

STAND. COM. REP. NO.

1408

Honolulu, Hawaii

MAR 25 , 2021

RE: S.B. No. 601  
S.D. 1  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which  
was referred S.B. No. 601, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to protect consumers from  
unscrupulous roofing contractors by:

- (1) Prohibiting roofing contractors from advertising or promising to pay or rebate a property or casualty insurance deductible to induce an insured homeowner to purchase goods or services;
- (2) Establishing an insured's right to rescind a contract with a roofing contractor to provide goods or services to be paid from the proceeds of an insurance policy claim and requiring the roofing contractor to return funds to the insured after the rescission, in certain circumstances;
- (3) Requiring roofing contractors to provide certain forms to an insured, prior to entering into a contract;

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- (4) Prohibiting roofing contractors from representing or negotiating, or offering or advertising such, on behalf of an insured in any insurance claim; and
- (5) Specifying that violations are deemed unfair methods of competition and unfair or deceptive acts or practices and subject to the laws that govern such acts.

Your Committee received testimony in support of this measure from the National Insurance Crime Bureau. Your Committee received testimony in opposition to this measure from the Contractors License Board and Roofing Contractors Association of Hawaii. Your Committee received comments on this measure from the State Farm Mutual Automobile Insurance Company.

Your Committee finds that, after significant weather events, contractors may take advantage of homeowners by convincing homeowners to replace their entire roof even in scenarios where a homeowner's roof has sustained minimal or no damage. Your Committee further finds that unscrupulous individuals in these situations may represent themselves to homeowners as insurance claims experts who can obtain insurance proceeds to fix a house, even when these individuals are not licensed independent adjusters. This measure seeks to prohibit or remedy these types of actions.

Your Committee notes that the rescission period of five business days, as proposed in this measure, conflicts with existing law governing door-to-door sales, which provides a rescission period of three business days.

Your Committee has amended this measure by:

- (1) Changing the time window in which an insured may rescind a contract with a roofing contractor from five business days to an unspecified number of business days;
- (2) Requiring that evidence of denial or partial denial of the claim by the insurer must be provided by the insured with the notice of rescission to the roofing contractor;
- (3) Specifying that, if the notice of rescission is mailed, then it is effective upon dispatch when mailed by registered or certified mail;



- (4) Amending the definition of "roofing contractor" to specify that a roofing contractor is a person whose scope of practice is within the C-42 specialty contractor classification specified under the laws regulating contractors;
- (5) Changing the effective date to January 1, 2050, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of 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 S.B. No. 601, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 601, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

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



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AARON LING JOHANSON, Chair



