

House Research Act Summary

CHAPTER: 63 (S.F. 249/H.F. 1420)

SESSION: 2011 Regular Session

TOPIC: Homeowner insurance claims for roofing and siding work

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Overview

This act strengthens, expands, and clarifies an existing law that prohibits residential roofing contractors from proposing to pay the insurance deductible (or some other payment or concession) to the homeowner, in exchange for being hired to do the work. This is considered to be fraud against the insurance company, since the "kickback" to the homeowner is being paid for out of an inflated bid that exceeds the cost of the work. Among other changes, the act adds residential siding contractors to the existing law. The act also adds siding contractors to an existing law that applies to roofers, relating to the property owner's right to cancel a contract if the property insurance company denies the insurance claim.

Section

1 Insurance claims for residential contracting goods and services.

Subd. 1. Payment or rebate of insurance deductible. Adds residential siding contractors to the current law that covers only residential roofers. Broadens the existing language to include inducements other than paying the insurance deductible, which would otherwise be borne by the homeowner.

Subd. 2. Private remedy. Broadens the right of the insured or insurance company to sue for a violation of this section to include suits against siding contractors.

Subd. 3. Public enforcement. Requires the commissioner of labor and industry to enforce this section under the commissioner's existing enforcement authority over building contractors.

- 2 **Required.** Adds siding contractors to an existing law permitting a property owner to cancel a contract with a residential roofer if the property owner's insurance company has denied an insurance claim for the work. Applies the same procedure for cancellation, which must be completed within 72 hours after the property owner received notice of the denial of the claim.