

TO: The Honorable Anthony Brown, Chair
House Commerce Committee

FROM: William W. Sneed, Legislative Counsel
The State Farm Insurance Companies

SUBJECT: H.B. 2554

DATE: February 9, 2012

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I represent the State Farm Insurance Companies ("State Farm"). State Farm is the largest insurer of homes and automobiles in Kansas. State Farm insures one out of every three cars and one out of every four homes in the United States.

Last session, at our request, the House Insurance Committee introduced what became H.B. 2307. That bill, commonly referred to as the "residential roofers bill," is intended to help curb some abuses in the state after terrible storm losses. At the time of introduction, the interested parties were working with the Attorney General to make sure they were comfortable with the language. By mid-session, it became clear that we could not complete our work, and we requested that the Chair hold the bill and allow the parties to finalize language over the summer and fall.

Those events occurred, and as such, we again presented to the House Insurance Committee a request to introduce a bill, which you now see in the form of H.B. 2554. With me today is Ms. Kimberly Conroy, a fire claims manager with State Farm Insurance. Ms. Conroy will take this opportunity to give you real-life examples of what occurs out in the field and why we believe that H.B. 2554 is a prudent piece of legislation.

State Farm rarely takes a position on legislation that in any way creates new regulations on some outside industry. State Farm knows what regulation is like, as we are involved in one of the most regulated industries in the United States. However, sometimes facts arise for which the private marketplace is unable to find a reasonable solution, and as such we turn our attention to the policymakers for them to examine and to determine whether it is good public policy to formulate regulation.

With that background, we have had extensive discussions with the Kansas Roofers Association and the Attorney General's office. Because of the onslaught of storm chasers, many of whom are fly-by-night individuals who pose as skilled contractors, we believe that the Legislature must take some steps to prohibit this ongoing problem.

Perhaps one question you might have is why State Farm cares. We care because the ultimate person left holding the bag is our customer, who unfortunately gets involved with these

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unscrupulous individuals, and when the day is done, he or she is the one left to sort out the mess. There is really nothing we can do to help our customer at that point.

This legislation, we believe, is a moderate, small step in attempting to address this problem. It will provide the Attorney General the means to monitor the situation and determine whether the Legislature should consider even more affirmative restrictions.

We think it is important to note that the Kansas Roofers Association, whose members will be subject to this proposal, has endorsed the matter and urged the passage of H.B. 2554.

Finally, I have attached a proposed amendment that addresses an exemption for manufactured homes. This language was inserted in our original draft, but unfortunately it was erroneously dropped from the final draft we presented to the Insurance Committee. State Farm, the Kansas Roofers Association, and the Attorney General's office, all support the inclusion of this amendment.

With the Committee's indulgence, I would now like to turn this over to Ms. Conroy and allow her an opportunity to speak to the Committee. I am available for questions at your convenience.

Respectfully submitted,



William W. Sneed

WWS:kjb

HOUSE BILL No. 2554

By Committee on Insurance

1-26

1 AN ACT enacting the Kansas roofing contractor registration act.

2

3 *Be it enacted by the Legislature of the State of Kansas:*

4 Section 1. Sections 1 through 18, and amendments thereto, shall be

5 known and may be cited as the Kansas roofing registration act.

6 Sec. 2. As used in sections 1 through 18, and amendments thereto:

7 (a) (1) "Roofing contractor" means any person, including a

8 subcontractor and nonresident contractor, who:

9 (A) Engages in the business of commercial or residential roofing

10 services for a fee; or

11 (B) offers to engage in or solicits roofing-related services, including

12 construction, installation, renovation, repair, maintenance, alteration and

13 waterproofing.

14 (2) Roofing contractor shall not mean:

15 (A) A person engaged in the demolition of a structure or the cleanup

16 of construction waste and debris that contains roofing material; or

17 (B) a person working under the direct supervision of the roofing

18 contractor and who is hired by such roofing contractor as an employee,

19 day laborer, or contract laborer.

20 (b) "Nonresident contractor" means any contractor who:

21 (1) Has not established and maintained a place of business as a

22 roofing contractor in this state within the preceding year;

23 (2) claims residency in another state; or

24 (3) has not submitted an income tax return as a resident of this state

25 within the preceding year.

26 (c) "Person" means any individual, firm, partnership, association,

27 corporation, limited liability company, or other group or combination

28 thereof acting as a unit, unless the intent to give a more limited meaning is

29 disclosed clearly by this act.

30 (d) "Public contract" means a contract with:

31 (1) The state of Kansas, any political subdivision, board, commission

32 or department thereof; or

33 (2) any board of county commissioners;

34 (3) any city council;

35 (4) any school board or with any state or municipal agency; or

36 (5) any other public board, body, commission or agency authorized to

or

(C) any person employed by a manufactured home or modular home manufacturer while performing services and work for the manufactured home or modular home manufacturer;

(D) any person employed by a manufactured home dealer while acting within the scope of that license; or

(E) any person employed as a manufactured home installer while acting within the scope of that license;