

MINUTES

SENATE COMMITTEE ON BUSINESS & COMMERCE

Tuesday, September 9, 2014

10:00 AM

Capitol Extension, Room E1.016

Pursuant to a notice posted in accordance with Senate Rule 11.10 and 11.18, a public hearing of the Senate Committee on Business & Commerce was held on Tuesday, September 9, 2014, in the Capitol Extension, Room E1.016, at Austin, Texas.

MEMBERS PRESENT:

Senator Kevin Eltife, Chair
Senator Larry Taylor, Vice Chair
Senator Craig Estes
Senator Kelly Hancock
Senator Eddie Lucio, Jr.
Senator Leticia Van de Putte
Senator Kirk Watson
Senator John Whitmire

MEMBERS ABSENT:

Senator John Carona

The chair called the meeting to order at 10:02 AM. There being a quorum present, the following business was transacted:

Also present, Lieutenant Governor David Dewhurst.

The chair laid out Interim Charge 1 to review the administrative and financial state of the Texas Windstorm Insurance Association (TWIA). Specifically, review management's business practices that result in continued administrative oversight by the Texas Department of Insurance, and determine alternative financial methods to fund a probable maximum loss of a 1 in 75 or 1 in 100 year event. Monitor litigation developments. Develop and evaluate plans to reduce TWIA's total insured exposure. Monitor and make recommendations regarding an exposure reduction clearinghouse under development at TWIA, which aims to assist the transfer of TWIA policies to the free market. Study and make recommendations regarding the qualifications for building

inspectors conducting inspections for the TWIA and other building inspectors statewide. Consider expanding the types of professionals qualified to conduct inspections and the appropriate entity to oversee inspectors.

Invited witnesses testifying and registering on this interim charge are shown on the attached list.

The chair laid out Interim Charge 2 to review the Texas FAIR Plan's organizational and financial structure as the state's insurer of last resort for residential homeowner's insurance coverage. In particular, study the structural relationship to TWIA, cause of its current debt, and available coverages and rates compared to the private market. Evaluate proposals to reduce the total insured exposure of the FAIR Plan.

Invited witnesses testifying on this interim charge are shown on the attached list.

The committee received updates from the Public Utility Commission of Texas, the Office of Public Utility Counsel, and the Electric Reliability Council of Texas.

Invited witnesses testifying on this agenda item are shown on the attached list.

Lieutenant Governor David Dewhurst requested that the committee and the 84th Legislature continue working on resolving issues with TWIA.

There being no further business, at 11:07 AM Senator Eltife moved that the Committee stand recessed subject to the call of the chair. Without objection, it was so ordered.

Senator Kevin Eltife, Chair

Mattie Murray, Clerk