

By: Goldman

H.B. No. 2113

A BILL TO BE ENTITLED

AN ACT

Relating to the regulation of certain companies that provide for-profit legal service contracts.

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

SECTION 1. Section 953.001, Occupations Code, is amended as follows:

Sec. 953.001. DEFINITION[§]. In this chapter [÷

~~[(1) "Administrator" means the person responsible for the administration of a legal service contract. The term includes a person responsible for any filing required by this chapter.~~

~~[(2) "Company" means a person who:~~

~~[(A) is contractually obligated to a legal service contract holder under the terms of a legal service contract;~~

~~[(B) enters into a contract with a contracting attorney to provide or obtain covered legal services for a legal service contract holder; and~~

~~[(C) operates as a for-profit legal service contract company.~~

~~[(3) "Contracting attorney" means an attorney who has entered into a contract with a company to provide or obtain covered legal services for a legal service contract holder.~~

~~[(4) "Department" means the Texas Department of Licensing and Regulation.~~

1 ~~[(5) "Executive director" means the executive~~
2 ~~director of the Texas Department of Licensing and Regulation or the~~
3 ~~executive director's designee.~~

4 ~~[(6) "Financial security" means a surety bond, a~~
5 ~~certificate of deposit, or any other item approved by the executive~~
6 ~~director.~~

7 ~~[(7)] "Legal service contract" means an agreement:~~

8 (A) that is entered into for a separately stated
9 consideration; and

10 (B) under which the company obtains legal
11 services for a legal service contract holder through a contracting
12 attorney.

13 ~~[(8) "Legal service contract holder" means the person~~
14 ~~who purchases or otherwise holds a legal service contract or who is~~
15 ~~covered under a group legal service contract.~~

16 ~~[(9) "Person" means an individual or a partnership,~~
17 ~~company, corporation, association, or other private group.~~

18 ~~[(10) "Sales representative" means a person who sells~~
19 ~~or solicits legal service contracts to a person on behalf of a~~
20 ~~company.]~~

21 SECTION 2. Sections [953.002](#) and [953.003](#), Occupations Code,
22 are amended as follows:

23 Sec. 953.002. [~~EXEMPTIONS. This chapter does not apply to:~~

24 ~~[(1) a nonprofit legal services corporation under~~
25 ~~Chapter [961](#), Insurance Code,~~

26 ~~[(2) an automobile club supplying services under~~
27 ~~Chapter [722](#), Transportation Code,~~

- 1 ~~[(3) a prepaid legal services program under Chapter~~
2 ~~951,~~
- 3 ~~[(4) a lawyer referral service under Chapter 952,~~
- 4 ~~[(5) a retainer contract between an attorney and a~~
5 ~~client, and similar contracts made with a group of clients involved~~
6 ~~in the same or closely related legal matters, or~~
- 7 ~~[(6) a contingency fee contract between an attorney~~
8 ~~and a client.]~~

9 ~~[Sec. 953.003.]~~ EXEMPTIONS FROM CERTAIN OTHER LAWS.
10 The acts of marketing, selling, offering for sale, issuing, making,
11 proposing to make, and administering a legal service contract [~~that~~
12 ~~is regulated by this chapter]~~ are exempt from the Insurance Code and
13 other laws of this state regulating the business of insurance.

14 SECTION 3. On the effective date of this Act, the following
15 provisions of the Occupations Code are repealed:

- 16 (1) Section 953.004, Occupations Code;
- 17 (2) Section 953.005, Occupations Code;
- 18 (3) Subchapter B, Chapter 953, Occupations Code;
- 19 (4) Subchapter C, Chapter 953, Occupations Code;
- 20 (5) Subchapter D, Chapter 953, Occupations Code; and
- 21 (6) Subchapter E, Chapter 953, Occupations Code.

22 SECTION 4. This Act takes effect September 1, 2018.