

Regular Session, 2009

HOUSE BILL NO. 704

BY REPRESENTATIVE BALDONE

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE COMMISSIONER: Provides for regulation of home service contract providers by the commissioner of insurance

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19

AN ACT

To enact R.S. 22:821(B)(28) and Part X of Chapter 5 of Title 22 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 22:1806.1 through 1806.9, relative to home service contracts; to provide for scope and purpose; to provide for definitions; to provide for regulation by the commissioner of insurance, including the requirement for registration by home service contract providers; to provide for the application for registration; to provide for expiration and renewal of registration; to provide for required disclosures in contracts; to provide relative to cancellation by the consumer; to provide for required recordkeeping; to provide for fees; to provide for enforcement, including authorizing examination of providers by the commissioner; to provide relative to prohibited acts; to provide for suspension or revocation of registration; to provide for penalties; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:821(B)(28) and Part X of Chapter 5 of Title 22 of the Louisiana Revised Statutes of 1950, comprised of R.S. 22:1806.1 through 1806.9, are hereby enacted to read as follows:

§821. Fees

The following fees and licenses shall be collected in advance:

\* \* \*

1 B. By the commissioner of insurance:

2 \* \* \*

3 (28) Home service contract providers

4 (a) Initial registration fee ..... \$600.00

5 (b) Renewal fee (every two years)..... \$250.00

6 \* \* \*

7 PART X. HOME SERVICE CONTRACT PROVIDERS

8 §1806.1. Scope and purpose

9 A. The purposes of this Part are the following:

10 (1) To create a legal framework within which home service contracts may  
11 be sold in this state.

12 (2) To encourage innovation in the marketing and development of more  
13 economical and effective means of providing services under home service contracts  
14 while placing the risk of innovation on the providers rather than on consumers.

15 (3) To permit and encourage fair and effective competition among different  
16 systems of providing and paying for these services.

17 B. The following shall be exempt from this Part:

18 (1) Warranties as defined in R.S. 22:1806.2.

19 (2) Maintenance only agreements as defined in R.S. 22:1806.2.

20 (3) Service contracts sold or offered for sale to persons other than  
21 consumers.

22 C. All home service contract providers operating pursuant to a registration  
23 as required by this Part shall be exempt from the applicability of all other provisions  
24 of this Insurance Code, except where such provisions are specifically incorporated  
25 in this Part by reference.

26 §1806.2. Definitions

27 As used in this Part:

1           (1) "Administrator" means the person who is responsible for the  
2           administration of home service contracts or the home service contracts plan or who  
3           is responsible for any submission required by this Part.

4           (2) "Commissioner" means the commissioner of insurance.

5           (3) "Consumer" means a natural person who buys other than for purposes of  
6           resale any tangible personal property that is distributed in commerce and that is  
7           normally used for personal, family, or household purposes and not for business or  
8           research purposes.

9           (4) "Home service contract" means a contract or agreement for a separately  
10          stated consideration for a specific duration to perform the service, repair,  
11          replacement, or maintenance of property or indemnification for service, repair,  
12          replacement, or maintenance, for the operational or structural failure of any  
13          residential property due to a defect in materials, workmanship, inherent defect, or  
14          normal wear and tear, with or without additional provisions for incidental payment  
15          or indemnity under limited circumstances. Home service contracts may provide for  
16          the service, repair, replacement, or maintenance of property for damage resulting  
17          from power surges or interruption and accidental damage from handling and may  
18          provide for leak or repair coverage to house roofing systems. Home service  
19          contracts are not insurance in this state or otherwise regulated under any provision  
20          of this Insurance Code, except as provided in this Part.

21          (5) "Maintenance only agreement" means a contract of limited duration that  
22          provides for scheduled maintenance only and does not include repair or replacement.

23          (6) "Person" means an individual, partnership, corporation, incorporated or  
24          unincorporated association, joint stock company, reciprocal, syndicate, or any similar  
25          entity or combination of entities acting in concert.

26          (7) "Provider" means a person who administers, issues, makes, provides,  
27          sells, or offers to sell a home service contract or who is contractually obligated to  
28          provide service under a home service contract such as sellers, administrators, and  
29          other intermediaries.

1           (8) "Provider fee" means the consideration paid for a home service contract.

2           (9) "Reimbursement insurance policy" means a policy of insurance issued  
3           to a provider to either provide reimbursement to the provider under the terms of the  
4           insured home service contracts issued or sold by the provider or, in the event of the  
5           provider's nonperformance, to pay on behalf of the provider all covered contractual  
6           obligations incurred by the provider under the terms of the insured home service  
7           contracts issued or sold by the provider.

8           (10) "Service contract holder" or "contract holder" means a person who is  
9           the purchaser or holder of a home service contract.

10          (11) "Warranty" means a warranty made solely by the manufacturer,  
11          importer, or seller of property or services, including builders on new home  
12          construction, without consideration, that is not negotiated or separated from the sale  
13          of the product and is incidental to the sale of the product, that guarantees indemnity  
14          for defective parts, mechanical or electrical breakdown, labor, or other remedial  
15          measures, such as repair or replacement of the property, or repetition of services.

16          §1806.3. Requirements for doing business

17            A. Home service contracts shall not be issued, sold, or offered for sale in this  
18            state unless the provider has done each of the following:

19              (1) Provided a receipt for or other written evidence of the purchase of the  
20              home service contract to the contract holder.

21              (2) Provided a copy of the home service contract to the service contract  
22              holder within a reasonable period of time from the date of purchase.

23              (3) Complied with the provisions of this Part.

24            B. Each provider of home service contracts sold in this state shall file a  
25            registration with the commissioner consisting of its name, full address, telephone  
26            number, and contact person, designating a person in this state for service of process,  
27            and providing a listing of all officers, all directors, and all owners of ten percent or  
28            more of the business. Additionally, the provider shall file a copy of its basic  
29            organizational documents, such as articles of incorporation, articles of organization,

1 articles of association, or a partnership agreement. Each application for registration  
2 shall be accompanied by the fee required in R.S. 22:821.

3 C. A registration for purposes of this Section shall be effective for two years,  
4 unless the registration is renewed, suspended, or revoked.

5 D. To renew the registration, no later than ninety days before its registration  
6 expires, the provider shall submit a renewal application on the form that the  
7 commissioner requires and the renewal fee required in R.S. 22:821. The renewal  
8 shall be deemed effective unless acted upon adversely by the commissioner.

9 E. Each registrant shall notify the commissioner of any material change in  
10 the registration information within sixty days of the effective date of such change.  
11 The notice shall be accompanied by supporting documentation.

12 F. In order to assure the faithful performance of a provider's obligations to  
13 its contract holders, each provider shall be responsible for complying with the  
14 requirements of one of the following paragraphs:

15 (1)(a) Maintaining a funded reserve account for its obligations under its  
16 contracts issued and outstanding in this state. The reserves shall not be less than  
17 forty percent of gross consideration received, then less claims paid, on the sale of the  
18 service contract for all in-force contracts. The reserve account shall be subject to  
19 examination and review by the commissioner; and

20 (b) Placing in trust with the commissioner a financial security deposit,  
21 having a value of not less than five percent of the gross consideration received, then  
22 less claims paid, on the sale of the service contract for all service contracts issued  
23 and in force, but not less than twenty-five thousand dollars, consisting of one of the  
24 following:

25 (i) A surety bond issued by an authorized surety.

26 (ii) Securities of the type eligible for deposit by authorized insurers in this  
27 state.

1           (c) If a surety bond is used to comply with the requirements of this  
2 Paragraph, the registrant shall annually provide to the commissioner evidence that  
3 the required bond remains in full force and effect.

4           (2)(a) Maintaining, or together with its parent company maintaining, a net  
5 worth or stockholders' equity of twenty-five million dollars.

6           (b) Upon request, provide the commissioner with a copy of the provider's or  
7 the provider's parent company's most recent Form 10-K or Form 20-F filed with the  
8 Securities and Exchange Commission (SEC) within the last calendar year, or if the  
9 company does not file with the SEC, a copy of the company's financial statements,  
10 which shows a net worth of the provider or its parent company of at least twenty-  
11 five million dollars. If the provider's parent company's Form 10-K or Form 20-F, or  
12 financial statements are filed to meet the provider's financial stability requirement,  
13 then the parent company shall agree to guarantee the obligations of the provider  
14 relating to service contracts sold by the provider in this state.

15           (3) Insuring all service contracts under a reimbursement insurance policy  
16 issued by an insurer licensed, registered, or otherwise authorized to do business in  
17 this state.

18           G. Except for the registration requirements of this Section, providers and  
19 related home service contract sellers, administrators, and other persons marketing,  
20 selling, or offering to sell home service contracts are exempt from any licensing  
21 requirements of this state and shall not be subject to other registration information  
22 or security requirements.

23           H. The marketing, sale, offering for sale, issuance, making, proposing to  
24 make, and administration of home service contracts by providers and related service  
25 contract sellers, administrators, and other persons shall be exempt from all  
26 provisions of this Insurance Code other than the provisions of this Part.

27 §1806.4. Required disclosures; reimbursement insurance policy

28           A. Reimbursement insurance policies insuring home service contracts issued,  
29 sold, or offered for sale in this state shall state that the insurer that issued the

1 reimbursement insurance policy shall either reimburse or pay on behalf of the  
2 provider any covered sums the provider is legally obligated to pay or, in the event  
3 of the provider's nonperformance, shall provide the service which the provider is  
4 legally obligated to perform according to the provider's contractual obligations under  
5 the service contracts issued or sold by the provider.

6 B. In the event covered service is not provided by the home service contract  
7 provider within sixty days of proof of loss by the service contract holder, the contract  
8 holder is entitled to apply directly to the reimbursement insurance company.

9 §1806.5. Required disclosures; service contracts

10 A. Home service contracts marketed, sold, offered for sale, issued, made,  
11 proposed to be made, or administered in this state shall be written, printed, or typed  
12 in clear, understandable language that is easy to read and shall disclose the  
13 requirements set forth in this Section, as applicable.

14 B. Home service contracts insured under a reimbursement insurance policy  
15 provided for in this Part shall contain a statement in substantially the following form:  
16 "Obligations of the provider under this service contract are insured under a service  
17 contract reimbursement insurance policy. If the provider fails to pay or provide  
18 service on a claim within sixty days after proof of loss has been filed, the contract  
19 holder is entitled to make a claim directly against the insurance company." A claim  
20 against the provider shall also include a claim for return of the unearned provider fee.  
21 The service contract shall also state the name and address of the insurer.

22 C. Home service contracts not insured under a reimbursement insurance  
23 policy shall contain a statement in substantially the following form: "Obligations of  
24 the provider under this service contract are backed by the full faith and credit of the  
25 provider."

26 D. Home service contracts shall state the name and address of the provider  
27 and shall identify any administrator if different from the provider. Home service  
28 contracts shall also state the name of the service contract seller and name of the  
29 service contract holder to the extent that the name of the service contract holder has

1 been furnished to the service contract provider. The identities of parties are not  
2 required to be preprinted on the service contract and may be added to the service  
3 contract at the time of sale.

4 E. Home service contracts shall state the total purchase price and the terms  
5 under which the service contract is sold. The purchase price is not required to be  
6 preprinted on the service contract and may be negotiated at the time of sale with the  
7 service contract holder.

8 F. Home service contracts shall state the existence of any deductible amount,  
9 if applicable.

10 G. Home service contracts shall specify the goods and services to be  
11 provided and any limitations, exceptions, or exclusions.

12 H. Home service contracts shall state any restrictions governing the  
13 transferability of the service contract, if applicable.

14 I. Home service contracts shall state the terms, restrictions, or conditions  
15 governing cancellation of the service contract prior to the termination or expiration  
16 date of the service contract by either the provider or the service contract holder. The  
17 provider of the service contract shall mail a written notice to the contract holder at  
18 the last known address of the service contract holder contained in the records of the  
19 provider at least fifteen days prior to cancellation by the provider. Prior notice is not  
20 required if the reason for cancellation is nonpayment of the provider fee, a material  
21 misrepresentation by the service contract holder to the provider, or a substantial  
22 breach of duties by the service contract holder relating to the covered product or its  
23 use. The notice shall state the effective date of the cancellation and the reason for  
24 the cancellation.

25 J. Home service contracts shall set forth all of the obligations and duties of  
26 the service contract holder, such as the duty to protect against any further damage  
27 and any requirement to follow an owner's manual.

28 K. Home service contracts shall state whether or not the service contract  
29 provides for or excludes consequential damages or preexisting conditions, if

1 applicable. Service contracts may, but are not required to, cover damage resulting  
2 from rust, corrosion, or damage caused by a noncovered part or system.

3 L. If prior approval of repair work is required, a home service contract shall  
4 state the procedure for obtaining prior approval and for making a claim, including  
5 a toll-free telephone number for claim service and a procedure for obtaining  
6 emergency repairs performed outside of normal business hours.

7 §1806.6. Consumer's right to cancel

8 Home service contracts shall require every provider to permit the service  
9 contract holder to return the service contract within twenty days of the date the  
10 service contract was mailed to the service contract holder or within ten days of  
11 delivery if the service contract is delivered to the service contract holder at the time  
12 of sale or within a longer time period permitted under the service contract. Upon  
13 return of the service contract to the provider within the applicable time period, if no  
14 claim has been made under the service contract prior to its return to the provider, the  
15 service contract is void and the provider shall refund to the service contract holder,  
16 or credit the account of the service contract holder, with the full purchase price of the  
17 contract. The right to void the service contract provided in this Section is not  
18 transferable and shall apply only to the original service contract holder and only if  
19 no claim has been made prior to its return to the provider. A ten percent penalty per  
20 month shall be added to a refund that is not paid or credited within forty-five days  
21 after return of the service contract to the provider.

22 §1806.7. Prohibited acts

23 A. A provider shall not use in its name the words "insurance", "casualty",  
24 "surety", "mutual", or any other words descriptive of the insurance, casualty, or  
25 surety business or a name deceptively similar to the name or description of any  
26 insurance or surety corporation, or to the name of any other provider. The word  
27 "guaranty" or similar word may be used by a provider. This Section shall not apply  
28 to a company that was using any of the prohibited language in its name prior to  
29 January 1, 2010. However, a company using the prohibited language in its name

1 shall include in its service contracts a statement in substantially the following form:

2 "This agreement is not an insurance contract."

3 B. A provider or its representative shall not in its home service contracts or  
4 literature make, permit, or cause to be made any false or misleading statement, or  
5 deliberately omit any material statement that would be considered misleading if  
6 omitted.

7 §1806.8. Recordkeeping requirements

8 A.(1) The provider shall keep accurate accounts, books, and records  
9 concerning transactions regulated under this Part.

10 (2) The provider's accounts, books, and records shall include the following:

11 (a) Copies of each type of home service contracts sold.

12 (b) The name and address of each service contract holder to the extent that  
13 the name and address have been furnished by the holder to the service contract  
14 provider.

15 (c) Files which shall contain at least the dates and description related to the  
16 home service contracts.

17 (3) Except in the case of a discontinued business provided for under  
18 Subsection B of this Section, the provider shall retain all records required to be  
19 maintained by this Section for at least three years after the specified period of  
20 coverage has expired.

21 (4) The records required under this Part may be, but are not required to be  
22 maintained on a computer disk or other recordkeeping technology. If the records are  
23 maintained in other than hard copy, the records shall be capable of duplication to  
24 legible hard copy at the request of the commissioner.

25 B. A provider discontinuing business in this state shall maintain its records  
26 until it furnishes the commissioner satisfactory proof that it has discharged all  
27 obligations to contract holders in this state.

28 C. A provider shall make all accounts, books, and records required under this  
29 Part available to the commissioner upon request.

1        §1806.9. Enforcement

2            A. The commissioner may conduct examinations of providers,  
3            administrators, insurers, or other persons to enforce the provisions of this Part and  
4            protect home service contract holders in this state. Upon request of the  
5            commissioner, a provider shall make all accounts, books, and records concerning  
6            service contracts sold by the provider available to the commissioner which are  
7            necessary to enable the commissioner to reasonably determine compliance or  
8            noncompliance with this Part.

9            B. The commissioner may take action which is necessary or appropriate to  
10           enforce the provisions of this Part and the commissioner's orders to protect service  
11           contract holders in this state.

12           (1) The commissioner may order a person to cease and desist from  
13           committing violations of this Part or the commissioner's orders, may issue an order  
14           prohibiting a home service contract provider from selling or offering for sale home  
15           service contracts, revoke or suspend the registration of any home service contract  
16           provider, or may issue an order imposing a civil penalty, or any combination of  
17           these, if the provider has violated this Part or the commissioner's regulations or  
18           orders.

19           (2) A person in violation of this Part or orders of the commissioner may be  
20           assessed a civil penalty not to exceed five hundred dollars per violation and no more  
21           than ten thousand dollars in the aggregate for all violations of a similar nature.

22        Section 2. This Act shall become effective on January 1, 2010.

---

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

---

Baldone

HB No. 704

**Abstract:** Provides for regulation of home service contract providers by the commissioner of insurance, including requirements for registration of providers, disclosures in contracts, recordkeeping, and enforcement.

Proposed law provides for regulation of home service contract providers by the commissioner of insurance, as follows:

- (1) Defines a "home service contract" as a contract or agreement for a separately stated consideration for a specific duration to perform the service, repair, replacement, or maintenance of property or indemnification for service, repair, replacement, or maintenance, for the operational or structural failure of any residential property due to a defect in materials, workmanship, inherent defect, or normal wear and tear, with or without additional provisions for incidental payment or indemnity under limited circumstances. Further provides that home service contracts may provide for the service, repair, replacement, or maintenance of property for damage resulting from power surges or interruption and accidental damage from handling, and may provide for leak or repair coverage to house roofing systems. Defines a "provider" as a person who administers, issues, makes, provides, sells, or offers to sell a home service contract or who is contractually obligated to provide service under a service contract such as sellers, administrators, and other intermediaries.
- (2) Provides for scope and purpose of proposed law, including providing that home service contract providers registered as required by proposed law shall be exempt from all other provisions of present law, the Insurance Code, except where such provisions are specifically incorporated in proposed law by reference.
- (3) Specifically exempts warranties, maintenance agreements, and service contracts sold or offered for sale to persons other than consumers from proposed law. Defines the terms "administrator", "consumer", "maintenance agreement", "provider", "provider fee", "reimbursement insurance policy", "service contract holder", and "warranty".
- (4) Prohibits home service contracts from being issued, sold, or offered for sale unless the provider has done each of the following: provided a receipt for or other written evidence of the purchase of the contract to the contract holder; provided a copy of the contract to the service contract holder within a reasonable period of time from the date of purchase; and complied with proposed law.
- (5) Requires that home service contract providers file a registration with the commissioner of insurance, consisting of certain specific information, including a copy of its basic organizational documents, with a fee of \$600. Makes licenses effective for two years and provides for renewal of the registration with a fee of \$250. Requires registrants to notify the commissioner of any material change in the registration information within 60 days of the effective date of the change. Also requires providers to comply with one of the following:
  - (a) Maintaining a funded reserve account and placing in trust a financial security deposit consisting of a surety bond, or certain securities.
  - (b) Maintaining or with its parent company maintaining a net worth or stockholders' equity of \$25 million. Also provides that, upon request, the provider shall provide the commissioner with certain forms filed with the Securities and Exchange Commission.
  - (c) Insuring all service contracts under a reimbursement insurance policy issued by an insurer authorized to do business in this state.
- (6) Specifies that except for the registration requirements of proposed law, providers and other persons marketing, selling, or offering to sell home service contracts are exempt from other licensing requirements, registration information, or security requirements of present law. Further provides that any such activities related to home service contracts shall be exempt from present law, the Insurance Code, other than proposed law.

- (7) Provides that reimbursement insurance policies insuring home service contracts state that the insurer shall either reimburse or pay on behalf of the provider any covered sums the provider is legally obligated to pay or, in the event of the provider's nonperformance, shall provide the service which the provider is legally obligated to perform. Further provides that if the covered service is not provided by the home service contract provider within 60 days of proof of loss by the service contract holder, the contract holder is entitled to apply directly to the reimbursement insurance company.
- (8) Requires home service contracts to be in clear, understandable language and provides for required disclosures, including the following:
- (a) Provides that those contracts insured under a reimbursement insurance policy shall contain a statement to that effect with regard to the obligations of the provider and further state that if the provider does not meet these obligations within 60 days, the contract holder is entitled to make a claim against the insurer. Further provides that a claim against the provider shall also include claim for return of the unearned provider fee. Requires that the contract also state the name and address of the insurer.
  - (b) Provides that those contracts not insured under a reimbursement insurance policy shall contain a statement that the obligations of the provider under the contract are backed by the full faith and credit of the provider.
  - (c) Requires that all contracts state the name and address of the provider, identify any administrator if different from the provider, the service contract seller, and the service contract holder to the extent that the name of the service contract holder has been furnished to the provider. Specifies that these identities are not required to be preprinted on the contract and may be added to the contract at the time of sale.
  - (d) Requires that contracts state the total purchase price and the terms under which the contract is sold. Specifies that the purchase price is not required to be preprinted on the contract and may be negotiated at the time of sale with the contract holder.
  - (e) Requires that contracts state the existence of any deductible amount, specify the goods and services to be provided and any limitations, exceptions, or exclusions, and any restrictions governing the transferability of the contract.
  - (f) Requires that contracts state the terms, restrictions, or conditions governing cancellation of the contract prior to its termination or expiration date by either the provider or the contract holder. Otherwise provides for notice of cancellation to the contract holder from the provider. However, such prior notice is not required if the reason for cancellation is nonpayment of the provider fee, a material misrepresentation by the contract holder to the provider, or a substantial breach of duties by the contract holder relating to the covered product or its use. Further requires that the notice state the effective date of the cancellation and the reason for the cancellation.
  - (g) Requires that contracts shall set forth all of the obligations and duties of the contract holder, such as the duty to protect against any further damage and any requirement to follow an owner's manual.
  - (h) Requires that contracts state whether they provide for or exclude any consequential damages or preexisting conditions. Further requires that such contracts may, but are not required to, cover damage resulting from rust, corrosion, or damage caused by a noncovered part or system.

- (I) Provides that if prior approval of repair work is required, a contract shall state the procedure for obtaining prior approval and for making a claim, including a toll-free telephone number for claim service and a procedure for obtaining emergency repairs performed outside of normal business hours.
- (9) Requires that home service contracts require the provider to permit the contract holder to return the contract within 20 days of the date the contract was mailed to the contract holder or within 10 days of delivery if the contract is delivered to the contract holder at the time of sale or within a longer time period permitted under the contract. Voids the contract on return of the service contract to the provider within the applicable time period if no claim has been made under the service contract prior to its return to the provider, and requires that the provider refund to the contract holder or credit the account of the service contract holder with the full purchase price of the contract. Further provides that this right to void the contract is not transferable and shall apply only to the original contract holder and only if no claim has been made prior to its return to the provider. Provides for a 10% penalty per month to be added to a refund that is not paid or credited within 45 days after return of the contract to the provider.
- (10) Prohibits providers from using in its name the words insurance, casualty, and surety or any other words descriptive of the insurance, casualty, or surety business, a name deceptively similar to the name or description of any insurance or surety corporation, or to the name of any other provider. Allows the word "guaranty" or similar word to be used by a provider. Exempts from this prohibition a company that was using any of the prohibited language in its name prior to Jan. 1, 2010. Further requires, however, that a company using the prohibited language in its name shall include in its service contracts the statement: "This agreement is not an insurance contract."
- Additionally prohibits a provider from making any false or misleading statement or deliberately omitting any material statement that would be considered misleading if omitted in its home service contracts or literature.
- (11) Requires that a provider keep accurate accounts, books, and records, including dates and descriptions related to its contracts. Provides that a provider shall retain all required records at least three years after coverage has expired. Exempts a provider discontinuing business in this state from this requirement; however, requires that such a provider maintain such records until it furnishes the commissioner proof that it has discharged all obligations to contract holders in the state. Further requires that a provider make all required records available to the commissioner upon request.
- (12) Proposed law authorizes the commissioner to conduct examinations of providers, administrators, insurers, or other persons to enforce the provisions of proposed law and protect home service contract holders in this state. Further authorizes the commissioner to take action which is necessary or appropriate to enforce the provisions of proposed law as well as his orders to protect such contract holders in this state. Specifically provides that the commissioner may order a person to cease and desist from committing violations of proposed law or his orders, may issue an order prohibiting a provider from selling or offering for sale home service contracts, revoke or suspend the registration of any provider, or may issue an order imposing a civil penalty, or any combination of these, if a provider has violated proposed law or his orders. Further provides that a person in violation of proposed law or orders of the commissioner may be assessed a civil penalty not to exceed \$500 per violation and no more than \$10,000 in the aggregate for all violations of a similar nature.

Effective Jan. 1, 2010.

(Adds R.S. 22:821(B)(28) and 1806.1-1806.9)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Insurance to the original bill.

1. Deletes the cash security deposit requirement of home service contract providers.