

FIRST REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 148**  
**96TH GENERAL ASSEMBLY**

0445L.02C

D. ADAM CRUMBLISS, Chief Clerk

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**AN ACT**

To amend chapter 407, RSMo, by adding thereto one new section relating to residential contractors.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 407, RSMo, is amended by adding thereto one new section, to be  
2 known as section 407.725, to read as follows:

**407.725. 1. As used in this section, the following terms mean:**

2       **(1) "Residential contractor", a person or entity in the business of contracting or**  
3 **offering to contract with an owner or possessor of residential real estate to repair or**  
4 **replace roof systems or perform any other exterior repair, replacement, construction, or**  
5 **reconstruction work on residential real estate;**

6       **(2) "Residential real estate", a new or existing building constructed for habitation**  
7 **by one to four families, including detached garages;**

8       **(3) "Roof system", roof coverings, roof sheathing, roof weatherproofing, and**  
9 **insulation.**

10       **2. A residential contractor shall not advertise or promise to pay or rebate all or any**  
11 **portion of any insurance deductible as an inducement to the sale of goods or services. As**  
12 **used in this subsection, a "promise to pay or rebate" includes granting any allowance or**  
13 **offering any discount against the fees to be charged or paying the insured or any person**  
14 **directly or indirectly associated with the property any form of compensation, gift, prize,**  
15 **bonus, coupon, credit, referral fee, or other item of monetary value for any reason.**

16       **3. A person who has entered into a written contract with a residential contractor**  
17 **to provide goods or services to be paid from the proceeds of a property and casualty**  
18 **insurance policy may cancel the contract prior to midnight on the fifth business day after**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

19 the insured has received written notice from the insurer that all or any part of the claim  
 20 or contract is not a covered loss under the insurance policy. Cancellation is evidenced by  
 21 the insured giving written notice of cancellation to the residential contractor at the address  
 22 stated in the contract. Notice of cancellation, if given by mail, is effective upon deposit into  
 23 the United States mail, postage prepaid and properly addressed to the residential  
 24 contractor. Notice of cancellation need not take a particular form and is sufficient if it  
 25 indicates, by any form of written expression, the intention of the insured not to be bound  
 26 by the contract.

27 4. Before entering a contract referred to in subsection 3 of this section, the  
 28 residential contractor shall:

29 (1) Furnish the insured a statement in boldface type of a minimum size of ten  
 30 points, in substantially the following form:

31

32 You may cancel this contract at any time before midnight on the fifth business day after  
 33 you have received written notification from your insurer that all or any part of the claim  
 34 or contract is not a covered loss under the insurance policy. See attached notice of  
 35 cancellation form for an explanation of this right; and

36 (2) Furnish each insured a fully completed form in duplicate, captioned "NOTICE  
 37 OF CANCELLATION", which shall be attached to the contract but easily detachable, and  
 38 which shall contain boldface type of a minimum size of ten points the following statement:

39

40 **NOTICE OF CANCELLATION**

41 If you are notified by your insurer that all or any part of the claim or contract is not  
 42 covered loss under the insurance policy, you may cancel the contract by mailing or  
 43 delivering a signed and dated copy of this cancellation notice or any other written notice  
 44 to (name of contractor) at (address of contractor's place of business) at any time prior to  
 45 midnight on the fifth business day after you have received such notice from your insurer.  
 46 If you cancel, any payments made by you under the contract will be returned to you within  
 47 ten business days following receipt by the contractor of your cancellation notice.

48 **I HEREBY CANCEL THIS TRANSACTION**

49

50 .....

51 (date)

52

53 .....

54 (insured's signature).

55           **5. Within ten days after a contract referred to in subsection 3 of this section has**  
56 **been cancelled, the contractor shall tender to the insured any payments, partial payments,**  
57 **or deposits made by the insured and any note or other evidence of indebtedness. If,**  
58 **however, the contractor has performed any emergency services, acknowledged by the**  
59 **insured in writing to be necessary to prevent damage to the premises, the contractor is**  
60 **entitled to the reasonable value of such services. Any provision in a contract referred to**  
61 **in subsection 3 of this section that requires the payment of any fee for anything except**  
62 **emergency services shall not be enforceable against any insured who has cancelled a**  
63 **contract under this section.**

64           **6. A residential contractor shall not represent or negotiate, or offer or advertise to**  
65 **represent or negotiate, on behalf of an owner or possessor of residential real estate on any**  
66 **insurance claim in connection with the repair or replacement of roof systems, or the**  
67 **performance of any other exterior repair, replacement, construction, or reconstruction**  
68 **work.**

69           **7. Any violation of this section by a residential contractor shall be considered an**  
70 **unfair practice pursuant to the Missouri merchandising practices act as codified in chapter**  
71 **407 of the Missouri revised statutes.**