

STAND. COM. REP. NO. 106

Honolulu, Hawaii

FEB 10 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 Commerce and Consumer Protection, to which was referred S.B. No. 601 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 encourage the insured 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 insurance 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, National Association of Mutual Insurance Companies, and State Farm Mutual Automobile



Insurance Company. Your Committee received testimony in opposition to this measure from the Roofing Contractors Association of Hawaii. Your Committee received comments on this measure from the Contractors Licensing Board.

Your Committee finds that contractor fraud, particularly involving roofing and roofing-related practices, is a widespread problem, and Hawaii is no exception. Often, in the aftermath of major storms or catastrophes, unscrupulous and aggressive contractors use the opportunity to prey on already vulnerable consumers who may be pressured into signing a binding contract for work that is later determined unnecessary by an insurance adjuster. Insurance claims can then be denied, leaving consumers contractually obligated to pay for repairs they did not need and cannot afford. This measure models legislation that has been adopted in over twenty other states to help prevent Hawaii citizens from being scammed into entering into deceptive roofing repair contracts.

Your Committee notes the concerns raised in testimony in objection to this measure that this measure allows insureds to rescind contracts with roofing contractors within five business days, but that a three-day rescission period is already required for door-to-door sales. Your Committee finds that this apparent discrepancy merits further consideration and requests that your Committee on Judiciary further examine this issue and the concerns raised by the testifiers on this measure.

Your Committee has amended this measure by:

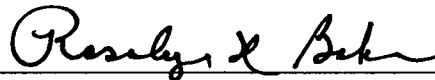
- (1) Amending the definition of "roofing contractor" to clarify a roofing contractor means a person, independent contractor, or subcontractor whose scope of practice includes roofing and roofing-related services;
- (2) Deleting language that would have allowed the Contractors License Board to revoke, suspend, or refuse to renew a contractor's license if the contractor performs as a public adjuster without a public adjuster license;
- (3) Updating section 1 to reflect its amended purpose; and



- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 601, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 601, S.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



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ROSALYN H. BAKER, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 601	CPN, JDC	2-4-2021

The Committee is reconsidering its previous decision on this measure.  
If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312     Pass, with amendments 2311     Hold 2310     Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
CHANG, Stanley (VC)	/			
MISALUCHA, Bennette E.	/			
NISHIHARA, Clarence K.	/			
RIVIERE, Gil	/			
SAN BUENAVENTURA, Joy A.	/			
FEVELLA, Kurt	/			
<b>TOTAL</b>	7	-	-	-

Recommendation:  Adopted     Not Adopted

Chair's or Designee's Signature:  
*Clarence K. Nishihara*

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\*Only one measure per Record of Votes