

1 HB127  
2 197322-1  
3 By Representatives Faulkner and Garrett  
4 RFD: Commerce and Small Business  
5 First Read: 05-MAR-19

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8 SYNOPSIS: Under existing law, a person who has entered  
9 into a written contract with a residential roofing  
10 contractor to provide goods or services to be paid  
11 from the proceeds of a property and casualty  
12 insurance policy is allowed to cancel the contract  
13 within 10 business days after the contract has been  
14 entered into if the insured has received written  
15 notice from the insurer that all or part of the  
16 claim is not a covered loss under the insurance  
17 policy.

18 This bill would allow a person to cancel a  
19 roofing contract within five days of receiving  
20 written notice from the insurer that all or any  
21 part of the claim or contract is not a covered loss  
22 under the insurance policy or that the covered  
23 claim will not be sufficient to cover the amount of  
24 the contract.

25  
26 A BILL  
27 TO BE ENTITLED

1 AN ACT

2  
3 Relating to insurance; to amend Section 8-36-2, Code  
4 of Alabama 1975, to allow a person to cancel a roofing  
5 contract within five days of receiving written notice from the  
6 insurer that all or part of the claim or contract is not a  
7 covered loss under the insurance policy or that the covered  
8 claim will not be sufficient to cover the amount of the  
9 contract.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. Section 8-36-2, Code of Alabama 1975, is  
12 amended to read as follows:

13 "§8-36-2.

14 "(a) A person who has entered into a written  
15 contract with a residential roofing contractor to provide  
16 goods or services to be paid from the proceeds of a property  
17 and casualty insurance policy may cancel the contract prior to  
18 midnight on the ~~tenth~~ fifth business day ~~after the contract~~  
19 ~~has been entered into~~ if the insured ~~has received~~ receives  
20 written notice from the insurer that all or any part of the  
21 claim or contract is not a covered loss under the insurance  
22 policy or that the covered claim will not be sufficient to  
23 cover the amount of the contract. Cancellation shall be  
24 evidenced by the insured giving written notice of cancellation  
25 to the residential roofing contractor at the address stated in  
26 the contract. Notice of cancellation, if given by mail, shall  
27 be effective upon deposit into the United States mail, postage

1 prepaid and properly addressed to the residential roofing  
2 contractor; and, if given by electronic mail, shall be  
3 effective if sent to the electronic mail address stated in the  
4 contract. Notice of cancellation need not take a particular  
5 form and shall be sufficient if it indicates, by any form of  
6 written expression, the intention of the insured not to be  
7 bound by the contract.

8 "(b) Before entering a contract as provided in  
9 subsection (a), the residential roofing contractor shall do  
10 all of the following:

11 "(1) Furnish the insured a statement in boldface  
12 type of a minimum size of 10 points, in substantially the  
13 following form:

14 ""You may cancel this contract at any time before  
15 midnight on the ~~tenth~~ fifth business day after you have  
16 ~~entered into this contract if you have~~ received written  
17 notification from your insurer that all or any part of the  
18 claim or contract is not a covered loss under the insurance  
19 policy or that the covered claim will not be sufficient to  
20 cover the amount of the contract. This right to cancel is in  
21 addition to any other rights of cancellation which may be  
22 found in state or federal law or regulation. See attached  
23 notice of cancellation form for an explanation of this right."

24 "(2) Furnish each insured a fully completed form in  
25 duplicate, captioned "NOTICE OF CANCELLATION," which shall be  
26 attached to the contract but easily detachable, and which

1 shall contain in boldface type of a minimum size of 10 points  
2 the following statement:

3 ""NOTICE OF CANCELLATION"

4 ""If you are notified by your insurer that all or  
5 any part of the claim or contract is not a covered loss under  
6 the insurance policy, or that the covered claim will not be  
7 sufficient to cover the amount of the contract, you may cancel  
8 the contract by mailing, electronic mailing, or delivering a  
9 signed and dated copy of this cancellation notice or any other  
10 written notice to [name of contractor] at [address of  
11 contractor's place of business], at any time prior to midnight  
12 on the ~~tenth~~ fifth business day after you have ~~entered into~~  
13 ~~this contract if you have~~ received such notice from your  
14 insurer.

15 ""I HEREBY CANCEL THIS TRANSACTION

16 \_\_\_\_\_  
17 ""Date

18 \_\_\_\_\_  
19 ""Insured's Signature"

20  
21 "(c) In circumstances in which payment may be made  
22 from the proceeds of a property and casualty insurance policy,  
23 a residential roofing contractor shall not require any  
24 payments from an insured until the ~~ten-day~~ five-day  
25 cancellation period has expired. If, however, the residential  
26 roofing contractor has performed any emergency services,  
27 acknowledged by the insured in writing to be necessary to

1 prevent damage to the premises, the residential roofing  
2 contractor shall be entitled to collect the amount due for the  
3 emergency services at the time they are rendered. Any  
4 provision in a contract as provided in subsection (a) that  
5 requires the payment of any fee for anything except emergency  
6 services shall not be enforceable against any insured who has  
7 cancelled a contract pursuant to this section. A residential  
8 roofing contractor shall not represent or negotiate, or offer  
9 or advertise to represent or negotiate, on behalf of an owner  
10 or possessor of residential real estate on any insurance claim  
11 in connection with the repair or replacement of roof systems."

12 Section 2. This act shall become effective on the  
13 first day of the third month following its passage and  
14 approval by the Governor, or its otherwise becoming law.