

WARRANTORS OF VEHICLE PROTECTION PRODUCTS
Administrative Rules of the Texas Department of Licensing and Regulation
16 Texas Administrative Code, Chapter 71

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71.1. Authority. *(Effective October 25, 2001, 26 TexReg 8352; amended effective December 1, 2004, 29 TexReg 11029)*

These rules are promulgated under the authority of Texas Occupations Code, Chapters 51 and 2306.

71.10. Definitions. *(Effective October 25, 2001, 26 TexReg 8352; amended effective December 1, 2004, 29 TexReg 11029; amended effective September 1, 2006, 31 TexReg 6718)*

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise.

- (1) **Applicant**--A person who submits to the department an application to be a warrantor of vehicle protection products.
- (2) **Financial statements**--A balance sheet, income statement, statement of cash flows, and statement of equity reflecting the financial condition of the subject, prepared by an independent certified public accountant in accordance with generally accepted accounting principles.
- (3) **Net worth**--The excess of total assets over total liabilities as reflected in audited financial statements.
- (4) **Nonpublic personal information**--Information regarding an individual that is derived from the offering of vehicle protection products and vehicle protection product warranties, the sale of such products and warranties, and claims made under such warranties.
 - (A) The term includes:
 - (i) customer financial and credit information,
 - (ii) information concerning the price paid for a vehicle protection product or vehicle protection product warranty,
 - (iii) the type of vehicle protection product purchased,
 - (iv) the terms and conditions of any warranty,
 - (v) the expiration date of any warranty,
 - (vi) the facts and circumstances involved in any claim made on a warranty,
 - (vii) the claim history of an individual,
 - (viii) social security numbers, and
 - (ix) information prohibited from disclosure by state or federal statute.
 - (B) The term does not include customer names, addresses, and telephone numbers.
- (5) **Registrant**--A person approved by the department to be a warrantor of vehicle protection products.

71.20. Registration and Renewal Requirements--General. *(Effective September 1, 2001, 31TexReg 6718)*

- (a) No person may operate as, or offer to be, a warrantor of vehicle protection products sold or offered in this state without holding a current registration issued by the department, unless the person is exempt under Texas Occupations Code, §2306.005.
- (b) Registration is valid for one year from the date issued and must be renewed annually.

- (c) The required fee must accompany an application.
- (d) Falsification of information on an application is cause for denial, suspension, or revocation of a registration and/or assessment of an administrative penalty.
- (e) A complete application for registration renewal must be submitted on an approved department form with all required fees and proof of financial security as required by §71.22. The application for registration renewal must be filed by the expiration date, or the registration will expire.
- (f) Non-receipt of a registration renewal notice from the department does not exempt a person from any requirement of this chapter.

71.22. Registration Requirements--Financial Security Requirements. *(Effective October 25, 2001, 26 TexReg 8352; amended effective December 1, 2004, 29 TexReg 11029; amended effective September 1, 2006, 31 TexReg 6718)*

- (a) Each applicant and registrant may comply with the financial security requirement under Texas Occupations Code, Chapter 2306 by submitting to the department the information required by one of the following four paragraphs:
 - (1) proof of a reimbursement insurance policy described in Texas Occupations Code, Chapter 2306; the reimbursement insurance policy must include the “Vehicle Protection Product Warrantor Texas Endorsement” prescribed by the executive director or equivalent language;
 - (2) an audit report and audited financial statements for its most recent fiscal year which demonstrate that either the applicant or the registrant, or the parent corporation of the applicant or registrant, if there is one, had a net worth of at least \$50 million as of the end of its most recent fiscal year;
 - (3) the audit report of an independent certified public accountant stating the auditor’s unqualified opinion concerning the financial statements of the applicant or registrant as of the end of its most recent fiscal year, together with a certification from the same accountant who performed the audit that the applicant or registrant had a net worth in excess of \$50 million as of the end of the period audited; or
 - (4) the audit report of an independent certified public accountant stating the auditor’s unqualified opinion concerning the financial statements of the parent corporation of the applicant or registrant as of the end of the parent corporation’s most recent fiscal year, together with a certification from the same accountant who performed the audit of the parent corporation that it had a net worth in excess of \$50 million as of the end of the period audited.
- (b) If the applicant or registrant relies upon the net worth of its parent corporation to satisfy the financial security requirements of Texas Occupations Code, Chapter 2306, then the applicant or registrant must furnish sufficient written proof , such as a resolution of the parent corporation’s board of directors, that the parent corporation has agreed to guarantee the liabilities and obligations of the applicant or registrant relating to vehicle protection products sold or offered for sale by the applicant or registrant in this state.
- (c) Notwithstanding the other provisions of this section, an applicant or registrant shall promptly provide all financial statements and information to the executive director or his designate that are requested in writing by the executive director or his designate.

71.70. Responsibilities of Registrant. *(Effective October 25, 2001, 26 TexReg 8352; amended effective December 1, 2004, 20 TexReg 11029; amended effective September 1, 2006, 31 TexReg 6718)*

- (a) A registrant must provide the following written notification to all consumers of its vehicle protection product and warranties: “Regulated by the Texas Department of Licensing and Regulation, P. O. Box 12157, Austin, Texas 78711, 800-803-9202, 512-463-6599.” The notification shall be provided on all warranty contracts.

- (b) A registrant shall notify the department in writing within thirty (30) days of any change in the information set forth in the registrant's application.
- (c) A registrant shall allow the department to audit, examine, and copy any and all records maintained by the registrant pursuant to Texas Occupations Code, Chapter 2306 or relating to vehicle protection products sold or offered for sale in this state.
- (d) A registrant shall provide a copy of the vehicle protection product warranty to the consumer within 10 days from the date of purchase.
- (e) A registrant shall not disclose nonpublic personal information obtained in connection with the sale in this state of a vehicle protection product warranty or claims made under such a warranty, except:
 - (1) to an entity acting on behalf of the registrant to perform the functions required to implement the vehicle protection product warranty who agrees not to disclose the nonpublic personal information;
 - (2) to the department as provided in subsection (c); or
 - (3) as required by law or to comply with a subpoena or court order.
- (f) An entity acting on behalf of the registrant under subsection (e) shall not disclose nonpublic personal information except:
 - (1) as necessary to fulfill the terms and conditions of the consumer's warranty;
 - (2) to the department as requested by a department representative; or
 - (3) as required by law or to comply with a subpoena or court order.
- (g) A registrant shall maintain financial security as required by §71.22.

71.80. Fees. *(Effective October 25, 2001, 26 TexReg 8352; amended effective September 1, 2003, 28 TexReg 7365; amended effective September 1 2006, 31 TexReg 6718; amended effective March 1, 2008, 33 TexReg 1525; amended effective January 1, 2014, 38 TexReg 9511)*

- (a) All fees are non-refundable.
- (b) The original registration fee for a warrantor of vehicle protection products shall be \$250.
- (c) The renewal registration fee is:
 - (1) \$350 for registrants who became obligated as warrantors of 0 to 999 vehicle protection product warranties during the twelve (12) months preceding the date of the application for registrations expiring before February 1, 2014; \$250 for registrations expiring on or after February 1, 2014;
 - (2) \$750 for registrants who became obligated as warrantors of 1,000 to 1,999 vehicle protection product warranties during the twelve (12) months preceding the date of the application for registrations expiring before February 1, 2014; \$500 for registrations expiring on or after February 1, 2014; and
 - (3) \$1,000 for registrants who became obligated as warrantors of 2,000 or more vehicle protection product warranties during the twelve (12) months preceding the date of the application.
- (d) Revised/Duplicate License/Certificate/Permit/Registration--\$25
- (e) Late renewal fees for registrations issued under this chapter are provided under §60.83 of this title (relating to Late Renewal Fees).

71.90. Administrative Penalties and Sanctions. *(Effective October 25, 2001, 26 TexReg 8352; amended effective December 1, 2004, 29 TexReg 11029, amended effective September 1, 2006, 31 TexReg 6718; amended effective March 1, 2008, 33 TexReg 1525)*

If a person violates any provision of Texas Occupations Code, Chapter 2306, any provision of 16 Texas Administrative Code, Chapter 71 or other commission rule, or any provision of an order of the executive director or commission, proceedings may be instituted to impose administrative penalties, administrative sanctions, or both administrative penalties and sanctions in accordance with the provisions of Texas Occupations Code, Chapter 2306 and Texas Occupations Code, Chapter 51.