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# SENATE BILL No. 16

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 27-2-15; IC 34-30-2-111.

**Synopsis:** Notice of insurance after fire or explosion. Requires certain insurers to: (1) notify enforcement authorities in a municipality concerning the existence of coverage for a building or structure that is located in the municipality and damaged by fire or explosion (currently, the law applies to certain cities); and (2) provide for a set aside of insurance proceeds payable with regard to the building or structure. Revises current provision to specify the process for notices. Repeals a definition rendered unnecessary by the act.

**Effective:** July 1, 2011.

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January 5, 2011, read first time and referred to Committee on Insurance and Financial Institutions.

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First Regular Session 117th General Assembly (2011)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

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## SENATE BILL No. 16

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 27-2-15-4.2 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2011]: **Sec. 4.2. As used in this chapter, "municipality" has the**  
4 **meaning set forth in IC 36-1-2-11.**

5 SECTION 2. IC 27-2-15-4.5 IS AMENDED TO READ AS  
6 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4.5. ~~(a)~~ **As used in this**  
7 **section, "city" refers to a city having a population of more than**  
8 **thirty-five thousand (35,000) that is located in a county having a**  
9 **population of more than four hundred thousand (400,000) but less than**  
10 **seven hundred thousand (700,000):**

11 ~~(b)~~ **(a)** An insurer that:  
12 **(1)** issued an insurance policy:  
13 **(A)** covering a building or other structure that is:  
14 ~~(1)~~ **(i)** located in a ~~city~~; **municipality**; and  
15 ~~(2)~~ **(ii)** damaged by a fire or explosion; **and**  
16 **(B)** that is in effect at the time of the fire or explosion; **and**  
17 **(2)** receives any notice of the damage to the building or other



1 structure;  
2 shall, **not more than ten (10) days after receiving the notice under**  
3 **subdivision (2)**, notify the enforcement authority of the ~~city~~  
4 **municipality** about the existence of the policy. ~~However, an insurer is~~  
5 ~~not required to notify the enforcement authority under this section if the~~  
6 ~~policy issued by the insurer is not in effect at the time of the fire or~~  
7 ~~explosion that damages the building or structure.~~

8 (c) The insurer shall provide the notice required under this section  
9 if the enforcement authority makes a request for the notice within  
10 twenty (20) days after the damage occurs.

11 (d) (b) The notice **to an enforcement authority** required by this  
12 section must:

- 13 (1) be in writing;
- 14 (2) identify the insurer and state the insurer's address;
- 15 (3) identify the building or structure and state the location of the  
16 building or structure; and
- 17 (4) disclose the nature and extent of the coverage of the building  
18 or structure provided by the policy.

19 (e) ~~An insurer shall provide notice to the enforcement authority~~  
20 ~~under this section within ten (10) days after the insurer is notified~~  
21 ~~under subsection (c) of the damaging of the building or structure by fire~~  
22 ~~or explosion.~~

23 (f) (c) The commissioner may take action under IC 27-1-3-10 and  
24 IC 27-1-3-19 against an insurer that violates this section.

25 SECTION 3. IC 27-2-15-5 IS AMENDED TO READ AS  
26 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) If:

- 27 (1) a fire or explosion damages a building or other structure  
28 located in a ~~city~~; **municipality**; and
- 29 (2) the enforcement authority of the ~~city~~ **municipality** certifies to  
30 an insurer that issued a policy covering the building or structure  
31 the amount of demolition or rehabilitation expenses that the ~~city~~  
32 **municipality** anticipates incurring or has incurred under  
33 IC 36-7-9 in connection with the building or structure;

34 the insurer shall remit to the ~~city~~ **municipality** or the enforcement  
35 authority the amount determined under subsection (c).

36 (b) To require the remittance of money under this section, an  
37 enforcement authority must:

- 38 (1) provide the certification under subsection (a) ~~within not more~~  
39 ~~than thirty (30) days after the fire or explosion that damages the~~  
40 ~~building or structure~~; **enforcement authority receives from the**  
41 **insurer the notice of the existence of the policy under section**  
42 **4.5(a) of this chapter**; and

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1 (2) comply with subsection (c).  
2 However, it is not necessary for the enforcement authority to provide  
3 the certification within thirty (30) days after the fire or explosion if the  
4 insurer fails to provide notice to the enforcement authority under  
5 section 4.5 of this chapter within ten (10) days after the fire or  
6 explosion.

7 (c) The amount that must be remitted to the ~~city~~ **municipality** or the  
8 enforcement agency under subsection (a) is the lesser of:

9 (1) fifteen percent (15%) of the available insurance proceeds, if  
10 any; or

11 (2) an amount equal to the amount certified.

12 (d) The amount remitted under this section shall be placed in an  
13 interest bearing escrow account to be administered by the enforcement  
14 authority and the ~~city~~ **municipality**. The insured shall be notified by  
15 the enforcement authority of the actions taken under this section.

16 SECTION 4. IC 27-2-15-6 IS AMENDED TO READ AS  
17 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. Upon a judgment  
18 being rendered under IC 36-7-9-13(c) or IC 36-7-9-13(d), the ~~city~~  
19 **municipality** is entitled to the available insurance proceeds set aside  
20 to the extent of the costs set forth in IC 36-7-9-12. All claims by the  
21 ~~city~~ **municipality** against the available insurance proceeds must be  
22 made within one (1) year after the date of the fire or explosion or  
23 within one (1) year after the final outcome of a case or appeal initiated  
24 under IC 36-7-9, whichever is later. Proceeds in the escrow account  
25 that are not claimed in this manner shall be paid to the insured.

26 SECTION 5. IC 27-2-15-9 IS AMENDED TO READ AS  
27 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. The state fire  
28 marshal, a deputy fire marshal, an enforcement authority, or an officer  
29 of a ~~city~~ **municipality** complying with this chapter or attempting in  
30 good faith to comply with this chapter is immune from civil and  
31 criminal liability in connection with actions taken under this chapter.

32 SECTION 6. IC 34-30-2-111 IS AMENDED TO READ AS  
33 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 111. IC 27-2-15-9  
34 (Concerning the state fire marshal, a deputy fire marshal, an  
35 enforcement authority, or an officer of a ~~city~~ **municipality** for  
36 compliance with the statute concerning the set aside of insurance  
37 proceeds in arson cases).

38 SECTION 7. IC 27-2-15-2 IS REPEALED [EFFECTIVE JULY 1,  
39 2011].

40 SECTION 8. [EFFECTIVE JULY 1, 2011] (a) **IC 27-2-15, as**  
41 **amended by this act, applies to damage occurring by fire or**  
42 **explosion after June 30, 2011.**

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1 (b) This SECTION expires July 1, 2016.

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