

NON GERMANE

Representatives Meadows of the 5th, Ehrhart of the 36th, Harrell of the 106th, and Strickland of the 111th offer the following amendment:

Amend SB 173 (LC 37 2368S) by deleting line 1 and inserting in lieu thereof the following:

To amend Chapter 3 of Title 7 of the Official Code of Georgia Annotated, relating to industrial loans, so as to provide for standards for the issuance of a license to issue industrial loans; to provide for standards for and require certain disclosures related to insurance premiums on industrial loans; to amend Chapter 41 of Title 33 of the Official Code of Georgia Annotated, relating to

By deleting line 15 and inserting in lieu thereof the following:

Chapter 3 of Title 7 of the Official Code of Georgia Annotated, relating to industrial loans, is amended in Code Section 7-3-9, relating to investigation of application, issuance or denial of license, and purchase of license location, by revising subsection (b) as follows:

"(b) If the Commissioner shall find that:

(1) The financial responsibility, character, and general fitness of the applicant are such as to command the confidence of the public and to warrant a belief that the business will not be operated unfairly or unlawfully contrary to the purposes of this chapter; and

(2) ~~Allowing the applicant to engage in business will promote the convenience and advantage of the community in which the licenses office is to be located, The location from which the applicant seeks to operate would not be within three miles of any National Guard Armory or any United States military base, installation, or reserve center,~~ the Commissioner shall grant such application and issue to the applicant a license which shall be authority to engage in the business of making loans pursuant to said license in accordance with this chapter."

SECTION 2.

Said chapter is further amended in Code Section 7-3-14, relating to maximum loan amount, period, and charges, by revising paragraph (3) as follows:

"(3) Insurance premiums. A licensee may charge and collect from the borrower premiums actually paid or to be paid for insurance obtained for the borrower. A licensee may accept as security on any loan or advance made under this chapter any one or any combination of the following:

- (A) Insurance on tangible property against substantial risks or loss;
 - (B) Reasonable insurance on the life and health of the principal party; or
 - (C) Reasonable insurance against accident of the principal party;

32 provided, however, that any such insurance shall be reasonably related to the type and
33 value of the property insured and to the amount and term of the loan and shall be obtained
34 from an insurance company authorized to conduct such business in the State of Georgia
35 and at rates lawfully filed by such company with the Commissioner of Insurance and
36 through a regular insurance agent licensed by the Commissioner of Insurance; provided,
37 further, that the amount of life, health, or accident insurance required as security for loans
38 made under this chapter shall not exceed the amount of the loan, including charges, to be
39 secured; and the premiums on such insurance required of the principal party obligated
40 shall be limited to premiums reasonably based upon reliable actuarial experience and
41 sound insurance practice; provided, further, that the licensee shall not have any direct or
42 indirect interest with the insurance product; and the Commissioner is authorized and
43 directed to promulgate rules and regulations to effectuate this provision in accordance
44 with the spirit and intent thereof. It shall be the duty of the Commissioner from time to
45 time under the foregoing direction, after public hearing in the manner provided in
46 subsection (b) of Code Section 7-3-7, to determine and promulgate the rates and
47 maximum premiums permissible to be charged for life, health, and accident insurance
48 required as security for a loan made under this chapter and to make regulations incident
49 thereto necessary to effectuate the same; such premiums, when thus established and as
50 changed from time to time in the manner aforesaid, shall be the maximum effective and
51 permissible charges under this paragraph. Premiums paid or to be paid pursuant to the
52 authority of this paragraph shall not constitute interest. The insurance company in turn
53 may pay to the party writing the insurance policy sold in connection with the loan a fee
54 or commission in an amount which is reasonable in relationship to the transaction and in
55 no event in excess of the amount of fee or commission customarily paid within the
56 industry where comparable insurance is sold in a transaction not involving credit, as
57 determined by the Commissioner. Any loan contract which includes premiums to be paid
58 pursuant to the authority of this paragraph shall include a statement of disclosure which
59 includes the exact dollar amount of the fee or commission to be received as a result of
60 any insurance product sold on such loan. Such statement of disclosure shall further
61 include the following statement: 'The purchase of insurance is not required in order to
62 obtain this loan.' and shall be initialed by each borrower prior to the collection of such
63 premium."

64 SECTION 3.

65 Said chapter is further amended by revising Code Section 7-3-18, relating to delivery of copy
66 of contract or itemized statement and receipts, as follows:

67 "7-3-18.

68 At the time the loan is made, each licensee under this chapter shall deliver to the borrower
69 or, if there are two or more, to one of them a copy of the loan contract or a written itemized
70 statement in the English language showing in clear terms the date and amount of the loan,
71 a schedule of the payments or a description thereof, the type of security for the loan, the
72 licensee's name and address, the actual cash advanced to or on behalf of the borrower, the
73 amount of each class of insurance carried and the premiums paid thereon, and the amount
74 of interest and fees, and any amount of commission made by the licensee for any insurance
75 carried on the loan. Each licensee shall give a receipt for every cash payment made."

76 **SECTION 4.**

77 Chapter 41 of Title 33 of the Official Code of Georgia Annotated, relating to captive

78 *By redesignating Sections 2 through 9 as Sections 5 through 12.*