

By: Flores

H.B. No. 3509

A BILL TO BE ENTITLED

AN ACT

relating to the sale of service contracts.

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

SECTION 1. Section 5, Article 9034, Texas Civil Statutes, is amended by amending subsection (c) and adding new subsection (f) as follows:

(c) Each registered provider shall pay an annual registration fee not to exceed \$2,000 as set by the commission to cover the costs of administrating this article. The commissioner shall develop a tiered fee structure under which registration fees are assessed on providers based on the number of service contracts sold within this state in the prior 12-month period. ~~[The information submitted to the commissioner under this section regarding the number of service contracts sold by a provider may only be used by the commissioner and the department in determining the tiered fee structure. Information concerning the number of service contracts sold by a provider under this section is a trade secret and subject to Section 552.110, Government Code.]~~

(f) Each registrant shall file a complete copy of each of its service contracts with the Commissioner.

SECTION 2. Section 10, Article 9034, Texas Civil Statutes, is amended by amending subsection (e) and adding new subsectionh (h) and (i) as follows:

(e) Each service contract must state the purchase price of

1 the contract and the terms under which the contract is sold. The
2 purchase price must be preprinted on the contract and is not
3 negotiable at the time of sale. [~~The purchase price is not required~~
4 ~~to be preprinted on the contract and may be negotiated at the time~~
5 ~~of sale with the service contract holder.~~]

6 (h) The commissioner may disapprove any service contract if
7 the cost to the consumer is not reasonable in relation to the
8 coverage or the contract is misleading, deceptive, or duplicates
9 required insurance coverage.

10 (i) A copy of the service contract must be provided to each
11 consumer before the contract is purchased by the consumer.

12 SECTION 3. Section 11, Article 9034, Texas Civil Statutes,
13 is amended by amending subsection (a) as follows:

14 (a) Each service contract shall require the provider to
15 permit the service contract holder to return the service contract
16 not later than the 30th [~~20th~~] day after [~~the service contract was~~
17 ~~mailed to the service contract holder or, if~~] the service contract
18 is delivered to the service contract holder [~~at the time of sale,~~
19 ~~not later than the 10th day after the date of delivery~~]. The
20 service contract holder may void the service contract at a later
21 time as permitted by the service contract.

22 SECTION 4. Section 14, Article 9034, Texas Civil Statutes,
23 is amended by adding new subsection (e) as follows:

24 (e) The commissioner shall annually review all complaints
25 filed against sellers of service contracts and develop
26 recommendations for the Texas Legislature to address consumer
27 concerns.

1 SECTION 5. EFFECTIVE DATE. This Act takes effect
2 immediately if it receives a vote of two-thirds of all the members
3 elected to each house, as provided by Section 39, Article III, Texas
4 Constitution. If this Act does not receive the vote necessary for
5 immediate effect, this Act takes effect September 1, 2003.