

**House Study Bill 33 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON CARLSON)

**A BILL FOR**

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

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

1 Section 1. Section 103A.71, Code 2019, is amended to read  
2 as follows:

3 **103A.71 Residential contractors.**

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

6 ~~1.~~ 2. As used in this section, unless the context otherwise  
7 requires:

8 ~~a. "Catastrophe" means a natural occurrence including but~~  
9 ~~not limited to fire, earthquake, tornado, windstorm, flood, or~~  
10 ~~hail storm, which damages or destroys residential real estate.~~

11 ~~b. a. "Residential contractor" means a person in the~~  
12 ~~business of contracting to repair or replace residential~~  
13 ~~roof systems or perform any other exterior repair, exterior~~  
14 ~~replacement, or exterior reconstruction work resulting from a~~  
15 ~~catastrophe on residential real estate or a person or offering~~  
16 ~~to contract with an owner or possessor of residential real~~  
17 ~~estate to carry out such work. do any of the following:~~

18 (1) Repair or replace a roof system or perform any other  
19 exterior repair, replacement, construction, or reconstruction  
20 work on residential real estate.

21 (2) Perform interior or exterior cleanup services on  
22 residential real estate.

23 (3) Arrange for, manage, or process the work referred to in  
24 subparagraph (1) or (2).

25 (4) Serve as a representative, agent, or assignee of the  
26 owner or possessor of residential real estate.

27 ~~c. b. "Residential real estate" means a new or existing~~  
28 ~~building, including a detached garage, constructed for~~  
29 ~~habitation by one to four families.~~

30 ~~d. c. "Roof system" means and includes roof coverings, roof~~  
31 ~~sheathing, roof weatherproofing, and roof insulation.~~

32 ~~2.~~ 3. A residential contractor shall not advertise or  
33 promise to rebate any insurance deductible or any portion  
34 thereof as an inducement to the sale of goods or services. A  
35 promise to rebate any insurance deductible includes granting

1 any allowance or offering any discount against the fees to be  
2 charged or paying a person directly or indirectly associated  
3 with the residential real estate any form of compensation,  
4 except for items of nominal value. A residential contractor  
5 may display a sign or any other type of advertisement on a  
6 person's premises provided the person consents to the display  
7 and the person receives no compensation from the residential  
8 contractor for the placement of the sign or advertising.

9 ~~3.~~ 4. A residential contractor shall not represent or  
10 negotiate on behalf of, or offer or advertise to represent or  
11 negotiate on behalf of, an owner or possessor of residential  
12 real estate on any insurance claim in connection with the  
13 repair or replacement of a roof systems system, or the  
14 performance of any other exterior repair, exterior replacement,  
15 or exterior reconstruction work on the residential real estate.

16 ~~4. a.~~ ~~A residential contractor contracting to provide~~  
17 ~~goods or services to repair damage resulting from a catastrophe~~  
18 ~~shall provide the person with whom it is contracting a fully~~  
19 ~~completed duplicate notice in at least ten-point bold type~~  
20 ~~which shall contain the following statement:~~

21 ~~NOTICE OF CONTRACT OBLIGATIONS AND RIGHTS~~

22 ~~You may be responsible for payment to (insert name of~~  
23 ~~residential contractor) for the cost of all goods and services~~  
24 ~~provided whether or not you receive payment from any property~~  
25 ~~and casualty insurance policy with respect to the damage.~~  
26 ~~Pursuant to Iowa law your contract with (insert name of~~  
27 ~~residential contractor) to provide goods and services to~~  
28 ~~repair damage resulting from a naturally occurring catastrophe~~  
29 ~~including but not limited to a fire, earthquake, tornado,~~  
30 ~~windstorm, flood, or hail storm is void and you have no~~  
31 ~~responsibility for payment under the contract if (insert name~~  
32 ~~of residential contractor) either advertises or promises to~~  
33 ~~rebate all or any portion of your insurance deductible, or~~  
34 ~~represents or negotiates, or offers to represent or negotiate,~~  
35 ~~on your behalf with your property and casualty insurance~~

~~1 company on any insurance claim relating to the damage you have  
2 contracted to have repaired. Your signature below acknowledges  
3 your understanding of these legal obligations and rights.~~

4 .....

5 Date

6 .....

7 Signature

8 ~~b. The notice shall be executed by the person with  
9 whom the residential contractor is contracting prior to or  
10 contemporaneously with entering into the contract.~~

11 5. A post-loss assignment by a named insured of rights  
12 or benefits to a residential contractor under a property and  
13 casualty insurance policy insuring residential real estate  
14 shall be subject to all of the following requirements:

15 a. The assignment shall only authorize a residential  
16 contractor to be named as a co-payee for the payment of  
17 benefits under a property and casualty insurance policy  
18 covering residential real estate.

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

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

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

23 (3) A total itemized amount to be paid for the work to be  
24 performed.

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

30 YOU ARE AGREEING TO GIVE UP CERTAIN RIGHTS YOU HAVE UNDER  
31 YOUR INSURANCE POLICY. PLEASE READ AND UNDERSTAND THIS  
32 DOCUMENT BEFORE SIGNING.

33 THE ITEMIZED DESCRIPTION OF THE WORK TO BE DONE SHOWN IN THIS  
34 ASSIGNMENT FORM HAS NOT BEEN AGREED TO BY THE INSURER. THE  
35 INSURER HAS THE RIGHT TO PAY ONLY FOR THE COST TO REPAIR OR

1 REPLACE DAMAGED PROPERTY CAUSED BY A COVERED PERIL.

2 d. The assignment shall not impair the interest of a  
3 mortgagee listed on the declarations page of the property  
4 and casualty insurance policy which is the subject of the  
5 assignment.

6 e. The assignment shall not prevent or inhibit an insurer  
7 from communicating with the named insured or mortgagee listed  
8 on the declarations page of the property and casualty insurance  
9 policy that is the subject of the assignment.

10 f. A copy of the executed assignment shall be provided to  
11 the insurer of the residential real estate within five business  
12 days after execution of the assignment.

13 g. The named insured has the right to cancel the assignment  
14 for any reason within five business days from the date the  
15 assignment is executed. The cancellation must be made in  
16 writing. Within ten business days of the date of the written  
17 cancellation, the residential contractor shall tender to the  
18 named insured, the land owner, or the possessor of the real  
19 estate, any payments, partial payments, or deposits that have  
20 been made by such person.

21 6. Any written contract, repair estimate, or work order  
22 prepared by a residential contractor to provide goods or  
23 services to be paid from the proceeds of a property and  
24 casualty insurance policy shall include the following notice  
25 in capitalized fourteen point type, which shall be signed by  
26 the named insured, and sent to the named insured's insurance  
27 company prior to payment of proceeds under the applicable  
28 insurance policy:

29 IT IS A VIOLATION OF THE INSURANCE LAWS OF IOWA TO REBATE  
30 ANY PORTION OF AN INSURANCE DEDUCTIBLE AS AN INDUCEMENT TO THE  
31 INSURED TO ACCEPT A RESIDENTIAL CONTRACTOR'S PROPOSAL TO REPAIR  
32 DAMAGED PROPERTY. REBATE OF A DEDUCTIBLE INCLUDES GRANTING  
33 ANY ALLOWANCE OR OFFERING ANY DISCOUNT AGAINST THE FEES TO  
34 BE CHARGED FOR WORK TO BE PERFORMED OR PAYING THE INSURED  
35 POLICYHOLDER THE DEDUCTIBLE AMOUNT SET FORTH IN THE INSURANCE

1 POLICY. THE INSURED POLICYHOLDER IS PERSONALLY RESPONSIBLE FOR  
2 PAYMENT OF THE DEDUCTIBLE.

3 ~~5.~~ 7. A contract entered into with a residential contractor  
4 is void if the residential contractor violates ~~subsection 2, 3,~~  
5 ~~or 4~~ any provision of this section.

6 ~~6.~~ 8. a. A residential contractor violating ~~this section~~  
7 is subject to the penalties and remedies prescribed by this  
8 chapter.

9 b. A violation of ~~subsection 2 3~~ or 3 4 by a residential  
10 contractor is an unlawful practice pursuant to ~~section 714.16.~~

11 EXPLANATION

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

14 This bill relates to residential contractors and repair  
15 or services performed on residential real estate covered by  
16 property and casualty insurance.

17 Current law requires a residential contractor contracting to  
18 provide goods or services on residential real estate to provide  
19 notice to the person with whom they are contracting that such  
20 person will be responsible for the cost of all goods and  
21 services provided, regardless if the person receives payment  
22 from any property and casualty insurance. The notice must also  
23 provide that the contract is void if the contractor promises  
24 to rebate any portion of the person's insurance deductible, or  
25 negotiates, or offers to negotiate, with the person's insurance  
26 company.

27 The bill requires that the notification prohibiting a  
28 contractor's rebate of a deductible be included in any written  
29 contract, repair estimate, or work order, and be signed by the  
30 named insured. A copy of such notification must be sent to the  
31 named insured's insurer prior to the payment of any proceeds  
32 under the applicable insurance policy.

33 The bill requires a notice regarding responsibility for the  
34 cost of all goods and services be included in any post-loss  
35 assignment of rights and benefits by a named insured to a

1 residential contractor under a property and casualty insurance  
2 policy that covers residential real estate. The assignment  
3 must also include an itemized description of the work to be  
4 performed, and of the cost of the materials, labor, and fees  
5 for the goods or services to be provided.

6 A copy of the assignment must be provided to the insurer  
7 within five business days after execution. The assignment  
8 cannot prevent the insurer from communicating with the  
9 named insured or mortgagee listed on the declarations page  
10 of the policy that is the subject of the assignment. The  
11 named insured can cancel the assignment for any reason  
12 within five business days from the date of execution of the  
13 assignment. Within 10 business days of the date of the written  
14 cancellation, the residential contractor must return to the  
15 named insured, the owner, or the possessor of the residential  
16 real estate, any payments or deposits that have been made by  
17 such person.

18 A residential contractor who violates a provision of the  
19 bill is subject to penalties and remedies pursuant to Code  
20 chapter 103A. In addition, a contractor who advertises a  
21 rebate or promises to rebate a named insured's deductible to  
22 induce a sale, or represents or negotiates with an insurer  
23 on behalf of a named insured, commits a consumer fraud and  
24 is subject to criminal and civil penalties pursuant to Code  
25 section 714.16.