

By: Hughes

S.B. No. 1263

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of a service contract.

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

SECTION 1. Section 1304.003(b), Occupations Code, is amended to read as follows:

(b) A service contract described by Subsection (a)(2)(A) may also provide for:

(1) incidental payment or indemnity under limited circumstances, including towing, rental, and emergency road service;

(2) the replacement of a motor vehicle key or key-fob in the event that the key or key-fob becomes inoperable or is lost or stolen;

(3) the repair or replacement of a product for damage resulting from a power surge or for accidental damage incurred in handling the product; or

~~(3)~~ (4) identity recovery, if the service contract is financed under Chapter 348 or 353, Finance Code.

SECTION 2. Section 1304.1581, Occupations Code, is amended by adding Subsection (d) to read as follows:

(d) (1) A provider may allow a service contract holder to cancel a service contract on other terms included in the contract, provided the terms do not conflict with this section.

(2) A provider is not required to deduct the amount of

1 any claims paid under a service contract from the amount of a refund  
2 due pursuant to this section.

3 SECTION 3. Section 1304.159, Occupations Code, is amended  
4 by adding Subsection (d) to read as follows:

5 (d) A provider is not required to deduct the amount of any  
6 claims paid under a service contract from the amount of a refund due  
7 pursuant to this section.

8 SECTION 4. The change in law made by this Act applies only  
9 to a contract entered into or renewed on or after the effective date  
10 of this Act. A contract entered into or renewed before that date is  
11 governed by the law in effect immediately before the effective date  
12 of this Act, and that law is continued in effect for that purpose.

13 SECTION 5. This Act takes effect September 1, 2017.