

**House File 417 - Introduced**

HOUSE FILE 417

BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 33)

**A BILL FOR**

1 An Act relating to post-loss assignment of rights to  
2 residential contractors for repair or services performed on  
3 residential real estate covered by property and casualty  
4 insurance, and making penalties applicable.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 515.137A Post-loss assignment of  
2 rights or benefits to a residential contractor.

3 1. This section may be cited as the "*Insured Homeowner's*  
4 *Protection Act*".

5 2. As used in this section, unless the context otherwise  
6 requires:

7 a. "*Catastrophe*" means the same as defined in section  
8 103A.71.

9 b. "*Residential contractor*" means the same as defined in  
10 section 103A.71.

11 c. "*Residential real estate*" means the same as defined in  
12 section 103A.71.

13 d. "*Roof system*" means the same as defined in section  
14 103A.71.

15 3. A post-loss assignment by a named insured of rights  
16 or benefits to a residential contractor under a property and  
17 casualty insurance policy insuring residential real estate  
18 shall be subject to all of the following requirements:

19 a. The assignment shall only authorize a residential  
20 contractor to be named as a co-payee for the payment of  
21 benefits under a property and casualty insurance policy  
22 covering residential real estate.

23 b. The assignment shall include all of the following:

24 (1) An itemized description of the work to be performed.

25 (2) An itemized description of the materials, labor, and  
26 fees for the work to be performed.

27 (3) A total itemized amount to be paid for the work to be  
28 performed.

29 c. The assignment shall include a statement that the  
30 residential contractor has made no assurances that the claimed  
31 loss will be fully covered by an insurance contract and shall  
32 include the following notice in capitalized fourteen point  
33 type:

34 YOU ARE AGREEING TO GIVE UP CERTAIN RIGHTS YOU HAVE UNDER  
35 YOUR INSURANCE POLICY. PLEASE READ AND UNDERSTAND THIS

1 DOCUMENT BEFORE SIGNING.

2 THE ITEMIZED DESCRIPTION OF THE WORK TO BE DONE SHOWN IN THIS  
3 ASSIGNMENT FORM HAS NOT BEEN AGREED TO BY THE INSURER. THE  
4 INSURER HAS THE RIGHT TO PAY ONLY FOR THE COST TO REPAIR OR  
5 REPLACE DAMAGED PROPERTY CAUSED BY A COVERED PERIL.

6 *d.* The assignment shall include the following notice in  
7 capitalized fourteen point type located in the immediate  
8 proximity of the space reserved in the assignment for the  
9 signature of the named insured:

10 YOU MAY CANCEL THIS ASSIGNMENT WITHOUT PENALTY WITHIN FIVE  
11 (5) BUSINESS DAYS FROM THE LATER OF THE DATE THE ASSIGNMENT  
12 IS EXECUTED OR THE DATE ON WHICH YOU RECEIVE A COPY OF THE  
13 EXECUTED ASSIGNMENT.

14 YOU MUST CANCEL THE ASSIGNMENT IN WRITING AND THE  
15 CANCELLATION MUST BE DELIVERED TO (name and address of  
16 residential contractor as provided by the residential  
17 contractor). IF MAILED, THE CANCELLATION MUST BE POSTMARKED  
18 BEFORE THE FIVE (5) BUSINESS DAY DEADLINE. IF YOU CANCEL THIS  
19 ASSIGNMENT, THE RESIDENTIAL CONTRACTOR HAS UP TO TEN (10)  
20 BUSINESS DAYS TO RETURN ANY PAYMENTS OR DEPOSITS YOU HAVE MADE.

21 *e.* The assignment shall not impair the interest of a  
22 mortgagee listed on the declarations page of the property  
23 and casualty insurance policy which is the subject of the  
24 assignment.

25 *f.* The assignment shall not prevent or inhibit an insurer  
26 from communicating with the named insured or mortgagee listed  
27 on the declarations page of the property and casualty insurance  
28 policy that is the subject of the assignment.

29 *g.* A copy of the executed assignment shall be provided to  
30 the insurer of the residential real estate within five business  
31 days after execution of the assignment.

32 *h.* The named insured has the right to cancel the assignment  
33 for any reason within five business days from the later of  
34 the date the assignment is executed or the date on which the  
35 named insured receives a copy of the executed assignment. The

1 cancellation must be made in writing. Within ten business  
2 days of the date of the written cancellation, the residential  
3 contractor shall tender to the named insured, the land owner,  
4 or the possessor of the real estate, any payments, partial  
5 payments, or deposits that have been made by such person.

6 4. Any written contract, repair estimate, or work order  
7 prepared by a residential contractor to provide goods or  
8 services to be paid from the proceeds of a property and  
9 casualty insurance policy shall include in capitalized  
10 fourteen point type the notice as provided in section 103A.71,  
11 subsection 4, paragraph "a", which shall be signed by the named  
12 insured, and sent to the named insured's insurance company  
13 prior to payment of proceeds under the applicable insurance  
14 policy.

15 5. a. A contract entered into with a residential contractor  
16 is void if the residential contractor violates any provision of  
17 this section.

18 b. A violation of this section by a residential contractor  
19 is an unlawful practice pursuant to section 714.16.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with  
22 the explanation's substance by the members of the general assembly.

23 This bill relates to post-loss assignment of rights to  
24 residential contractors for repair or services performed on  
25 residential real estate covered by property and casualty  
26 insurance.

27 The bill requires a post-loss assignment by a named insured  
28 of rights or benefits to a residential contractor under a  
29 property and casualty insurance policy insuring residential  
30 real estate to only authorize the residential contractor as a  
31 co-payee for the payment of benefits under the policy.

32 The post-loss assignment must include an itemized  
33 description of, and the materials, labor, and fees for, the  
34 work to be performed. The post-loss assignment must also  
35 include a total itemized amount for the work to be performed.

1 The bill requires that the post-loss assignment include a  
2 statement and a notice, in 14 point type, that the residential  
3 contractor has not represented that the claimed loss will be  
4 fully covered by insurance. The bill requires an additional  
5 notice, as detailed in the bill, advising the named insured of  
6 the named insured's right to cancel the assignment and of the  
7 process for canceling the assignment.

8 The assignment is prohibited from impairing the interest  
9 of a named mortgagee on the property, or from preventing the  
10 insurer from communicating with the named insured or a named  
11 mortgagee.

12 The bill requires that after the post-loss assignment  
13 is executed, a copy must be provided to the insurer of the  
14 residential real estate within five business days. The named  
15 insured has the right to cancel the assignment for any reason  
16 within those five business days. If the named insured cancels  
17 the assignment, the residential contractor must return any  
18 payments made by the named insured, the landowner, or the  
19 possessor of the real estate.

20 Any written contract, estimate, or work order prepared by  
21 the residential contractor must include a notice, as detailed  
22 in the bill, advising the named insured that the named insured  
23 is responsible for payment to the residential contractor for  
24 any goods or services provided by the contractor, even if  
25 the named insured does not receive payment from a property  
26 and casualty insurance policy. The notice also advises the  
27 named insured that if the residential contractor advertises  
28 or promises to rebate the named insured's deductible, or  
29 represents or negotiates, or offers to represent or negotiate  
30 with the named insured's property and casualty insurer  
31 on behalf of the named insured, the named insured is not  
32 responsible for payment to the contractor under the contract,  
33 estimate, or work order. A copy of the document, signed by the  
34 named insured, must be sent to the named insured's insurance  
35 company prior to the residential contractor being paid from the

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1 proceeds of the property and casualty insurance.

2 It is an unlawful practice pursuant to Code section 714.16,  
3 and the contract between the named insured and the residential  
4 contractors is void, if a residential contractor violates any  
5 requirement related to the post-loss assignment of rights or  
6 benefits by the named insured to the residential contractor.