



OFFICE OF INSURANCE AND SAFETY FIRE COMMISSIONER

RALPH T. HUDGENS
COMMISSIONER OF INSURANCE
SAFETY FIRE COMMISSIONER
INDUSTRIAL LOAN COMMISSIONER
COMPTROLLER GENERAL

May 9, 2014

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FLOYD BUILDING
2 MARTIN LUTHER KING, JR. DRIVE
ATLANTA, GEORGIA 30334
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GENERAL ADVISORY

Re: The Georgia Industrial Loan Association's Auto Club Best Practices

Commissioner Ralph T. Hudgens is concerned about the sales and marketing practices utilized by Georgia Industrial Loan Act ("GILA") licensees in relation to Auto Club Memberships. Therefore, he encourages all GILA licensees to comply with the following "Auto Club Best Practices," as adopted by the Georgia Industrial Loan Association and Georgia Financial Services Association in May of 2014:

1. The sale and financing of the Auto Club membership should be strictly voluntary. No consumer should be required to buy or finance a motor club membership in order to obtain a loan.
2. A Georgia Industrial Loan Act licensee ("GILA Licensee") should only sell auto club memberships that either include or reimburse for the cost of 24-hour emergency road services.
3. A GILA Licensee should only sell a customer one auto club policy. Additional auto club purchases could be used to extend the length of coverage, but in no event should a loan made under the Georgia Industrial Loan Act provide for individual auto club coverage beyond 36 months.
4. A GILA Licensee should provide a membership card which displays the full term of the auto club membership, including both a start and end date, on each auto club membership sold.
5. A GILA Licensee should only sell auto club memberships which offer each purchaser a full refund within 30 days of purchase, provided that no claims have been submitted during that 30 days.
6. A GILA Licensee should ensure that auto club members receive clear instructions regarding how a member can access the auto club benefits and file a claim.
7. A GILA Licensee should not sell auto club memberships for prices that exceed \$10.00 per month.