Kansas Legislature Enacts Prohibition on Assignment of Post-Loss Insurance Benefits Under Residential Insurance Policies

By: Kenzie Clark

On April 3, 2026, Kansas Governor Laura Kelly signed Senate Bill 55 (SB 55), which prohibits the assignment of post-loss benefits under residential property insurance policies. Effective as of July 1, 2026, contractors cannot solicit or accept the assignment of any insurance policy or benefit belonging to a client or receive any insurance payout directly. In the bill's words, such practices are "considered to be against public policy," and "null and void."

SB 55 was enacted to protect consumers from the illegitimate repairs and inflated prices caused by bad actors in the roofing industry. It targets roofers and contractors who insert themselves into the insurance process through assignment agreements. "Assignment agreement" is defined in the bill as any instrument by which post-loss benefits under a residential property insurance policy are assigned, transferred, or otherwise acquired, in whole or in part, to or from a person providing services, including but not limited to inspecting, protecting, repairing, or replacing the property, or mitigating against further damage to the property.

Notably, the bill's definition of assignment agreement includes Assignment of Benefits (AOB) forms, the use of which now constitutes an unfair and deceptive practice. The bill is silent on negotiations with insurance carriers or adjusters.

Penalties for Violation of SB 55

Parties found in violation of SB 55 may be exposed to additional penalties beyond the assignment itself being void. Violations will be treated as unfair or deceptive business practices and subject to investigation by the Insurance Commissioner. Penalties may include any or all of the following:

1. Payment of up to $1,000 for each violation, not to exceed an aggregate of $10,000, unless the party knew or reasonably should have known that its conduct constituted a violation, in which case the payment may increase up to $5,000 per violation;
2. Suspension or revocation of the party's license, if the party knew or reasonably should have known that its conduct constituted a violation; and
3. A refund of any premiums paid by, or the payment of any monies withheld from, any consumer, including interest, together with appropriate public notification of the violation.

Finally, in the event the Insurance Commissioner elects to conduct a hearing, the party who committed the violation may be responsible for costs incurred as a result of the hearing, including but not limited to, witness fees, mileage allowances, and the costs of reproducing documents.

What This Means for Contractors

Contractors should be aware that any AOB forms or AOB provisions in preexisting contracts will likely be considered a violation of Kansas Law under this new bill. While the assignment may be considered null and void, the agreement may still be enforceable. We recommend that contractors consult legal counsel to ensure that their current practices and forms comply with the statute in its current form.

We will continue to monitor any upcoming developments or changes to the enforceability of such assignment agreements and to this area of law.

This article is general in nature and does not constitute legal advice. If you have legal questions, please consult the author Kenzie Clark (kclark@sb-kc.com) at 816-265-4142 or any of the other attorneys in Seigfried Bingham's Construction Group, including Julie Parisi (jparisi@sb-kc.com) 816-265-4259, Cody Weyhofen (cweyhofen@sb-kc.com) 816-265-4163, or your regular contact at Seigfried Bingham at 816-421-4460.