

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1913
By: Sibley
Economic Development
4-11-97
Committee Report (Substituted)

DIGEST

Currently, Texas law is silent regarding the sale of a service contract by the manufacturer or seller of the property covered. This bill clarifies that transactions involving service contracts by the manufacturer or seller of the property covered are not subject to the Insurance Code. Additionally, the bill requires third party obligors to insure their obligation with an insurer licensed to do business in Texas.

PURPOSE

As proposed, C.S.S.B. 1913 clarifies that transactions involving service contracts by the manufacturer or seller of the property covered are not subject to the Insurance Code. Additionally, the bill requires third party obligors to insure their obligation with an insurer licensed to do business in Texas.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 1.14-1(2), Insurance Code, by adding Subsection (b)(9), to provide that transactions in this state involving service contracts sold by the manufacturer or seller of the property covered by the service contract where the manufacturer or seller of property or a third party is the obligor of the service contract; provided that, in the case of a third party obligor, the third party's obligation is insured by a licensed Texas insurer. Defines "service contract."

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Article 1.14-1(2), Insurance Code, by adding Subsection (b)(9), to provide that transactions in this state involving service contracts sold by the manufacturer or seller of the property covered by the service contract where the manufacturer or seller of property or a third party is the obligor of the service contract; provided that, in the case of a third party obligor, the third party's obligation is insured by a certain party. Defines "service contract."