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In the News...

Va. Warns Against Business with Home Services Firm

By [Tom Sean](#)

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After imposing \$25,000 in penalties on an unlicensed provider of home service contracts, Virginia's insurance regulators cautioned consumers against doing business with the company, National Home Protection Inc.

The State Corporation Commission, which conducted an inquiry into the New York-based company last year, ordered National Home Protection to stop conducting business in Virginia without a license.

Home service contracts provide coverage for repairs or replacements of home appliances, plumbing, heating, electrical and other systems when they break. Unlike home warranty contracts, they don't cover major structural damage.

The contracts aren't considered insurance, but companies offering them to consumers in Virginia are regulated by the state's insurance laws and must be licensed by the Bureau of Insurance. Six companies are licensed by the bureau to sell such contracts.

The warning by Virginia's regulators came in the wake of legal actions against National Home Protection by other states, including Texas and Arizona.

In April, New York's attorney general sued National Home Protection and three of its principals, accusing them of defrauding consumers. The suit contends that National Home Protection routinely denied customers' valid claims and cancelled contracts

without reason.

The New York attorney general's office said it received more than 340 complaints about the company from at least 32 states.

National Home Protection couldn't be reached for comment on the actions by regulators.

Art Chartrand, a spokesman for the National Home Service Contract Association, lauded the actions that state regulators have taken against National Home Protection but said the company's practices weren't typical of the industry.

"I'm confident that there are very few players out there" like National Home Protection, Chartrand said.

The trade association had no estimates of the number of companies selling home service contracts or the amounts they collect annually from consumers. The cost of a contract ranges from \$350 to \$500 a year, but what the contracts cover varies.

Two-thirds are sold with the sale of a home and typically are purchased by the party selling a home, Chartrand said.

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