

FIRST REGULAR SESSION

HOUSE BILL NO. 148

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES NANCE (Sponsor), MOLENDORP, MEADOWS, ATKINS,
GOSEN, CONWAY (14), WEBB, COLONA, AULL, HUBBARD, CAUTHORN, FRANZ, SATER,
HODGES, NOLTE AND BARNES (Co-sponsors).

0445L.01I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

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

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 known as section 407.725, to read as follows:

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

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

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

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

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

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.

16 including but not limited to permitting the residential contractor to display a sign or any
17 other type of advertisement at the insured's premises.

18 **3. A person who has entered into a written contract with a residential contractor**
19 **to provide goods or services to be paid from the proceeds of a property and casualty**
20 **insurance policy may cancel the contract prior to midnight on the fifth business day after**
21 **the insured has received written notice from the insurer that all or any part of the claim**
22 **or contract is not a covered loss under the insurance policy. Cancellation is evidenced by**
23 **the insured giving written notice of cancellation to the residential contractor at the address**
24 **stated in the contract. Notice of cancellation, if given by mail, is effective upon deposit into**
25 **the United States mail, postage prepaid and properly addressed to the residential**
26 **contractor. Notice of cancellation need not take a particular form and is sufficient if it**
27 **indicates, by any form of written expression, the intention of the insured not to be bound**
28 **by the contract.**

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

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

33

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

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

41

42 **NOTICE OF CANCELLATION**

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

50 **I HEREBY CANCEL THIS TRANSACTION**

51

52

53 (date)

54

55

56 (insured's signature).

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

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

71 **7. Any violation of this section by a residential contractor shall be considered a**
72 **violation of, and subject to the sanctions prescribed by, section 407.020.**