

1-1 By: Goldman, et al. (Senate Sponsor - Zaffirini) H.B. No. 2113
 1-2 (In the Senate - Received from the House April 27, 2017;
 1-3 May 3, 2017, read first time and referred to Committee on Business
 1-4 & Commerce; May 10, 2017, reported favorably by the following vote:
 1-5 Yeas 7, Nays 0; May 10, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Hancock	X			
1-8 Creighton	X			
1-9 Campbell	X			
1-10 Estes	X			
1-11 Nichols	X			
1-12 Schwertner			X	
1-13 Taylor of Galveston			X	
1-14 Whitmire	X			
1-15 Zaffirini	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the regulation of for-profit legal service contract
 1-20 companies.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 953.001(1), Occupations Code, is amended
 1-23 to read as follows:

1-24 (1) "Administrator" means the person responsible for
 1-25 the administration of a legal service contract. [~~The term includes~~
 1-26 ~~a person responsible for any filing required by this chapter.~~]

1-27 SECTION 2. Section 953.156, Occupations Code, is amended to
 1-28 read as follows:

1-29 Sec. 953.156. FORM OF LEGAL SERVICE CONTRACT AND REQUIRED
 1-30 DISCLOSURES. [~~(a) A legal service contract must be filed with the~~
 1-31 ~~executive director before it is marketed, sold, offered for sale,~~
 1-32 ~~administered, or issued in this state. Any subsequent endorsement~~
 1-33 ~~or attachment to the contract must also be filed with the executive~~
 1-34 ~~director before the endorsement or attachment is delivered to legal~~
 1-35 ~~service contract holders.~~

1-36 [~~(b)~~] A legal service contract marketed, sold, offered for
 1-37 sale, administered, or issued in this state must:

1-38 (1) be written, printed, or typed in clear,
 1-39 understandable language that is easy to read;

1-40 (2) include the name and full address of the company;

1-41 (3) include the purchase price of the contract and the
 1-42 terms under which the contract is sold;

1-43 (4) include the terms and restrictions governing
 1-44 cancellation of the contract by the company or the legal service
 1-45 contract holder;

1-46 (5) identify:

1-47 (A) any administrator, if the administrator is
 1-48 not the company;

1-49 (B) the sales representative; and

1-50 (C) the name of the legal service contract
 1-51 holder;

1-52 (6) include the amount of any deductible or copayment;

1-53 (7) specify the legal services and other benefits to
 1-54 be provided under the contract, and any limitation, exception, or
 1-55 exclusion;

1-56 (8) specify the legal services, if any, for which the
 1-57 company will provide reimbursement and the amount of that
 1-58 reimbursement;

1-59 (9) specify any restriction governing the
 1-60 transferability of the contract or the assignment of benefits;

1-61 (10) include the duties of the legal service contract

2-1 holder;

2-2 (11) ~~[include the contact information for the~~
2-3 ~~department, including the department's toll-free number and~~
2-4 ~~electronic mail address, as well as a statement that the department~~
2-5 ~~regulates the company and the company's sales representatives,~~
2-6 ~~[(12)]~~ explain the method to be used in resolving the
2-7 legal service contract holder's complaints and grievances;

2-8 (12) ~~[(13)]~~ explain how legal services may be obtained
2-9 under the legal service contract;

2-10 (13) ~~[(14)]~~ include a provision stating that no change
2-11 in the contract is valid until the change has been approved by an
2-12 executive officer of the company and unless the approval is
2-13 endorsed or attached to the contract;

2-14 (14) ~~[(15)]~~ include any eligibility and effective
2-15 date requirements, including a definition of eligible dependents
2-16 and the effective date of their coverage;

2-17 (15) ~~[(16)]~~ include the conditions under which
2-18 coverage will terminate;

2-19 (16) ~~[(17)]~~ explain any subrogation arrangements;

2-20 (17) ~~[(18)]~~ contain a payment provision that provides
2-21 for a grace period of at least 31 days; and

2-22 (18) ~~[(19)]~~ include conditions under which contract
2-23 rates may be modified ~~[, and~~
2-24 ~~[(20) include any other items required by the~~
2-25 ~~executive director as determined by rule].~~

2-26 SECTION 3. Section 953.162, Occupations Code, is amended to
2-27 read as follows:

2-28 Sec. 953.162. APPOINTMENT AND RESPONSIBILITIES OF
2-29 ADMINISTRATOR. ~~[(a)]~~ A company may appoint an administrator or
2-30 designate a person to be responsible for:

2-31 (1) all or any part of the administration or sale of
2-32 legal service contracts; and
2-33 (2) compliance with this chapter.

2-34 ~~[(b) The executive director may adopt rules regarding the~~
2-35 ~~registration of an administrator with the department.]~~

2-36 SECTION 4. Chapter 953, Occupations Code, is amended by
2-37 adding Subchapter F to read as follows:

2-38 SUBCHAPTER F. ENFORCEMENT

2-39 Sec. 953.251. DECEPTIVE TRADE PRACTICE. A violation of
2-40 this chapter is a deceptive trade practice actionable under
2-41 Subchapter E, Chapter 17, Business & Commerce Code.

2-42 SECTION 5. The following provisions of the Occupations Code
2-43 are repealed:

2-44 (1) Sections 953.001(4), (5), and (6);
2-45 (2) Sections 953.004, 953.005, and 953.155; and
2-46 (3) Subchapters B, C, and E, Chapter 953.

2-47 SECTION 6. (a) On the effective date of this Act, a
2-48 registration issued under former Subchapter B, Chapter 953,
2-49 Occupations Code, expires.

2-50 (b) On the effective date of this Act, a pending proceeding
2-51 under Chapter 953, Occupations Code, including a complaint
2-52 investigation, disciplinary action, or administrative penalty
2-53 proceeding, relating to a registration issued under former
2-54 Subchapter B, Chapter 953, Occupations Code, or relating to another
2-55 former provision of Chapter 953, Occupations Code, that is repealed
2-56 by this Act, is dismissed.

2-57 SECTION 7. This Act takes effect September 1, 2019.

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