

## **BILL ANALYSIS**

Senate Research Center  
85R4190 SCL-F

H.B. 1298  
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Business & Commerce  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Current Texas law does not define commercial property insurance. The industry practice for many years has been for commercial property policies to include coverages such as fire and allied lines; glass; inland marine; boiler and machinery other than explosion; and other perils as described in H.B. 1298.

Several years ago, the Insurance Code was amended to include multi-peril insurance as a separate line of insurance for the first time, but also without a definition. The unintended result has been confusion over whether commercial property policies providing this broad coverage are to remain commercial property policies or are now multi-peril policies. Clearing up this confusion is important to the commercial insurance marketplace in Texas, as evidenced by the Texas Department of Insurance including it as a recommendation in its biennial report to the legislature.

Multi-peril policies are common in the marketplace, but are generally written and rated on a different basis, which requires additional rate and form filings for programs that have been successfully written for many years.

H.B. 1298 allows Texas commercial consumers access to a product available in other states by supplying a definition that is in line with other states' definitions of commercial property insurance and the practice in Texas for many years. H.B. 1298's definition of commercial property insurance makes it clear that when these coverages are included with commercial property coverage, these policies are not unintentionally reclassified as multi-peril policies.

H.B. 1298 amends current law relating to the definition of commercial property insurance for purposes of certain provisions governing insurance rates and policy forms.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

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

(1) Defines "commercial property insurance" to mean insurance coverage against loss caused by or resulting from loss, damage, or destruction of real personal property provided through a commercial property insurance policy. Provides that the term includes any combination of certain types of coverage or insurance.

(1-a) Redesignates existing Subdivision (1) as Subdivision (1-a) and makes no further changes to this subdivision.

SECTION 2. Amends Section 2301.002, Insurance Code, by amending Subdivision (1) and adding Subdivision (1-a), as follows:

(1) Defines "commercial property insurance" to mean insurance coverage against loss caused by or resulting from loss, damage, or destruction of real personal property provided through a commercial property insurance policy. Provides that the term includes any combination of certain types of coverage or insurance.

(1-a) Redesignates existing Subdivision (1) as Subdivision (1-a) and makes no further changes to this subdivision.

SECTION 3. Effective date: upon passage or September 1, 2017.