

HB 562 -- Buyers Club Law

Sponsor: Wood

This bill requires travel clubs and vacation clubs to keep their registration or certificate of authority to do business on file and in good standing with the Secretary of State. These clubs are required annually to file and maintain a bond with corporate surety or a letter of credit from a bank with the Attorney General in an amount equal to \$100,000 or more if there are claims filed against the bond. The information clubs are required to provide the Attorney General are specified. In lieu of the bond or letter of credit, a club can annually provide proof that it carries a current insurance policy insuring its customers against non-performance covering losses of at least \$100,000. The Attorney General can waive the bond or letter of credit requirement if the club has contracted for at least the last two years with the Airlines Reporting Corporation. The bond or letter of credit will be in favor of the state for the benefit of any private claimant who suffers a loss.

The seller of a travel club membership is required to deliver a fully completed contract to the purchaser at the time the contract is signed. The bill specifies what must be included in the contract, including the member's right to cancel. Anyone who purchases a travel club membership may cancel by providing written notice within three business days following the purchase date. The seller must provide the purchaser with a confirmation number within three business days of the sale. If the confirmation number is not postmarked prior to the third day, the customer's right of cancellation extends to the fourteenth business day following the purchase. If a purchaser cancels the contract, he or she is entitled to a full refund, with the exception of any non-refundable deposits. The refund will be delivered to the purchaser within 30 days after the notice of cancellation is given. The right to cancel cannot be waived. Notice of cancellation must be written and will take effect upon the deposit in a mailbox with the proper postage and address.

Violations of the bill will be subject to all penalties pursuant to the merchandising practice laws. All fines collected which are not used by the Attorney General will be deposited into the Schools of the Future Fund.

The bill will become effective January 1, 2006.