

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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SENATE BILL 124
Commerce and Insurance Committee Substitute Adopted 4/25/23
House Committee Substitute Favorable 5/15/24
PROPOSED HOUSE COMMITTEE SUBSTITUTE S124-PCS45466-TU-23

Short Title: Predatory Roofing/Ins. Rebate Reform.

(Public)

Sponsors:

Referred to:

February 20, 2023

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A CANCELLATION PERIOD FOR RESIDENTIAL ROOF REPLACEMENT OR REPAIR CONTRACTS, TO PERMIT CERTAIN INSURANCE TRADE PRACTICES RELATED TO GIFTS, REBATES, AND SERVICES OFFERED FOR FREE OR FOR LESS THAN MARKET VALUE, AND TO PLACE A CAP ON INSURANCE REFERRAL FEES PAID TO NONLICENSED PERSONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-401.13 reads as rewritten:

"§ 14-401.13. **Failure to give right to cancel in off-premises sales.**

...

(b1) In addition to the requirements in subsection (a) of this section, contracts for residential roof replacement or repair shall be subject to a five-business day cancellation period following an insurance claim denial for the work to be performed under the contract, during which time the seller shall not begin work or collect any payment until the five business days have expired. If the residential roofing contractor has performed emergency services, acknowledged by the insured in writing to be necessary to prevent further damage to the premises, the residential roofing contractor shall be entitled to collect the amount due for the emergency services at the time they are rendered. Notwithstanding any other provision of this section, a violation of this subsection is a Class 1 misdemeanor.

(c) For the purposes of this section, the following definitions shall apply:

...

(2) **Consumer Goods or Services.** – Goods or services purchased, leased, or rented primarily for personal, family, or household purposes, including residential roof replacement and repair services and courses of instruction or training regardless of the purpose for which they are taken.

(3) **Seller.** – Any person, partnership, corporation, or association engaged in the off-premises sale of consumer goods or ~~services.~~ services, including residential roof replacement and repair services. However, a nonprofit corporation or association, or member or employee thereof acting on behalf of such an association or corporation, shall not be a seller within the meaning of this section.

...

(7) Residential Roof Replacement and Repair Services. – Reconstruction or repair of any part of an existing roof of a residential home for the purpose of its



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1 maintenance, including the total replacement of an existing roofing system,
2 except when performed by a general contractor licensed pursuant to Article 1
3 of Chapter 87 of the General Statutes or a person or subcontractor working
4 under the supervision of a licensed general contractor pursuant to Article 1 of
5 Chapter 87 of the General Statutes. This definition does not include a person
6 engaged in the retail sale of materials and products that may be used for the
7 construction, installation, renovation, repair, maintenance, alteration, or
8 waterproofing of a roof and, as part of that retail business, offers the
9 installation of the materials and products."

10 **SECTION 2.** Article 63 of Chapter 58 of the General Statutes is amended by adding
11 a new section to read:

12 **"§ 58-63-16. Permitted trade practices.**

13 (a) An insurer, insurance producer, or limited representative may offer or provide
14 products or services under any of the following circumstances:

15 (1) The products or services are offered in connection with the marketing,
16 purchase, or retention of an insurance contract and do not exceed an aggregate
17 retail value of two hundred fifty dollars (\$250.00) per person per year.

18 (2) The products or services are offered without fee or at a reduced fee and are
19 related to the servicing of an insurance contract or are offered or undertaken
20 to provide risk control for the benefit of an insured.

21 (3) The products or services are offered without fee or at a reduced fee and all of
22 the following conditions are met:

23 a. The receipt of the products or services is not contingent upon the
24 purchase of insurance.

25 b. The services are offered on the same terms to all potential eligible
26 insurance customers.

27 c. The requirements of this subdivision are conspicuously disclosed to
28 the recipient in writing.

29 (b) For purposes of this section, the terms "insurance producer" and "limited
30 representative" are defined by G.S. 58-33-10.

31 (c) This section shall not apply to title insurance."

32 **SECTION 3.** G.S. 58-33-85 reads as rewritten:

33 **"§ 58-33-85. Rebates and charges in excess of premium prohibited; exceptions.**

34 (a) No insurer, insurance producer, or limited representative shall knowingly charge,
35 demand or receive a premium for any policy of insurance except in accordance with the
36 applicable filing approved by the Commissioner. No insurer, insurance producer, or limited
37 representative shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as
38 an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement,
39 credit, or reduction of the premium named in a policy of insurance, or any special favor or
40 advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or
41 inducement whatever, not specified in the policy of insurance. No insured named in a policy of
42 insurance, nor any employee of such insured, shall knowingly receive or accept, directly or
43 indirectly, any such rebate, discount, abatement or reduction of premium, or any special favor or
44 advantage or valuable consideration or inducement. Nothing herein contained shall be construed
45 as ~~prohibiting~~ prohibiting (i) the payment of commissions or other compensation to duly licensed
46 insurance producers and limited ~~representatives, nor as prohibiting representatives,~~ (ii) any
47 participating insurer from distributing to its policyholders dividends, savings or the unused or
48 unabsorbed portion of premiums and premium ~~deposits.~~ deposits, or (iii) the trade practices
49 permitted by G.S. 58-63-16. As used in this section the word "insurance" includes suretyship and
50 the word "policy" includes bond.

51"

SECTION 4. G.S. 58-63-15 reads as rewritten:

"§ 58-63-15. Unfair methods of competition and unfair or deceptive acts or practices defined.

The following are hereby defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

...
(8) Rebates. –

...
b. Nothing in subdivision (7) or paragraph a of subdivision (8) of this section shall be construed as including within the definition of discrimination or rebates any of the following practices:

...
4. The trade practices permitted by G.S. 58-63-16.

...."

SECTION 5. G.S. 58-33-82 reads as rewritten:

"§ 58-33-82. Commissions.

...

(f) No commission, fee, or other valuable consideration authorized under subsection (e) of this section for the referral of insurance business by an unlicensed individual to a licensed insurance agent or broker shall exceed fifty dollars (\$50.00) in value. A violation of this subsection may be punished by a fine not to exceed two thousand dollars (\$2,000) for each violation. This subsection shall not apply to title insurance."

SECTION 6. 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.