

Honolulu, Hawaii

MAR 03 2022

RE: S.B. No. 2277
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2277, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTOR PRACTICES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Prohibit contractors from offering to pay or rebate, or promising to pay or rebate, an insured's property or casualty insurance deductible;
- (2) Prohibit contractors from representing or negotiating, or offering or advertising to do so, on behalf of an insured in an insurance claim;
- (3) Specify violations are unfair methods of competition and unfair or deceptive acts or practices;
- (4) Allow insureds to rescind contracts with the contractors within five business days after the date the contract is executed; and
- (5) Require contractors to provide certain forms to an insured, prior to entering into a contract.



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

Your Committee finds that, after significant weather events, contractors may take advantage of consumers by convincing homeowners to replace their entire roof even in scenarios where the homeowner's roof has sustained minimal or no damage. Your Committee further finds that unscrupulous individuals in these situations may represent themselves to consumers as insurance claims experts who can obtain insurance proceeds to fix a house, even when these individuals are not licensed independent adjusters. If an insured is convinced into signing a contract with the contractor, they could be liable for repairs that are unnecessary or uninsured. This measure seeks to prohibit or remedy these types of actions and prevent consumers from being scammed into entering into deceptive repair contracts.

Your Committee has amended this measure by inserting an effective date of July 30, 2075, to encourage further discussion.

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. 2277, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2277, S.D. 2.

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



KARL RHOADS, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:* SB 2277, SDI	Committee Referral: CPN, JDC	Date: 02-15-22		
<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)	✓			
ACASIO, Laura	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado	✓			
LEE, Chris	✓			
FEVELLA, Kurt	✓			
TOTAL	7	-	-	-
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Karl Rhoads</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes