

**Senate Study Bill 1161 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON CHAPMAN)

**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.

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 not impair the interest of a  
7 mortgagee listed on the declarations page of the property  
8 and casualty insurance policy which is the subject of the  
9 assignment.

10 *e.* The assignment shall not prevent or inhibit an insurer  
11 from communicating with the named insured or mortgagee listed  
12 on the declarations page of the property and casualty insurance  
13 policy that is the subject of the assignment.

14 *f.* A copy of the executed assignment shall be provided to  
15 the insurer of the residential real estate within five business  
16 days after execution of the assignment.

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

25 4. Any written contract, repair estimate, or work order  
26 prepared by a residential contractor to provide goods or  
27 services to be paid from the proceeds of a property and  
28 casualty insurance policy shall include in capitalized  
29 fourteen point type the notice as provided in section 103A.71,  
30 subsection 4, paragraph "a", which shall be signed by the named  
31 insured, and sent to the named insured's insurance company  
32 prior to payment of proceeds under the applicable insurance  
33 policy.

34 5. A contract entered into with a residential contractor is  
35 void if the residential contractor violates any provision of

1 this section.

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EXPLANATION

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

5       This bill relates to post-loss assignment of rights to  
6 residential contractors for repair or services performed on  
7 residential real estate covered by property and casualty  
8 insurance.

9       The bill requires a post-loss assignment by a named insured  
10 of rights or benefits to a residential contractor under a  
11 property and casualty insurance policy insuring residential  
12 real estate to only authorize the residential contractor as a  
13 co-payee for the payment of benefits under the policy.

14       The post-loss assignment must include an itemized  
15 description of, and the materials, labor, and fees for, the  
16 work to be performed. The post-loss assignment must also  
17 include a total itemized amount for the work to be performed.

18       The bill requires that the post-loss assignment include a  
19 statement that the residential contractor has not represented  
20 that the claimed loss will be fully covered by insurance and an  
21 additional notice, in 14 point type, as detailed in the bill.

22       The assignment is prohibited from impairing the interest  
23 of a named mortgagee on the property, or from preventing the  
24 insurer from communicating with the named insured or a named  
25 mortgagee.

26       The bill requires that after the post-loss assignment  
27 is executed, a copy must be provided to the insurer of the  
28 residential real estate within five business days. The named  
29 insured has the right to cancel the assignment for any reason  
30 within those five business days. If the named insured cancels  
31 the assignment, the residential contractor must return any  
32 payments made by the named insured, the landowner, or the  
33 possessor of the real estate.

34       Any written contract, estimate, or work order prepared by  
35 the residential contractor must include a notice, as detailed

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1 in the bill, advising the named insured that the named insured  
2 is responsible for payment to the residential contractor for  
3 any goods or services provided by the contractor, even if  
4 the named insured does not receive payment from a property  
5 and casualty insurance policy. The notice also advises the  
6 named insured that if the residential contractor advertises  
7 or promises to rebate the named insured's deductible, or  
8 represents or negotiates, or offers to represent or negotiate  
9 with the named insured's property and casualty insurer  
10 on behalf of the named insured, the named insured is not  
11 responsible for payment to the contractor under the contract,  
12 estimate, or work order. A copy of the document, signed by the  
13 named insured, must be sent to the named insured's insurance  
14 company prior to the residential contractor being paid from the  
15 proceeds of the property and casualty insurance.