



|      |                  |                |              |                 |                  |              |  |
|------|------------------|----------------|--------------|-----------------|------------------|--------------|--|
| Home | Bill Information | California Law | Publications | Other Resources | My Subscriptions | My Favorites |  |
|------|------------------|----------------|--------------|-----------------|------------------|--------------|--|

Code:  Section:

[Up^](#) [Add To My Favorites](#)

**INSURANCE CODE - INS**

**DIVISION 1. GENERAL RULES GOVERNING INSURANCE [100 - 1879.8]** ( *Division 1 enacted by Stats. 1935, Ch. 145.*  )

**PART 1. THE CONTRACT [100 - 679.75]** ( *Part 1 enacted by Stats. 1935, Ch. 145.*  )

**CHAPTER 6. Loss [520 - 580]** ( *Chapter 6 enacted by Stats. 1935, Ch. 145.*  )

**ARTICLE 5. Certain Insurance Covering Real Property [570 - 572]** ( *Article 5 added by Stats. 1974, Ch. 288.*  )

**570.** Except in the event that the insurer has previously obtained a release on a loss, each insurer which issues, amends, or renews, on or after January 1, 1975, a policy of insurance covering repair or reconstruction work on commercial, industrial, or residential real property and appurtenances thereon, shall, in the event of covered work being performed by a licensee under the Contractors License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), make payment by check or draft directly to the contractor performing the work, or, with the consent of the contractor, by an electronic funds transfer to the contractor performing the work, and not to the owner of the property, in every case in which all of the following conditions are present and the insurer has actual knowledge thereof:

(a) The property owner of record has, in a writing signed by him and transmitted to the insurer, stated all of the following:

- (1) The work completed meets with his satisfaction.
- (2) The insurer, upon direct payment to the contractor, is released from liability.
- (3) The writing was not completed or signed by him until after all work was completed.

(b) The property owners of record, the named insured, and any loss payee have consented in writing to such direct payment and release from liability.

(c) The completed work has been certified by the appropriate public agency or authority as conforming to existing building, electrical, and construction codes.

(d) Each subcontractor of the contractor, and each materialman, to whom direct payment is to be made by the insurer has executed, and filed of record, releases of any and all claims, including, but not limited to, mechanic's liens, which the subcontractor and materialman might have against the property or any appurtenance thereof, the property owners of record, the named insured, and any loss payee named in the policy, for any work the subcontractor performed, or material the materialman furnished, upon the property under the contract for which such payment is being made. The property owner or the contractor, as the case may be, shall submit to the insurer proof, satisfactory to it, of such execution and filing prior to the insurer's making any direct payment provided for by this article.

(Amended by Stats. 2009, Ch. 433, Sec. 5. (AB 328) Effective January 1, 2010.)

**571.** Where the insurer has authorized the work and its liability is not in dispute, the direct payment provided for by Section 570 shall be made to the contractor performing the work not later than 30 days after the insurer has actual knowledge that the conditions of subdivisions (a) through (d) of Section 570 have been completed.

(Added by Stats. 1975, Ch. 281.)

**572.** As used in this article, the term "loss payee" shall include, but not be limited to, any mortgagee of the insured real property.

(Added by Stats. 1975, Ch. 281.)