

By: Eltife
(Workman)

S.B. No. 654

A BILL TO BE ENTITLED

AN ACT

relating to regulation of rates and policy forms for certain commercial lines of insurance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

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

(A) fire, allied lines, or other lines of first party property insurance;

(B) inland marine insurance;

(C) crime coverage;

(D) boiler and machinery insurance other than explosion;

(E) glass insurance provided as part of other coverage; and

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

(1-a) "Disallowed expenses" includes:

(A) administrative expenses, other than

1 acquisition, loss control, and safety engineering expenses, that
2 exceed 110 percent of the industry median for those expenses;

3 (B) lobbying expenses;

4 (C) advertising expenses, other than for
5 advertising:

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

8 (ii) designed and directed at loss
9 prevention;

10 (D) amounts paid by an insurer:

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

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

16 (E) contributions to:

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

19 (ii) organizations engaged in legislative
20 advocacy;

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

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

25 (H) any unreasonably incurred expenses, as
26 determined by the commissioner after notice and hearing.

27 SECTION 2. Section [2301.002](#), Insurance Code, is amended by

1 amending Subdivision (1) and adding Subdivision (1-a) to read as
2 follows:

3 (1) "Commercial property insurance" means insurance
4 coverage against loss caused by or resulting from loss, damage, or
5 destruction of real or personal property provided through a
6 commercial property insurance policy. The term includes any
7 combination of:

8 (A) fire, allied lines, or other lines of first
9 party property insurance;

10 (B) inland marine insurance;

11 (C) crime coverage;

12 (D) boiler and machinery insurance other than
13 explosion;

14 (E) glass insurance provided as part of other
15 coverage; and

16 (F) insurance covering other perils or providing
17 other coverages as authorized by commissioner rule.

18 (1-a) "Form" means an insurance policy form or a
19 printed endorsement form.

20 SECTION 3. Section 2301.005, Insurance Code, is amended to
21 read as follows:

22 Sec. 2301.005. REGULATION OF INLAND MARINE AND COMMERCIAL
23 FORMS. (a) The commissioner shall adopt rules governing the
24 manner in which forms for the various classifications of risks
25 insured under inland marine insurance, as determined by the
26 commissioner, are regulated.

27 (b) The commissioner may adopt rules to exempt or limit the

1 review of forms for commercial lines of insurance subject to this
2 chapter.

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