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**David Monaghan, CPCU**  
Government Affairs Counsel

February 15, 2019

Senate Judiciary Committee  
State Capital Building  
300 SW 10<sup>th</sup> Ave. Room 541-E  
Topeka, KS 66612

Re: American Family Insurance's support of Senate Bill 78

Mr. Chairman and Members of the Committee:

American Family Insurance insures approximately fourteen percent of the homes in the state. We offer insurance products through some 100 appointed producers who reside throughout the state.

Our agents and company claim representatives work on a daily basis with residential contractors. Contractors who do quality work are absolutely essential for homeowners and insurers. We are fortunate to have so many quality contractors in communities across the state.

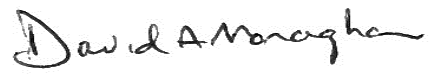
Some residential contractors, however, misuse assignment of benefits. All too often, contractors require homeowners to sign broadly worded assignment of benefits before agreeing to make repairs. The assignment transfers complete control of the homeowners claim to the contractor. Homeowners are then prohibited from working with their insurance company to reach a reasonable settlement.

In some cases, unscrupulous contractors inflate repair costs and refuse to make any repairs before reaching a final agreement on payment. When a contractor refuses to complete repairs, homeowners are often surprised to learn they have relinquished rights under the policy. This leads to confusion, frustration, and litigation. Abuse of assignment of benefits threatens homeowners and must be addressed before it lead to property insurance rates increases.

Senate Bill 78 protects homeowners from unscrupulous practices by placing some conditions on the use of assignment of benefits. The key consumer protections include: 1) the assignment must contain a specific statement which indicates the insured is waiving certain rights under the policy and that the insurer may only pay for the cost to repair or replace damage property caused by the covered peril; 2) the insured may cancel the assignment within five business days after execution; and 3) the assignment may not prevent or inhibit the insurer from communicating with the named insured.

We urge you to support Senate Bill 78. The bill will protect homeowners and restore balance in the repair and claims settlement process.

Thank you for considering our comments on this legislation.

A handwritten signature in black ink that reads "David A. Monaghan". The signature is written in a cursive style with a large, prominent initial "D".

David Monaghan