

## Limitations on Contractors Advocating for their Client's Insurance Coverage

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By Brian Gaudet

A recent case out of the Supreme Court of Iowa ([\*33 Carpenters Construction, Inc. v. State Farm Life and Casualty Company\*](#)) reminds us that roofing cases related to insured losses bear some additional consideration in advising our clients and litigating disputes.

In *33 Carpenters*, the contractor signed an agreement with homeowners that had suffered an insured loss (hail damage) on their roof. Under the agreement the contractor committed to assist the homeowners with their claim against the insurance company. Under a subsequent agreement, the homeowners assigned their rights to receive payment to 33 Carpenters who were attempting to get a supplemental claim paid by the insurance company. Ultimately 33 Carpenters sued State Farm for failure to pay all benefits due and owing under the policy. The Iowa Supreme Court upheld the lower courts holding that 33 Carpenters was not entitled to additional compensation as a result of 33 Carpenters acting as a public adjuster without a license under Iowa law.

Many states have similar laws, which attempt to keep contractors from overstepping their boundaries in dealing with insurance companies when a homeowner suffers an insured loss. Contractors are qualified to explain what physical construction efforts need to be undertaken to a structure to return it to a certain condition. It is when they try to interpret policies, push for coverage, and opine whether certain damage occurred from a covered loss that they run into trouble.

A noteworthy portion of 33 Carpenters' website outlined a step-by-step claim process that included a promise by 33 Carpenters that stated the following: "We will meet personally with your insurance adjuster, as an ADVOCATE on YOUR behalf, and discuss the work that needs to be completed to repair your home to its original beauty and value." Applying the above concepts to this 33 Carpenters' promise, "discuss the work that needs to be completed to repair your home to its original beauty and value." seems to be an appropriate promise, while "ADVOCATE on YOUR behalf" is not.

When practicing in this area, either in assisting with the drafting of contracts or litigating related disputes, it is important to understand these additional statutory limitations before advising your clients.