

STAND. COM. REP. NO.

3279

Honolulu, Hawaii

FEB 28 2020

RE: S.B. No. 2422
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2422, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ROOFING CONTRACTORS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Prohibit roofing contractors from advertising or promising to pay or rebate a property insurance deductible, or any portion thereof, to induce an insured homeowner to purchase goods or services;
- (2) Allow an insured to rescind a contract with a roofing contractor within five business days of receiving notice from their insurer that all or any part of the claim or contract is not a covered loss under the insured's property or casualty insurance policy;
- (3) Require roofing contractors to deliver certain forms to consumers advising them of their legal right to rescind the contract;
- (4) Require roofing contractors to return funds to a consumer in certain circumstances;



- (5) Prohibit roofing contractors from representing or negotiating, or offering or advertising to represent or negotiate, on behalf of an insured 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 work; and
- (6) Allow the Contractors License Board to revoke, suspend, or refuse to renew a contractor's license if the licensee performs as a public adjuster without the appropriate insurance license.

Your Committee received testimony in support of this measure from the Hawaii Insurers Council, Hawaii Public Adjusters, and National Insurance Crime Bureau. Your Committee received testimony in opposition to this measure from the Contractors License Board, Roofing Contractors Association of Hawaii, and two individuals. Your Committee received comments from State Farm Mutual Automobile Insurance Company.

Your Committee finds that there are individuals referred to as "storm chasers" in the roofing industry who make unsolicited offers to homeowners to repair their houses or roofs after significant weather events, predicated on the homeowners receiving insurance proceeds for the repairs. In cases where there has been substantial damage that would require a new roof, there is not usually a problem with these types of contracts; however, often a subsequent inspection is performed by a qualified insurance public adjuster, who may determine that the roof sustained only minimal or no damage and limits the claim to the cost to repair the damage, rather than the cost to replace the entire roof. In these situations, homeowners find themselves responsible for the cost of an entire roof replacement with minimal or no insurance coverage. This measure protects consumers from "storm chaser" roof repairers.

Your Committee has amended this measure by:

- (1) Amending language to allow the Contractors License Board to revoke, suspend, or refuse to renew a contractor's license if the contractor performs as a public adjuster without the requisite insurance license; and



- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2422, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2422, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,

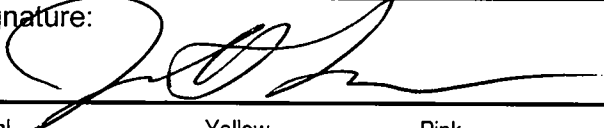


KARL RHOADS, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:* SB 2422 SDI	Committee Referral: CPH, JDC	Date: 2/25/2020		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	/			
KEOHOKALOLE, Jarrett (VC)	/			
GABBARD, Mike				/
KIM, Donna Mercado	/			
FEVELLA, Kurt				/
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes