

**Testimony of the Contractors License Board**

**Before the  
Senate Committee on Judiciary  
Tuesday, February 25, 2020  
12:30 p.m.  
State Capitol, Conference Room 016**

**On the following measure:  
S.B. 2422, S.D. 1, RELATING TO ROOFING CONTRACTORS**

**WRITTEN TESTIMONY ONLY**

Chair Rhoads and Members of the Committee:

My name is Neal Arita, and I am the Legislative Committee Chairperson of the Contractors License Board (Board). The Board opposes this bill.

The purposes of this bill are to: (1) prohibit roofing contractors from offering to pay, in any monetary form, an insured's insurance deductible as an incentive to encourage the insured to hire the contractor; (2) allow insureds to rescind contracts with roofing contractors within five business days of receiving notification from an insurer that all or any part of a claim or contract is not a covered loss under the insured's insurance policy; and (3) allow the Board to revoke, suspend, or refuse to renew a contractor's license if the contractor performs as a public adjuster.

The Board discussed this bill at its meeting on February 14, 2020. This bill creates separate requirements for roofing contractors relating to the insured under a property or casualty insurance policy. Additionally, the definition of "roofing contractor" on page 7, line 17 to page 8, line 7, is problematic because it will allow a roofing contractor to perform work that is currently outside the contractor's scope of practice.

For the Committee's information, administration bills H.B. 2320, H.D. 1 and S.B. 2876 were introduced this session and address the issue of unlicensed public insurance adjusters. The Board believes the contractor licensing law, codified in Hawaii Revised Statutes chapter 444, is not the appropriate statute to address unlicensed insurance adjusters.

Thank you for the opportunity to testify.

## TESTIMONY OF ALISON UEOKA

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COMMITTEE ON JUDICIARY  
Senator Karl Rhoads, Chair  
Senator Jarrett Keohokalole, Vice Chair

Tuesday, February 25, 2020  
12:30 p.m.

### **SB 2422, SD1**

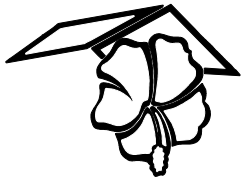
Chair Rhoads, Vice Chair Keohokalole, and members of the Committee on Judiciary, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council supports the intent of this bill. The bill puts in place consumer protection measures against unscrupulous roofing contractors, some of whom come into Hawaii after a wind event and misrepresent to homeowners, insurance benefits. In some cases, roofers obtain separate contracts from homeowners which can result in the homeowner having to pay for a roof out of pocket when the damage sustained could have been repaired.

We respectfully ask this committee to clarify language by amending Section 444-17 (23) as follows,

“(23) Performing as a public adjuster *without a license*, as defined in section 431:9-105.”

Thank you for the opportunity to testify.



# ROOFING CONTRACTORS ASSOCIATION OF HAWAII

Century Square 1188 Bishop St., Suite 1003, Honolulu, Hawaii 96813-3304  
Phone (808) 537-1224 Facsimile (808) 533-2739

February 25, 2020

Testimony To: Senate Committee on Judiciary  
Senator Karl Rhodes, Chair

Presented By: Tim Lyons, CAE  
Executive Director

Subject: S.B. 2422, SD 1 – Relating to Roofing Contractors.

Chair Rhodes and Members of the Committee:

I am Tim Lyons, Executive Director of the Roofing Contractors Association of Hawaii and we are opposed to this bill.

This bill addresses an old problem; one that affected consumers and tarnished the industry. As the bill points out, a few years ago a whole group of unsavory and unprofessional contractors known as “storm chasers” arrived in Hawaii after our last storm came through the islands. These individuals were very “polished”. They know how to deal with consumers and they particularly know how to deal with insurance companies and in most cases, they actually operate legally under the license law. They do that by finding some poor small unknowing licensed operator and tempt them into going along with their scheme with offers of lots of money. They outrightly act as public adjustors, they outrightly rip-off the insurance companies and in most cases, the consumers get a brand new roof with a lot of cash left over.



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Wailuku, Hi 96793

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Phone: 808-856-3041  
Fax: 888-428-2352

Date: February 10<sup>th</sup>, 2020

To: Hon. Rosalyn H. Baker  
Senate Committee on Commerce, Consumer Protection and Health (CPH)  
Hawaii State Capitol Rooms 229

Via email to: [cpctestimony@capitol.hawaii.gov](mailto:cpctestimony@capitol.hawaii.gov)

Re: **SB 2422 Testimony -SUPPORT- w/modifications**

Dear CPC Committee Members,

My name is Robert Hugh Joslin and I am the President of Hawaii Public Adjusters Corp (“HPA”). Our family-owned business is located at 437 Liholiho Street, in Wailuku, Hawai‘i. Our firm is the only resident public adjusting firm with continuous Hawaii operations servicing our island communities. I have been licensed as a Public Adjuster (“PA”) by the State of Hawaii since October of 2002 pursuant to HRS Sections 431:9-201, 431:9-222 and 431:9-226. For most of my adult life, I’ve been involved in insurance and commercial development work. I have been active in Hawaii on commercial development projects dating back to 1984. In 2011, I became the first and only Hawaii resident to be designated as a Certified Professional Public Adjuster (“CPPA”) from the Insurance Institute of America (“The Institute”). The Institute remains the sole certifier of distinguished insurance gradations such as the Chartered Property Casualty Underwriter (“CPCU”). I also hold a professional certification from the Wind Network as an Insurance Appraiser. I also hold the designation of Certified Insurance Appraiser from the national Insurance Appraiser and Umpire Association (“IAUA”).

As a Hawaii Public Adjuster, I submit to oversight from the State of Hawaii’s Insurance Department, the SOHID Commissioner and to his very dedicated staff. I am, by design, a public advocate for the Hawaii policyholder. I have a firm duty under HRS 431:9-226 to investigate for, report to and adjust on behalf of insureds (only) as one of this state’s very few resident PAs. Lisa

Joslin, my wife and Ryan Joslin, my son, are also Hawaii Public Adjusters. Our family, along with our other fellow PAs and employees, make up the only active full-time resident PA firm in this state. We are well-versed in nearly every facet concerning Hawaii property insurance claims. We exist solely for the use and benefit of your Hawaii policyholders.

I also hold the following Hawaii Construction License Trade Categories:

B – General Contractor

C04- Boiler, Hot Water and Steam Fitting. Includes Fuel and Hazardous Waste Products.

C05\*- (with a/b subcat) General Remodel, Cabinetry, Millwork, Doors, Windows and Siding.

C06\*- Framing License. Including Steel, Trusses and Sheathing associated w/ Structural.

C10\*- Scaffold Erection License.

C12\*- Drywall and Wall Board License.

C17- Excavating, Grading and Trenching License includes explosives in Earthen Work.

C20- Master Fire Protection License including work per the National Board of Fire Underwriters.

C24\*- Building Moving and Demolition License.

C25- Institution and Commercial Equipment License.

C31a\*- Cement and Concrete License.

C32a\*- Stone Masonry License.

C37- Master Plumbing License.

C40- Refrigeration License.

C42a\*- Metal Roofing License.

C42b\*- Shake and Wood Roofing License.

C43- Sewage, Drainage and Pipe Layers License.

C44- Sheet Metal License.

C52- Ventilation and Air Conditioning License.

\*denotes a sub-licensing category held as a Hawaii General Contractor

It is with the upmost respect that I offer up certain minor issue we have with SB 2422. It is my hope that the esteemed committee members will agree with my position.

1) As to SB 2422, throughout the bill the phrase “*Roofing Contractor*” is used.

**At Issue:**

1. Under our HRS 444 Contractor laws, all general contractor (“B” License) have the following as a part of his, or her, subcontractor’s license:

C42a – Metal Roofing License

C42b – Shake and Wood Roofing License

By deleting the word “Roofing” (from “Roofing Contractor”) the state would be correctly including all those that have the ability to perform roofing work, in Hawaii.

2. SB 2422 at page 7 line 14, the language defining a “Roofing Contractor” seems to conflict with our HRS 444 definitions that are already on the books. Note the following:

**HRS 444 Contractors.**

§444-7 Classification.

(a) For the purpose of classification, the contracting business includes any or all of the following branches:

...

(2) General building contracting;

(3) Specialty contracting.

...

A *general building contractor* is a contractor whose principal contracting business is in connection with any structure built, being built, or to be built, for the support, shelter, and enclosure of persons, animals, chattels, or movable property of any kind, requiring in its construction the use of more than two unrelated building trades or crafts, or to do or superintend the whole or any part thereof.

A *specialty contractor* is a contractor whose operations as such are the performance of construction work requiring special skill such as, but not limited to, electrical, drywall, painting and decorating, landscaping, flooring, carpet laying by any installation method, plumbing, or roofing work, and others whose principal contracting business involves the use of specialized building trades or crafts.

*(my emphasis added)*

Ambiguity is created when one compares this bill's definitions with that of those existing HRS 444 definitions.

- 2) SB 1422 at page 7, at line 20 attempts to separate residential roofing contractors from non-residential contractors.

. . .

"Roofing contractor" means a person, including, but not limited to, a person that is a nonresident roofing contractor, independent contractor, or subcontractor engaged in the business of roofing, gutter, downspout, or siding services for a fee or who offers to engage in or solicits roofing-related services, including construction, installation, renovation, repair, maintenance, alternation, or waterproofing. The term "roofing contractor" ***does not include*** a person engaged in the demolition of a structure or the cleanup of construction waste and debris that contains roofing material, ***nor a person providing roofing services to a residential building for more than four units, nor a person engaged in building a new home or housing development.***

. . .

*(my emphasis added)*

**At Issue:**

This portion of the bill allows a person or entity to be able to set up a roofing company and ignore this bill's intent to protect Hawaii policyholders by providing residential roofing services for more than four units. I do not believe it's wise to have this escape clause for contractors contained in SB 1422.

Other than these definition issues, I wholly support the legislation and acceptance of the balance of HB.

Respectfully,

*Robert Hugh Joslin*

Robert Hugh Joslin- CPPA  
National Secretary for the National Association of Public Insurance Adjusters ("NAPIA")

Direct Office Line: 808-856-3043



February 10, 2020

Chair Karl Rhoads Members of the Committee  
Committee on Judiciary  
Hawaii State Senate

RE: Senate Bill 2422 – Contractor Fraud

Dear Chair Rhoads and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,300 property and casualty insurance companies, including many who write business in Hawaii. Working hand-in-hand with our member companies and law enforcement, we investigate organized criminal conspiracies dealing with insurance fraud and vehicle crime.

Contractor fraud, particularly involving exterior repair, is widespread and problem, and Hawaii is not an exception. Often, in the aftermath of major storms or catastrophe, unscrupulous, aggressive contractors use the opportunity to prey upon already vulnerable consumers.

Senate bill 2422 seeks to provide important consumer protections, by:

1. Prohibiting full and partial deductible rebates. Some contractors will attempt to lure homeowners into agreeing to unnecessary or inflated claims by offering to rebate their deductible.
2. Providing for the right to cancel upon an adverse decision from an insurer. This important consumer protection helps ensure that homeowners that are misled by unscrupulous contractors into believing certain damage is covered or covered to a greater extent than it is, are not locked into a contract for extensive, expensive exterior repair work.

Subsequently, we ask for your support of SB 2422 which will help provide critical consumer protections and curtail aggressive, stormchasing contractors.

Thank you for your review and consideration; if you have any questions or need additional information, please contact me at [hhandler@nicb.org](mailto:hhandler@nicb.org) or 847-544-7083.

Sincerely,

A handwritten signature in blue ink that reads "Howard Handler".

Howard Handler  
Director, Government Affairs





**SanHi**

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 24, 2020

TO: Senator Karl Rhoads  
Chair, Committee on Judiciary  
*Submitted Via Capitol Website*

FROM: Matt Tsujimura

RE: **S.B. 2422, S.D. 1 - Relating to Roofing Contractors**  
**Hearing Date: Tuesday, February 25, 2020 at 12:30 p.m.**  
**Conference Room: 016**

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Dear Chair Rhoads, Vice Chair Keohokalole, and Members of the Committee on Judiciary:

I am Matt Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm). State Farm offers these comments about S.B. 2422, S.D. 1 Relating to Roofing Contractors, and more specifically, unscrupulous roofing contractor scam activities.

Although most roofing contractors are professionals that truly have the consumers interests in mind when they provide repair estimates, State Farm has found that after major storms there are some unscrupulous practitioners that descend upon neighborhoods after a significant weather event trying to “drum up” business and take advantage of consumers. This often involves the contractor telling the consumer that they can get them a “new roof at no cost to them,” and promising to “cover” the amount of the deductible when in reality that is built into the cost. The consumer is then pressured to immediately sign a binding contract for the full replacement cost.

When the insurance adjuster inspects the roof after the claim is filed and finds that there is little or no damage, the adjuster is forced to either deny the claim or approve it for the actual repair costs, which are far less than the contract price. This leaves consumers contractually obligated to pay for repairs that they don’t need and can’t afford. Often Hawaii’s more vulnerable citizens are the targets of these schemes. S.B. 2422, S.D. 1 is a simple solution that at least five other states have adopted, including Georgia, Minnesota, Missouri, New York, and North Dakota. It prohibits roofers from offering to pay a homeowners insurance deductible as an incentive to hire the contractor, and allows a consumer five business days to rescind a contract after an insurer has inspected the roof and determined that “all or any part of the claim or contract is not a covered loss under the homeowners insurance policy.” This is a pro-consumer protection bill that will help prevent Hawaii’s citizens from being scammed into entering into deceptive roofing repair contracts.

Thank you for considering this pro-consumer legislation and for the opportunity to present this testimony.

**LATE**

**SB-2422-SD-1**

Submitted on: 2/24/2020 2:41:32 PM

Testimony for JDC on 2/25/2020 12:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Phil Atoigue	Individual	Oppose	No

Comments:

I oppose this bill. As a person who intends to own a home one day, I have limited experience in building one. That said, it is better to have a trusted and reviewed contractor handle the building, extension, renovation that may be needed per my requests. In the same situation, it is my personal experience that insurance companies are not honest and in the best interests of themselves. They are also not construction or auto experts. That said, I would trust the contractor or auto expert to tell us what is necessary for repair or replacement instead of the insurance adjuster. This bill, should it pass, would limit the ability of contractors or experts helping homeowners with insurance claims they would otherwise be taken advantage of. Insurance companies take premiums monthly and yet still require me to pay a deductible as my portion of any claim. In addition, if I wasn't a public adjuster or lawyer or licensed contractor, the average homeowner is at a disadvantage when it comes to the claims process, or even what my coverage says or doesn't say. In my opinion and experience, the insurance companies take advantage of the homeowners and do not help as much as they can until forced or held accountable.

I would advise the legislator to take into consideration that the people being taken advantage of are homeowners by the insurance companies, not contractors. To protect them properly, you should be going after insurance companies who refuse to pay what their coverage says they should pay.

**LATE**

Aloha,

SB2422 Relating to Roofing and HB1809 Relating to Consumer Protection basically both do the same thing. These Bill's being introduced are portrayed to protect consumers, but it's doing the exact opposite. If a contractor wants to offer to assist any insured with their deductible, this helps most families who are living paycheck to paycheck in Hawaii. The reason why the insurance companies have an issue with anyone assisting with the deductible is that it opens the public to be informed on claims that are covered by their insurance policy and knocks down profitability. It keeps contractors away from assisting homeowner with any type of property claim which leaves consumers vulnerable from Insurance companies paying the least amount on a claim instead of what's fully owed to the policyholders who is paying monthly premiums. There are only about (5) Public Adjusters in the State of Hawaii. These (5) public adjusters will not be able to cover the entire State in the event of a major storm, fire, flood, or yearly wind event our island is faced with in the future.

They have also introduced a Bill (HB2320) that hinders Public Adjusters. This goes against consumer protection again. During the hearing on 1/30/2019, I attended this matter and a Public Adjuster testified that it takes 3 months or more going back and forth to settle a claim with the insurance company in good faith. If they are going to restrict the amount they are able to charge for their services the public adjuster would have to find another job and wouldn't be able to afford to operate. This puts other Public Adjusters from being able to stay in business leaving Hawaii people with nearly no Public Adjusters left in our State. During the hearing, the board had asked the Insurance Commissioner if the Insurance companies are behind this Bill for an Act and the Insurance Commissioner didn't respond.

I attended the hearing recently on 2/11/2020 for SB 2422 and HB 1809 dealing with Roofing Contractors and Consumer Protection which State Farm testified in both pushing and influencing the Bill for an Act. In 2014 I met a veteran State Farm insurance adjuster. He shared with me that all Insurance companies have been large profits in Hawaii for over 20+ years because of the public being unaware of what is covered by their property insurance coverage, which all property owners pay every month.

Introducing a Bill that hinders Contractor and Public Adjusters won't allow licensed professionals to help the consumers with property claims or any type of claim made. Insurance companies will be collecting monthly premium payments from the people of Hawaii with no one to help in the event of a catastrophe, fire, flood, etc.

Mahalo,

Kevin Medeiros