

By: Turner of Harris

H.B. No. 3625

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of extended warranties.

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

SECTION 1. Chapter 1304, Occupations Code, is amended by adding Subchapter F to read as follows:

Sec. 1304.301, Subchapter F. EXTENDED WARRANTIES

(a) As used in this section:

(1) "Extended warranty" means a contract or agreement entered into for consideration and for a specified term to either perform or provide indemnification for the repair, replacement, or maintenance of a product because of operational or structural failure of such product due to a defect in materials, skill, workmanship, or normal wear and tear given for consideration over and above the lease or purchase price of a product.

(2) "Extended warranty provider" means a person who issues, makes, provides, or offers to provide an extended warranty to a consumer and who is contractually obligated to provide service under such extended warranty.

(3) "Consumer" means a person who purchases an extended warranty from an extended warranty provider.

(4) "Extended warranty reimbursement insurance policy" means a policy of insurance providing coverage for all obligations and liabilities incurred by an extended warranty provider under the terms of the extended warranty sold to a buyer by such provider.

1 (b) An extended warranty shall obligate the extended
2 warranty provider to supply to the buyer all services and
3 functional parts that may be necessary to repair the product for
4 the duration of the extended warranty without additional charge,
5 except as otherwise expressly provided.

6 (c) An extended warranty shall contain all of the following:

7 (1) A clear description and identification of the product or
8 service to be provided;

9 (2) The date when the extended warranty commences and its
10 duration, and, if the extended warranty is for less than one year,
11 the extended warranty shall include a provision for the automatic
12 extension of the extended warranty while the product is in the
13 custody of the extended warranty provider for repair under such
14 warranty;

15 (3) A description of the limits on transfer or assignment of
16 the extended warranty if the enforceability of an extended warranty
17 is limited to the original buyer or is limited to persons other
18 than every consumer owner of the covered product during the term of
19 the extended warranty;

20 (4) A statement of the obligation of the extended warranty
21 provider including statements: (A) including but not limited to,
22 services, parts, components, defects, malfunctions, conditions,
23 repairs or remedies that are excluded from the scope of the
24 extended warranty; (B) limits on the obligations of the extended
25 warranty provider; (C) additional services which the extended
26 warranty provider will supply; (D) whether the buyer has the
27 responsibility of any other obligations and, if so, the nature and

1 frequency of such obligations, and the consequences of any
2 noncompliance;

3 (5) A step-by-step explanation of the procedure which the
4 buyer shall follow in order to obtain performance of any obligation
5 under the extended warranty including: (A) the full legal and
6 business name of the extended warranty provider; (B) the mailing
7 address of the extended warranty provider; (C) the persons or class
8 of persons that are authorized to perform service; (D) the name or
9 title and address of any agent, employee, or department of the
10 extended warranty provider that is responsible for the performance
11 of any obligations; (E) the method of giving notice to the extended
12 warranty provider of the need for service; (F) whether in-home
13 service is provided or, if not, whether the costs of transporting
14 the product for service or repairs will be paid by the extended
15 warranty provider; (G) if the product must be transported to the
16 extended warranty provider, either the place where the product may
17 be delivered for service or repairs or a toll-free telephone number
18 which the buyer may call to obtain that information; (H) all other
19 steps which the buyer must take to obtain service; and (I) all
20 fees, charges and other costs that the buyer must pay to obtain
21 service;

22 (6) A description of the services the extended warranty
23 provider will supply and perform under the extended warranty; and

24 (7) A statement of a right to cancel the warranty if the
25 buyer returns the product or the product is sold, lost, stolen, or
26 destroyed, or a statement that there is no right to cancel.

27 (d) (1) An extended warranty shall not be issued, sold, or

1 offered for sale unless the extended warranty provider is insured
2 under an extended warranty reimbursement insurance policy issued by
3 an insurer authorized by the Texas Department of Insurance to do
4 business in this state. An insurer authorized to issue an extended
5 warranty reimbursement insurance policy in this state shall, at the
6 time the policy is filed with the Executive Director of the Texas
7 Department of Licensing and Regulations, continuously thereafter
8 maintain policy limits and requirements as determined by the
9 Commissioner of the Texas Department of Insurance.

10 (2) The extended warranty reimbursement insurance policy
11 shall cover the obligations under the extended warranty while the
12 policy is in force.

13 Section 2. The change in law made by this Act applies only
14 to an offense committed on or after the effective date of this Act.
15 An offense committed before the effective date of this Act is
16 covered by the law in effect when the offense was committed, and the
17 former law is continued in effect for that purpose. For purposes of
18 this section, an offense was committed before the effective date of
19 this Act if any element of the offense was committed before that
20 date.

21 SECTION 3. This Act takes effect September 1, 2015.