

- SUBJECT:** Regulating identity recovery services contracts
- COMMITTEE:** Business and Industry — committee substitute recommended
- VOTE:** 7 ayes — Oliveira, Bohac, Orr, E. Rodriguez, Villalba, Walle, Workman
0 nays
- SENATE VOTE:** On final passage, April 11 — 31-0 on the Local and Uncontested Calendar
- WITNESSES:** For — (*Registered, but did not testify:* Mark Vane, Gardere Wynne Sewell)
Against — None
On — (*Registered, but did not testify:* Brian Francis, Texas Department of Licensing and Regulation)
- BACKGROUND:** The Identity Recovery Service Contract Regulatory Act (Occupations Code, ch. 1306) regulates identity recovery service contract providers and administrators. The chapter requires that contract providers register with the Texas Department of Licensing and Regulation and sets out standards of practice which these providers must follow, such as maintaining adequate financial security.

Occupations Code, ch. 1304 regulates service contracts, and more specifically, service contracts that contain identity recovery service clauses. The chapter requires that contract providers register with TDLR and sets out standards of practice these providers must follow, such as maintaining adequate financial security.
- DIGEST:** CSSB 1388 would repeal the Identity Recovery Service Contract Regulatory Act and make amendments to the Occupations Code, ch. 1304.

The bill would delete a definition of "identity recovery service contract" referring to the definition in Occupations Code ch. 1306 when defining what a retail installment contract for motor vehicles and commercial vehicles may include in the Finance Code. In these locations, the bill

would define an "identity service contract" as an agreement to provide identity recovery, entered into for a separately stated consideration and for a specified term, financed through a retail installment contract.

The bill would add the definition of "identity recovery" to Occupations Code, ch. 1304, meaning a process through limited power of attorney and assisted by an identity recovery expert that returns an identity theft's victim to his or her pre-identity theft status.

The bill further redefines service contract to mean an agreement in which a provider solely agrees to provide identity recovery if the contract is financed under the retail installment contracts for motor vehicles and commercial vehicles in the Finance Code.

The bill would add a section to Occupations Code, ch. 1304 requiring that providers report to the Texas Department of Licensing and Regulation (TDLR) how many service contracts purely providing identity recovery service were sold or issued in the most recent calendar quarter. The report would be sent to TDLR before the 30th day after the end of the quarter, and the provider would pay a \$1 fee for each of these contracts. The information submitted in this report would be considered a trade secret, and would be treated as privileged or confidential.

The Vehicle Protection Product Regulatory Act would still apply to identity recovery service contracts, but would refer to Occupations Code, ch. 1304 instead of Occupations Code, ch. 1306.

The bill would take effect September 1, 2013, and would apply only to contracts entered into or renewed on or after the effective date.