

STAND. COM. REP. NO.

685

Honolulu, Hawaii

MAR 04 2021

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Judiciary, 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 and intent of this measure is to:

- (1) Prohibit roofing contractors from offering to pay, in any monetary form, an insured's insurance deductible as an incentive 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 policy; and
- (3) 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 a public adjuster license.

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 State Farm Mutual Automobile Insurance Company.

Your Committee finds that after major storms, occasionally unscrupulous roofing contractors descend upon those affected by the storm trying to drum up business and take advantage of consumers. This often involves the contractor making promises to the consumer that they can get a new roof "at no cost to them" and promising to "cover" the consumer's insurance deductible costs when in reality the contractor is just including that cost in the total price. The consumer is then pressured into signing a binding contract for the full replacement cost of the roof. After the consumer files an insurance claim, the insurance adjuster often finds that there is little to no damage and either denies the claim altogether, or else approves the claim for only the actual repair costs, which are far less than the contract price for an entirely new roof. This leaves consumers contractually obligated to pay the full cost for a new roof that they don't need and often cannot afford. This measure is similar to legislation that has been adopted in twenty-two other states and protects consumers from being taken advantage of by unscrupulous roofing contractors.

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. 601, S.D. 1, and recommends that it pass Third Reading.

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

Karl Rhoads

KARL RHOADS, Chair



