

STAND. COM. REP. NO.

1069

Honolulu, Hawaii

March 3, 2017

RE: H.B. No. 1421  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1421, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure, as received by your Committee, is to clarify the roles of adjusters and public adjusters under the Insurance Code. This measure also adds definitions of "insurance appraiser" and "insurance umpire."

The Hawaii Public Adjusters Corporation testified in support of this measure. The Roofing Contractors Association of Hawaii testified in support of the intent of this measure. The Department of Commerce and Consumer Affairs, Hawaii Insurers Council, National Association of Mutual Insurance Companies, State Farm Mutual Automobile Insurance Company, and Property Casualty Insurers Association of America testified in opposition to this measure.

Your Committee understands that the intent of this measure is to address a problem with individuals known as "hail chasers" or "storm chasers" who pose as insurance adjuster experts to take advantage of individuals pursuing insurance claims to repair their roofs. These purported insurance adjusters engage in unscrupulous

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practices when hiring contractors to repair the damaged roofs of unsuspecting consumers; however, your Committee has been informed that, as currently drafted, this measure may exacerbate the problem. Your Committee notes that a more prudent approach to address this issue would be to adopt legislation that increases regulation of roofing contractors.

Accordingly, your Committee has amended this measure by deleting its contents and inserting language based on the National Conference of Insurance Legislators Storm Chaser Model Legislation that creates greater regulatory oversight over roofing contractors and provides increased consumer protections by, among other things:

- (1) Requiring roofing contractors to be licensed with the Contractors License Board;
- (2) Requiring roofing contractors to provide written contracts to consumers for roofing repair work in excess of \$1,000, specifying the information that must be contained in the contract, and prohibiting roofing work to be performed or initiated prior to the signing of the contract;
- (3) Establishing rights of consumers to cancel a roofing contract and to receive a refund of any deposit after cancelling a roofing contract, with certain exceptions;
- (4) Requiring roofing contractors to carry specific types of insurance;
- (5) Specifying prohibitions of certain actions by roofing contractors;
- (6) Providing certain exemptions from roofing contractor, roofing contract, and registration requirements; and
- (7) Establishing penalties for violations of roofing contractor requirements.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1421, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1421, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ANGUS L.K. MCKELVEY, Chair



