

1 SB62
2 197322-1
3 By Senator Smitherman
4 RFD: Banking and Insurance
5 First Read: 05-MAR-19

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8 SYNOPSIS: Under existing law, a person who has entered
9 into a written contract with a residential roofing
10 contractor to provide goods or services to be paid
11 from the proceeds of a property and casualty
12 insurance policy is allowed to cancel the contract
13 within 10 business days after the contract has been
14 entered into if the insured has received written
15 notice from the insurer that all or part of the
16 claim is not a covered loss under the insurance
17 policy.

18 This bill would allow a person to cancel a
19 roofing contract within five days of receiving
20 written notice from the insurer that all or any
21 part of the claim or contract is not a covered loss
22 under the insurance policy or that the covered
23 claim will not be sufficient to cover the amount of
24 the contract.

25
26 A BILL
27 TO BE ENTITLED

1 AN ACT

2
3 Relating to insurance; to amend Section 8-36-2, Code
4 of Alabama 1975, to allow a person to cancel a roofing
5 contract within five days of receiving written notice from the
6 insurer that all or part of the claim or contract is not a
7 covered loss under the insurance policy or that the covered
8 claim will not be sufficient to cover the amount of the
9 contract.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. Section 8-36-2, Code of Alabama 1975, is
12 amended to read as follows:

13 "§8-36-2.

14 "(a) A person who has entered into a written
15 contract with a residential roofing contractor to provide
16 goods or services to be paid from the proceeds of a property
17 and casualty insurance policy may cancel the contract prior to
18 midnight on the ~~tenth~~ fifth business day ~~after the contract~~
19 ~~has been entered into~~ if the insured ~~has received~~ receives
20 written notice from the insurer that all or any part of the
21 claim or contract is not a covered loss under the insurance
22 policy or that the covered claim will not be sufficient to
23 cover the amount of the contract. Cancellation shall be
24 evidenced by the insured giving written notice of cancellation
25 to the residential roofing contractor at the address stated in
26 the contract. Notice of cancellation, if given by mail, shall
27 be effective upon deposit into the United States mail, postage

1 prepaid and properly addressed to the residential roofing
2 contractor; and, if given by electronic mail, shall be
3 effective if sent to the electronic mail address stated in the
4 contract. Notice of cancellation need not take a particular
5 form and shall be sufficient if it indicates, by any form of
6 written expression, the intention of the insured not to be
7 bound by the contract.

8 "(b) Before entering a contract as provided in
9 subsection (a), the residential roofing contractor shall do
10 all of the following:

11 "(1) Furnish the insured a statement in boldface
12 type of a minimum size of 10 points, in substantially the
13 following form:

14 ""You may cancel this contract at any time before
15 midnight on the ~~tenth~~ fifth business day after you have
16 ~~entered into this contract if you have~~ received written
17 notification from your insurer that all or any part of the
18 claim or contract is not a covered loss under the insurance
19 policy or that the covered claim will not be sufficient to
20 cover the amount of the contract. This right to cancel is in
21 addition to any other rights of cancellation which may be
22 found in state or federal law or regulation. See attached
23 notice of cancellation form for an explanation of this right."

24 "(2) Furnish each insured a fully completed form in
25 duplicate, captioned "NOTICE OF CANCELLATION," which shall be
26 attached to the contract but easily detachable, and which

1 shall contain in boldface type of a minimum size of 10 points
2 the following statement:

3 ""NOTICE OF CANCELLATION"

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

15 ""I HEREBY CANCEL THIS TRANSACTION

16 _____
17 ""Date

18 _____
19 ""Insured's Signature"

20
21 "(c) In circumstances in which payment may be made
22 from the proceeds of a property and casualty insurance policy,
23 a residential roofing contractor shall not require any
24 payments from an insured until the ~~ten-day~~ five-day
25 cancellation period has expired. If, however, the residential
26 roofing contractor has performed any emergency services,
27 acknowledged by the insured in writing to be necessary to

1 prevent damage to the premises, the residential roofing
2 contractor shall be entitled to collect the amount due for the
3 emergency services at the time they are rendered. Any
4 provision in a contract as provided in subsection (a) that
5 requires the payment of any fee for anything except emergency
6 services shall not be enforceable against any insured who has
7 cancelled a contract pursuant to this section. A residential
8 roofing contractor shall not represent or negotiate, or offer
9 or advertise to represent or negotiate, on behalf of an owner
10 or possessor of residential real estate on any insurance claim
11 in connection with the repair or replacement of roof systems."

12 Section 2. This act shall become effective on the
13 first day of the third month following its passage and
14 approval by the Governor, or its otherwise becoming law.