



Kansas Insurance Department

Ken Selzer, CPA, Commissioner of Insurance

FOR IMMEDIATE RELEASE

April 16, 2018

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Consumer alert:

Post-storm, be careful what you sign

Topeka, KS—Ken Selzer, CPA, Kansas Commissioner of Insurance, is urging Kansans who have insurance claim money following a storm to be sure to know your rights and responsibilities “before you sign on the dotted line” with a contractor.

“I urge all Kansas homeowners to know what control you have or don’t have if you are considering a post-loss assignment of a claim to a contractor,” Commissioner Selzer said. “You need to realize that you may give up any control over how the claim money is used or how the work is completed.”

A post-loss assignment of a claim is a contract signed by the homeowner, after a covered loss, that grants a contractor all rights and duties of the claim under the insurance policy. This could be for any damage to insured property, such as a roof, siding, gutters, deck, windows or other household features.

Once that contract is signed, the contractor now owns all rights and duties to the claim. There are several ramifications of that, Commissioner Selzer said:

- If there is a disagreement between the contractor and the insured, the contractor may file a suit against the insurer in the policyholders’ name. The policyholder has no rights in the suit, and the suit could have an impact on future rates and insurability.
- The policyholder could be financially responsible to the contractor for the difference in the contractor’s price and the insurer’s payment.
- The policyholder could lose any ability to seek further action against the insurer because his/her rights have been assigned to the contractor.
- If a policyholder signed the agreement and then wishes to fire the contractor, that contractor still has claim to the insurance payment.

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“A homeowner is not required to sign a post-loss agreement,” Commissioner Selzer said. “I would urge homeowners to get a legal opinion before signing any agreement. Also, be sure to thoroughly check out the potential contractor by seeking recommendations from friends, co-workers, the Better Business Bureau and others.”

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The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies, and licenses agents selling insurance products in the state. More about the department is online at www.ksinsurance.org or at www.facebook.com/kansasinsurancedepartment.