



# SENATE BILL 124: Predatory Roofing/Insurance Rebate Reform.

2023-2024 General Assembly

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<b>Committee:</b>		<b>Date:</b>	August 19, 2024
<b>Introduced by:</b>		<b>Prepared by:</b>	Kristen L. Harris
<b>Analysis of:</b>	S.L. 2024-11		Staff Attorney

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**OVERVIEW:** *S.L. 2024-11 does the following:*

- *Requires contracts for residential roof replacement or repair to have a five-business day cancellation period following an insurance claim denial for the work to be performed under the contract.*
- *Allows insurers, insurance producers, or limited representatives to offer or provide products or services not specified in an insurance policy if certain conditions are met.*
- *Limits the commission, fee, or other valuable consideration given for the referral of insurance business by an unlicensed individual to a licensed insurance agent or broker to \$50.00 or less in value.*

*This act becomes effective October 1, 2024. The section of this act pertaining to contracts for residential roof replacement or repair applies to contracts entered into on or after that date. The section of this act pertaining to commissions applies to any referral of insurance business made on or after that date.*

## **CURRENT LAW:**

Under G.S. 14-401.13. Failure to give right to cancel in off-premises sales., a seller of consumer goods or services must inform a buyer that the buyer has the right to cancel the transaction within three business days if the seller personally solicits a sale resulting in the buyer's agreement at a place other than the seller's place of business. If the buyer requests to cancel the transaction within three business days, the seller must honor that request within 10 business days. A seller's failure to comply with these requirements is a Class 3 misdemeanor.

Under G.S. 58-33-85. Rebates and charges in excess of premium prohibited; exceptions., no insurer, insurance producer, or limited representative may provide any rebate, discount, abatement, credit, reduction in premium, or any special favor or advantage, or any valuable consideration or inducement not specified in the insurance policy.

## **BILL ANALYSIS:**

**Section 1** requires contracts for residential roof replacement and repair to have a five-business day cancellation period following an insurance claim denial for the work to be performed under the contract. Other than payment received for work performed to prevent further damage, the seller cannot begin work or collect any payment during the five-day period. A violation of this requirement is a Class 1 misdemeanor.

"Residential roof replacement and repair services" means reconstruction or repair of any part of an existing roof of a residential home for maintenance purposes or total replacement of a roof, except when performed by a North Carolina licensed general contractor or a subcontractor working under a North Carolina

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licensed general contractor. The definition does not include a person engaged in the sale of roofing materials or products.

**Sections 2-4** allow an insurer, insurance producer, or limited representative to offer or provide products or services if one of the following conditions is met:

- The products or services are connected to the marketing, purchase, or retention of an insurance contract and do not exceed an aggregate retail value of \$250.00 per person per year.
- The products or services are offered without a fee or at a reduced fee and are related to servicing an insurance contract or are offered or undertaken to provide risk control for the benefit of the insured.
- The products and services are offered without a fee or at a reduced fee and all of the following conditions are met:
  - Receipt of the products or services is not contingent upon the purchase of insurance.
  - Services are offered on the same terms to all potential eligible insurance customers.
  - These requirements are conspicuously disclosed to the recipient in writing.

These exceptions do not apply to title insurance.

**Section 5** limits the commission, fee, or other valuable consideration given for the referral of insurance business by an unlicensed individual to an insurance agent or broker to no more than \$50.00 in value. A violation of this limitation is subject to a maximum fine of \$2,000 per violation. This limitation does not apply to title insurance.

**EFFECTIVE DATE:** This act becomes effective October 1, 2024. Section 1 of this act applies to contracts entered into on or after that date. Section 5 of this act applies to any referral of insurance business made on or after that date.