

HOUSE BILL NO. 460

INTRODUCED BY R. HAGAN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REGULATING RESIDENTIAL ROOFING REPAIR CONTRACTS TO  
5 PROVIDE PROTECTION FOR PROPERTY OR CASUALTY POLICYHOLDERS FOR RESIDENTIAL REAL  
6 ESTATE; PROHIBITING USE OF CERTAIN REBATE INCENTIVES; REQUIRING A WRITTEN CONTRACT FOR  
7 CONSUMER PROTECTION ACT COVERAGE; REQUIRING A NOTICE OF CANCELLATION IN CONTRACTS;  
8 PROVIDING FOR THE RETURN OF PAYMENTS AND DEPOSITS EXCEPT IN LIMITED CASES; PROHIBITING  
9 A RESIDENTIAL ROOFING REPAIR CONTRACTOR FROM NEGOTIATING WITH THE INSURER ON THE  
10 POLICYHOLDER'S BEHALF; AND PROVIDING AN APPLICABILITY DATE."

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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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14 **NEW SECTION. Section 1. Residential roofing repair contracts -- limit on incentives -- notice of**  
15 **cancellation -- penalties -- definitions.** (1) (a) A residential roofing repair contractor may not promise through  
16 advertisements, verbally, or in writing to pay or rebate all or any portion of an insurance deductible as an  
17 inducement to a property or casualty insurance policyholder to buy goods or services offered by the residential  
18 roofing repair contractor.

19 (b) For the purposes of subsection (1)(a), a promise to pay or rebate includes granting any allowance  
20 or offering any discount against the fees to be charged or paying the policyholder or person affiliated directly or  
21 indirectly with the policyholder any form of compensation, gift, prize, bonus, coupon, credit, referral fee, or other  
22 item of monetary value for any reason.

23 (2) (a) A property or casualty insurance policyholder who has entered into a written contract of more than  
24 \$1,000 with a residential roofing repair contractor for goods or services to be paid under a property or casualty  
25 insurance policy may, without penalty, cancel the contract with the residential roofing repair contractor prior to  
26 midnight on the 5th business day after the policyholder has received written notice from the insurer that all or any  
27 part of the claim or contract is not a covered loss under the insurance policy.

28 (b) Cancellation is effective upon the policyholder giving written notice of cancellation and the intent not  
29 to be bound by the contract to the residential roofing repair contractor either:

30 (i) electronically, which is effective on the date of the electronic transmission;



1 (ii) by mail sent to the physical address stated in the contract, which is effective upon deposit in the United  
2 States mail, postage prepaid; or

3 (iii) by personal delivery to the residential roofing repair contractor, which is effective upon delivery.

4 (3) This section and the protections provided under this chapter apply to a written contract between a  
5 residential roofing repair contractor and a property or casualty insurance policyholder. The written contract must  
6 include the following:

7 (a) the scope of roofing services and materials to be provided;

8 (b) the approximate dates of service;

9 (c) the approximate costs of the service based on damages known at the time the contract is entered;

10 (d) the residential roofing repair contractor's contact information, including physical address, electronic  
11 mail address if any, telephone number, and any other contact information;

12 (e) a conspicuous statement in boldface type in substantially the following form:

13 "You may cancel this contract at any time before midnight on the 5th business day after you have  
14 received written notification from your insurer that all or any part of the claim or contract is not a covered loss  
15 under the insurance policy. See attached notice of cancellation form for an explanation of this right."

16 (f) a conspicuously located notice of cancellation form, which must be attached to the contract but easily  
17 detachable and which must contain in boldface the following statement:

18 **"NOTICE OF CANCELLATION**

19 If you are notified by your insurer that all or any part of the claim or contract is not a covered loss under  
20 the insurance policy, you may cancel the contract by mailing or delivering a signed and dated copy of this  
21 cancellation notice or any other written notice to (name of the residential roofing repair contractor) at (address  
22 of residential roofing repair contractor's place of business) at any time prior to midnight on the 5th business day  
23 after you have received the notice from the insurer regarding the covered loss. If you cancel, any payment made  
24 by you under the contract, except for certain work already performed by the contractor, will be returned to you  
25 within 10 business days following receipt by the residential roofing repair contractor of your cancellation notice.

26 I HEREBY CANCEL THIS TRANSACTION

27 .....

28 (date)

29 .....

30 (insured's signature)".



1 (4) (a) Except as provided in subsections (4)(b), a residential roofing repair contractor shall return to the  
2 insured policyholder any payment or partial payment or return any deposit, note, or other evidence of  
3 indebtedness within 10 days after receiving notice of cancellation as provided in subsection (2).

4 (b) The residential roofing repair contractor is entitled to the reasonable value of any emergency services  
5 that are acknowledged by the insured in writing as having been necessary to prevent damage to the insured's  
6 property.

7 (5) A residential roofing repair contractor may not, on behalf of a policyholder, negotiate any insurance  
8 claim in connection with the repair or replacement of roof systems or the performance of any other exterior repair,  
9 replacement, construction, or reconstruction work. For the purposes of this subsection, the term "negotiate"  
10 includes offering or advertising to represent or negotiate on behalf of the insured with the insurer.

11 (6) A violation of this section is an unlawful practice under 30-14-103.

12 (7) For the purposes of this section, the following definitions apply:

13 (a) "Residential real estate" means a new or existing building constructed for habitation by one to four  
14 families, including detached garages.

15 (b) "Residential roofing repair contractor" means an individual or a business entity that is under contract  
16 to repair or replace roof systems with an owner or possessor of residential real estate on which there is a property  
17 or casualty insurance policy.

18 (c) "Roof systems" includes roof coverings, roof sheathing, roof weatherproofing, and insulation.

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20 **NEW SECTION. Section 2. Codification instruction.** [Section 1] is intended to be codified as an  
21 integral part of Title 30, chapter 14, and the provisions of Title 30, chapter 14, apply to [section 1].

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23 **NEW SECTION. Section 3. Applicability.** [This act] applies to all advertising by a residential roofing  
24 repair contractor on or after October 1, 2013, and to any written contract between a residential roofing repair  
25 contractor and a property or casualty policyholder entered into on or after October 1, 2013.

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