

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2020 State of Hawaii

Sir:

Your Committee on Intrastate Commerce, to which was referred H.B. No. 1809 entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION,"

begs leave to report as follows:

The purpose of this measure is to:

- Prohibit residential contractors from offering to pay, in any monetary form, a homeowners insurance deductible as an incentive to encourage a homeowner to hire the contractor; and
- (2) Allow an insured to rescind a contract to repair or replace roof systems or other exterior work within five business days of receiving notice from a homeowners insurer that all or part of the claim or contract is not a covered loss under a homeowners insurance policy.

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



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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. This measure seeks to prohibit or remedy these types of actions.

Your Committee notes the concerns raised that the new definition of "residential contractor" is overly broad and covers multiple types of contractors, not just roofing contractors. However, your Committee believes this measure will further protect consumers from unscrupulous contractors.

Your Committee has amended this measure by:

- Placing the new language proposed by this measure in chapter 444, Hawaii Revised Statutes, relating to contractors, rather than chapter 481B, Hawaii Revised Statutes;
- (2) Requiring the inclusion of a copy of the notice by the homeowners insurer denying coverage of the claim or contract with the notice of rescission;
- (3) Authorizing the Contractors License Board to revoke, suspend, or refuse to renew the license of any contractor who knowingly or intentionally acts as a public adjuster;
- (4) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Intrastate Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1809, as amended herein, and recommends that it pass Second



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Reading in the form attached hereto as H.B. No. 1809, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on behalf of the members of the Committee on Intrastate Commerce,

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TAKASHI OHNO, Chair



State of Hawaii House of Representatives The THIRTIETH Legislature



Record of Votes of the Committee on Intrastate Commerce

Bill/Resolution No.: HBI809	Committee Referral: IAC, CPC D2/11/202-0				
□ The committee is reconsidering its previous decision on the measure.					
The recommendation is to: □ Pass, unamended (as is) ⊡ Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)					
IAC Memb	Ders	Ayes	Ayes (WR)	Nays	Excused
1. OHNO, Takashi (C)					
2. KOBAYASHI, Dale T.	(VC)				
	n an				
3. GATES, Cedric Asuega	£				
A KONC Sam Satar	<u>, , , , , , , , , , , , , , , , , , , </u>	/			
4. KONG, Sam Satoru					
5. NISHIMOTO, Scott Y.	n 2017 - Anna Anna Anna Anna Anna Anna Anna An				gal sangata
6. TAKAYAMA, Gregg					n tanın anı ara ara da saya da
7. McDERMOTT, Bob					
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TOTAL /	7)	7			
TOTAL (7	/				
The recommendation is:	Adopted If joint referral,	Not Adopted did not support recommendation. committee acronym(s)			
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					