

Senator **Stephen H. Urquhart** proposes the following substitute bill:

PAYMENT OF INSURANCE PROCEEDS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen H. Urquhart

House Sponsor: V. Lowry Snow

LONG TITLE

General Description:

This bill enacts provisions related to the payment of certain insurance proceeds.

Highlighted Provisions:

This bill:

► requires a property and casualty insurer, under certain circumstances, to include the provider of a mitigation service as an additional payee on checks issued to the insured ~~§~~ → [:-

————— • ~~for \$2,500 or more; and~~

————— •] ~~that are~~ ← § intended to pay for the mitigation service.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

31A-22-1309, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:



26 Section 1. Section 31A-22-1309 is enacted to read:

27 **31A-22-1309. Payment of insurance proceeds to provider of mitigation service.**

28 (1) As used in this chapter:

29 (a) "Certificate of satisfactory completion" means a document signed by a ~~§~~ provider
 29a and at least one ~~§~~ named

30 insured in which ~~§~~ :

30a (i) the provider warrants that the provider performed the mitigation service
 30b provided under the service agreement in accordance with the generally accepted industry
 30c standards applicable to the mitigation service provided; and

30d (ii) ~~§~~ the named insured ~~§~~ [certifies] verifies ~~§~~ that the provider satisfactorily
 30e completed the
 31 mitigation service provided under the service agreement.

32 (b) "Damaged property" means real property that is damaged by a covered peril.

33 (c) "Insurance proceeds" means money payable by an insurer under an insurance policy
 34 for a mitigation service.

35 (d) "Insurer" means property and casualty insurer that provides coverage for damage to
 36 real property caused by a covered peril.

37 (e) ~~§~~ (i) ~~§~~ "Mitigation service" means labor, equipment, or material provided on
 37a damaged
 38 property for the purpose of performing repairs necessary to prevent further damage caused by
 39 the covered peril ~~§~~ [-,including cleanup] ~~§~~ .

39a ~~§~~ (ii) "Mitigation service" includes:

39b (A) drying interior elements, including drywall, flooring, wall studs, and seal
 39c plates;

39d (B) cleaning a sewer overflow; and

39e (C) cleaning fire damage.

39f (iii) "Mitigation service" does not include labor, equipment, or material provided for
 39g the purpose of restoring the damaged property to its pre-loss condition. ~~§~~

40 (f) "Provider" means a person that provides a mitigation service under a service
 41 agreement.

42 (g) "Service agreement" means a written ~~§~~ [agreement] work authorization ~~§~~ between
 42a an owner of property
 43 damaged by a covered peril and a provider, under which the provider agrees to perform a
 44 mitigation service for the owner's damaged property.

45 (2) (a) Within 10 business days after the day on which a provider completes a
46 mitigation service governed by a service agreement, the provider shall ~~§~~ , if payment for the
46a mitigation service is still owing, ~~§~~ send to the insurer of the
47 damaged property:
48 (i) a written notice of completion described in Subsection (2)(b); and
49 (ii) a copy of the certificate of satisfactory completion.
50 (b) A notice of completion shall state:
51 (i) that the provider claims ~~§~~ [money] insurance proceeds ~~§~~ owed for a mitigation
51a service provided under a
52 service agreement;
53 (ii) the name, address, and telephone number of the insured; ~~§~~ and ~~§~~
54 (iii) the date of the service agreement ~~§~~ [; and
55 — (iv) the amount still owed to the provider for the mitigation service provided under the
56 service agreement, if any] ~~§~~ .

57 (3) If a provider satisfies the requirements described in Subsection (2) and has not
58 received the full amount due for the mitigation service described in the provider's notice of
59 completion and certificate of satisfactory completion, the insurer shall include the provider as
60 an additional payee on each check issued to the insured that is ~~§~~ [:

61 ———~~(a) for \$2,500 or more; and~~

62 ———~~(b)~~ ~~←~~§ intended to pay for the mitigation service described in the provider's notice of
63 completion and certificate of satisfactory completion.