

AN ACT

relating to the nature of certain promotional event prize programs.

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

SECTION 1. Subtitle A, Title 10, Insurance Code, is amended by adding Chapter 1810 to read as follows:

CHAPTER 1810. PROMOTIONAL EVENT PRIZE PROGRAMS

Sec. 1810.001. DEFINITION. In this chapter, "promotional event prize program" means a written contract entered into in this state for commercial marketing or promotional purposes:

(1) under which a monetary risk is transferred from one or more parties to the contract to another party to the contract;

(2) that does not require as a condition precedent to the imposition of contractual liability on the part of the person accepting the risk:

(A) actual economic loss by the person who transfers the risk; or

(B) submission of proof of economic loss by the person transferring the risk; and

(3) that specifically states that the contract is not for insurance and performance under the contract is not covered by any state guaranty association.

Sec. 1810.002. PROGRAM NOT INSURANCE; NOT COVERED BY GUARANTY ASSOCIATION. A promotional event prize program does not

1 constitute the business of insurance in this state. A person's
2 claim for performance under a contract for a promotional event
3 prize program is not a covered claim under Chapter 462 and a
4 promotional event prize program is not covered by the Texas
5 Property and Casualty Insurance Guaranty Association or any other
6 state guaranty association.

7 Sec. 1810.003. CERTAIN MARKETING PROHIBITED. A promotional
8 event prize program may not be marketed or described as insurance.

9 SECTION 2. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I certify that H.B. No. 2708 was passed by the House on April 19, 2007, by the following vote: Yeas 142, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2708 was passed by the Senate on May 10, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor