

FIRST REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]

# SENATE BILL NO. 101

96TH GENERAL ASSEMBLY

2011

0733S.01T

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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 section, to be known as section 407.725, to read as follows:

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

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

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

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

2. A residential contractor shall not advertise or promise to pay or rebate all or any portion of any insurance deductible as an inducement to the sale of goods or services. As used in this section, a promise to pay or rebate includes granting any allowance or offering any discount against the fees to be charged or paying the insured or any person directly or indirectly associated with the property any form of compensation, gift, prize, bonus, coupon, credit, referral fee, or other item of monetary value for any reason.

3. A person who has entered into a written contract with a 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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