

SEC. 2. (a) (1) A joint underwriting association is created in the District of Columbia. The association shall consist of all insurers engaged in writing within the District of Columbia, on a direct basis, fire, extended coverage, and essential property insurance. The association shall also include insurers providing such insurance in homeowners and commercial multiple peril package policies. Each insurer described in the preceding sentences of this paragraph shall be a member of the association and shall remain a member as a condition of his authority to continue to write fire, extended coverage, and essential property insurance in the District of Columbia.

(2) The association shall be governed by a board of directors to be composed of 11 individuals elected annually by cumulative voting by the members of the association. The vote of a member of the association in such election shall be weighted in accordance with his net direct premiums written during the preceding calendar year. The first board of directors shall be elected at a meeting of the members, or their authorized representatives, which shall be held within thirty days after the date of the enactment of this Act and at a time and place designated by the Commissioner.

(b) In the case of fire, extended coverage, and essential property insurance on insurable property, the association may, on behalf of its members—

(1) cause policies of insurance to be issued to applicants;

(2) assume reinsurance from its members; and

(3) cede reinsurance.

(c) (1) Within thirty days following the date of the enactment of this Act, the board of directors of the association shall submit to the Commissioner, for his approval, a proposed plan of operation, consistent with the provisions of this Act, which shall provide for economical, fair, and nondiscriminatory administration, and for the prompt and efficient provision, of fire, extended coverage, and essential property insurance to promote orderly community development. The proposed plan shall also provide for preliminary assessment of all members for initial expenses necessary to commence operations, additional assessments of members to defray losses and expenses, establishment of necessary facilities, management of the association, commission arrangements, reasonable and objective underwriting standards, acceptance and cession of reinsurance, and procedures for determining amounts of insurance to be provided.

(2) In reviewing the proposed plan of operation the Commissioner shall consult with affected individuals and organizations. The proposed plan shall take effect ten days after the date of its approval by the Commissioner. If the Commissioner disapproves all or any part of the proposed plan of operation, the board of directors of the association shall, within thirty days from the date the Commissioner gives notice of his disapproval, submit to the Commissioner an appropriately revised plan of operation, and, if the board of directors fails to do so, the Commissioner shall promulgate a plan of operation.

(3) The board of directors of the association may, on its own initiative, prepare amendments to the plan of operation. Such amendments must be approved by the Commissioner and shall take effect ten days after the date of his approval. The board of directors shall make any amendments to the plan required by the Commissioner.

SEC. 3. (a) (1) Any person having an insurable interest in insurable property, who after making a diligent effort in the normal insurance market has been unable to procure fire, extended coverage, or essential property insurance from an authorized insurer, may, on or after the effective date of the plan of operation, apply to the association for such insurance. Such application may be made on behalf of an applicant by a broker, or agent authorized by such applicant.

(2) If the association determines that the property is insurable and that there is no uncontested premium due from the applicant for prior insurance on the property (as shown by the insured having failed to make written objection to premium charges within thirty days after billing), the association, upon receipt of the amount of the premium prescribed in the plan of operation, shall issue for a term of one year a policy for the type of insurance for which the applicant applied.

(b) To the extent (if any) and on the terms and conditions set forth in the plan of operation, any member of the association may cede to the association fire, extended coverage, and essential property insurance written on insurable property.

SEC. 4. (a) Rates, rating plans, and rating rules applicable to insurance written by the association shall be in accordance with filings approved from time to