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LEGISLATURE *of* THE STATE *of* KANSAS

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**MEMORANDUM**

To: House Committee on Judiciary

From: Jason Thompson, Senior Assistant Revisor of Statutes

Natalie Scott, Assistant Revisor of Statutes

Date: March 11, 2019

Subject: Bill Brief for SB 78

Senate Bill 78 regulates assignment of rights or benefits to a residential contractor under a property and casualty insurance policy insuring residential real estate. The bill creates a new section of law that will be a part of and supplemental to the Kansas consumer protection act, as provided in subsection (f).

The bill applies to a post-loss assignment of rights or benefits to a residential contractor under a property and casualty insurance policy insuring residential real estate. “Residential contractor” is defined as a person in the business of contracting or offering to contract with an owner or possessor of residential real estate to: (1) Repair or replace a roof system or perform any other exterior repair, replacement, construction or reconstruction work on residential real estate; (2) perform interior or exterior cleanup services on residential real estate; (3) arrange for, manage or process such work; or (4) serve as a representative, agent or assignee of the owner or possessor of residential real estate. “Residential real estate” is defined as a new or existing building, including a detached garage, constructed for habitation by at least one but no more than four families.

Subsection (b) provides the requirements for a valid post-loss assignment of rights or benefits. An assignment may authorize a residential contractor to be named as a copayee for the payment of benefits under a property and casualty insurance policy covering residential real estate. An assignment shall: (1) Include a statement that the residential contractor has made no assurances that the claimed loss will be fully covered by an insurance contract; (2) include a notice detailed in the statute; and (3) provide that, in addition to any other right to revoke, the named insured has the right to cancel the assignment within five business days after execution.