

Three Major Consumer Protection Bills Signed

Governor Culver signed three bills designed to protect consumers from fraud.

Auto Repair Shops

Senate File 2108 will stop a dishonest auto repair shop from keeping your car to coerce payment of bill. It took effect on May 1, 2010.

Under current law, a person who repairs property has a lien on that property and may hold it until they are paid. Even if an auto repair shop does unauthorized repairs, or demands more than the estimate, you often have no choice but to pay up, since you need the car for work and other things a family needs to live.

The bill creates an exception for auto repairs. The car owner may complain to the Attorney General's Office and if they believe the repair shop engaged in deception, they will order the repair shop to return the car within one day of being notified.

Real Estate Dealings

A second new law will reduce fraud in real estate dealings. Senate File 2348 does not take effect until July 1, 2011.

The bill requires licensing of real estate closing agents, unless they work for an entity that is already licensed and regulated. These agents typically prepare settlement statements, ensure that documents conform to the parties' and the lenders conditions, hold closing conferences, and disburse funds related to the closing.

Among other things, the law requires funds received for later disbursement to be put in an insured account separate from the agent's account. A violator may be fined up to \$5,000 per violation and ordered to pay restitution, the costs of the investigation and prosecution, and attorney fees.

Credit Data

The third new law protects consumers from unfair use of credit data by insurance companies. Senate File 2075 takes effect for policies issued or renewed on or after July 1, 2010.

Current law allows use of credit ratings when deciding whether to insure a person and what rate to charge, as long as this isn't the sole reason for their decision.

The bill requires insurers, to allow exceptions, if an extraordinary circumstance affects a person's credit rating, such as a disaster, serious illness, identity theft, etc. The consumer must make a written request for an exception.