

# KAPCIC

Kansas Association of Property & Casualty Insurance Companies Inc.

March 11, 2019

**SB 78**

**Testimony Before the House Judiciary Committee**

**Testimony by Marlee Carpenter, Kansas Association of Property and Casualty Insurance Companies (KAPCIC)**

Mr. Chair and Members of the Committee;

Thank you for the opportunity to testify on behalf of the Kansas Association of Property and Casualty Insurance Companies (KAPCIC), our state trade association for domestic property and casualty insurance companies. Most of the KAPCIC member companies are domiciled Kansas companies and our members live and work here in the state.

SB 78 is a bill that addresses the abuse of the assignment of benefits in property and casualty insurance contracts. SB 78 is modeled after a Nebraska law that was passed last year. In many cases, an assignment of benefits has a valid purpose. However, we have found that in some instances, this assignment of benefits has been abused.

After large storm losses, there are times dishonest roofers and contractors ascend on the area of loss to make a quick profit. In some states, these dishonest roofers and contractors are asking homeowners to assign their benefits to the roofer or contractor. When a homeowner assigns their benefits, the roofer or contractor steps into the shoes of the homeowner and assumes their rights under the contract. In some cases, the homeowner has no knowledge of the repair price, the materials ordered or even if the roofer or contractor sues the insurance company. When a roofer or contractor is dishonest, this drives up the repair price and the cost of insurance in the state.

SB 78 addresses the assignment of benefits under the Kansas Consumer Protection Act. It put key protections in place that will keep both the homeowner and insurance company informed if an assignment is made. The bill will require that the insurance company is notified of an assignment, that the check for repairs is addressed to both the roofer/contractor and the homeowner and requires a statement regarding the assignment accompanies the assignment.

We have worked with the Kansas Department of Insurance, the Attorney General's Office as well as the Kansas Roofer's Association on the bill. We would request one change to the current language. We would request that line 16 read "perform interior and exterior repair or cleanup services....." This change would clarify that services covered under this bill apply to services on both the interior and exterior of the insured property.

Thank you for your time and I will be happy to answer any questions.



# Kansas Insurance Department

Ken Selzer, CPA, Commissioner of Insurance

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**FOR IMMEDIATE RELEASE**

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## *Consumer alert:*

### Post-storm, be careful what you sign

Topeka, KS—Ken Selzer, CPA, Kansas Commissioner of Insurance, is urging Kansans who have insurance claim money following a storm to be sure to know your rights and responsibilities “before you sign on the dotted line” with a contractor.

“I urge all Kansas homeowners to know what control you have or don’t have if you are considering a post-loss assignment of a claim to a contractor,” Commissioner Selzer said. “You need to realize that you may give up any control over how the claim money is used or how the work is completed.”

A post-loss assignment of a claim is a contract signed by the homeowner, after a covered loss, that grants a contractor all rights and duties of the claim under the insurance policy. This could be for any damage to insured property, such as a roof, siding, gutters, deck, windows or other household features.

Once that contract is signed, the contractor now owns all rights and duties to the claim. There are several ramifications of that, Commissioner Selzer said:

- If there is a disagreement between the contractor and the insured, the contractor may file a suit against the insurer in the policyholders’ name. The policyholder has no rights in the suit, and the suit could have an impact on future rates and insurability.
- The policyholder could be financially responsible to the contractor for the difference in the contractor’s price and the insurer’s payment.
- The policyholder could lose any ability to seek further action against the insurer because his/her rights have been assigned to the contractor.
- If a policyholder signed the agreement and then wishes to fire the contractor, that contractor still has claim to the insurance payment.

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“A homeowner is not required to sign a post-loss agreement,” Commissioner Selzer said. “I would urge homeowners to get a legal opinion before signing any agreement. Also, be sure to thoroughly check out the potential contractor by seeking recommendations from friends, co-workers, the Better Business Bureau and others.”

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*The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies, and licenses agents selling insurance products in the state. More about the department is online at [www.ksinsurance.org](http://www.ksinsurance.org) or at [www.facebook.com/kansasinsurancedepartment](https://www.facebook.com/kansasinsurancedepartment).*