

Local Government: Hatch, Chair; Peters and Renken.

Amend (3251) + Dr. Pass 3/24/87 (p. 752)

MAR 2 1987

HOUSE FILE 382

LOCAL GOVERNMENT

BY HATCH

Passed House, Date 3-30-87 (p. 929) Passed Senate, Date _____

Vote: Ayes 80 Nays 11 Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act to reserve a specific amount of a claim payable on an
2 insurance policy on property located within the corporate
3 limits of a city for the cost of demolition of the property by
4 the city.

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

HOUSE FILE 382

H-3251

1 Amend House File 382 as follows:

2 1. Page 1, line 8, by inserting after the word
3 "city" the following: "with a population of twenty
4 thousand or more".

H-3251 FILED MARCH 23, 1987

BY COMMITTEE ON LOCAL GOVERNMENT

Adopted 3/30/87 (p. 929)

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1 Section 1. NEW SECTION. 515.150 DEMOLITION RESERVE ON
2 FIRE AND CASUALTY CLAIMS ON PROPERTY.

3 1. An insurer shall reserve five thousand dollars of the
4 payment on a claim for damage to property on which it has
5 issued a fire and casualty insurance policy as a demolition
6 cost reserve if both the following are applicable:

7 a. The property is located within the corporate limits of
8 a city.

9 b. The damage to the property renders it uninhabitable or
10 unfit for the purpose for which it was intended, without
11 repair.

12 2. An insurer which withholds a portion of a payment on a
13 claim for damage to property as a demolition cost reserve as
14 required under subsection 1, shall notify the city council of
15 the city within which the damaged property is located of the
16 existence of the demolition cost reserve.

17 3. The insurer shall release the demolition cost reserve
18 to the insured if the insurer receives notice from both the
19 insured and the city council of the city within which the
20 property is located that both of the following are applicable:

21 a. The insured has commenced repairs to the property or
22 has commenced demolition of the property.

23 b. The city council is satisfied that demolition of the
24 property at city expense will not be required.

25 4. If the city is required to demolish the damaged
26 property at city expense, the city shall present to the
27 insurer the actual cost of demolition of the property and the
28 insurer shall compensate the city for the actual cost of the
29 demolition up to the amount in the demolition cost reserve.
30 Any amount left from the demolition cost reserve after the
31 cost of demolition of the property is paid to the city shall
32 be paid to the insured.

33 5. If six months after the claim has been submitted by the
34 insured, the insurer has not been notified that the insured
35 has commenced repairs to the property or has commenced

1 demolition of the property, or the city has not presented the
2 insurer with the actual cost of demolition of the property by
3 the city, the insurer shall pay the demolition cost reserve to
4 the insured.

5 EXPLANATION

6 This bill requires an insurer to reserve five thousand
7 dollars from the payment on a claim to damage to property as a
8 demolition cost reserve when the property is located within
9 the corporate limits of a city and the damage to the property
10 renders it uninhabitable or unfit for the purpose it was
11 intended. The reserve will be paid to the insured when the
12 insurer receives notice from both the city and the insured
13 that repairs or demolition of the property has been commenced
14 by the insured, and demolition at city expense will not be
15 required. If the city is required to demolish the property
16 the insurer will compensate the city for the actual costs of
17 the demolition up to the amount in the reserve with any
18 remainder of the reserve paid to the insured. If there has
19 been no claim on the reserve six months after the claim was
20 submitted, the reserve shall be paid to the insured.

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See Local Gov. 3/31/87 Amended per 5287 - Dr. G... 3/7/88 (p. 114)

House File 382

LOCAL GOVERNMENT A. Miller, Chair; Hall and Taylor

HOUSE FILE 382
BY HATCH

(As Amended and Passed by the House March 30, 1987)

Passed House, Date 4/16/88 (p. 2115) Passed Senate, Date 4/12/88 (p. 1471)

Vote: Ayes 27 Nays 3 Vote: Ayes 43 Nays 0

Approved May 1, 1988
Motion to reconsider (p. 1485) w/ 12 4/15

A BILL FOR

1 An Act to reserve a specific amount of a claim payable on an
2 insurance policy on property located within the corporate
3 limits of a city for the cost of demolition of the property by
4 the city.

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

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House Amendments _____

1 Section 1. NEW SECTION. 515.150 DEMOLITION RESERVE ON
2 FIRE AND CASUALTY CLAIMS ON PROPERTY.

3 1. An insurer shall reserve five thousand dollars of the
4 payment on a claim for damage to property on which it has
5 issued a fire and casualty insurance policy as a demolition
6 cost reserve if both the following are applicable:

7 a. The property is located within the corporate limits of
8 a city with a population of twenty thousand or more.

9 b. The damage to the property renders it uninhabitable or
10 unfit for the purpose for which it was intended, without
11 repair.

12 2. An insurer which withholds a portion of a payment on a
13 claim for damage to property as a demolition cost reserve as
14 required under subsection 1, shall notify the city council of
15 the city within which the damaged property is located of the
16 existence of the demolition cost reserve.

17 3. The insurer shall release the demolition cost reserve
18 to the insured if the insurer receives notice from both the
19 insured and the city council of the city within which the
20 property is located that both of the following are applicable:

21 a. The insured has commenced repairs to the property or
22 has commenced demolition of the property.

23 b. The city council is satisfied that demolition of the
24 property at city expense will not be required.

25 4. If the city is required to demolish the damaged
26 property at city expense, the city shall present to the
27 insurer the actual cost of demolition of the property and the
28 insurer shall compensate the city for the actual cost of the
29 demolition up to the amount in the demolition cost reserve.
30 Any amount left from the demolition cost reserve after the
31 cost of demolition of the property is paid to the city shall
32 be paid to the insured.

33 5. If six months after the claim has been submitted by the
34 insured, the insurer has not been notified that the insured
35 has commenced repairs to the property or has commenced

1 demolition of the property, or the city has not presented the
2 insurer with the actual cost of demolition of the property by
3 the city, the insurer shall pay the demolition cost reserve to
4 the insured.

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SENATE AMENDMENT TO HOUSE FILE 382

H-6526

1 Amend House File 382, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. NEW SECTION. 515.150 DEMOLITION
6 RESERVE ON FIRE AND CASUALTY CLAIMS ON PROPERTY.

7 1. An insurer shall reserve five thousand dollars
8 or ten percent, whichever amount is greater, of the
9 payment for damages to the property excluding personal
10 property on which it has issued a fire and casualty
11 insurance policy as demolition cost reserve if the
12 following are applicable:

13 a. The property is located within the corporate
14 limits of a city with a population of twenty thousand
15 or more.

16 b. The damage to the property renders it
17 uninhabitable or unfit for the purpose for which it
18 was intended, without repair.

19 c. Proof of loss has been submitted by the
20 policyholder for a sum in excess of seventy-five
21 percent of the face value of the policy covering the
22 building or other insured structure.

23 2. An insurer which has received a proof of loss
24 in excess of seventy-five percent of the face value of
25 the policy covering a building or other insured
26 structure, shall notify the city council of the city
27 within which the property is located. The notice
28 shall be made by certified mail within five working
29 days after receipt of the proof of loss.

30 3. The city shall release all interest in the
31 demolition cost reserve within ninety days after
32 receiving notice of the existence of the demolition
33 cost reserve unless the city has instituted legal
34 proceedings for the demolition of said building or
35 other insured structure, and has notified the insurer
36 in writing of the institution of such legal pro-
37 ceedings. Failure of the city to notify the insurer
38 of such legal proceedings shall terminate the city's
39 claim to any proceeds from the reserve.

40 4. A reserve for demolition costs shall no longer
41 be required if:

42 a. The insurer has received notice from both the
43 insured and the city council that the insured has com-
44 menced repairs to the property or has commenced demo-
45 lition of the property.

46 b. The city has failed to notify the insurer as
47 provided under subsection 3.

48 5. If the city is required to demolish the damaged
49 property at city expense, after instituting legal pro-
50 ceedings, emergency actions, or obtaining waivers for

H-6526

Page 2

1 the demolition of the building or other insured
2 structure, the city shall present to the insurer the
3 actual cost of demolition of the property, including
4 engineering, legal, and other demolition project
5 costs, and the insurer shall compensate the city for
6 that actual cost of the demolition project up to the
7 amount in the demolition cost reserve. Any amount
8 left from the demolition cost reserve after the cost
9 of demolition of the property is paid to the city
10 shall be paid to the insured if the insured is
11 entitled to the remaining proceeds under the policy.
12 6. The insurer is not liable for any amount in
13 excess of the limits of liability set out by the
14 policy.

15 7. Insurers complying with this section or
16 attempting in good faith to comply with this section
17 shall be immune from civil and criminal liability."

RECEIVED FROM THE SENATE

H-6526 FILED APRIL 16, 1988

CONCURRED (p. 2115)

HOUSE FILE 382

S-5287

1 Amend House File 382, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. NEW SECTION. 515.150 DEMOLITION
6 RESERVE ON FIRE AND CASUALTY CLAIMS ON PROPERTY.

7 1. An insurer shall reserve five thousand dollars
8 or ten percent, whichever amount is greater, of the
9 payment on a claim for damage to property on which it
10 has issued a fire and casualty insurance policy as
11 demolition cost reserve if the following are
12 applicable:

13 a. The property is located within the corporate
14 limits of a city with a population of twenty thousand
15 or more.

16 b. The damage to the property renders it
17 uninhabitable or unfit for the purpose for which it
18 was intended, without repair.

19 c. Proof of loss has been submitted by the
20 policyholder for a sum in excess of seventy-five
21 percent of the face value of the policy covering the
22 building or other insured structure.

23 2. An insurer which has received a proof of loss
24 in excess of seventy-five percent of the face value of
25 the policy covering a building or other insured
26 structure, shall notify the city council of the city
27 within which the property is located.

28 3. The city shall release all interest in the
29 demolition cost reserve within ninety days after
30 receiving notice of the existence of the demolition
31 cost reserve unless the city has instituted legal
32 proceedings for the demolition of said building or
33 other insured structure, and has notified the insurer
34 in writing of the institution of such legal pro-
35 ceedings. Failure of the city to notify the insurer
36 of such legal proceedings shall terminate the city's
37 claim to any proceeds from the reserve.

38 4. A reserve for demolition costs shall no longer
39 be required if:

40 a. The insurer has received notice from both the
41 insured and the city council that the insured has com-
42 menced repairs to the property or has commenced demo-
43 lition of the property.

44 b. The city has failed to notify the insurer as
45 provided under subsection 3.

46 5. If the city is required to demolish the damaged
47 property at city expense, after instituting legal pro-
48 ceedings, emergency actions, or obtaining waivers for
49 the demolition of the building or other insured
50 structure, the city shall present to the insurer the

1 actual cost of demolition of the property, including
2 engineering, legal, and other demolition project
3 costs, and the insurer shall compensate the city for
4 that actual cost of the demolition project up to the
5 amount in the demolition cost reserve. Any amount
6 left from the demolition cost reserve after the cost
7 of demolition of the property is paid to the city
8 shall be paid to the insured if the insured is
9 entitled to the remaining proceeds under the policy.
10 6. The insurer is not liable for any amount in
11 excess of the limits of liability set out by the
12 policy.
13 7. Insurers complying with this section or
14 attempting in good faith to comply with this section
15 shall be immune from civil and criminal liability."

S-5287

Filed March 9, 1988

BY COMMITTEE ON LOCAL GOVERNMENT
ALVIN V. MILLER, Chairperson

HOUSE FILE 382

S-5333

1 Amend the Committee amendment, S-5287, to House
2 File 382, as amended, passed, and reprinted by the
3 House, as follows:
4 1. Page 1, by striking line 9 and inserting the
5 following: "payment for damages to the property
6 excluding personal property on which it".
7 2. Page 1, line 27, by inserting after the word
8 "located." the following: "The notice shall be made
9 by certified mail within five working days after
10 receipt of the proof of loss."

S-5333

Filed March 11, 1988

Adopted 4/12 (p. 1471)

BY ALVIN V. MILLER

HOUSE FILE 382

AN ACT

TO RESERVE A SPECIFIC AMOUNT OF A CLAIM PAYABLE ON AN INSURANCE POLICY ON PROPERTY LOCATED WITHIN THE CORPORATE LIMITS OF A CITY FOR THE COST OF DEMOLITION OF THE PROPERTY BY THE CITY.

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

Section 1. NEW SECTION. 515.150 DEMOLITION RESERVE ON FIRE AND CASUALTY CLAIMS ON PROPERTY.

1. An insurer shall reserve five thousand dollars or ten percent, whichever amount is greater, of the payment for damages to the property excluding personal property on which it has issued a fire and casualty insurance policy as demolition cost reserve if the following are applicable:

- a. The property is located within the corporate limits of a city with a population of twenty thousand or more.
- b. The damage to the property renders it uninhabitable or unfit for the purpose for which it was intended, without repair.
- c. Proof of loss has been submitted by the policyholder for a sum in excess of seventy-five percent of the face value of the policy covering the building or other insured structure.

2. An insurer which has received a proof of loss in excess of seventy-five percent of the face value of the policy covering a building or other insured structure, shall notify the city council of the city within which the property is located. The notice shall be made by certified mail within five working days after receipt of the proof of loss.

3. The city shall release all interest in the demolition cost reserve within ninety days after receiving notice of the existence of the demolition cost reserve unless the city has instituted legal proceedings for the demolition of said building or other insured structure, and has notified the insurer in writing of the institution of such legal proceedings. Failure of the city to notify the insurer of such legal proceedings shall terminate the city's claim to any proceeds from the reserve.

4. A reserve for demolition costs shall no longer be required if:

- a. The insurer has received notice from both the insured and the city council that the insured has commenced repairs to the property or has commenced demolition of the property.
- b. The city has failed to notify the insurer as provided under subsection 3.

5. If the city is required to demolish the damaged property at city expense, after instituting legal proceedings, emergency actions, or obtaining waivers for the demolition of the building or other insured structure, the city shall present to the insurer the actual cost of demolition of the property, including engineering, legal, and other demolition project costs, and the insurer shall compensate the city for that actual cost of the demolition project up to the amount in the demolition cost reserve. Any amount left from the demolition cost reserve after the cost of demolition of the property is paid to the city shall be paid to the insured if the insured is entitled to the remaining proceeds under the policy.

6. The insurer is not liable for any amount in excess of the limits of liability set out by the policy.

7. Insurers complying with this section or attempting in good faith to comply with this section shall be immune from civil and criminal liability.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 382, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 6, 1988

TERRY E. BRANSTAD
Governor