

CHAPTER 49

HOMEOWNER'S INSURANCE — REPAIRS OR SERVICES ON RESIDENTIAL REAL ESTATE — ASSIGNMENT OF RIGHTS TO RESIDENTIAL CONTRACTORS

S.F. 412

AN ACT relating to post-loss assignment of rights to residential contractors for repair or services performed on residential real estate covered by property and casualty insurance, and making penalties applicable.

Be It Enacted by the General Assembly of the State of Iowa:

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

1. **This section** may be cited as the “Insured Homeowner’s Protection Act”.

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

a. “Catastrophe” means the same as defined in [section 103A.71](#).

b. “Residential contractor” means the same as defined in [section 103A.71](#).

c. “Residential real estate” means the same as defined in [section 103A.71](#).

d. “Roof system” means the same as defined in [section 103A.71](#).

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

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

b. The assignment shall include all of the following:

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

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

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

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

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

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

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

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

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

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

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

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

h. The named insured has the right to cancel the assignment for any reason within five business days from the later of the date the assignment is executed or the date on which the named insured receives a copy of the executed assignment. The cancellation must be made in writing. Within ten business days of the date of the written cancellation, the residential contractor shall tender to the named insured, the land owner, or the possessor of the real estate, any payments, partial payments, or deposits that have been made by such person.

4. Any written contract, repair estimate, or work order prepared by a residential contractor to provide goods or services to be paid from the proceeds of a property and casualty insurance policy shall include in capitalized fourteen point type the notice as provided in [section 103A.71, subsection 4](#), paragraph “a”, which shall be signed by the named insured, and sent to the named insured’s insurance company prior to payment of proceeds under the applicable insurance policy.

5. a. A contract entered into with a residential contractor is void if the residential contractor violates any provision of [this section](#).

b. A violation of [this section](#) by a residential contractor is an unlawful practice pursuant to [section 714.16](#).

Approved May 1, 2019