

AMENDMENTS TO LB743

Introduced by Harr, 8.

1 1. Insert the following new sections:

2 Sec. 28. Section 44-8601, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 44-8601 Sections 44-8601 to 44-8604 and sections 30 to 33 of this
5 act shall be known and may be cited as the Insured Homeowners Protection
6 Act.

7 Sec. 29. Section 44-8602, Revised Statutes Cumulative Supplement,
8 2016, is amended to read:

9 44-8602 For purposes of the Insured Homeowners Protection Act:

10 (1) Residential contractor means a person in the business of
11 contracting or offering to contract with an owner or possessor of
12 residential real estate to:

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

16 (b) Perform ~~perform~~ interior or exterior cleanup services on
17 residential real estate;

18 (c) Arrange for, manage, or process the work referred to in
19 subdivision (1)(a) or (b) of this section; or

20 (d) Serve as a representative, agent, or assignee of the owner or
21 possessor of residential real estate;

22 (2) Residential real estate means a new or existing building,
23 including a detached garage, constructed for habitation by at least one
24 but no more than four families; and

25 (3) Roof system means and includes roof coverings, roof sheathing,
26 roof weatherproofing, and insulation.

27 Sec. 30. (1) A post-loss assignment of rights or benefits to a

1 residential contractor under a property and casualty insurance policy
2 insuring residential real estate shall comply with the following:

3 (a) The assignment may authorize a residential contractor to be
4 named as a copayee for the payment of benefits under a property and
5 casualty insurance policy covering residential real estate;

6 (b) The assignment shall be provided to the insurer of the
7 residential real estate within five business days after execution;

8 (c) The assignment shall include a statement that the residential
9 contractor has made no assurances that the claimed loss will be fully
10 covered by an insurance contract and shall include the following notice
11 in capitalized fourteen-point type:

12 YOU ARE AGREEING TO ASSIGN CERTAIN RIGHTS YOU HAVE UNDER YOUR
13 INSURANCE POLICY. WITH AN ASSIGNMENT, THE RESIDENTIAL CONTRACTOR SHALL BE
14 ENTITLED TO PURSUE ANY RIGHTS OR REMEDIES THAT YOU, THE INSURED
15 HOWEOWNER, HAVE UNDER YOUR INSURANCE POLICY. PLEASE READ AND UNDERSTAND
16 THIS DOCUMENT BEFORE SIGNING.

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

19 (d) The assignment shall not impair the interest of a mortgagee
20 listed on the declarations page of the property and casualty insurance
21 policy which is the subject of the assignment; and

22 (e) The assignment shall not prevent or inhibit an insurer from
23 communicating with the named insured or mortgagee listed on the
24 declarations page of the property and casualty insurance policy that is
25 the subject of the assignment.

26 (2) The Department of Insurance shall strictly enforce the
27 provisions of subdivision (13) of section 44-1540, which requires
28 insurers to provide a named insured a reasonable and accurate explanation
29 of the basis for the denial of a claim or an offer of a compromise
30 settlement.

31 Sec. 31. Prior to commencement of repair or replacement work, a

1 residential contractor shall furnish the insured and insurer with an
2 itemized description of the work to be done and the materials, labor, and
3 fees for repair or replacement of the damaged residential real estate and
4 the total itemized amount agreed to be paid for the work to be performed,
5 except that the description shall not limit the insured or residential
6 contractor from identifying other goods and services necessary to
7 complete repairs or replacement associated with a covered loss.

8 Sec. 32. Any written contract, repair estimate, or work order
9 prepared by a residential contractor to provide goods or services to be
10 paid from the proceeds of a property and casualty insurance policy shall
11 include the following notice of the prohibition contained in section
12 44-8604 in capitalized fourteen-point type which shall be signed by the
13 named insured and sent to the named insured's insurer prior to payment of
14 proceeds under the applicable insurance policy:

15 IT IS A VIOLATION OF THE INSURANCE LAWS OF NEBRASKA TO REBATE ANY
16 PORTION OF AN INSURANCE DEDUCTIBLE AS AN INDUCEMENT TO THE INSURED TO
17 ACCEPT A RESIDENTIAL CONTRACTOR'S PROPOSAL TO REPAIR DAMAGED PROPERTY.
18 REBATE OF A DEDUCTIBLE INCLUDES GRANTING ANY ALLOWANCE OR OFFERING ANY
19 DISCOUNT AGAINST THE FEES TO BE CHARGED FOR WORK TO BE PERFORMED OR
20 PAYING THE INSURED HOMEOWNER THE DEDUCTIBLE AMOUNT SET FORTH IN THE
21 INSURANCE POLICY.

22 THE INSURED HOMEOWNER IS PERSONALLY RESPONSIBLE FOR PAYMENT OF THE
23 DEDUCTIBLE. THE INSURANCE FRAUD ACT AND NEBRASKA CRIMINAL STATUTES
24 PROHIBIT THE INSURED HOMEOWNER FROM ACCEPTING FROM A RESIDENTIAL
25 CONTRACTOR A REBATE OF THE DEDUCTIBLE OR OTHERWISE ACCEPTING ANY
26 ALLOWANCE OR DISCOUNT FROM THE RESIDENTIAL CONTRACTOR TO COVER THE COST
27 OF THE DEDUCTIBLE. VIOLATIONS MAY BE PUNISHABLE BY CIVIL OR CRIMINAL
28 PENALTIES.

29 Sec. 33. A contract entered into with a residential contractor is
30 void if the residential contractor violates any provision of the Insured
31 Homeowners Protection Act.

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2. Renumber the remaining sections and correct the repealer
- 2 accordingly.