

1 SB420  
2 137374-1  
3 By Senators Scofield and Bussman  
4 RFD: Banking and Insurance  
5 First Read: 15-MAR-12

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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 may not cancel the contract.

13 This bill would allow cancellation of the  
14 contract prior to midnight of the fifth business  
15 day, would provide for the form of cancellation,  
16 and would provide for exceptions.

17  
18 A BILL  
19 TO BE ENTITLED  
20 AN ACT

21  
22 Relating to property and casualty insurance, to  
23 allow cancellation of a residential roofing contract; to  
24 provide the form of cancellation; and to provide exceptions.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

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

11           Section 2. (a) A person who has entered into a  
12 written contract with a residential roofing contractor to  
13 provide goods or services to be paid from the proceeds of a  
14 property and casualty insurance policy may cancel the contract  
15 prior to midnight on the fifth business day after the insured  
16 has received written notice from the insurer that all or any  
17 part of the claim or contract is not a covered loss under the  
18 insurance policy. Cancellation shall be evidenced by the  
19 insured giving written notice of cancellation to the  
20 residential roofing contractor at the address stated in the  
21 contract. Notice of cancellation, if given by mail, shall be  
22 effective upon deposit into the United States mail, postage  
23 prepaid and properly addressed to the residential roofing  
24 contractor. Notice of cancellation need not take a particular  
25 form and shall be sufficient if it indicates, by any form of  
26 written expression, the intention of the insured not to be  
27 bound by the contract.

1 (b) Before entering a contract as provided in  
2 subsection (a), the residential roofing contractor shall do  
3 all of the following:

4 (1) Furnish the insured a statement in boldface type  
5 of a minimum size of 10 points, in substantially the following  
6 form:

7 "You may cancel this contract at any time before  
8 midnight on the fifth business day after you have received  
9 written notification from your insurer that all or any part of  
10 the claim or contract is not a covered loss under the  
11 insurance policy. This right to cancel is in addition to any  
12 other rights of cancellation which may be found in state or  
13 federal law or regulation. See attached notice of cancellation  
14 form for an explanation of this right."

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

20 "NOTICE OF CANCELLATION"

21 "If you are notified by your insurer that all or any  
22 part of the claim or contract is not a covered loss under the  
23 insurance policy, you may cancel the contract by mailing or  
24 delivering a signed and dated copy of this cancellation notice  
25 or any other written notice to [name of contractor] at  
26 [address of contractor's place of business], at any time prior

1 to midnight on the fifth business day after you have received  
2 such notice from your insurer.

3 "I HEREBY CANCEL THIS TRANSACTION

4 \_\_\_\_\_  
5 "Date

6  
7 " \_\_\_\_\_  
8 Insured's Signature"

9 (c) In circumstances in which payment may be made  
10 from the proceeds of a property and casualty insurance policy,  
11 a residential roofing contractor shall not require any  
12 payments from an insured until the five-day cancellation  
13 period has expired. If, however, the residential roofing  
14 contractor has performed any emergency services, acknowledged  
15 by the insured in writing to be necessary to prevent damage to  
16 the premises, the residential roofing contractor shall be  
17 entitled to collect the amount due for the emergency services  
18 at the time they are rendered. Any provision in a contract as  
19 provided in subsection (a) that requires the payment of any  
20 fee for anything except emergency services shall not be  
21 enforceable against any insured who has cancelled a contract  
22 pursuant to this section. A residential roofing contractor  
23 shall not represent or negotiate, or offer or advertise to  
24 represent or negotiate, on behalf of an owner or possessor of  
25 residential real estate on any insurance claim in connection  
26 with the repair or replacement of roof systems.

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