

**Senate File 563 - Introduced**

SENATE FILE 563  
BY COMMITTEE ON LOCAL  
GOVERNMENT

(SUCCESSOR TO SSB 1168)

**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 2021, is amended to read as follows:

3 An insurer shall reserve ~~ten~~ twenty thousand dollars or  
4 ten 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. Section 515.139, Code 2021, is amended by adding the  
9 following new subsection:

10 NEW SUBSECTION. 5A. a. In addition to any remedy provided  
11 in section 364.12, if the city is required to demolish the  
12 damaged property at city expense and the expense exceeds  
13 the amount that the city recovers from the demolition cost  
14 reserve, to recover the difference the city may file a civil  
15 action against the insured for failure to complete repairs  
16 to the property or to complete demolition of the property in  
17 compliance with applicable statutes and local ordinances.

18 b. (1) If the city prevails in a civil action under  
19 paragraph "a", the court may award damages to the city that may  
20 include any or all of the following:

21 (a) Reasonable attorney fees and expenses.

22 (b) Engineering costs related to the demolition of the  
23 damaged property.

24 (c) Demolition costs related directly to the enforcement of  
25 any local ordinance.

26 (d) The amount of any fines or penalties imposed on the  
27 insured by the city for failure to complete repairs to the  
28 property or to complete demolition of the property, if the  
29 insured has failed to pay such fines or penalties to the city.

30 (2) Damages awarded pursuant to subparagraph (1),  
31 subparagraph division (b) or (c), shall be reduced by the court  
32 in the amount recovered by the city from the demolition cost  
33 reserve.

34 Sec. 3. DEMOLITION RESERVE ON FIRE AND CASUALTY CLAIMS  
35 ON PROPERTY — STUDY REQUEST. The legislative council is

1 requested to establish an interim study committee for the  
2 purpose of reviewing section 515.139 to consider whether the  
3 statute adequately meets the needs of cities of various sizes  
4 and geographic locations within the state, and reporting its  
5 findings and recommendations, if any, to the general assembly.

6 EXPLANATION

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

9 This bill provides that an insurer that has issued a fire  
10 and casualty insurance policy for the payment of damages to  
11 real property located in a city must reserve an amount equal to  
12 \$20,000 or 10 percent of the payment for damages, whichever is  
13 greater, as a demolition cost reserve. Currently, the required  
14 amount is \$10,000 or 10 percent of the payment, whichever is  
15 greater.

16 A city can claim proceeds from the reserve if the city incurs  
17 costs to demolish a building where the damage to the property  
18 renders it uninhabitable or unfit for its purpose, without  
19 repair, and proof of loss indicates that damage to the insured  
20 structure or building exceeds 75 percent of the face value of  
21 the policy covering the building or structure.

22 The bill provides that in addition to any other remedies  
23 provided by law, if a city is required to demolish a damaged  
24 property at city expense and the expense exceeds the amount  
25 that the city recovers from the reserve, to recover the  
26 difference the city may file a civil action against the insured  
27 for failure to complete repairs to the property or to complete  
28 demolition of the property in compliance with applicable  
29 statutes and local ordinances. If the city prevails in a civil  
30 action, the damages that the court may award the city are  
31 detailed in the bill.

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

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1 sizes and geographic locations within the state.