

HCS HB 148 -- RESIDENTIAL CONTRACTORS

SPONSOR: Nance

COMMITTEE ACTION: Voted "do pass" by the Committee on Insurance Policy by a vote of 12 to 0.

This substitute prohibits a residential contractor from advertising or promising to pay or rebate all or any portion of an insurance deductible as an inducement to the sale of goods or services including any allowance or discount against fees or paying the insured or any person directly or indirectly associated with the property any form of compensation or other item of monetary value.

An insured individual under contract with a residential contractor to receive payment for goods or services provided from a property and casualty insurance policy can cancel the contract if the insurer has notified the individual in writing that all or part of the contract is not covered under the insurance policy. The individual must notify the contractor in writing to cancel the contract prior to midnight on the fifth business day after notification from the insurer. Before entering into a contract, the contractor must provide a form to any insured client stating the required contract cancellation information.

Within 10 days of cancelling a contract, a residential contractor must return any payments or deposits made by an insured individual and any note or other evidence of indebtedness. However, the contractor is entitled to the reasonable value of emergency services provided and documented to be necessary to prevent damages by an insured individual.

A residential contractor cannot represent or negotiate on behalf of a real estate owner on any insurance claim in connection with the repair or replacement of roof systems or the performance of any other exterior repair, replacement, construction, or reconstruction services.

Any violation of these provisions by a residential contractor must be considered an unlawful practice under the Merchandising Practices Act.

FISCAL NOTE: No impact on state funds in FY 2012, FY 2013, and FY 2014.

PROPOSERS: Supporters say that the bill does not undermine or threaten quality contractors in this state, and similar bills have been filed in Minnesota and Ohio. The bill will protect consumers from storm chasers who are looking to collect money and

run. The cancellation provision in the bill is important and is written the same way as other consumer protection clauses currently in law and often referred to as the free-look period. The bill allows a consumer to cancel a contract that is too high or over the coverage amount and adds the necessary enforcement to make sure consumers are protected.

Testifying for the bill were Representative Nance; Missouri Retailers Association; Associated Builders and Contractors; Missouri Insurance Coalition; American Family Insurance Group; State Farm Insurance Companies; The Travelers Companies, Incorporated and Subsidiaries; American Insurance Association; Missouri Association of Insurance Agents; National Association of Mutual Insurance Companies; Harry Gallagher, Property and Casualty Insurance Association of America; and Department of Insurance, Financial Institutions and Professional Registration.

OPPONENTS: There was no opposition voiced to the committee.