

Group Says New Maryland Law Slams Door on Rebates by Shady Contractors

More Maryland homeowners will avoid a costly trap by predatory contractors thanks to a new law, the Washington, D.C.-based [Coalition Against Insurance Fraud](#) said.

Maryland Senate Bill 736 was signed into law by Gov. Martin O'Malley on May 2. The law will be enacted as Code of Maryland Insurance Article § 27-407.2.

It states, "It is a fraudulent insurance act for a contractor offering home repair or remodeling services for damages to a private residence caused by weather, to directly or indirectly pay or otherwise compensate an insured, or offer or promise to pay or compensate an insured, with the intent to defraud an insurer, for any part of the insured's deductible under the insured's property or casualty insurance policy, if payment for the services will be made from the proceeds of the policy."

The Coalition Against Insurance Fraud said the law would forbid contractors to offer a rebate on insurance deductibles to lure homeowners into signing contracts that lead to fraud.

"The door was slammed on a shameful ruse that lets crooked contractors invade a homeowner's castle to do shoddy and inflated repairs. Prosecutors now have a focused legal tool that can better sweep cheating contractors off the streets," said Howard Goldblatt, government affairs director at the Coalition Against Insurance Fraud.

Goldblatt said shady contractors often use rebates of insurance deductibles to convince homeowners to sign contracts. But once in the front door, literally, dishonest contractors are free to try and defraud homeowners and their insurers. The money that contractors steal through the repair project can earn an illicit and inflated profit that easily offsets the deductible they paid, Goldblatt said.

"Honest contractors with good reputations don't need to doll out backhanded bribes to earn repair contracts. Rebating is a last-ditch ploy by often-incompetent contractors who can't earn business honestly."

Goldblatt said rebating offers are especially common after storms sweep through neighborhoods and cause considerable home damage. Storm-chasing contractors, often unlicensed and out of state, typically seek business by knocking on doors.

The lure of saving several hundred dollars can appeal to homeowners who may urgently need repairs to damaged roofs or other parts of the home structure. Once contractors gain access to the home, they may demand a large down payment and then disappear without doing any work, he said.

Shoddy and inflated repairs using substandard materials is another gambit. Some contractors have used tree limbs to enlarge holes in roofs and

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**Coalition Against
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