

## **BILL ANALYSIS**

C.S.H.B. 3073  
By: Driver  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Many Texas municipalities have adopted a national standard fire safety code that requires annual inspections of fire extinguishers in public buildings by a state-registered fire extinguisher inspection company. The inspection can be performed by any registered company that the property owner chooses. In Texas, the State Fire Marshal's Office in the Texas Department of Insurance registers inspection companies and licenses inspectors, who must be trained and pass tests. It is against state rules for a company to make a misrepresentation in the sales and servicing of their product. Neither the state nor any municipality has authority regarding pricing. Consumers have complained of a registered company implying that they have been expressly sent by the city to perform the inspection, then charging higher-than-anticipated prices for the service.

C.S.H.B. 3073 would require a registered fire inspection firm that performs an annual inspection under municipal ordinance to provide to an authorized person at the business a written statement that discloses that the business entity has the right to select the registered firm that will perform the inspection, that the firm is not affiliated with any governmental agency, and the firm's fees for performing inspections. The statement must be signed by an authorized person before the inspection may be performed, unless the service is performed under a pre-authorized arrangement including a contract or other signed agreement. The registered firm must keep a copy of the form for one year.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

Adds a New Article 5.43-1, Section 4B. Insurance Code, "Required Statement," which provides that a state-registered fire extinguisher inspection firm that performs an annual fire extinguisher inspection, required under municipal ordinance, at a business entity must provide the entity a written statement that discloses that the business has the right to select the firm that will conduct the inspection, that the firm is not affiliated with any governmental agency, and the firm's fee for performing the inspection. A firm may provide the entity with a copy of the firm's price list for different services or any other price document that complies with standard business practices in the industry. Provides that the firm may not perform the inspection unless an authorized person at the business signs the statement, unless there is a pre-authorized arrangement with the entity. Provides that the firm shall maintain a copy in the firm's records for one year.

### **EFFECTIVE DATE**

Effective September 1, 2005

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

In Section 1, the following changes are made in new Article 5.43-1, Insurance Code, Section 4B: The substitute adds a new subsection (a)(2) that requires a registered firm to disclose in a written statement that the registered firm is not affiliated with any governmental agency. Subsection

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(a)(2) in the original becomes (a)(3) in the substitute. The substitute adds a new subsection (b) to provide ways a registered firm can comply with the requirement to disclose fees. The substitute changes subsection (b) to subsection (c), moves the requirement to provide a copy of the signed statement from the old subsection (c) to the new subsection (c), and provides for an exception in (d). The substitute adds a new subsection (d) to permit the services of the registered firm to be pre-authorized rather than signed for at the time services are performed. Subsection (c) in the original becomes (e) in the substitute and the requirement in the original that a signed copy of the statement be provided to an authorized person at the business is moved to subsection (c).