

The House Committee on Agriculture and Consumer Affairs offers the following substitute to SB 201:

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 10-1-393 of the Official Code of Georgia Annotated, relating to
2 unfair or deceptive practices in consumer transactions unlawful and examples, so as to
3 provide increased consumer protection for homeowners entering into contracts with
4 contractors following natural disasters; to provide for certain contractual requirements; to
5 provide for notice language; to amend Code Section 33-6-5 of the Official Code of Georgia
6 Annotated, relating to unfair methods of competition and unfair or deceptive acts or
7 practices, so as to prohibit the assignment of benefits in certain circumstances; to provide for
8 definitions; to provide for related matters; to provide for legislative findings; to provide for
9 effective dates and applicability; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 The General Assembly finds that:

- 13 (1) Following natural disasters, homeowners often need for repairs to be completed to their
14 homes in an expeditious manner;
- 15 (2) Due to such time pressures, homeowners may enter into contracts with contractors
16 much more quickly than such homeowners typically would;

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- 17 (3) Many homeowners believe that assigning their insurance proceeds to contractors who
18 contract to work on their homes will expedite the repairs of such homes;
- 19 (4) Such homeowners may not realize that some contractors will accept the assigned
20 insurance proceeds and then fail to expeditiously perform the required work or perform
21 the work in a substandard manner;
- 22 (5) There is a need in this state to provide greater protection for homeowners following
23 natural disasters to ensure that contracted work on their homes is performed in an
24 expeditious and professional manner; and
- 25 (6) There is also a need to specifically prohibit the assignment of insurance proceeds to
26 contractors for a period of one year following the occurrence of a natural disaster.

27

SECTION 2.

28 Code Section 10-1-393 of the Official Code of Georgia Annotated, relating to unfair or
29 deceptive practices in consumer transactions unlawful and examples, is amended in
30 subsection (b) by striking "and" at the end of paragraph (34), by replacing the period at the
31 end of paragraph (35) with "; and", and by adding a new paragraph to read as follows:

32 "(36)(A) With respect to any contractor entering into a contract with a homeowner
33 within one year of a natural disaster for the provision of services for the repair,
34 replacement, or mitigation of damage of or to the homeowner's home caused by such
35 disaster:

36 (i) Failing to substantially commence work on the contracted services within one year
37 of the execution of such contract;

38 (ii) Completing all or a portion of the agreed upon services in a substandard manner;

39 (iii) Entering into a contract with the homeowner whereby the homeowner assigned
40 insurance proceeds to the contractor;

41 (iv) Completing services in a manner inconsistent with the state minimum standard
42 codes or accredited industry standards; or

43 (v) Failing to comply with subparagraph (B) of this paragraph.

44 (B) Any contractor entering into a contract with a homeowner within one year of a
45 natural disaster for the provision of services for the repair, replacement, or mitigation
46 of damage of or to the homeowner's home caused by such disaster shall:

47 (i) Accept the cancellation of the contract by the homeowner prior to midnight on the
48 fifth business day after such homeowner has received written notice from the insurer
49 that all or any part of the claim or contract related to the natural disaster is not a
50 covered loss under the homeowner's insurance policy. Cancellation shall be
51 evidenced by the homeowner giving written notice of cancellation to the contractor
52 at the address stated in the contract. Notice of cancellation, if given by mail, shall be
53 effective upon deposit into the United States mail, postage prepaid and properly
54 addressed to the contractor. Notice of cancellation need not take a particular form and
55 shall be sufficient if it indicates, by any form of written expression, the intention of
56 the homeowner not to be bound by the contract; and

57 (ii) Before entering a contract as provided in this subparagraph:

58 (I) Furnish the homeowner with a statement in boldface type of a minimum size of
59 ten points in substantially the following form:

60 'You may cancel this contract at any time before midnight on the fifth business day
61 after you have received written notification from your insurer that all or any part of
62 the claim or contract is not a covered loss under the insurance policy. This right to
63 cancel is in addition to any other rights of cancellation which may be found in state
64 or federal law or regulation. See the attached notice of cancellation form for an
65 explanation of this right'; and

66 (II) Furnish each homeowner with a fully completed form in duplicate, captioned
67 'NOTICE OF CANCELLATION,' which shall be attached to the contract but easily
68 detachable, and which shall contain in boldface type of a minimum size of ten
69 points the following statement:

70 NOTICE OF CANCELLATION

71 If you are notified by your insurer that all or any part of the claim or contract is not
72 a covered loss under the insurance policy, you may cancel the contract by mailing
73 or delivering a signed and dated copy of this cancellation notice or any other written
74 notice to _____ (name of contractor) at _____
75 _____ (address of contractor's place of business)
76 at any time prior to midnight on the fifth business day after you have received such
77 notice from your insurer.

78 I HEREBY CANCEL THIS TRANSACTION

79 _____

80 (date)

81 _____

82 (insured's signature).'

83 (C) Notwithstanding other provisions of law in this paragraph, if the contractor has
84 performed any emergency services, acknowledged by the homeowner in writing to be
85 necessary to prevent immediate damage to the premises, the contractor shall be entitled
86 to collect the reasonable amount due for the emergency services at the time they are
87 rendered. Any provision in a contract provided for in this paragraph that requires the
88 payment of any fee for any services except emergency services shall not be enforceable
89 against any homeowner who has canceled a contract under this paragraph.

90 (D) As used in this paragraph, the term 'natural disaster' means a flood, tornado,
91 hurricane, earthquake, or other occurrence for which a state of emergency is proclaimed
92 by the Governor."

93 **SECTION 3.**

94 Code Section 33-6-5 of the Official Code of Georgia Annotated, relating to unfair methods
95 of competition and unfair or deceptive acts or practices, is amended by striking "and" at the

96 end of paragraph (13), striking the period at the end of paragraph (14) and inserting "; and"
97 in lieu thereof, and adding a new paragraph to read as follows:

98 "(15)(A) No insurer shall sell homeowner's insurance policies that allow for the
99 assignment of proceeds to a contractor within one year of a natural disaster which
100 causes damage to the insured's residential property.

101 (B) As used in this paragraph, the term:

102 (i) 'Natural disaster' means a flood, tornado, hurricane, earthquake, or other
103 occurrence for which a state of emergency is proclaimed by the Governor.

104 (ii) 'Residential property' means real property used or occupied as the primary
105 residence of a natural person."

106 **SECTION 4.**

107 Section 3 of this Act shall become effective on January 1, 2026, and shall apply to all
108 policies issued, delivered, issued for delivery, or renewed in this state on or after such date.
109 The remainder of this Act shall become effective on July 1, 2025.

110 **SECTION 5.**

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