A bill for an act
relating to commerce; regulating contract cancellations and insurance claims for residential roofing goods and services; amending Minnesota Statutes 2008, section 72B.135, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 325E; 326B.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2008, section 72B.135, subdivision 4, is amended to read:

Subd. 4. **Prohibited practices.** No public adjuster shall:

(1) pay money or give anything of value to a person in consideration of a direct or indirect referral of a client or potential client;

(2) pay money or give anything of value to a person as an inducement to refer business or clients;

(3) rebate to a client a part of a fee specified in an employment contract;

(4) initiate contact with a prospective client between the hours of 8 p.m. and 8 a.m.;

(5) split the fee received or pay money to a person for services rendered to a client unless the other person is also licensed as a public adjuster;

(6) have an interest directly or indirectly in a construction firm, salvage firm, or appraisal firm. "Firm" includes a corporation, partnership, association, or individual firm;

(7) in connection with the transaction of business as a public adjuster, make a willful or knowing misrepresentation of facts or advise a person on questions of law;

(8) make willful or knowing false statements about an insurance company or its employees, agents, or representatives;

(9) solicit employment of a client in connection with a loss that is the subject of an employment contract with another public adjuster;

(10) represent both an insurer and insured simultaneously; ~~or~~

(11) advance money to a client pending the settlement of a loss where the amount would be included in a final settlement~~.~~;

(12) receive a commission that exceeds ten percent of the amount of the insurance settlement on the claim;

(13) receive a commission consisting of a percentage of the total amount paid by an insurer to resolve a claim on a claim on which the insurer, not later than 72 hours after the date on which the loss is reported to the insurer, either pays or commits in writing to pay to the insured the policy limit of the insurance policy;

(14) sign and endorse any payment draft or check on behalf of an insured; or

(15) solicit or attempt to solicit a client for employment during the progress of a loss-producing natural disaster occurrence.

Sec. 2. **[325E.66] INSURANCE CLAIMS FOR RESIDENTIAL ROOFING GOODS AND SERVICES.**

Subdivision 1. **Payment or rebate of insurance deductible.** A residential roofer as defined in section 326B.802, subdivision 14, providing goods and services to be paid by an insured from the proceeds of a property or casualty insurance policy, shall not advertise or promise to pay or rebate all or part of any applicable insurance deductible. If a residential roofer violates this section, the insurer to whom the insured tendered the claim shall not be obligated to consider the estimate prepared by the residential roofer.

Subd. 2. **Violation.** If a residential roofer violates subdivision 1, the insured or the applicable insurer may bring an action against the roofer in a court of competent jurisdiction for damages sustained by the insured or insurer as a consequence of the residential roofer's violation.

Sec. 3. **[326B.811] RESIDENTIAL ROOFING CONTRACT; RIGHT TO CANCEL.**

Subdivision 1. **Required.** A person who has entered into a written contract with a residential roofer to provide goods and services to be paid by the insured from the proceeds of a property or casualty insurance policy has the right to cancel the contract within 72 hours after the insured has been notified by the insurer that the claim has been denied. Cancellation is evidenced by the insured giving written notice of cancellation to the residential roofer at the address stated in the contract. Notice of cancellation, if given by mail, is effective upon deposit in a mailbox, properly addressed to the residential roofer and postage prepaid. Notice of cancellation need not take a particular form and is sufficient if it indicates, by any form of written expression, the intention of the insured not to be bound by the contract.

Subd. 2. **Writing required; notice of right to cancel; notice of cancellation.** (a) Before entering a contract referred to in subdivision 1, the residential roofer must:

(1) furnish the insured with a statement in boldface type of a minimum size of ten points, in substantially the following form:

"You may cancel this contract at any time within 72 hours after you have been notified that your insurer has denied your claim to pay for the goods and services to be provided under this contract. See attached notice of cancellation form for an explanation of this right."; and

(2) furnish each insured a fully completed form in duplicate, captioned, "NOTICE OF CANCELLATION," which shall be attached to the contract and easily detachable, and which shall contain in boldface type of a minimum size of ten points the following information and statements:

"NOTICE OF CANCELLATION

If your insurer denies your claim to pay for goods and services to be provided under this contract, you may cancel the contract by mailing or delivering a signed and dated copy of this cancellation notice or any other written notice to (name of residential roofer) at (address of residential roofer's place of business) at any time within 72 hours after you have been notified that your claim has been denied. If you cancel, any payments made by you under the contract will be returned within ten business days following receipt by the residential roofer of your cancellation notice.

I HEREBY CANCEL THIS TRANSACTION.

....

(date)

....

(Insured's signature)"

Subd. 3. **Return of payments; compensation.** Within ten days after a contract referred to in subdivision 1 has been canceled, the residential roofer must tender to the insured any payments made by the insured and any note or other evidence of indebtedness. However, if the residential roofer has performed any emergency services, the residential roofer is entitled to compensation for such services.