

House Bill 691

By: Representatives Stovall of the 74th, Smyre of the 135th, and Frye of the 118th

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 33-6-4 of the Official Code of Georgia Annotated, relating to
2 enumeration of unfair or deceptive acts or practices and penalty, so as to increase consumer
3 protections from deceptive insurer endorsements of home repair businesses and to protect
4 consumers from related deceptive home repair business advertising; to provide for a short
5 title; to provide for legislative findings; to provide for related matters; to repeal conflicting
6 laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 This Act shall be known and may be cited as the "Protect Consumers from Deceptive Insurer
10 Endorsements Act."

11 **SECTION 2.**

12 The General Assembly finds:

- 13 (1) Many Georgians every year suffer damage to their homes;
- 14 (2) Following such losses, homeowners often look to their insurers for guidance;
- 15 (3) Such homeowners need to have repairs made to their homes in a timely and
16 professional manner;
- 17 (4) Many insurers endorse home repair businesses despite the poor track record of those
18 businesses;
- 19 (5) These kinds of endorsements are unfair methods of competition and unfair or
20 deceptive acts; and
- 21 (6) Insurers engaging in this deceptive practice should be held accountable if endorsed
22 home repair businesses harm consumers that relied on an insurer's deceptive
23 endorsement.

24 **SECTION 3.**

25 Code Section 33-6-4 of the Official Code of Georgia Annotated, relating to enumeration of
 26 unfair or deceptive acts or practices and penalty, is amended in subsection (b) by adding new
 27 paragraphs to read as follows:

28 "(1.1)(A) Making, publishing, disseminating, circulating, or placing before the public
 29 or causing directly or indirectly to be made, published, disseminated, circulated, or
 30 placed before the public in a newspaper, magazine, or other publication or in the form
 31 of a notice, circular, pamphlet, letter, or poster, or over any radio station or in any other
 32 way an advertisement, announcement, or statement containing any endorsement by an
 33 insurer of any home repair business which advertisement, announcement, or statement
 34 is untrue, deceptive, or misleading.

35 (B) In the event that such home repair business is found to be in breach of contract by
 36 a court of law with a Georgia resident who reasonably relied upon such insurer's
 37 representation as described in this paragraph and such home repair business does not
 38 compensate such resident in accord with a court order, such insurer shall become
 39 immediately liable to such resident for all moneys due upon the default of the home
 40 repair business, the resident's submission to the department of such evidence as the
 41 Commissioner may require, and the department's notification to the insurer of moneys
 42 past due.

43 (C) Any insurer failing to timely comply with the department's notification of moneys
 44 past due shall, after notice and the right to a hearing, be subject to an administrative
 45 penalty of \$500.00 per day for each day's delay from the date of default, to be recovered
 46 by the Commissioner, and the penalty so recovered shall be paid into the general fund
 47 of the state treasury. The maximum penalty under this Code section is \$50,000.00;

48 (1.2) Making, publishing, disseminating, circulating, or placing before the public or
 49 causing directly or indirectly to be made, published, disseminated, circulated, or placed
 50 before the public in a newspaper, magazine, or other publication or in the form of a
 51 notice, circular, pamphlet, letter, or poster, or over any radio station or in any other way
 52 an advertisement, announcement, or statement containing any endorsement by an insurer
 53 of any home repair business which advertisement, announcement, or statement does not
 54 use the name of the home repair business as the business is registered with the office of
 55 the Secretary of State;"

56 **SECTION 4.**

57 All laws and parts of laws in conflict with this Act are repealed.