

1-1 By: Hancock (Senate Sponsor - Carona) H.B. No. 2708
1-2 (In the Senate - Received from the House April 23, 2007;
1-3 April 26, 2007, read first time and referred to Committee on
1-4 Business and Commerce; May 2, 2007, reported favorably by the
1-5 following vote: Yeas 9, Nays 0; May 2, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the nature of certain promotional event prize programs.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Subtitle A, Title 10, Insurance Code, is amended
1-11 by adding Chapter 1810 to read as follows:

1-12 CHAPTER 1810. PROMOTIONAL EVENT PRIZE PROGRAMS

1-13 Sec. 1810.001. DEFINITION. In this chapter, "promotional
1-14 event prize program" means a written contract entered into in this
1-15 state for commercial marketing or promotional purposes:

1-16 (1) under which a monetary risk is transferred from
1-17 one or more parties to the contract to another party to the
1-18 contract;

1-19 (2) that does not require as a condition precedent to
1-20 the imposition of contractual liability on the part of the person
1-21 accepting the risk:

1-22 (A) actual economic loss by the person who
1-23 transfers the risk; or

1-24 (B) submission of proof of economic loss by the
1-25 person transferring the risk; and

1-26 (3) that specifically states that the contract is not
1-27 for insurance and performance under the contract is not covered by
1-28 any state guaranty association.

1-29 Sec. 1810.002. PROGRAM NOT INSURANCE; NOT COVERED BY
1-30 GUARANTY ASSOCIATION. A promotional event prize program does not
1-31 constitute the business of insurance in this state. A person's
1-32 claim for performance under a contract for a promotional event
1-33 prize program is not a covered claim under Chapter 462 and a
1-34 promotional event prize program is not covered by the Texas
1-35 Property and Casualty Insurance Guaranty Association or any other
1-36 state guaranty association.

1-37 Sec. 1810.003. CERTAIN MARKETING PROHIBITED. A promotional
1-38 event prize program may not be marketed or described as insurance.

1-39 SECTION 2. This Act takes effect immediately if it receives
1-40 a vote of two-thirds of all the members elected to each house, as
1-41 provided by Section 39, Article III, Texas Constitution. If this
1-42 Act does not receive the vote necessary for immediate effect, this
1-43 Act takes effect September 1, 2007.

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