



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB5881

Introduced 2/16/2012, by Rep. Chapin Rose

#### SYNOPSIS AS INTRODUCED:

815 ILCS 513/18

Amends the Home Repair and Remodeling Act. Provides that provisions concerning home repair services following damaging weather shall not be construed to prohibit a contractor from discounting the total cost of any home repair or remodeling project when a person requesting services performs some of the work necessary to complete the requested home repair or remodeling project. Provides that when a written contract with a contractor offering home repair or remodeling services to provide goods or services to be paid from the proceeds of a property and casualty insurance policy is cancelled, the contractor shall tender to the insured only those payments, partial payments, or deposits made by the insured that are in excess of any restocking fees paid by the contractor upon returning materials or supplies bought in anticipation of full performance under the contract. Provides that a contractor offering home repair or remodeling services may post a bond in order to ensure that full contract performance is completed and upon posting of a bond, full payment shall be rendered to the contractor.

LRB097 15534 JLS 65706 b

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 Section 18 as follows:

6 (815 ILCS 513/18)

7 Sec. 18. Repairs following damaging weather.

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

12 (b) A contractor offering home repair or remodeling  
13 services shall not advertise or promise to pay or rebate all or  
14 any portion of any insurance deductible as an inducement to the  
15 sale of goods or services. As used in this Section, a promise  
16 to pay or rebate includes granting any allowance or offering  
17 any discount against the fees to be charged or paying the  
18 insured or any person directly or indirectly associated with  
19 the property any form of compensation. Nothing in this Section  
20 shall be construed to prohibit a contractor from discounting  
21 the total cost of any home repair or remodeling project when a  
22 person requesting services performs some of the work necessary  
23 to complete the requested home repair or remodeling project.

1           (c) A contractor offering home repair or remodeling  
2 services shall not accept money or any form of compensation in  
3 exchange for allowing an out of area contractor to use its  
4 business name or license.

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

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

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

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

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

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

1 contractor:

2 "NOTICE OF CANCELLATION

3 If you are notified by your insurer that all or any  
4 part of the claim or contract is not a covered loss  
5 under the insurance policy, you may cancel the contract  
6 by mailing or delivering a signed and dated copy of  
7 this cancellation notice or any other written notice to  
8 (name of contractor) at (address of contractor's place  
9 of business) at any time prior to midnight on the  
10 earlier of the fifth business day after you have  
11 received such notice from your insurer or the thirtieth  
12 business day after your insurer has received properly  
13 executed proof(s) of loss from you. If you cancel, any  
14 payments made by you under the contract, other than  
15 payments for goods or services related to a catastrophe  
16 which you agreed in writing to be necessary to prevent  
17 damage to your property, will be returned to you within  
18 10 business days following receipt by the contractor of  
19 your cancellation notice.

20 I HEREBY CANCEL THIS TRANSACTION  
21 .....  
22 (date)  
23 .....  
24 (insured's signature)".

25 (h) Within 10 days after a contract referred to in  
26 subsection (e) has been cancelled, the contractor offering home

1 repair or remodeling services shall tender to the insured any  
2 payments, partial payments, or deposits made by the insured, in  
3 excess of any restocking fees paid by the contractor upon  
4 returning materials or supplies bought in anticipation of full  
5 performance under the contract, and any note or other evidence  
6 of indebtedness. If, however, the contractor has provided any  
7 goods or services related to a catastrophe, acknowledged and  
8 agreed to by the insured in writing to be necessary to prevent  
9 damage to the premises, the contractor is entitled to the  
10 reasonable value of such goods and services. Any provision in a  
11 contract referred to in subsection (e) that requires the  
12 payment of any fee for anything except goods or services  
13 related to a catastrophe shall not be enforceable against any  
14 insured who has cancelled a contract pursuant to this Section.

15 (i) A contractor offering home repair or remodeling  
16 services shall not represent, or offer or advertise to  
17 represent, on behalf of a homeowner on any insurance claim in  
18 connection with the repair or replacement of roof systems, or  
19 the performance of any other interior or exterior repair,  
20 replacement, construction or reconstruction work; or otherwise  
21 violate the Public Adjusters Law (Public Act 96-1332). A Public  
22 Adjuster means any person who acts on behalf of the insured in  
23 preparing and adjusting a claim for loss or damage covered by  
24 an insurance contract. A contractor offering home repair or  
25 remodeling services shall not call in or file a claim to an  
26 insurance carrier on the insured's behalf. A contractor

1 offering home repair or remodeling services shall not climb on  
2 a roof or inspect for exterior damage without the insured's  
3 express permission. Nothing in this subsection shall be  
4 construed to prohibit a residential contractor from: (1)  
5 providing an insured an estimate for repair, replacement,  
6 construction, or reconstruction of the insured's property and  
7 any such estimate may be submitted to the insured's insurance  
8 company; (2) conferring with an insurance company's  
9 representative about damage to an insured's property; or (3)  
10 discussing repair or replacement options with an insurance  
11 company's representative or the insured about options for the  
12 repair or replacement of the damage.

13 (j) A contractor offering home repair or remodeling  
14 services may post a bond in order to ensure that full contract  
15 performance is completed and upon posting of a bond, full  
16 payment shall be rendered to the contractor.

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