

BEFORE THE COMMISSIONER OF INSURANCE

STATE OF GEORGIA

IN THE MATTER OF:

CHAPTER 120-2-47
RULES AND REGULATIONS FOR
VEHICLE SERVICE CONTRACTS

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DOCKET NUMBER I-12-I-3

ORDER

I. STATEMENT OF PROCEEDINGS

On August 24, 2012, Notice of Intent to Adopt Rule Changes and Notice of Hearing was given regarding the following proposed regulatory actions (Record, Exhibit 1):

- Repealing the current title of Chapter 120-2-47 and adopting in lieu thereof the title "Vehicle Service Contracts"
- Amending Regulation 120-2-47-.02 entitled "Purpose"
- Amending Regulation 120-2-47-.03 entitled "Definitions"
- Amending Regulation 120-2-47-.05 entitled "Filing Requirements"
- Amending Regulation 120-2-47-.08 entitled "Prohibited Acts"
- Amending Regulation 120-2-47-.10 entitled "Cancellation of a Reimbursement Insurance Policy"
- Repealing Regulation 120-2-47-.12 entitled "Insurance Services" and adopting in lieu thereof Regulation 120-2-47-.12 entitled "Exemptions"
- Repealing Regulation 120-2-47-.13 entitled "Exemptions" and adopting in lieu thereof Regulation 120-2-47-.13 entitled "Severability."

By letter dated September 14, 2012, the Office of the Attorney General opined that the proposed regulatory actions are within this office's scope of authority (Record, Exhibit 5).

Pursuant to O.C.G.A. Section 50-13-4(e), the proposed regulatory changes were transmitted to Wayne R. Allen, Legislative Counsel for the General Assembly, for assignment to the appropriate standing committees of the Senate and House of Representatives (Record, Exhibit 6) and were assigned accordingly (Record, Exhibit 7).

II. CONSIDERATION OF INTERESTED PARTY COMMENTS

Interested persons were given the opportunity to participate in the proposed rulemaking by submitting their written comments to the Georgia Department of Insurance (the "Department") by September 19, 2012, and by making oral comments at the public hearing held September 25, 2012. No written comments were received.

Joe Murphy, Property and Casualty Analyst with the Department, was the first of two persons to offer oral comment at the hearing. According to Mr. Murphy, the proposed regulatory changes are necessary so that the Rules and Regulations of the Department remain in accord with changes to Title 33 of the Georgia Code which resulted from the passage of Georgia House Bill 1067 earlier this year and the passage of House Bill 1291 in a previous year.

Mr. Murphy asserted that House Bill 1067 amended O.C.G.A. Section 33-7-6, exempting certain vehicle service contracts from the definition of insurance. To qualify for such an exemption, the contracts must have a term not exceeding nine months, and be issued by a retail installment seller that maintains, or has a parent company that maintains a net worth of at least \$50 million, provided the parent company guarantees the retail installment seller's vehicle service contract obligations. Mr. Murphy also noted that, in accordance with House Bill 1291 referenced herein, the proposed regulatory changes remove any reference to auto club service contracts.

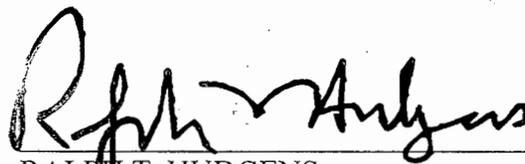
Allan Hayes, a representative of America's Car Mart, also made oral comments at the hearing. Mr. Hayes voiced support for the proposed regulatory changes.

III. DECISION

WHEREAS, this office is in accord with the oral comments offered at the hearing, and agrees with Mr. Murphy's comments in support of the need for the proposed regulatory changes,

and **WHEREAS**, no comments were offered in opposition to those changes, **IT IS HEREBY ORDERED** that the proposed changes to the regulations within Chapter 120-2-47 entitled "Regulations Regarding Vehicle Service Contracts" a copy of which is attached hereto and made a part by reference, are **HEREBY ADOPTED**.

Given under my Hand and Seal this 24th day of October, 2012.



RALPH T. HUDGENS
INSURANCE AND SAFETY FIRE COMMISSIONER
STATE OF GEORGIA