



Below is a summary of SB 1226, introduced by Senator Livingston. This was the original draft of the bill introduced by Senator Livingston. It has undergone several changes throughout the stakeholder process and we do not know what the final version will look like. The bill sets new parameters around what a valid assignment looks like and makes it significantly more difficult for customers to assign their benefits to you (auto glass companies). It also includes a zero cash back provision. It is being run by the property and casualty insurance industry.

A valid assignment must meet all of these requirements after a loss has occurred:

- The insured files a claim for coverage.
- After the claim has been filed and within 3 days after signing the assignment agreement, the insured notifies the insurer of the proposed assignment, provides the insurer with a copy of the proposed agreement, an initial estimate and a description or summary of the services or repairs to be provided.
- Provides info concerning any lien or encumbrance (unless amount of damages or loss is \$2500 or less).
- The proposed assignee (auto glass company) provides a form of assignment agreement to the insured that discloses the key provisions of the contract, including the following provisions:
 - Whether the insured remains liable for any costs not covered by the insurance policy.
 - The interest rate, if any, that will be charged to the insured (by the glass company) in the event of a delay in payment by the insured (to the glass company) following receipt of payment by the insurer.
 - That the insured has a 5-day right of recession to terminate the assignment. The 5-day period commences on the day the insured signs the assignment agreement.
 - That the assignment agreement does not require the insured to indemnify the assignee (auto glass company) against any claims arising out of the assignee (auto glass company) providing services or repairs.
 - Whether the assignment authorizes the assignee (auto glass company) to sue the insurer on the insured's behalf.
- The assignee (auto glass company) notifies the insurer of the assignment within 3 days after the conclusion of the rescission period and provides the insurer with an itemized statement of the costs or charges for the services or repairs to be provided. The assignee (auto glass company) shall also provide a copy of the notification and statement to the insured.

- The assignee (auto glass company), the insured, and the assignment agreement comply with any requirements or limitations in the insurance policy, including proof of loss, duties after loss, inspection, cooperation, investigation, appraisal and arbitration provisions.
- The assignee (auto glass company) follows any procedures or requirements set forth in the policy in order to exercise any rights assigned by the insured, including any mandatory notification periods, before initiating litigation. If the assignment authorizes the assignee to sue the insurer, the assignee must provide notice to the insured not less than 15 days before commencing litigation against the insurer. (**Litigation provision**)
- The assignment does not prevent or inhibit an insurer from communicating with the insured, any lienholder, or any mortgagee listed on the declarations page of the insurance policy that is the subject of the assignment.
- If the assignment involves repairs or services to real property, the assignment does not impair the interests of a mortgagee listed in the declarations page of the insurance policy that is the subject of the assignment.
- The insured and the insurer have the right to inspect the materials used and the workmanship of the services or repairs provided and to resolve any materials or workmanship disputes or issues before the assignee (auto glass company) is entitled to payment in full.
- The assignee (auto glass company) does not charge interest on an unpaid balance for services or repairs covered by the policy during any period of time in which there is a dispute concerning the materials or workmanship of the services or repairs provided by the assignee (auto glass company) or concerning the amount of compensation the assignee (auto glass company) is entitled to receive for the services or repairs covered by the assignment agreement.
- A potential assignee does not offer, direct, pay, promise allow or provide the insured or other party with, and the insured or other party does not accept, any compensation, gift or other valuable consideration as an inducement to sign an assignment agreement or in connection with any agreement to retain the assignee to provide services or repairs to remediate a property or casualty claim (**zero cash back provision**).
- An assignment agreement that fails to comply with this section is void and relieves the insured of any obligations under the voided assignment of rights and any related work order.
- This does not prohibit or limit the ability of an insured to authorize the assignment of direct payment to a third party for services or repairs that are provided in connection with a property or casualty claim, if the insured notifies the insurer of the proposed assignment of direct payment.
- This does not establish any new private right or cause of action or extinguish or limit any existing common law cause of action.