

Senate File 557 - Introduced

SENATE FILE 557
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SF 216)

(COMPANION TO HF 225 BY
MOMMSEN)

A BILL FOR

1 An Act relating to demolition reserves on fire and casualty
2 claims on real property located within a city and requesting
3 an interim study on such 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 2019, 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 within 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 real property located in a city must reserve an amount equal to
21 \$20,000 or 20 percent of the payment for damages, whichever is
22 greater, as a demolition cost reserve. Currently, the required
23 amount is \$10,000 or 10 percent of the payment, whichever is
24 greater.

25 A city can claim proceeds from the reserve if the city incurs
26 costs to demolish a building where the 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 within the state.