

FIRST REGULAR SESSION

[P E R F E C T E D]

# SENATE BILL NO. 101

96TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR PARSON.

Read 1st time January 12, 2011, and ordered printed.

Read 2nd time January 20, 2011, and referred to the Committee on Commerce, Consumer Protection, Energy and the Environment.

Reported from the Committee February 24, 2011, with recommendation that the bill do pass with Senate Committee Amendment No. 1.

Taken up for Perfection March 1, 2011. Bill declared Perfected and Ordered Printed, as amended.

TERRY L. SPIELER, Secretary.

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## AN ACT

To amend chapter 407, RSMo, by adding thereto one new section relating to home exterior contractors, with penalty provisions.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Chapter 407, RSMo, is amended by adding thereto one new  
2 section, to be known as section 407.725, to read as follows:

**407.725. 1. As used in this section, the following terms mean:**

2 **(1) "Residential contractor", a person or entity in the business of**  
3 **contracting or offering to contract with an owner or possessor of**  
4 **residential real estate to repair or replace roof systems or perform any**  
5 **other exterior repair, replacement, construction, or reconstruction**  
6 **work on residential real estate;**

7 **(2) "Residential real estate", a new or existing building**  
8 **constructed for habitation by one to four families, including detached**  
9 **garages;**

10 **(3) "Roof system", includes roof coverings, roof sheathing, roof**  
11 **weatherproofing, and insulation.**

12 **2. A residential contractor shall not advertise or promise to pay**  
13 **or rebate all or any portion of any insurance deductible as an**  
14 **inducement to the sale of goods or services. As used in this section, a**  
15 **promise to pay or rebate includes granting any allowance or offering**  
16 **any discount against the fees to be charged or paying the insured or**  
17 **any person directly or indirectly associated with the property any form**

18 of compensation, gift, prize, bonus, coupon, credit, referral fee, or other  
19 item of monetary value for any reason.

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

34 4. Before entering a contract referred to in subsection 3 of this  
35 section, the residential contractor shall:

36 (1) Furnish the insured party a statement in boldface type of a  
37 minimum size of ten points, in substantially the following form:

38 "You may cancel this contract at any time before midnight  
39 on the fifth business day after you have received written  
40 notification from your insurer that all or any part of the  
41 claim or contract is not a covered loss under the insurance  
42 policy. See attached notice of cancellation form for an  
43 explanation of this right."; and

44 (2) Furnish each insured a fully completed form in duplicate,  
45 captioned "NOTICE OF CANCELLATION", which shall be attached to the  
46 contract but easily detachable, and which shall contain, in boldface  
47 type of a minimum size of ten points, the following statement:

48 "NOTICE OF CANCELLATION  
49 If you are notified by your insurer that all or any part of the claim or  
50 contract is not a covered loss under the insurance policy, you may  
51 cancel the contract by mailing or delivering a signed and dated copy of  
52 this cancellation notice or any other written notice to (name of  
53 contractor) at (address of contractor's place of business) at any time  
54 prior to midnight on the fifth business day after you have received such

55 notice from your insurer. If you cancel, any payments made by you  
56 under the contract, except for certain emergency work already  
57 performed by the contractor, will be returned to you within ten  
58 business days following receipt by the contractor of your cancellation  
59 notice.

60 I HEREBY CANCEL THIS TRANSACTION

61 \_\_\_\_\_

62 (date)

63 \_\_\_\_\_

64 (insured's signature)".

65 5. Within ten days after a contract referred to in subsection 3 of  
66 this section has been cancelled, the contractor shall tender to the  
67 owner or possessor of residential real estate any payments, partial  
68 payments, or deposits made and any note or other evidence of  
69 indebtedness. If, however, the contractor has performed any  
70 emergency services, acknowledged by the insured in writing to be  
71 necessary to prevent damage to the premises, the contractor shall be  
72 entitled to the reasonable value of such services. Any provision in a  
73 contract referred to in subsection 3 of this section that requires the  
74 payment of any fee for anything except emergency services shall not be  
75 enforceable against the owner or possessor of residential real estate  
76 who has cancelled a contract pursuant to this section.

77 6. A residential contractor shall not represent or negotiate, or  
78 offer or advertise to represent or negotiate, on behalf of an owner or  
79 possessor of residential real estate on any insurance claim in  
80 connection with the repair or replacement of roof systems, or the  
81 performance of any other exterior repair, replacement, construction,  
82 or reconstruction work.

83 7. Any violation of this section by a residential contractor shall  
84 be considered an unfair practice pursuant to the Missouri  
85 merchandising practices act as codified in this chapter.

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