

HB6258



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB6258

Introduced 2/11/2016, by Rep. Norine Hammond

SYNOPSIS AS INTRODUCED:

815 ILCS 513/18
815 ILCS 513/20

Amends the Home Repair and Remodeling Act in relation to repairs made following a loss occurrence. Provides that a loss occurrence includes a property and casualty loss in addition to weather-related losses.

LRB099 20614 KTG 45191 b

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Home Repair and Remodeling Act is amended by
5 changing Sections 18 and 20 as follows:

6 (815 ILCS 513/18)

7 Sec. 18. Repairs following loss occurrences ~~damaging~~
8 ~~weather~~.

9 (a) As used in this Section, "loss occurrence"
10 ~~"catastrophe"~~ means a natural occurrence, including but not
11 limited to flood, drought, earthquake, tornado, windstorm, or
12 hailstorm, which damages or destroys more than one residence,
13 or other property and casualty loss.

14 (b) A contractor offering home repair or remodeling
15 services shall not advertise or promise to pay or rebate all or
16 any portion of any insurance deductible as an inducement to the
17 sale of goods or services. As used in this Section, a promise
18 to pay or rebate includes granting any allowance or offering
19 any discount against the fees to be charged or paying the
20 insured or any person directly or indirectly associated with
21 the property any form of compensation.

22 (c) A contractor offering home repair or remodeling
23 services shall not accept money or any form of compensation in

1 exchange for allowing an out of area contractor to use its
2 business name or license.

3 (d) A contractor offering home repair or remodeling
4 services shall include its Illinois State roofing contractor
5 license name and number as it appears on its Illinois State
6 roofing license on all contracts, bids, and advertisements
7 involving roofing work as required by the Illinois Roofing
8 Industry Licensing Act.

9 (e) A person who has entered into a written contract with a
10 contractor offering home repair or remodeling services to
11 provide goods or services to be paid from the proceeds of a
12 property and casualty insurance policy may cancel the contract
13 prior to midnight on the earlier of the fifth business day
14 after the insured has received written notice from the insurer
15 that all or any part of the claim or contract is not a covered
16 loss under the insurance policy or the thirtieth business day
17 after receipt of a properly executed proof of loss by the
18 insurer from the insured. Cancellation is evidenced by the
19 insured giving written notice of cancellation to the contractor
20 offering home repair or remodeling services at the address
21 stated in the contract. Notice of cancellation, if given by
22 mail, is effective upon deposit into the United States mail,
23 postage prepaid and properly addressed to the contractor.
24 Notice of cancellation may be given by delivering or mailing a
25 signed and dated copy of the written notice of cancellation to
26 the contractor's business address as stated in the contract.

1 Notice of cancellation shall include a copy of the written
2 notice from the insurer to the effect that all or part of the
3 claim is not a covered loss under the insurance policy. Notice
4 of cancellation need not take a particular form and is
5 sufficient if it indicates, by any form of written expression,
6 the intention of the insured not to be bound by the contract.

7 (f) Any contract referred to in subsection (e), must
8 contain a statement in at least 10 point boldface, in
9 substantially the following form:

10 "You may cancel this contract at any time before
11 midnight on the earlier of the fifth business day after
12 you have received written notification from your
13 insurer that all or any part of the claim or contract
14 is not a covered loss under the insurance policy or the
15 thirtieth business day after your insurer has received
16 properly executed proof(s) of loss from you. See
17 attached notice of cancellation form for an
18 explanation of this right."

19 (g) Upon executing a contract referred to in subsection
20 (e), furnish each insured a fully completed form in duplicate,
21 captioned "NOTICE OF CANCELLATION", which shall be attached to
22 the contract but easily detachable, and which shall contain
23 boldface type of a minimum size of 10 points the following
24 statement with the appropriate fields completed by the
25 contractor:

26 "NOTICE OF CANCELLATION

1 If you are notified by your insurer that all or any
2 part of the claim or contract is not a covered loss
3 under the insurance policy, you may cancel the contract
4 by mailing or delivering a signed and dated copy of
5 this cancellation notice or any other written notice to
6 (name of contractor) at (address of contractor's place
7 of business) at any time prior to midnight on the
8 earlier of the fifth business day after you have
9 received such notice from your insurer or the thirtieth
10 business day after your insurer has received properly
11 executed proof(s) of loss from you. If you cancel, any
12 payments made by you under the contract, other than
13 payments for goods or services related to a loss
14 occurrence ~~catastrophe~~ which you agreed in writing to
15 be necessary to prevent damage to your property, will
16 be returned to you within 10 business days following
17 receipt by the contractor of your cancellation notice.

18 I HEREBY CANCEL THIS TRANSACTION
19
20 (date)
21
22 (insured's signature)".

23 (h) Within 10 days after a contract referred to in
24 subsection (e) has been cancelled, the contractor offering home
25 repair or remodeling services shall tender to the insured any
26 payments, partial payments, or deposits made by the insured and

1 any note or other evidence of indebtedness. If, however, the
2 contractor has provided any goods or services related to a loss
3 occurrence ~~catastrophe~~, acknowledged and agreed to by the
4 insured in writing to be necessary to prevent damage to the
5 premises, the contractor is entitled to the reasonable value of
6 such goods and services. Any provision in a contract referred
7 to in subsection (e) that requires the payment of any fee for
8 anything except goods or services related to a loss occurrence
9 ~~catastrophe~~ shall not be enforceable against any insured who
10 has cancelled a contract pursuant to this Section.

11 (i) A contractor offering home repair or remodeling
12 services shall not represent, or offer or advertise to
13 represent, on behalf of a homeowner on any insurance claim in
14 connection with the repair or replacement of roof systems, or
15 the performance of any other interior or exterior repair,
16 replacement, construction or reconstruction work; or otherwise
17 violate the Public Adjusters Law (Public Act 96-1332). A Public
18 Adjuster means any person who acts on behalf of the insured in
19 preparing and adjusting a claim for loss or damage covered by
20 an insurance contract. A contractor offering home repair or
21 remodeling services shall not call in or file a claim to an
22 insurance carrier on the insured's behalf. A contractor
23 offering home repair or remodeling services shall not climb on
24 a roof or inspect for exterior damage without the insured's
25 express permission. Nothing in this subsection shall be
26 construed to prohibit a residential contractor from: (1)

1 providing an insured an estimate for repair, replacement,
2 construction, or reconstruction of the insured's property and
3 any such estimate may be submitted to the insured's insurance
4 company; (2) conferring with an insurance company's
5 representative about damage to an insured's property; or (3)
6 discussing repair or replacement options with an insurance
7 company's representative or the insured about options for the
8 repair or replacement of the damage.

9 (Source: P.A. 97-235, eff. 1-1-12.)

10 (815 ILCS 513/20)

11 Sec. 20. Consumer rights brochure.

12 (a) For any contract over \$1,000, any person engaging in
13 the business of home repair and remodeling shall provide to its
14 customers a copy of the "Home Repair: Know Your Consumer
15 Rights" pamphlet prior to the execution of any home repair and
16 remodeling contract. The consumer shall sign and date an
17 acknowledgment form entitled "Consumer Rights Acknowledgment
18 Form" that states: "I, the homeowner, have received from the
19 contractor a copy of the pamphlet entitled 'Home Repair: Know
20 Your Consumer Rights.'" The contractor or his or her
21 representative shall also sign and date the acknowledgment
22 form, which includes the name and address of the home repair
23 and remodeling business. The acknowledgment form shall be in
24 duplicate and incorporated into the pamphlet. The original
25 acknowledgment form shall be retained by the contractor and the

1 duplicate copy shall be retained within the pamphlet by the
2 consumer.

3 (b) For any contract for \$1,000 or under, any person
4 engaging in the business of home repair and remodeling shall
5 provide to its customers a copy of the "Home Repair: Know Your
6 Consumer Rights" pamphlet. No written acknowledgment of
7 receipt of the pamphlet is required for a contract of \$1,000 or
8 under.

9 (c) The pamphlet must be a separate document, in at least
10 12 point type, and in legible ink. The pamphlet shall read as
11 follows:

12 "HOME REPAIR: KNOW YOUR CONSUMER RIGHTS

13 As you plan for your home repair/improvement project, it is
14 important to ask the right questions in order to protect your
15 investment. The tips in this fact sheet should allow you to
16 protect yourself and minimize the possibility that a
17 misunderstanding may occur.

18 AVOIDING HOME REPAIR FRAUD

19 Please use extreme caution when confronted with the following
20 warning signs of a potential scam:

21 (1) Door-to-door salespersons with no local connections
22 who offer to do home repair work for substantially less than

1 the market price.

2 (2) Solicitations for repair work from a company that lists
3 only a telephone number or a post-office box number to contact,
4 particularly if it is an out-of-state company.

5 (3) Contractors who fail to provide customers references
6 when requested.

7 (4) Persons offering to inspect your home for free. Do not
8 admit anyone into your home unless he or she can present
9 authentic identification establishing his or her business
10 status. When in doubt, do not hesitate to call the worker's
11 employer to verify his or her identity.

12 (5) Contractors demanding cash payment for a job or who ask
13 you to make a check payable to a person other than the owner or
14 company name.

15 (6) Offers from a contractor to drive you to the bank to
16 withdraw funds to pay for the work.

17 CONTRACTS

18 (1) Get all estimates in writing.

19 (2) Do not be induced into signing a contract by
20 high-pressure sales tactics.

21 (3) Never sign a contract with blank spaces or one you do
22 not fully understand. If you are taking out a loan to finance
23 the work, do not sign the contract before your lender approves
24 the loan.

1 (4) Remember, you have 3 business days from the time you
2 sign your contract to cancel any contract if the sale is made
3 at your home. The contractor cannot deprive you of this right
4 by initiating work, selling your contract to a lender, or any
5 other tactic.

6 (5) If the contractor does business under a name other than
7 the contractor's real name, the business must either be
8 incorporated or registered under the Assumed Business Name Act.
9 Check with the Secretary of State to see if the business is
10 incorporated or with the county clerk to see if the business
11 has registered under the Assumed Business Name Act.

12 (6) Homeowners should check with local and county units of
13 government to determine if permits or inspections are required.

14 (7) Determine whether the contractor will guarantee his or
15 her work and products.

16 (8) Determine whether the contractor has the proper
17 insurance.

18 (9) Do not sign a certificate of completion or make final
19 payment until the work is done to your satisfaction.

20 (10) Remember, homeowners should know who provides
21 supplies and labor for any work performed on your home.
22 Suppliers and subcontractors have a right to file a lien
23 against your property if the general contractor fails to pay
24 them. To protect your property, request lien waivers from the
25 general contractor.

1 BASIC TERMS TO BE INCLUDED IN A CONTRACT

2 (1) Contractor's full name, address, and telephone number.
3 Illinois law requires that persons selling home repair and
4 improvement services provide their customers with notice of any
5 change to their business name or address that comes about prior
6 to the agreed dates for beginning or completing the work.

7 (2) A description of the work to be performed.

8 (3) Starting and estimated completion dates.

9 (4) Total cost of work to be performed.

10 (5) Schedule and method of payment, including down payment,
11 subsequent payments, and final payment.

12 (6) A provision stating the grounds for termination of the
13 contract by either party. However, the homeowner must pay the
14 contractor for work completed. If the contractor fails to
15 commence or complete work within the contracted time period,
16 the homeowner may cancel and may be entitled to a refund of any
17 down payment or other payments made towards the work, upon
18 written demand by certified mail.

19 (7) A provision stating the grounds for termination of the
20 contract if you are notified by your insurer that all or any
21 part of the claim or contract is not a covered loss under the
22 insurance policy, you may cancel the contract by mailing or
23 delivering written notice to (name of contractor) at (address
24 of contractor's place of business) at any time prior to the
25 earlier of midnight on the fifth business day after you have

1 received such notice from your insurer or the thirtieth
2 business day after receipt of a properly executed proof of loss
3 by the insurer from the insured. If you cancel, any payments
4 made by you under the contract will be returned to you within
5 10 business days following receipt by the contractor of your
6 cancellation notice. If, however, the contractor has provided
7 any goods or services related to a loss occurrence catastrophe,
8 acknowledged and agreed to by the insured homeowner in writing
9 to be necessary to prevent damage to the premises, the
10 contractor is entitled to the reasonable value of such goods
11 and services.

12 Homeowners should obtain a copy of the signed contract and
13 keep it in a safe place for reference as needed.

14 To file a complaint against a roofing contractor, contact
15 the Illinois Department of Financial and Professional
16 Regulation at 312-814-6910 or file a complaint directly on its
17 website.

18 IF YOU THINK YOU HAVE BEEN DEFRAUDED OR YOU HAVE QUESTIONS

19 If you think you have been defrauded by a contractor or
20 have any questions, please bring it to the attention of your
21 State's Attorney or the Illinois Attorney General's Office.

22 Attorney General Toll-Free Numbers

23 Carbondale (800) 243-0607

24 Springfield (800) 243-0618

25 Chicago (800) 386-5438".

1 (Source: P.A. 97-235, eff. 1-1-12.)