

ONE HUNDRED FIFTH LEGISLATURE - FIRST SESSION - 2017
COMMITTEE STATEMENT
LB220

Hearing Date: Monday February 06, 2017
Committee On: Banking, Commerce and Insurance
Introducer: Harr
One Liner: Adopt the Insured Homeowners Protection Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Baker, Brewer, Craighead, Kolterman, Lindstrom, McCollister, Schumacher, Williams
Nay:
Absent:
Present Not Voting:

Verbal Testimony:

Proponents:

Senator Burke Harr
Coleen Nielsen
Kelly Campbell
Steve Nelson
Dustan Biegler
Justin Brady
Jim Dobler
Jan McKenzie
Tad Fraizer

Representing:

Introducer
NE Insurance Information Service
Property Casualty Insurers Assn.
Farm Bureau Financial Services
Apple Roofing LLC
Property Casualty Insurers Assn.
Professional Insurance Agents of NE
NE Insurance Federation
American Insurance Assn.

Opponents:

Scott Vyskocil

Sage Rosenfels
Christopher Bober
James Eggers
Theodore Boecher
Steve Shannon
Patrick Muhs
Tod Tevelde

Representing:

NE Assn. of Commercial Property Owners / Eastern NE Development Council
Self
Self
Millard Roofing
Self
Disaster Response Group / Self
Roofing Moose
Millard Roofing and Gutter

Neutral:

Representing:

Summary of purpose and/or changes:

This bill would amend sections 44-8601 and 44-8602 of the Insured Homeowners Protection Act and enact three new sections to be assigned with such act in order to provide for more consumer protections regarding post-loss assignment of rights or benefits to residential contractors under property and casualty insurance policies insuring residential real estate.

The bill would provide, section by section, as follows:

Section 1 would amend section 44-8601 to provide for assignment of new sections 3 to 5 within the act.

Section 2 would amend section 44-8602 to expand the definition of "residential contractor" to include a person contracting to (1) arrange for, manage, or process the work of repair, replacement, reconstruction, or cleanup on residential real estate, and (2) serve as a representative, agent, or assignee of the owner or possessor of residential real estate.

Section 3 would enact a new section to provide that a post-loss assignment of rights or benefits to a residential contractor under a property and casualty insurance policy shall be subject to the following requirements. (1) The assignment shall only authorize a residential contractor to be named a copayee. (2) The assignment shall be provided to the insurer. (3) The assignment shall include an itemized description of the work, materials, labor, and fees, and the total itemized amount agreed to be paid. (4) The assignment shall include a statement that the residential contractor has made no assurances that the loss will be fully covered by an insurance contract. (5) The assignment shall not impair the interest of a mortgagee. (6) The assignment shall not prevent or inhibit an insurer from communicating with the named insured or mortgagee.

Section 4 would enact a new section to provide that a contract, repair estimate, or work order shall include a notice that it is a violation of insurance laws to rebate any portion of a deductible as an inducement to the insured to accept a residential contractor's proposal to repair.

Section 5 would enact a new section to provide that a contract entered into with a residential contractor is void if the residential contractor violates the Insured Homeowners Protection Act.

Section 6 provides for repealers of the amendatory sections.

Explanation of amendments:

The committee amendments become the bill. They make structural and stylistic changes as well as substantive changes.

1. The amendments would provide that an assignment of rights or benefits to a residential contractor "may" rather than "shall only" authorize the contractor to be named as a copayee for payment of benefits under a property and casualty insurance policy.
2. The amendments would expand notice provisions in order to inform an insured homeowner that with an assignment, the residential contractor shall be entitled to pursue any rights or remedies that the insured homeowner has under the insurance policy.
3. The amendments would provide that the required itemized description of the work, materials, labor, fees, and total amount to be paid shall be furnished to the insured and insurer prior to commencement of repair or replacement work. The amendments would further provide that the description shall not limit the insured or residential contractor from identifying other goods and services necessary to complete repairs or replacement.

Brett Lindstrom, Chairperson