

1-1 By: Eltife S.B. No. 654
 1-2 (In the Senate - Filed February 19, 2015; February 24, 2015,
 1-3 read first time and referred to Committee on Business and Commerce;
 1-4 April 22, 2015, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 7, Nays 0; April 22, 2015,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15	X			
1-16	X			
1-17			X	

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 654 By: Eltife

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

1-21 relating to regulation of rates and policy forms for certain
 1-22 commercial lines of insurance.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 2251.002, Insurance Code, is amended by
 1-25 amending Subdivision (1) and adding Subdivision (1-a) to read as
 1-26 follows:

1-27 (1) "Commercial property insurance" means insurance
 1-28 coverage against loss caused by or resulting from loss, damage, or
 1-29 destruction of real or personal property provided through a
 1-30 commercial property insurance policy. The term includes any
 1-31 combination of:

1-32 (A) fire, allied lines, or other lines of first
 1-33 party property insurance;

1-34 (B) inland marine insurance;

1-35 (C) crime coverage;

1-36 (D) boiler and machinery insurance other than
 1-37 explosion;

1-38 (E) glass insurance provided as part of other
 1-39 coverage; and

1-40 (F) insurance covering other perils or providing
 1-41 other coverages as authorized by commissioner rule.

1-42 (1-a) "Disallowed expenses" includes:

1-43 (A) administrative expenses, other than
 1-44 acquisition, loss control, and safety engineering expenses, that
 1-45 exceed 110 percent of the industry median for those expenses;

1-46 (B) lobbying expenses;

1-47 (C) advertising expenses, other than for
 1-48 advertising:

1-49 (i) directly related to the services or
 1-50 products provided by the insurer; or

1-51 (ii) designed and directed at loss
 1-52 prevention;

1-53 (D) amounts paid by an insurer:

1-54 (i) as damages in an action brought against
 1-55 the insurer for bad faith, fraud, or any matters other than payment
 1-56 under the insurance contract; or

1-57 (ii) as fees, fines, penalties, or
 1-58 exemplary damages for a civil or criminal violation of law;

1-59 (E) contributions to:

1-60 (i) social, religious, political, or

2-1 fraternal organizations; or
 2-2 (ii) organizations engaged in legislative
 2-3 advocacy;
 2-4 (F) except as authorized by commissioner rule,
 2-5 fees and assessments paid to advisory organizations;
 2-6 (G) any amount determined by the commissioner to
 2-7 be excess premiums charged by the insurer; and
 2-8 (H) any unreasonably incurred expenses, as
 2-9 determined by the commissioner after notice and hearing.

2-10 SECTION 2. Section 2301.002, Insurance Code, is amended by
 2-11 amending Subdivision (1) and adding Subdivision (1-a) to read as
 2-12 follows:

2-13 (1) "Commercial property insurance" means insurance
 2-14 coverage against loss caused by or resulting from loss, damage, or
 2-15 destruction of real or personal property provided through a
 2-16 commercial property insurance policy. The term includes any
 2-17 combination of:

2-18 (A) fire, allied lines, or other lines of first
 2-19 party property insurance;

2-20 (B) inland marine insurance;

2-21 (C) crime coverage;

2-22 (D) boiler and machinery insurance other than
 2-23 explosion;

2-24 (E) glass insurance provided as part of other
 2-25 coverage; and

2-26 (F) insurance covering other perils or providing
 2-27 other coverages as authorized by commissioner rule.

2-28 (1-a) "Form" means an insurance policy form or a
 2-29 printed endorsement form.

2-30 SECTION 3. Section 2301.005, Insurance Code, is amended to
 2-31 read as follows:

2-32 Sec. 2301.005. REGULATION OF INLAND MARINE AND COMMERCIAL
 2-33 FORMS. (a) The commissioner shall adopt rules governing the
 2-34 manner in which forms for the various classifications of risks
 2-35 insured under inland marine insurance, as determined by the
 2-36 commissioner, are regulated.

2-37 (b) The commissioner may adopt rules to exempt or limit the
 2-38 review of forms for commercial lines of insurance subject to this
 2-39 chapter.

2-40 SECTION 4. This Act takes effect immediately if it receives
 2-41 a vote of two-thirds of all the members elected to each house, as
 2-42 provided by Section 39, Article III, Texas Constitution. If this
 2-43 Act does not receive the vote necessary for immediate effect, this
 2-44 Act takes effect September 1, 2015.

2-45 * * * * *