

Amend CSHB 3 by inserting the following appropriately numbered SECTION in PART A, ARTICLE 3 of the bill to read as follows:

SECTION 3A.____. Section 3(a)(1), Article 5.13-2, Insurance Code, is amended to read as follows:

(1) "Disallowed expenses" includes:

(A) administrative expenses, not including acquisition, loss control, and safety engineering expenses, that exceed 110 percent of the industry median for those expenses;

(B) lobbying expenses;

(C) advertising expenses, other than for advertising:

(i) directly related to the services or products provided by the insurer; or

(ii) designed and directed at loss prevention;

(D) amounts paid by an insurer:

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

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

(iii) under a motor vehicle insurance policy in the form of taxes imposed on motor vehicle repair services under Chapter 151, Tax Code;

(E) contributions to:

(i) social, religious, political, or fraternal organizations; or

(ii) organizations engaged in legislative advocacy;

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

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

(H) any unreasonably incurred expenses, as

determined by the commissioner after notice and hearing.