 the trust fund,] public securities, other approved financial
 9-7 instruments, and assessments authorized by this chapter.

9-8 (c) The attachment point for reinsurance purchased under
 9-9 this section may not be less than the aggregate amount of all
 9-10 funding available to the association under Subchapter B-1. [If the
 9-11 association does not purchase reinsurance as authorized by this
 9-12 section, the board, not later than June 1 of each year, shall submit
 9-13 to the commissioner, the legislative oversight board established
 9-14 under Subchapter N, the governor, the lieutenant governor, and the
 9-15 speaker of the house of representatives a report containing an
 9-16 actuarial plan for paying losses in the event of a catastrophe with
 9-17 estimated damages of \$2.5 billion or more. The report required by
 9-18 this subsection must:

9-19 [1) document and denominate the association's
 9-20 resources available to pay claims, including cash or other highly
 9-21 liquid assets, assessments that the association is projected to
 9-22 impose, pre-event and post-event bonding capacity, and
 9-23 private-sector recognized risk-transfer mechanisms, including
 9-24 catastrophe bonds and reinsurance;

9-25 [2) include an independent, third-party appraisal of
 9-26 the likelihood of an assessment, the maximum potential size of the
 9-27 assessment, and an estimate of the probability that the assessment
 9-28 would not be adequate to meet the association's needs; and

9-29 [3) include an analysis of financing alternatives to
 9-30 assessments that includes the costs of borrowing and the
 9-31 consequences that additional purchase of reinsurance, catastrophe
 9-32 bonds, or other private-sector recognized risk-transfer
 9-33 instruments would have in reducing the size or potential of
 9-34 assessments.

9-35 [4) A person who prepares a report required by Subsection
 9-36 (c) may not contract to provide any other service to the
 9-37 association, except for the preparation of similar reports, before
 9-38 the third anniversary of the date the last report prepared by the
 9-39 person under that subsection is submitted.

9-40 [5) The report submitted under this section is for
 9-41 informational purposes only and does not bind the association to a
 9-42 particular course of action.]

9-43 SECTION 19. Subchapter J, Chapter 2210, Insurance Code, is
 9-44 amended by adding Section 2210.4531 to read as follows:

9-45 Sec. 2210.4531. ADDITIONAL REINSURANCE. (a) The
 9-46 association shall purchase, in addition to any reinsurance
 9-47 purchased under Section 2210.453, reinsurance in an amount not
 9-48 greater than the lesser of:

9-49 (1) \$800 million; or

9-50 (2) an amount such that the association's total loss
 9-51 funding is sufficient to fund its probable maximum loss for a
 9-52 catastrophe year with a probability of 1 in 100.

9-53 (b) The attachment point for reinsurance purchased under
 9-54 this section may not be less than the aggregate amount of all
 9-55 funding available to the association under Subchapter B-1 and
 9-56 Section 2210.453.

9-57 (c) The association shall assess member insurers the cost of
 9-58 reinsurance purchased under this section. The proportion of the
 9-59 reinsurance cost allocable to each insurer under this section shall
 9-60 be determined in the manner used to determine each insurer's
 9-61 participation in the association for the year under Section
 9-62 2210.052.

9-63 SECTION 20. Subchapter L-1, Chapter 2210, Insurance Code,
 9-64 is amended by adding Section 2210.5725 to read as follows:

9-65 Sec. 2210.5725. ASSOCIATION CLAIMS PROCESSING. (a) An
 9-66 insurer that has primary coverage on property for loss by fire must
 9-67 adjust all claims made on an association policy covering the same
 9-68 property.

9-69 (b) An insurer acting under this section is an agent of the

10-1 association for purposes of Sections 2210.014 and 2210.572 and
 10-2 shall process claims as prescribed by this chapter and the plan of
 10-3 operation.

10-4 (c) An insurer acting under this section is not liable for
 10-5 any amount payable under the terms of the association policy.

10-6 SECTION 21. Section 2210.602, Insurance Code, is amended by
 10-7 adding Subdivisions (2-a) and (3-a) to read as follows:

10-8 (2-a) "Class 1 public security trust fund" means the
 10-9 dedicated trust fund established by the board and held by the Texas
 10-10 Treasury Safekeeping Trust Company into which premium surcharges
 10-11 collected under Section 2210.612 for the purpose of repaying Class
 10-12 1 public securities are deposited.

10-13 (3-a) "Class 2 public security trust fund" means the
 10-14 dedicated trust fund established by the board and held by the Texas
 10-15 Treasury Safekeeping Trust Company into which premium surcharges
 10-16 collected under Section 2210.613 for the purpose of repaying Class
 10-17 2 public securities are deposited.

10-18 SECTION 22. Subsection (a), Section 2210.604, Insurance
 10-19 Code, is amended to read as follows:

10-20 (a) At the request of the association and with the approval
 10-21 of the commissioner, the Texas Public Finance Authority shall issue
 10-22 Class 1 or [or Class 2, or Class 3] public securities. The
 10-23 association shall submit to the commissioner a cost-benefit
 10-24 analysis of various financing methods and funding structures when
 10-25 requesting the issuance of public securities under this subsection.

10-26 SECTION 23. Section 2210.609, Insurance Code, is amended to
 10-27 read as follows:

10-28 Sec. 2210.609. REPAYMENT OF ASSOCIATION'S PUBLIC SECURITY
 10-29 OBLIGATIONS. (a) The board and the association shall enter into
 10-30 an agreement under which the association shall provide for the
 10-31 payment of all public security obligations from available funds
 10-32 collected by the association and deposited as required by this
 10-33 subchapter [into the public security obligation revenue fund]. If
 10-34 the association determines that it is unable to pay the public
 10-35 security obligations and public security administrative expenses,
 10-36 if any, with available funds, the association shall pay those
 10-37 obligations and expenses in accordance with Sections 2210.612 and
 10-38 [or] 2210.613, [2210.6135, and 2210.6136] as applicable. Class 1 or
 10-39 [or] Class 2, or Class 3] public securities may be issued on a
 10-40 parity or subordinate lien basis with other Class 1 or [or] Class 2 [or
 10-41 or Class 3] public securities, respectively.

10-42 (b) If any public securities issued under this chapter are
 10-43 outstanding, the authority shall notify the association of the
 10-44 amount of the public security obligations and the estimated amount
 10-45 of public security administrative expenses, if any, each calendar
 10-46 year in a period sufficient, as determined by the association, to
 10-47 permit the association to determine the availability of funds [or
 10-48 assess members of the association under Sections 2210.613 and
 10-49 2210.6135,] and assess a premium surcharge if necessary.

10-50 (c) The association shall deposit all revenue collected
 10-51 under Section 2210.612 in the Class 1 public security trust fund
 10-52 [public security obligation revenue fund,] and all revenue
 10-53 collected under Section 2210.613 [2210.613(b)] in the Class 2
 10-54 public security trust fund [premium surcharge trust fund, and all
 10-55 revenue collected under Sections 2210.613(a) and 2210.6135 in the
 10-56 member assessment trust fund]. Money deposited in a fund may be
 10-57 invested as permitted by general law. Money in a fund required to
 10-58 be used to pay public security obligations and public security
 10-59 administrative expenses, if any, shall be transferred to the
 10-60 appropriate funds in the manner and at the time specified in the
 10-61 proceedings authorizing the public securities to ensure timely
 10-62 payment of obligations and expenses. This may include the board
 10-63 establishing funds and accounts with the comptroller that the board
 10-64 determines are necessary to administer and repay the public
 10-65 security obligations. If the association has not transferred
 10-66 amounts sufficient to pay the public security obligations to the
 10-67 board's designated interest and sinking fund in a timely manner,
 10-68 the board may direct the Texas Treasury Safekeeping Trust Company
 10-69 to transfer from the Class 1 public security trust fund [public

11-1 ~~security obligation revenue fund, the premium surcharge trust~~
 11-2 ~~fund, or the Class 2 public security trust fund [member assessment~~
 11-3 ~~trust fund] to the appropriate account the amount necessary to pay~~
 11-4 ~~the public security obligation.~~

11-5 (d) The association shall provide for the payment of the
 11-6 public security obligations and the public security administrative
 11-7 expenses by irrevocably pledging revenues received from premiums,
 11-8 ~~[member assessments]~~ premium surcharges, and amounts on deposit in
 11-9 the Class 1 public security trust fund ~~[public security obligation~~
 11-10 ~~revenue fund, the premium surcharge trust fund,]~~ and the Class 2
 11-11 ~~public security trust fund [member assessment trust fund]~~, together
 11-12 with any public security reserve fund, as provided in the
 11-13 proceedings authorizing the public securities and related credit
 11-14 agreements.

11-15 (e) An amount owed by the board under a credit agreement
 11-16 shall be payable from and secured by a pledge of revenues received
 11-17 by the association ~~[or amounts from the public security obligation~~
 11-18 ~~trust fund]~~, the Class 1 public security trust fund ~~[premium~~
 11-19 ~~surcharge trust fund]~~, and the Class 2 public security trust fund
 11-20 ~~[member assessment trust fund]~~ to the extent provided in the
 11-21 proceedings authorizing the credit agreement.

11-22 SECTION 24. Subsection (a), Section 2210.610, Insurance
 11-23 Code, is amended to read as follows:

11-24 (a) Revenues received from the premium surcharges under
 11-25 Sections 2210.612 and [Section] 2210.613 ~~[and member assessments~~
 11-26 ~~under Sections 2210.613 and 2210.6135]~~ may be applied only as
 11-27 provided by this subchapter.

11-28 SECTION 25. Section 2210.611, Insurance Code, is amended to
 11-29 read as follows:

11-30 Sec. 2210.611. EXCESS REVENUE COLLECTIONS AND INVESTMENT
 11-31 EARNINGS. Revenue collected in any calendar year from a premium
 11-32 surcharge under Sections 2210.612 and [Section] 2210.613 ~~[and~~
 11-33 ~~member assessments under Sections 2210.613 and 2210.6135]~~ that
 11-34 exceeds the amount of the public security obligations and public
 11-35 security administrative expenses payable in that calendar year and
 11-36 interest earned on the funds ~~[public security obligation fund]~~ may,
 11-37 in the discretion of the association, be:

11-38 (1) used to pay public security obligations payable in
 11-39 the subsequent calendar year, offsetting the amount of the premium
 11-40 surcharge ~~[and member assessments, as applicable,]~~ that would
 11-41 otherwise be required to be levied for the year under this
 11-42 subchapter;

11-43 (2) used to redeem or purchase outstanding public
 11-44 securities; or

11-45 (3) deposited in the catastrophe reserve trust fund.

11-46 SECTION 26. Section 2210.612, Insurance Code, is amended to
 11-47 read as follows:

11-48 Sec. 2210.612. PAYMENT OF CLASS 1 PUBLIC SECURITIES.
 11-49 (a) The association shall pay Class 1 public securities issued
 11-50 under Section 2210.072 from:

11-51 (1) ~~[its]~~ net premium and other revenue; and
 11-52 (2) if net premium and other revenue are not
 11-53 sufficient to pay the securities, a catastrophe area premium
 11-54 surcharge collected in accordance with this section.

11-55 (b) On approval by the commissioner, the association and
 11-56 each insurer that provides insurance in a catastrophe area shall
 11-57 assess, as provided by this section, a premium surcharge to each
 11-58 policyholder of a policy described by Subsection (c). The premium
 11-59 surcharge must be set in an amount sufficient to pay, for the
 11-60 duration of the issued public securities, all debt service not
 11-61 already covered by available funds and all related expenses on the
 11-62 public securities.

11-63 (c) The premium surcharge under this section shall be
 11-64 assessed on all policyholders of policies that cover insured
 11-65 property that is located in a catastrophe area, including an
 11-66 automobile principally garaged in a catastrophe area. The premium
 11-67 surcharge shall be assessed on each Texas windstorm and hail
 11-68 insurance policy and each property and casualty insurance policy,
 11-69 including an automobile insurance policy, issued for an automobile

12-1 or other property located in the catastrophe area. The premium
 12-2 surcharge applies to:

12-3 (1) all policies written under the following lines of
 12-4 insurance:

- 12-5 (A) fire and allied lines;
- 12-6 (B) farm and ranch owners;
- 12-7 (C) residential property insurance;
- 12-8 (D) private passenger automobile liability and

12-9 physical damage insurance; and

12-10 (E) commercial automobile liability and physical
 12-11 damage insurance; and

12-12 (2) the property insurance portion of a commercial
 12-13 multiple peril insurance policy.

12-14 (d) A premium surcharge under this section is a separate
 12-15 charge in addition to the premiums collected and is not subject to
 12-16 premium tax or commissions. Failure by a policyholder to pay the
 12-17 surcharge constitutes failure to pay premium for purposes of policy
 12-18 cancellation.

12-19 (e) [b] The association may enter financing arrangements
 12-20 as described by Section 2210.072(d) as necessary to obtain public
 12-21 securities issued under Section 2210.072. Nothing in this
 12-22 subsection shall prevent the authorization and creation of one or
 12-23 more programs for the issuance of commercial paper before the date
 12-24 of an occurrence or series of occurrences that results in insured
 12-25 losses under Section 2210.072(a).

12-26 SECTION 27. Section 2210.613, Insurance Code, is amended to
 12-27 read as follows:

12-28 Sec. 2210.613. PAYMENT OF CLASS 2 PUBLIC SECURITIES.
 12-29 (a) The association shall pay Class 2 public securities issued
 12-30 under Section 2210.073 from:

12-31 (1) net premium and other revenue; and
 12-32 (2) if net premium and other revenue are not
 12-33 sufficient to pay the securities, a catastrophe area premium
 12-34 surcharge collected in accordance with this section.

12-35 (b) On approval by the commissioner, the association and
 12-36 each insurer that provides insurance in a catastrophe area shall
 12-37 assess, as provided by this section, a premium surcharge to each
 12-38 policyholder of a policy described by Subsection (c). The premium
 12-39 surcharge must be set in an amount sufficient to pay, for the
 12-40 duration of the issued public securities, all debt service not
 12-41 already covered by available funds and all related expenses on the
 12-42 public securities. [as provided by this section. Thirty percent of
 12-43 the cost of the public securities shall be paid through member
 12-44 assessments as provided by this section. The association shall
 12-45 notify each member of the association of the amount of the member's
 12-46 assessment under this section. The proportion of the losses
 12-47 allocable to each insurer under this section shall be determined in
 12-48 the manner used to determine each insurer's participation in the
 12-49 association for the year under Section 2210.052. A member of the
 12-50 association may not recoup an assessment paid under this subsection
 12-51 through a premium surcharge or tax credit.]

12-52 [b] Seventy percent of the cost of the public securities
 12-53 shall be paid by a premium surcharge collected under this section in
 12-54 an amount set by the commissioner. On approval by the
 12-55 commissioner, each insurer, the association, and the Texas FAIR
 12-56 Plan Association shall assess, as provided by this section, a
 12-57 premium surcharge to each policyholder of a policy that is in effect
 12-58 on or after the 180th day after the date the commissioner issues
 12-59 notice of the approval of the public securities. The premium
 12-60 surcharge must be set in an amount sufficient to pay, for the
 12-61 duration of the issued public securities, all debt service not
 12-62 already covered by available funds or member assessments and all
 12-63 related expenses on the public securities.]

12-64 (c) The premium surcharge under this section [Subsection
 12-65 (b)] shall be assessed on all policyholders of policies that cover
 12-66 insured property that is located in a catastrophe area, including
 12-67 automobiles principally garaged in a catastrophe area. The
 12-68 premium surcharge shall be assessed on each Texas windstorm and
 12-69 hail insurance policy and each property and casualty insurance

13-1 policy, including an automobile insurance policy, issued for
13-2 automobiles and other property located in the catastrophe area.
13-3 The [A] premium surcharge under this section [Subsection (b)]
13-4 applies to:

13-5 (1) all policies written under the following lines of
13-6 insurance:

13-7 (A) fire and allied lines;
13-8 (B) farm and ranch owners;
13-9 (C) residential property insurance;
13-10 (D) private passenger automobile liability and
physical damage insurance; and

13-11 (E) commercial automobile liability and physical
13-12 damage insurance; and

13-13 (2) the property insurance portion of a commercial
13-14 multiple peril insurance policy.

13-15 (d) A premium surcharge under this section [Subsection (b)]
13-16 is a separate charge in addition to the premiums collected and is
13-17 not subject to premium tax or commissions. Failure by a
13-18 policyholder to pay the surcharge constitutes failure to pay
13-19 premium for purposes of policy cancellation.

13-20 SECTION 28. Section 2210.614, Insurance Code, is amended to
13-21 read as follows:

13-22 Sec. 2210.614. REFINANCING PUBLIC SECURITIES. The
13-23 association may request the board to refinance any public
13-24 securities issued in accordance with Subchapter B-1, whether Class
13-25 1 or [7] Class 2[, or Class 3] public securities, with public
13-26 securities payable from the same sources as the original public
13-27 securities.

13-28 SECTION 29. Subsection (a), Section 2210.616, Insurance
13-29 Code, is amended to read as follows:

13-30 (a) The state pledges for the benefit and protection of
13-31 financing parties, the board, and the association that the state
13-32 will not take or permit any action that would:

13-33 (1) impair the collection of [member assessments and]
13-34 premium surcharges or the deposit of those funds into the Class 1
13-35 public security [member assessment] trust fund or Class 2 public
13-36 security [premium surcharge] trust fund;

13-37 (2) reduce, alter, or impair the [member assessments
13-38 or] premium surcharges to be imposed, collected, and remitted to
13-39 financing parties until the principal, interest, and premium, and
13-40 any other charges incurred and contracts to be performed in
13-41 connection with the related public securities, have been paid and
13-42 performed in full; or

13-43 (3) in any way impair the rights and remedies of the
13-44 public security owners until the public securities are fully
13-45 discharged.

13-46 SECTION 30. Section 2210.6165, Insurance Code, is amended
13-47 to read as follows:

13-48 Sec. 2210.6165. PROPERTY RIGHTS. If public securities
13-49 issued under this subchapter are outstanding, the rights and
13-50 interests of the association, a successor to the association, any
13-51 member of the association, or any member of the Texas FAIR Plan
13-52 Association, including the right to impose, collect, and receive a
13-53 premium surcharge [or a member assessment] authorized under this
13-54 subchapter, are only contract rights until those revenues are first
13-55 pledged for the repayment of the association's public security
13-56 obligations as provided by Section 2210.609.

13-57 SECTION 31. Subsection (a), Section 2210.653, Insurance
13-58 Code, is amended to read as follows:

13-59 (a) The board shall:

13-60 (1) receive information about rules proposed by the
13-61 department relating to windstorm insurance and may submit comments
13-62 to the commissioner on the proposed rules;

13-63 (2) review the reports required by Section
13-64 2210.212(j);

13-65 (3) monitor windstorm insurance in this state,
13-66 including:

13-67 (A) the adequacy of rates;

13-68 (B) the operation of the association; and

(C) the availability of coverage; [and]

(4) monitor the activities of the administrator under Section 2210.212, including:

(A) the performance of the administrator contracted to administer the association;

(B) the progress toward meeting the requirements of Section 2210.212; and

(C) the extent of voluntary market participation in coastal and historically underserved areas in this state;

(5) review and provide input with regard to efforts to meet the requirements of Section 2210.212; and

(6) [(3)] review recommendations for legislation proposed by the department or the association.

SECTION 32. Section 2211.001, Insurance Code, is amended by amending Subdivision (1) and adding Subdivision (1-a) to read as follows:

(1) "Administrator" means the entity contractually retained to manage:

Section 2210.062; and (A) the Texas Residual Insurance Plan u

Section 2210.062, and (B) the association under Section 2211.0522.
(1-a) "Association" means the FAIR Plan Association established under this chapter.

SECTION 33. Subchapter B, Chapter 2211, Insurance Code, is amended by adding Sections 2211.0522 and 2211.0555 to read as follows:

Sec. 2211.0522. ADMINISTRATION BY ADMINISTRATOR.
Notwithstanding Section 2211.052 or any other law, the administrator shall manage the association and administer the plan of operation beginning January 1, 2014. The administrator may not exercise any power under the contract before January 1, 2014.

Sec. 2211.0555. ASSOCIATION CLAIMS PROCESSING. (a) The administrator shall adjust claims made on or after January 1, 2014, on an association policy.

(b) The administrator is not liable for any amount payable under the terms of an association policy.

follows:

Sec. 2211.1514. VOLUNTARY ELECTRONIC PORTAL. (a) As soon as practicable after January 1, 2014, the administrator shall make available to all insurers an electronic portal to provide insurers

access to information described by Subsection (b).
(b) The portal must provide insurers access to information on each insured's association policy and other policy, if any, that covers other perils, if known, including:

(1) the insured's total premium amount on the association policy;

(2) the total premium for a policy that covers losses due to windstorm and hail, if any, including a policy issued by the Texas Residual Insurance Plan under Chapter 2210, if applicable, and:

its contents; or (A) the amount of insurance on the dwelling and
condominium owners policy, the insured amount for the contents
coverage; and (B) if the policy is a tenants policy or
(3) the deductibles applicable for each policy.

Sec. 2211.1515. CONFIDENTIAL INFORMATION. (a) Except as provided by Subsection (b), all information and data collected and used under Section 2211.1514 constitute confidential information not subject to disclosure under Chapter 552, Government Code.

(b) Information described by Subsection (a) may be used for the purposes and in the manner described by this chapter and Chapter 2210.

SECTION 35. The Texas Department of Insurance shall conduct a study to consider possible exposure reduction plans for the FAIR Plan Association established under Chapter 2211, Insurance Code. Not later than January 1, 2014, the department shall submit a report

