

1-1 By: Frullo (Senate Sponsor - Hancock) H.B. No. 1298
 1-2 (In the Senate - Received from the House May 8, 2017;
 1-3 May 12, 2017, read first time and referred to Committee on Business
 1-4 & Commerce; May 21, 2017, reported favorably by the following vote:
 1-5 Yeas 8, Nays 0; May 21, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Hancock	X			
1-8 Creighton	X			
1-9 Campbell	X			
1-10 Estes	X			
1-11 Nichols			X	
1-12 Schwertner	X			
1-13 Taylor of Galveston	X			
1-14 Whitmire	X			
1-15 Zaffirini	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the definition of commercial property insurance for
 1-20 purposes of certain provisions governing insurance rates and policy
 1-21 forms.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 2251.002, Insurance Code, is amended by
 1-24 amending Subdivision (1) and adding Subdivision (1-a) to read as
 1-25 follows:

1-26 (1) "Commercial property insurance" means insurance
 1-27 coverage against loss caused by or resulting from loss, damage, or
 1-28 destruction of real or personal property provided through a
 1-29 commercial property insurance policy. The term includes any
 1-30 combination of:

- 1-31 (A) commercial fire or allied lines;
- 1-32 (B) commercial inland marine insurance;
- 1-33 (C) commercial crime coverage;
- 1-34 (D) boiler and machinery insurance other than
 1-35 explosion;
- 1-36 (E) glass insurance provided as part of other
 1-37 coverage; and
- 1-38 (F) as authorized by commissioner rule,
 1-39 insurance covering other perils or providing other coverages or
 1-40 other lines of first party property insurance.

1-41 (1-a) "Disallowed expenses" includes:

- 1-42 (A) administrative expenses, other than
 1-43 acquisition, loss control, and safety engineering expenses, that
 1-44 exceed 110 percent of the industry median for those expenses;
- 1-45 (B) lobbying expenses;
- 1-46 (C) advertising expenses, other than for
 1-47 advertising:
 - 1-48 (i) directly related to the services or
 1-49 products provided by the insurer; or
 - 1-50 (ii) designed and directed at loss
 1-51 prevention;
- 1-52 (D) amounts paid by an insurer:
 - 1-53 (i) as damages in an action brought against
 1-54 the insurer for bad faith, fraud, or any matters other than payment
 1-55 under the insurance contract; or
 - 1-56 (ii) as fees, fines, penalties, or
 1-57 exemplary damages for a civil or criminal violation of law;
- 1-58 (E) contributions to:
 - 1-59 (i) social, religious, political, or
 1-60 fraternal organizations; or
 - 1-61 (ii) organizations engaged in legislative

2-1 advocacy;

2-2 (F) except as authorized by commissioner rule,
2-3 fees and assessments paid to advisory organizations;

2-4 (G) any amount determined by the commissioner to
2-5 be excess premiums charged by the insurer; and

2-6 (H) any unreasonably incurred expenses, as
2-7 determined by the commissioner after notice and hearing.

2-8 SECTION 2. Section 2301.002, Insurance Code, is amended by
2-9 amending Subdivision (1) and adding Subdivision (1-a) to read as
2-10 follows:

2-11 (1) "Commercial property insurance" means insurance
2-12 coverage against loss caused by or resulting from loss, damage, or
2-13 destruction of real or personal property provided through a
2-14 commercial property insurance policy. The term includes any
2-15 combination of:

2-16 (A) commercial fire or allied lines;

2-17 (B) commercial inland marine insurance;

2-18 (C) commercial crime coverage;

2-19 (D) boiler and machinery insurance other than
2-20 explosion;

2-21 (E) glass insurance provided as part of other
2-22 coverage; and

2-23 (F) as authorized by commissioner rule,
2-24 insurance covering other perils or providing other coverages or
2-25 other lines of first party property insurance.

2-26 (1-a) "Form" means an insurance policy form or a
2-27 printed endorsement form.

2-28 SECTION 3. This Act takes effect immediately if it receives
2-29 a vote of two-thirds of all the members elected to each house, as
2-30 provided by Section 39, Article III, Texas Constitution. If this
2-31 Act does not receive the vote necessary for immediate effect, this
2-32 Act takes effect September 1, 2017.

2-33 * * * * *