

2019 Kansas Statutes

50-6,143. Residential real estate insurance policy; assignment of rights or benefits to contractor. (a) As used in this section:

(1) "Assignment" means a post-loss assignment of rights or benefits to a residential contractor under a property and casualty insurance policy insuring residential real estate;

(2) "residential contractor" means a person in the business of contracting or offering to contract with an owner or possessor of residential real estate to:

(A) Repair or replace a roof system or perform any other exterior repair, replacement, construction or reconstruction work on residential real estate;

(B) perform interior or exterior repair and cleanup services on residential real estate;

(C) arrange for, manage or process the work referred to in subparagraph (A) or (B); or

(D) serve as a representative, agent or assignee of the owner or possessor of residential real estate;

(3) "residential real estate" means a new or existing building constructed for habitation by at least one but no more than four families and any related detached structures; and

(4) "roof system" means and includes roof coverings, roof deck, roof ventilation, roof weatherproofing and insulation.

(b) (1) 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 insuring residential real estate.

(2) An assignment shall include the following notice in capitalized 14-point type:

"AN ASSIGNMENT OF RIGHTS OR BENEFITS IS VOLUNTARY. YOU ARE AGREEING TO ASSIGN CERTAIN RIGHTS THAT YOU HAVE UNDER YOUR INSURANCE POLICY. WITH AN ASSIGNMENT, THE RESIDENTIAL CONTRACTOR SHALL BE ENTITLED TO PURSUE ANY RIGHTS OR REMEDIES THAT YOU, THE INSURED POLICY HOLDER, HAVE UNDER YOUR INSURANCE POLICY. PLEASE READ AND UNDERSTAND THIS DOCUMENT BEFORE SIGNING.

THE INSURER MAY ONLY PAY FOR THE COST TO REPAIR OR REPLACE DAMAGED PROPERTY CAUSED BY A COVERED PERIL, SUBJECT TO THE TERMS OF THE POLICY."

(3) The residential contractor shall provide a copy of the assignment to the insurer of the residential real estate within three business days after the assignment is signed.

(4) An assignment shall 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.

(5) An assignment shall not:

(A) Impair the interest of a mortgagee listed on the declarations page of the property and casualty insurance policy that is the subject of the assignment; or

(B) 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.

(c) The commissioner of insurance shall strictly enforce the provisions of K.S.A. 40-2404(9)(n), and amendments thereto, which requires insurers to promptly provide a named insured a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

(d) An assignment is void if the residential contractor:

(1) Violates any provision of this section; or

(2) is not in compliance with any of the requirements of the Kansas roofing registration act.

(e) Any violation of this section is a deceptive act or practice under the Kansas consumer protection act.

(f) This section shall be a part of and supplemental to the Kansas consumer protection act.

History: L. 2019, ch. 56, § 1; July 1.