

**Senate File 202 - Introduced**

SENATE FILE 202

BY HART

**A BILL FOR**

1 An Act relating to demolition reserves on fire and casualty  
2 claims on property and requesting an interim study on such  
3 reserves.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 515.139, subsection 1, unnumbered  
2 paragraph 1, Code 2017, is amended to read as follows:

3 An insurer shall reserve ~~ten~~ twenty thousand dollars or ~~ten~~  
4 twenty percent, whichever amount is greater, of the payment for  
5 damages to the property excluding personal property on which  
6 the insurer has issued a fire and casualty insurance policy as  
7 demolition cost reserve if the following are applicable:

8 Sec. 2. DEMOLITION RESERVE ON FIRE AND CASUALTY CLAIMS  
9 ON PROPERTY — STUDY REQUEST. The legislative council is  
10 requested to establish an interim study committee for the  
11 purpose of reviewing section 515.139 to consider whether the  
12 statute adequately meets the needs of cities of various sizes  
13 and geographic locations in the state, and reporting its  
14 findings and recommendations, if any, to the general assembly.

15 EXPLANATION

16 The inclusion of this explanation does not constitute agreement with  
17 the explanation's substance by the members of the general assembly.

18 This bill provides that an insurer that has issued a fire  
19 and casualty insurance policy for the payment of damages to  
20 property, excluding personal property, located in a city  
21 must reserve an amount equal to \$20,000 or 20 percent of the  
22 payment for damages, whichever is greater, as a demolition  
23 cost reserve. Currently, the required amount is \$10,000 or 10  
24 percent of the payment, whichever is greater.

25 A city can claim proceeds from the reserve if the city incurs  
26 costs to demolish a building where damage to the property  
27 renders it uninhabitable or unfit for its purpose, without  
28 repair, and proof of loss indicates that damage to the insured  
29 structure or building exceeds 75 percent of the face value of  
30 the policy covering the building or structure.

31 The bill also includes a request that the legislative  
32 council establish an interim study committee for the purpose of  
33 reviewing the demolition reserve statute to consider whether  
34 the statute adequately meets the needs of cities of various  
35 sizes and geographic locations in the state.