

TRANSPORTATION CODE
TITLE 7. VEHICLES AND TRAFFIC
SUBTITLE J. MISCELLANEOUS PROVISIONS
CHAPTER 722. AUTOMOBILE CLUB SERVICES

Sec. 722.001. SHORT TITLE. This chapter may be cited as the Automobile Club Services Act.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.002. DEFINITIONS. In this chapter:

(1) "Agent" means a salesman or other individual appointed by an automobile club to sell memberships in the club to the public.

(2) "Automobile club" means a person who, for consideration, promises the membership assistance in matters relating to travel, and to the operation, use, or maintenance of a motor vehicle, by supplying services such as services related to:

- (A) community traffic safety;
- (B) travel and touring;
- (C) theft prevention or rewards;
- (D) maps;
- (E) towing;
- (F) emergency road assistance;
- (G) bail bonds and legal fee reimbursement in the defense of traffic offenses; and
- (H) purchase of accidental injury and death benefits insurance coverage from an authorized insurance company.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.003. CERTIFICATE OF AUTHORITY REQUIRED. (a) A person may not engage in business as an automobile club unless the person meets the requirements of this chapter and obtains an automobile club certificate of authority from the secretary of state.

(b) A person may not solicit or aid in the solicitation of another person to purchase a service contract or membership issued by an automobile club that does not hold an automobile club

certificate of authority.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.004. APPLICATION. (a) Each applicant for an automobile club certificate of authority must file an application with the secretary of state in the form and manner prescribed by the secretary. The secretary shall adopt the forms necessary for an applicant to comply with this chapter and shall furnish those forms on request to an applicant for a certificate of authority.

(b) An application must be executed under oath by the club president or other principal club officer and must be accompanied by:

(1) the first year's annual fee for the certificate of authority;

(2) a certificate by the secretary of state stating that the applicant has complied with the corporation laws of this state, if the applicant is a corporation;

(3) a list of each person who holds an ownership interest in the applicant and each officer of the applicant, if the applicant is not incorporated;

(4) a copy of any operating agreement or management agreement affecting the club and a list of each party to the agreement if the applicant is not incorporated; and

(5) proof of security in a manner that complies with Section 722.005.

(c) The secretary of state shall issue the automobile club certificate of authority or deny the application not later than the 15th day after the day the secretary receives the application, certificate, or security. Failure to issue the certificate of authority within the prescribed time entitles the applicant to a refund of all money and security deposited with the application.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.005. SECURITY REQUIREMENTS. (a) An applicant for an automobile club certificate of authority may provide the security required for that certificate by depositing with the state or pledging in the form prescribed by the secretary of state:

(1) \$25,000 in securities approved by the secretary;
(2) \$25,000 in cash; or
(3) a \$25,000 bond in the form prescribed by the secretary that is:

(A) payable to the state;
(B) executed by a corporate surety licensed to do business in this state; and

(C) conditioned on the faithful performance of the automobile club in selling or providing club services and the payment of any fines or penalties levied against the club for failure to comply with this chapter.

(b) The aggregate liability of the surety for all breaches of the bond conditions and for payment of all fines and penalties may not exceed the amount of the bond.

(c) The required security shall be maintained as long as the automobile club has any liability or obligation in this state. On showing to the satisfaction of the secretary of state that the club has ceased to do business and that all liabilities and obligations of the club have been satisfied, the secretary may return the security to the club or deliver the security in accordance with a court order.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.006. RENEWAL. (a) An automobile club certificate of authority expires annually on August 31. The certificate may be renewed by filing a renewal application in the manner prescribed by the secretary of state and paying the annual fee.

(b) The secretary of state may adopt forms for the renewal application.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.007. ANNUAL FEE. The annual fee for an automobile club certificate of authority is \$150.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.008. CERTIFICATE REVOCATION OR SUSPENSION. (a) After a public hearing, the secretary of state shall revoke or

suspend an automobile club's certificate of authority if the secretary determines, for good cause shown, that:

(1) the club:

(A) has violated this chapter;

(B) is not acting as an automobile club;

(C) is insolvent or has assets valued at less than its liabilities;

(D) has refused to submit to an examination by the secretary; or

(E) is transacting business in a fraudulent manner; or

(2) an owner, officer, or manager of the club is not of good moral character.

(b) The secretary of state shall give public notice of the suspension or revocation in the manner the secretary considers appropriate.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.009. SERVICE CONTRACT; MEMBERSHIP INFORMATION.

(a) Each automobile club operating under this chapter shall furnish to the membership a service contract or membership card that includes the following information:

(1) the club's name;

(2) the street address of the club's home office and of its usual place of business in this state; and

(3) a description of the services or benefits to which the members are entitled.

(b) For purposes of this chapter, the completed application for an automobile club certificate of authority and the description of services listed under Subsection (a) constitute the service contract.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.010. FILING OF INFORMATION. (a) Each automobile club shall file a certified copy of its service contract with the secretary of state.

(b) If an automobile club provides participation in a group

accidental injury or death policy, the club shall file with the service contract a copy of the certificate of participation.

(c) An automobile club shall file with the secretary of state any change to the service contract.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.011. AGENT REGISTRATION. (a) An automobile club that operates in this state under an automobile club certificate of authority shall file with the secretary of state a notice of appointment of each agent not later than the 30th day after the date on which that agent is employed by the club.

(b) The notice of appointment must be in the form prescribed by the secretary of state and must contain:

(1) the name, address, age, sex, and social security number of the agent; and

(2) proof satisfactory to the secretary that the agent is of good moral character.

(c) Registration under this section is valid for one year from the date of the initial registration and may be renewed on each anniversary of that date. The annual registration fee is \$10.

(d) Each automobile club shall notify the secretary of state of the termination of an agent's employment by the club not later than the 30th day after the date of the termination.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.012. ADVERTISING RESTRICTIONS. An automobile club operating under this chapter may not:

(1) refer to its certificate of authority or to approval by the secretary of state in any advertising, contract, or membership card; or

(2) advertise or describe its services in a manner that would lead the public to believe that the services include automobile insurance.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 722.014. CRIMINAL PENALTY. (a) A person commits an offense if the person violates this chapter.

(b) An offense under this section is a misdemeanor punishable by:

(1) a fine not to exceed \$500; and

(2) confinement in the county jail for a term not to exceed six months.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.