

BILL ANALYSIS

Senate Research Center
77R6324 DWS-F

H.B. 2139
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Business & Commerce
5/7/2001
Engrossed

DIGEST AND PURPOSE

Under current Texas law, a retail buyer and retail seller may agree in a motor vehicle retail installment contract to include a separate charge for a debt cancellation agreement which is insurance coverage that reimburses the retail buyer with the amount of the difference between the proceeds of the buyer's basic collision insurance policy on the motor vehicle and the remaining amount owed on the vehicle, if the vehicle has been rendered a total loss. H.B. 2139 provides that a debt cancellation agreement or waiver included in a retail installment contract is not insurance or an insurance product or service and that a separate charge for the debt cancellation agreement or waiver may be included in a retail installment contract.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 348.208, Finance Code, by redesignating Subsection (c) as added by Chapter 1559, Acts of the 76th Legislature, Regular Session, 1999, as Subsection (d) and by adding Subsection (e), as follows:

- (e) Authorizes a retail installment contract to include as a separate charge an amount for a debt cancellation agreement or waiver by which, if the motor vehicle is rendered a total loss, the holder agrees to cancel indebtedness on the contract in an amount computed by subtracting the proceeds of the retail buyer's basic collision insurance policy on the motor vehicle from the amount remaining unpaid under the contract. Authorizes a holder, in addition to other liability incurred under the debt cancellation agreement or waiver, to agree to waive the deductible amount, if any, the retail buyer is required to pay under the policy. Provides that a debt cancellation agreement or waiver included in a retail installment contract as provided by this subsection is not insurance or an insurance product or service and is not subject to regulation by the commissioner of insurance or the Texas Department of Insurance.

SECTION 2. Effective date: upon passage or September 1, 2001.