

Review by section of House Committee Substitute SB 14 052109

#/#/# are Section/Page/Start-Line numbers in the bill
Notations are of *changes made by this version [italics]*,
or **additional changes recommended [bold]**

4 /3 /10 *Financial Instruments* are defined.

6 /4 /7 **Expansion of Catastrophe Area is inhibited.**

7 /5 /12 *Notice and hearing is restored as allowed for rulemaking.*

12 /8 /12 “*Funding*” *Subchapter B – 1 is completely changed to the following:*

.071 TWIA ‘reserves’, then	<i>if any</i>
<i>Catastrophe Reserve Trust Fund;</i>	<i>if any</i>
.072 Class 1 [pre event] securities	<i>up to \$300M/occur.</i>
.073 Class 2 [post event] securities	<i>up to \$300M/occur.</i>
.074 Assess member companies; not recoupable	<i>up to \$300M/occur.</i>
.075 Assess member companies; recoup by CatArea P&C surchge	<i>\$100M/occur.</i>
.076 Reinsurance paid by TWIA premiums	<i>up to \$1 Bill.</i>
.077 Assess member companies, recoup by prem tax cr.	<i>up to \$750M/occur.</i>
.079 Combination; directors can change pattern if impossible to comply.	

13 /13/ 23 Board of Directors, appointed by the commissioner, include:

4 member insurer reps [nominated by members];
4 1st tier residents from different counties [at least 1 independent agent]; and
1 non Seacoast territory representative; and
1 engineer code advisor, non voting director.

[Coastal board majority is more appropriate based on importance to coast, and exceedingly proportionate costs to coast]

15 /16/ 3 *A director may be removed for specified causes, stated in writing, posted on website.*

18 /17 /12 *Teleconference meetings must be located in a 1st tier county, recorded, and posted on website.*

22 / 20/ 1 **[Declination should not be required for renewal unless TWIA has reason to believe that a voluntary market policy is available in the property location]**

23 / 20/ 16 *Flood insurance in force is required for structures constructed, remodeled or enlarged after SB14, in areas designated by the commissioner, OR in flood ‘Zone V’, IF federal flood insurance is available—which coverage the windstorm agent must also offer.*

26 / 23 / 18 [**Grandfathered TWIA eligibility of pre 1988 construction/repairs based on underwriting acceptability evidenced by prior voluntary market coverage would be denied if the coverage expired more than 12 months earlier. This period has NO bearing on the wind exposure of the structure, and should be removed**]

30 / 27 / 14 *Zero tolerance is mandated for failure to obtain ‘WPI-8’ certification of building code compliance of ‘Post SB 14’ construction, remodeling, enlargement, or repair; NO TWIA policy without certification!*

*A property insured by TWIA June 1, 2009 [**Change to September 1, 2009**] without WPI-8 certification, under TWIA regulations in effect on that date remains insurable, subject to 15% surcharge.*

31 / 29 / 1 *TWIA is authorized to file and use rates under specific conditions, provided the new rate is no more than 105% of the rate in effect on the date the filing is made [**Change to “within the previous 12 months”**].*

31 / 29 / 8 [**Restore ‘stricken’ provision which allows commissioner, after notice and hearing, to withdraw approval of a filing**]

32 / 29 / 23 [**Restore all strikeouts in this section, except p. 30, l. 14: “modifying”; “,or modify” p. 31, l. 17; and “November” p. 31, l. 18**] [Omit new section (a-1) and references to it—which duplicate newly added (d) in 2210.351, p. 28, l. 23]

33 / 32 / 1 [**Remove all changes in Section 33 except strike of “modification”—3 places p. 32, in lines 9, 10, and 12**]

34 / 33 / 12 [**Change 2210.352 to 2210.351**] [**Remove strikeouts in lines 18 and 23.**]

35 / 34 / 13 [**Change to “projected catastrophic and non catastrophic losses and loss adjustment expense, projected net cost of reinsurance, and other funding requirements of the association as provided by this chapter.”**]

35 / 34 / 16 *Catastrophe models may be considered in rates.*

35 / 34 / 17 *Rating territories are authorized, subject to rate differentiation no more than 5% within a county. [**Change to read: “(i) The association may establish rating territories and may vary rates not more than five percent among the territories.”**]*

40 / 36 / 23 *Policy holder rights are protected by removing changes which would have denied aggrieved claimants direct access to courts, and other rights against insurance companies. Potential complicating procedures are avoided by avoiding involuntary transfers of claimants actions.*

41 / 37 / 1 New Subchapter 'M' coordinates with new Subchapter 'B – I' funding, by setting out details regarding public securities. Other than 'boiler plate', certain provisions are:

.602 includes definition of Class 1 securities as issued before an event [2210.072], and Class 2 securities as issued on or after an event [2210.073].

.608 sets out permitted uses of securities proceeds, including: claims, operating expenses, **[omit purchase reinsurance]**.

.609 General provision provides: "The association shall pay all public securities obligations from available funds collected by the association and deposited into the public securities obligation revenue fund. If the association determines that it is unable to pay... with available funds, the association shall pay... in accordance with Sections 2210.612 and 2210.613 as applicable." **[Needs change to correspond with 2210.612, which specifies payment of interest only by TWIA premiums; omit: determines 'unable' to pay all... Change 2210.612 reference to 2210.609, accordingly.]**

.612 As stated above, includes payment of interest on pre event bonds by TWIA premiums; payment of principal **[Need to add and costs of securities origination and administration]** on Class 1 [pre event only] securities **[Need to omit p. 43, l. 6: "and post event principal and interest"]** is by surcharge on Catastrophe Area Property and Casualty policies.

.613 payment of all costs of Class 2 [post event only] securities is by surcharge on Catastrophe Area Property and Casualty policies.

41 / 47 / 14 New Subchapter 'N' creates "Legislative Oversight Board"

.652 Comprised of 3 Senators appointed by Lt. Governor, "at least one of whom does not represent a district in the seacoast territory." And likewise, 3 Representatives appointed by the Speaker, limited in the same way

.653 The board would monitor TWIA, proposed rules and legislation; and

.654 Report by November 15 in even numbered years to the Governor, Lt. Governor, and Speaker on problems and proposed solutions.

44 / 49 / 7 This section repeals the following sections of Chapter 2210, Insurance Code:

.003 (5) and (12) permitting TWIA to serve areas with insufficient fire insurance market.

.058 Claims funding section, and *.059* Notice of potential state tax credit assessments.

.205 Forms and rate credits for exclusion of perils from a policy.

.206 Certain insurers inability to insure governmental property.

.256 Discipline of code inspectors.

.257 TDI code inspection fees.

***.356* Experience Rate development criteria. [Should NOT be repealed]**

.360 Include past surcharges in rate development.

.363 May allow rate reduction for companion flood policy.

Subchapter G: Requires rate credit if stronger codes are adopted.

[.359 10% rate cap is NOT repealed].

Effective Dates:

45 / 49 / 16 *Old board out 12/31/09; new board in 1/1/10; old directors eligible for new board.*

46 / 50 / 4 *Commissioner must adopt new 'rules' within 30 days.*

47 / 50 / 14 *.202, Declinations, and .203, Flood Insurance in force IMMEDIATE effect [Should be September 1, 2009].*

48 / 50 / 18 *.251, Inspections by TWIA start September 1, 2009.*

49 / 51 / 3 *Five sections regarding changing from TDI to TWIA inspections effective September 1, 2009.*

50 / 51 / 7 *Amendment to 2210.552 is effective immediately.*

51 / 51 / 13 *State auditor shall audit TWIA within 4 years.*

52 / 50 / 17 *This act is effective immediately if 2/3 vote, otherwise, September 1, 2009.*