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February 11, 2021

The Honorable Jim Patrick
Chair, Senate Commerce and Human Resources Committee
State Capitol
Boise, Idaho 83720

Re: Letter in Support of SB 1057 - February 11, 2021 Hearing

Dear Chairman Patrick and Committee Members:

The National Association of Mutual Insurance Companies (NAMIC)¹ writes to urge the Senate Commerce and Human Resources Committee favorably report SB 1057, which will enhance protections for consumers during the stressful period after a disaster. The bill does this by providing a fair and balanced framework for the allocation of rights and obligations between consumers and contractors when a decision is made for the consumer to assign its rights under a policy to a third-party.

It needs to be stressed that NAMIC member companies work on a daily basis with residential contractors. The work they do is absolutely essential for the homeowner and insurers. Idaho is fortunate to have so many quality contractors in communities across the state.

We are seeing that after a storm hits, some contractors, particularly those from other states and not from the local community, flock to the state and misuse what are called "assignment of benefits" contracts. Some of these contracts go far beyond what is necessary to guarantee that the contractor will be paid its rightful amount from the proceeds. The contractor mandates homeowners sign them in the critical hours after disaster. They also completely transfer control of the homeowner's claim to the contractor. Homeowners can be prohibited from working with companies to achieve a reasonable settlement of the claim.

SB 1057 addresses this by requiring minimum standards for the assignment contract. They include:

¹ The National Association of Mutual Insurance Companies is the largest property/casualty insurance trade group with a diverse membership of more than 1,400 local, regional, and national member companies, including seven of the top 10 property/casualty insurers in the United States. In Idaho, we have 179 member companies, including five domiciled companies, which underwrite 53% of the state's insurance coverage.



- Giving the homeowner the right to cancel the contract;
- Allowing the assignment to be used as a way to assure payment of the insurance proceeds to the contractor while avoiding the wholesale transfer of the homeowner's rights under the policy;
- Requiring that the assignment be provided in a timely manner to the insurer so to reduce claims processing problems; and
- Mandating that the assignment include an itemized description of the work to be done.

The enactment of SB 1057 will save citizens from many of the problems that have been seen elsewhere. It is a good faith bill that allows well-regarded contractors to get to work while protecting the insurance purchasing public from the harm.

NAMIC appreciates your attention to this issue. If you have any questions or comments, please do not hesitate to contact me. In the meantime, I remain,

Sincerely

Regional Vice President – Midwest and Rocky Mountains