

HOUSING AND COMMUNITY DEVELOPMENT

Resolution HCD-20-39

A RESOLUTION ON SAFEGUARDING HOMEOWNERS FROM STORM CHASING

WHEREAS, a subset of roofing/building trades continue to engage in predatory practices resulting in a type of insurance fraud known as “Storm Chasing”;

WHEREAS, these companies canvas neighborhoods that have been recently hit by catastrophic storms and convince homeowners they have serious damage to their undamaged or minimally damaged roofs or siding in order to collect insurance payments;

WHEREAS, many of these companies are not registered or licensed with the state and have little to no requirements for work-related training, and in many states liability insurance is not mandatory, and in some instances, individuals with no industry experience are recruited online to evaluate and work on damage to homes;

WHEREAS, disreputable companies represent themselves as experts and insurance specialists, and there is a risk that, contractors of this ilk may actually create damage, provide poor workmanship, and defraud homeowners out of several thousand dollars without doing any work, and in the absence of any training or licensing requirements, the state has no record of these companies, providing little opportunity for recourse;

WHEREAS, generally, property and casualty insurance fraud cost the industry over \$40 billion a year, and catastrophic storms can strain the resources of many insurance companies with claims, limiting their ability to investigate each loss and causing many cases of fraud to go undetected;

WHEREAS, over the past several years, states across the country have successfully passed legislation to limit the scope in which storm chasers can engage homeowners;

WHEREAS, Consumer Protection Bureau, legitimate contractors, and insurers have brought this issue before many state legislatures; and

WHEREAS, through/by this Resolution, the National Black Caucus of State Legislators (“NBCSL”) seeks to protect consumers from nefarious contractors seeking to defraud consumers and insurers during recovery from a catastrophic weather event.

THEREFORE BE IT RESOLVED, that the National Black Caucus of State Legislators (“NBCSL”) urges adoption legislation that would encourage licensing and credentialing requirements for contractors such as roofers, public adjusters, and adjusting companies and placing limitations on their ability to act on behalf of homeowners;

BE IT FURTHER RESOLVED, that the NBCSL urges the adoption of legislation that encourages registration and monitoring of contractors, roofers, public adjusters and adjusting companies to provide the best protection for homeowners seeking to recover from storm-related losses;

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BE IT FURTHER RESOLVED, that the NBCSL urges adoption of legislation that addresses limitations on contractors, roofers, public adjusters, and adjusting companies' ability to contract with and gain payment from homeowners, and legislation should examine:

- encouraging the licensure/credentialing of roofing contractors
- allow homeowners to cancel their contract with a roofer within five days of receiving notification by their insurance company that the claim will not be paid and require roofers to notify homeowners of their right to cancel the contract;
- prohibit roofing contractors from negotiating with the insurance company without involvement of the insured;
- ensure that such legislation does not harm minority contractors, and help larger contractors with extensive credentialing requirements;
- protect small contractors to ensure that they are not overburdened and harmed by these additional credentialing requirements;

BE IT FURTHER RESOLVED, the NBCSL believes that the laws that address these predatory practices should be adopted nationwide; and

BE IT FINALLY RESOLVED, that a copy of this resolution be transmitted to the President of the United States, the Vice President of the United States, members of the United States House of Representatives and the United States Senate, and other federal and state government officials and agencies as appropriate.

SPONSOR: Representative Bobby DuBose (FL)

Committee of Jurisdiction: Housing and Community Development Policy Committee

Certified by Committee Co-Chair: Representative Chris Rabb (PA)

Ratified in Plenary Session: Ratification Date is December 6, 2019

Ratification is certified by: Representative Gilda Cobb-Hunter (SC), President