

BILL ANALYSIS

Senate Research Center

C.S.H.B. 3515
By: Marchant (Sibley)
Economic Development
5/12/1999
Committee Report (Substituted)

DIGEST

Historically, a service contract sold by the retail seller of a motor vehicle has not been considered insurance and is not subject to regulation by the Texas Department of Insurance. Buyers and sellers have long relied on this interpretation of the law. C.S.H.B. 3515 would establish conditions regarding the nature of certain contracts included in the cash price of motor vehicles sold at retail.

PURPOSE

As proposed, C.S.H.B. 3515 establishes conditions regarding the nature of certain contracts included in the cash price of motor vehicles sold at retail.

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 Section 348.202(a), Finance Code, by adding a new Subsection (b) and by amending current Subsection (b), to authorize a seller to offer involuntary unemployment insurance to the buyer at the time the contract is executed, for additional protection in the contract. Makes a conforming change.

SECTION 2. Amends Section 348.208, Finance Code, by adding Subsection (c), to provide that a warranty or service contract sold by the retail seller of a motor vehicle to a retail buyer is not insurance, notwithstanding other law.

SECTION 3. Emergency clause.
Effective date: upon passage.