



Minnesota Community Living May/June 2011

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Roofing Contractors and Homeowners Beware: New Restrictions Apply to Negotiating Storm Damage Claims

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By Deb Newel, Thomsen Nybeck, Attorneys at Law

When a storm occurs, many homeowners may not understand the affect that the storm had on their property. As a result, over the past several years roofing contractors have increasingly made themselves available to homeowners and sought to be a resource for them when negotiating property damage claims with a homeowner's insurance company. Sometimes, these roofing contractors will offer as a part of their contract with a homeowner to exclusively negotiate a claim settlement on behalf of the homeowner with the homeowner's insurance company. Such practices by roofing contractors are now subject to some new restrictions. A recent law prevents roofing contractors, who will be paid by the homeowner from the proceeds of the homeowner's insurance policy, from advertising or promising that they will pay or rebate all or part of the homeowner's insurance deductible. See Minn. Stat. § 325E.66.

Another recent law requires that roofing contractors give homeowners 72 hours to cancel a contract for roofing goods or services if the goods or services are to be paid by the homeowner from the proceeds of his insurance policy and the insurance company denies the homeowner's claim. Prior to entering into a contract with a homeowner, the contractor is now obligated to provide the homeowner with a statement advising the homeowner of this right. If the homeowner chooses to cancel the contract, the homeowner must give written notice of cancellation to the roofing contractor at the address stated in the contract within the required 72 hour timeframe. The homeowner's notice of cancellation does not need to be in any particular form, but it must express the homeowner's intent to not be bound by the contract. For further information on a roofing contractor's obligation to provide notice of a right to cancel residential roofing contracts and the requirements related to a homeowner providing notice of cancellation of the contract, see Minn. Stat. § 326B.811.

One final change affecting roofing contractors is that they are now required to have a public adjuster's license if they want to negotiate and act as a representative for a homeowner with the homeowner's insurance company. The Department of Commerce and the Department of Labor & Industry view such representation and actions by roofing contractors to constitute the contractor acting as a public adjuster, and therefore, under these circumstances, require that roofing contractors hold a public adjuster's license. See Bulletin 2010-4 issued by the Minnesota Department of Labor & Industry and the Minnesota Department of Commerce. Roofing contractors should be careful to make sure they are compliant with all these new requirements that apply to them. Likewise, homeowners should be aware of these changes if they are approached by roofing contractors who wish to perform roofing goods or services for a homeowner after a storm. If you are a roofing contractor or a homeowner who is approached by a roofing contractor, it may be beneficial to have an attorney review the roofing contract prior to entering into the contract so that you are aware of both your rights and obligations pursuant to these new law changes and under the proposed contract. In addition, it is possible for an attorney or public adjuster to step in on behalf of a homeowner to conduct the negotiations with an insurance company while still receiving the input and expertise of the contractor to assist in obtaining a fair

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resolution to the homeowner's claim.

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