

By: Turner of Harris, Simmons

H.B. No. 3625

Substitute the following for H.B. No. 3625:

By: Oliveira

C.S.H.B. No. 3625

A BILL TO BE ENTITLED

1 AN ACT

2 relating to requirements for certain service contracts.

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

4 SECTION 1. Section 1304.156(a), Occupations Code, is  
5 amended to read as follows:

6 (a) A service contract marketed, sold, offered for sale,  
7 issued, made, proposed to be made, or administered in this state  
8 must:

9 (1) be written, printed, or typed in clear,  
10 understandable language that is easy to read;

11 (2) state the name and address of the provider;

12 (3) state the purchase price of the contract and the  
13 terms under which the contract is sold;

14 (4) state the terms and restrictions governing  
15 cancellation of the contract by the provider or the service  
16 contract holder before the expiration date of the contract;

17 (5) identify:

18 (A) any administrator and any registration  
19 number issued to the administrator under this chapter;

20 (B) the seller; and

21 (C) the service contract holder, if the service  
22 contract holder provides the holder's name;

23 (6) state the amount of any deductible;

24 (7) specify the products and services to be provided

1 under the contract and any limitation, exception, or exclusion;

2 (8) specify any restriction governing the  
3 transferability of the contract;

4 (9) state the duties of the service contract holder,  
5 including any duty to protect against any further damage and any  
6 requirement to follow the instructions in the owner's manual; ~~and~~

7 (10) state whether the contract provides for or  
8 excludes consequential damages or preexisting conditions, if  
9 applicable; and

10 (11) state that the administration of the contract is  
11 governed by Chapter 1304, Occupations Code (Service Contract  
12 Regulatory Act).

13 SECTION 2. Subchapter D, Chapter 1304, Occupations Code, is  
14 amended by adding Section 1304.157 to read as follows:

15 Sec. 1304.157. ADDITIONAL REQUIREMENTS FOR CERTAIN SERVICE  
16 CONTRACTS. (a) In this section, "motor vehicle" has the meaning  
17 assigned by Section 501.002, Transportation Code.

18 (b) In addition to the requirements in Section 1304.156, a  
19 service contract for a motor vehicle must:

20 (1) state the effective date and duration of the  
21 contract and, if the contract is for a duration of less than one  
22 year, provide for the automatic extension of the contract if the  
23 motor vehicle is undergoing repair, replacement, or maintenance by  
24 the provider on the contract's expiration date;

25 (2) specify the obligations of the provider and the  
26 additional services that the provider will provide;

27 (3) specify limitations on the obligations of the

1 provider, including repairs, remedies, and services relating to  
2 certain parts, components, defects, malfunctions, and conditions  
3 that are not covered by the contract;

4 (4) specify the nature and frequency of the duties of  
5 the service contract holder and the consequences of the service  
6 contract holder's failure to comply with those duties;

7 (5) identify:

8 (A) the legal name and business name of the  
9 provider;

10 (B) the mailing address of the provider;

11 (C) the persons who are authorized by the  
12 provider to provide services under the contract; and

13 (D) the name or title and address of each agent,  
14 employee, or department of the provider with responsibility for  
15 performing the provider's obligations under the contract;

16 (6) provide a step-by-step procedure for the service  
17 contract holder to follow in order to obtain products and services  
18 under the contract;

19 (7) specify the method by which the service contract  
20 holder must notify the provider of the need for products and  
21 services under the contract;

22 (8) specify whether in-home repair, replacement, or  
23 maintenance is available under the contract and, if not:

24 (A) whether the cost of transporting the motor  
25 vehicle for repair, replacement, or maintenance will be paid by the  
26 provider; and

27 (B) the place where the motor vehicle must be

1 delivered for repair, replacement, or maintenance or a toll-free  
2 telephone number that the service contract holder may call to  
3 obtain that information; and

4 (9) specify all fees, charges, or other costs that the  
5 service contract holder must pay to obtain products and services  
6 under the contract.

7 SECTION 3. (a) Section 1304.156, Occupations Code, as  
8 amended by this Act, and Section 1304.157, Occupations Code, as  
9 added by this Act, apply only to a service contract sold or issued  
10 on or after January 1, 2016. A service contract sold or issued  
11 before that date is governed by the law in effect on the date the  
12 contract was sold or issued, and the former law is continued in  
13 effect for that purpose.

14 (b) Notwithstanding Subsection (a) of this section, a  
15 service contract sold or issued before January 1, 2016, may not be  
16 extended or renewed at the end of the service contract term unless  
17 the contract complies with Sections 1304.156, Occupations Code, as  
18 amended by this Act, and, if applicable, Section 1304.157,  
19 Occupations Code, as added by this Act.

20 SECTION 4. This Act takes effect September 1, 2015.