

1 HB405
2 137374-4
3 By Representative Ball
4 RFD: Insurance
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ENROLLED, An Act,

Relating to property and casualty insurance, to allow cancellation of a residential roofing contract; to provide the form of cancellation; and to provide exceptions.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. As used in this act, the following terms shall have the following meanings:

(1) RESIDENTIAL REAL ESTATE. A new or existing building constructed for habitation by one to four families, including detached garages.

(2) RESIDENTIAL ROOFING CONTRACTOR. A person or entity in the business of contracting or offering to contract with an owner or possessor of residential real estate to repair or replace roof systems.

(3) ROOF SYSTEM. A roof covering, roof sheathing, roof weatherproofing, roof framing, roof ventilation system, and insulation.

Section 2. (a) A person who has entered into a written contract with a residential roofing contractor to provide goods or services to be paid from the proceeds of a property and casualty insurance policy may cancel the contract prior to midnight on the ~~fifth~~ tenth business day after the contract has been entered into if the insured has received written notice from the insurer that all or any part of the

1 claim or contract is not a covered loss under the insurance
2 policy. Cancellation shall be evidenced by the insured giving
3 written notice of cancellation to the residential roofing
4 contractor at the address stated in the contract. Notice of
5 cancellation, if given by mail, shall be effective upon
6 deposit into the United States mail, postage prepaid and
7 properly addressed to the residential roofing contractor.
8 Notice of cancellation need not take a particular form and
9 shall be sufficient if it indicates, by any form of written
10 expression, the intention of the insured not to be bound by
11 the contract.

12 (b) Before entering a contract as provided in
13 subsection (a), the residential roofing contractor shall do
14 all of the following:

15 (1) Furnish the insured a statement in boldface type
16 of a minimum size of 10 points, in substantially the following
17 form:

18 "You may cancel this contract at any time before
19 midnight on the ~~fifth~~ tenth business day after you have
20 entered into this contract if you have received written
21 notification from your insurer that all or any part of the
22 claim or contract is not a covered loss under the insurance
23 policy. This right to cancel is in addition to any other
24 rights of cancellation which may be found in state or federal

1 law or regulation. See attached notice of cancellation form
2 for an explanation of this right."

3 (2) Furnish each insured a fully completed form in
4 duplicate, captioned "NOTICE OF CANCELLATION," which shall be
5 attached to the contract but easily detachable, and which
6 shall contain in boldface type of a minimum size of 10 points
7 the following statement:

8 "NOTICE OF CANCELLATION"

9 "If you are notified by your insurer that all or any
10 part of the claim or contract is not a covered loss under the
11 insurance policy, you may cancel the contract by mailing or
12 delivering a signed and dated copy of this cancellation notice
13 or any other written notice to [name of contractor] at
14 [address of contractor's place of business], at any time prior
15 to midnight on the ~~fifth~~ tenth business day after you have
16 entered into this contract if you have received such notice
17 from your insurer.

18 "I HEREBY CANCEL THIS TRANSACTION

19 _____

20 "Date

21
22 " _____

23 Insured's Signature"

24 (c) In circumstances in which payment may be made
25 from the proceeds of a property and casualty insurance policy,

1 a residential roofing contractor shall not require any
2 payments from an insured until the ~~five~~ ten-day cancellation
3 period has expired. If, however, the residential roofing
4 contractor has performed any emergency services, acknowledged
5 by the insured in writing to be necessary to prevent damage to
6 the premises, the residential roofing contractor shall be
7 entitled to collect the amount due for the emergency services
8 at the time they are rendered. Any provision in a contract as
9 provided in subsection (a) that requires the payment of any
10 fee for anything except emergency services shall not be
11 enforceable against any insured who has cancelled a contract
12 pursuant to this section. A residential roofing contractor
13 shall not represent or negotiate, or offer or advertise to
14 represent or negotiate, on behalf of an owner or possessor of
15 residential real estate on any insurance claim in connection
16 with the repair or replacement of roof systems.

17 Section 3. This act shall become effective on the
18 first day of the third month following its passage and
19 approval by the Governor, or its otherwise becoming law.

