

June 4, 2021

The Honorable Kristina D. Roegner
Chair, Government Oversight and Reform Committee
The Ohio Senate
1 Capitol Square
Columbus, OH 43215

Dear Madam Chair,

As the primary national trade association for home, auto and business insurers across the country, the American Property Casualty Insurance Association (APCIA) is pleased to add its support to a growing chorus of proponents of Senate Bill 64 by Senators Hottinger and Lang. This legislation aims to protect Ohioans from unscrupulous contractors who prey on people in times of need. Assignment of benefits and contractor fraud and abuse continue to be significant issues that insurers and consumers confront in the claims handling process.

Having your home damaged by a storm is stressful enough, but dishonest contractors can make things even worse for homeowners by going door-to-door in storm damaged areas and pressuring people to sign contracts. After a catastrophe, homeowners need to understand their rights through important disclosures, and they need time to file their claim with their insurance company to make sure the repair work will be covered. When homeowners are rushed into contracts, they can be left in the lurch and responsible for paying the contract with their own funds.

SB 64 would protect consumers from such activities, giving them peace of mind when they are at their most vulnerable. APCIA applauds the key tenets of the bill that prevent assignment of benefits to roofing contractors and prevent a roofer from acting as an adjustor by specifically prohibiting a contractor from reporting, adjusting, or negotiating a claim with the insurer on behalf of the insured. A growing number of states have enacted consumer safeguards such as these, and we believe it is time for Ohio to follow suit.

The National Insurance Crime Bureau (NICB) has indicated “roofs are among the most expensive components of a house” and “fraudsters will commonly use roof repair and replacement as a means to swindle innocent homeowners.” In 2018, APCIA’s predecessor organization, PCI, conducted a survey of property casualty insurers to identify the most significant contractor fraud and abuse issues they face and where these problems most often occur. Insurers similarly indicated that door-to-door or deceptive solicitation practices were identified as the worst problems regarding contractor fraud and abuse. In addition, the top signs of fraudulent or abusive contractor activity associated with the assignment of

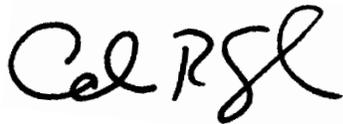
benefits were contracts that include wording that assigns an insured's insurance policy rights and/or benefits to someone else.

Ohio was found to be the number one state most in need of pro-consumer contractor reforms. In addition, Ohio was ranked fourth among states in terms of the most suspicious claim activity. These same issues hold true three years later, with an increasing need and urgency to act.

Insurance fraud affects all Ohians in the form of higher insurance costs. We urge Ohio lawmakers to enact the long-needed reforms articulated in SB 64 that will give your constituents critical tools needed to protect themselves from unfair contracts and poor repairs to their home.

We greatly appreciate your consideration of our perspective. Please contact me directly at 847-553-3678 or via email at adam.shores@apci.org or APCIA's Ohio counsel, Steve Buehrer at 614-365-4107 or via email at buehrer@carpenterlipps.com with any questions. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam R. Shores". The signature is stylized and cursive.

Adam R. Shores