

Adopted	Rejected
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COMMITTEE REPORT

YES: 11
NO: 0

MR. SPEAKER:

*Your Committee on Insurance, to which was referred Senate Bill 169, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 1, between lines 3 and 4, begin a new paragraph and insert:
2 "SECTION 2. IC 27-2-15-3.2 IS ADDED TO THE INDIANA
3 CODE AS A NEW SECTION TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2013]: **Sec. 3.2. (a) As used in this chapter,**
5 **"final settlement" means a determination:**
6 **(1) of the amount owed to an insured:**
7 **(A) under the building coverage part of an insurance policy**
8 **issued by an insurer; and**
9 **(B) for damage to or loss of a building or other structure**
10 **caused by fire or explosion; and**
11 **(2) made by any of the following means:**
12 **(A) Acceptance of a proof of loss by the insurer.**
13 **(B) Execution of a release by the named insured.**
14 **(C) Acceptance of an arbitration award by the named**
15 **insured and the insurer.**
16 **(D) Judgment of a court of competent jurisdiction.**

1 **(b) The term "final settlement" does not apply to damage or loss**
 2 **related to contents, personal property, or another loss that is not**
 3 **covered under the building coverage part of an insurance policy."**

4 Page 1, line 4, delete "IC 27-2-15-4.3" and insert "IC 27-2-15-4.2".

5 Page 1, line 6, delete "4.3" and insert "4.2".

6 Page 1, delete lines 8 through 17, begin a new paragraph and insert:

7 "SECTION 4. IC 27-2-15-4.3 IS ADDED TO THE INDIANA
 8 CODE AS A NEW SECTION TO READ AS FOLLOWS
 9 [EFFECTIVE JULY 1, 2013]: **Sec. 4.3. (a) This chapter applies to**
 10 **damage to or loss of a building or structure caused by fire or**
 11 **explosion only if all of the following are true:**

12 **(1) The municipality in which the building or structure is**
 13 **located is included on the list maintained by the state fire**
 14 **marshal under section 4.4(b) of this chapter.**

15 **(2) The fire or explosion occurs on or after the effective date**
 16 **specified by the state fire marshal for the municipality under**
 17 **section 4.4(b) of this chapter.**

18 **(3) The amount of the final settlement concerning the damage**
 19 **or loss exceeds seventy-five percent (75%) of available**
 20 **insurance proceeds.**

21 **(4) If the insurer, in good faith, withheld payment under an**
 22 **insurance policy due to:**

23 **(A) suspected arson;**

24 **(B) suspected fraud; or**

25 **(C) another question concerning coverage;**

26 **the reason for withholding payment has been resolved and**
 27 **final settlement concerning the damage or loss has occurred.**

28 SECTION 5. IC 27-2-15-4.4 IS ADDED TO THE INDIANA CODE
 29 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 30 1, 2013]: **Sec. 4.4. (a) A municipality may elect to be governed by**
 31 **this chapter by submitting to the state fire marshal a written**
 32 **request. The request must:**

33 **(1) be approved by resolution of the municipality's legislative**
 34 **body; and**

35 **(2) contain contact information for the specific individual who**
 36 **will act on behalf of the enforcement authority with respect to**
 37 **this chapter.**

38 **(b) The state fire marshal shall:**

- 1 **(1) maintain a list of all municipalities that submit a request**
- 2 **under subsection (a), including the contact information**
- 3 **required by subsection (a)(2);**
- 4 **(2) distribute the list to all insurers transacting property**
- 5 **insurance business in Indiana;**
- 6 **(3) make the list available on an Internet web site;**
- 7 **(4) specify the effective date of each addition of a municipality**
- 8 **to the list; and**
- 9 **(5) notify the added municipality and the insurers described**
- 10 **in subdivision (2) of the effective date specified under**
- 11 **subdivision (4).**

12 **The effective date specified under subdivision (4) must be a date**
 13 **occurring at least thirty (30) days after the date on which the**
 14 **insurers receive the notice under subdivision (5).**

15 **(c) A municipality that made an election under subsection (a)**
 16 **may elect to cease being governed by this chapter and may be**
 17 **removed from the list maintained under subsection (b) as follows:**

- 18 **(1) The municipality shall submit to the state fire marshal a**
- 19 **written request to cease being governed by this chapter and**
- 20 **to be removed from the list.**
- 21 **(2) The state fire marshal shall:**
 - 22 **(A) amend the list by removing the municipality;**
 - 23 **(B) specify on the amended list the effective date of the**
 - 24 **municipality's removal from the list;**
 - 25 **(C) distribute the amended list to all insurers transacting**
 - 26 **property insurance business in Indiana;**
 - 27 **(D) make the amended list available on the Internet web**
 - 28 **site described in subsection (b)(3); and**
 - 29 **(E) notify the removed municipality and the insurers**
 - 30 **described in clause (C) of the effective date of the removal.**

31 **The effective date specified under clause (B) must be a date**
 32 **occurring at least thirty (30) days after the date on which the**
 33 **insurers receive the notice under clause (E).**

34 **(d) A municipality that is governed by this chapter shall**
 35 **annually remit one hundred dollars (\$100) to the state fire marshal.**

36 SECTION 6. IC 27-2-15-4.5, AS AMENDED BY P.L.119-2012,
 37 SECTION 159, IS AMENDED TO READ AS FOLLOWS
 38 [EFFECTIVE JULY 1, 2013]: Sec. 4.5. (a) ~~As used in this section;~~

- 1 "city" refers to either of the following:
- 2 (1) A city having a population of more than eighty thousand
- 3 (80,000) but less than eighty thousand four hundred (80,400).
- 4 (2) A city having a population of more than eighty thousand five
- 5 hundred (80,500) but less than one hundred thousand (100,000):
- 6 (b) (a) An insurer that:
- 7 (1) issued an insurance policy covering that:
- 8 (A) covers a building or other structure that is:
- 9 (1) (i) located in a city; municipality governed by this
- 10 chapter; and
- 11 (2) (ii) damaged by a fire or explosion; and
- 12 (B) is in effect at the time that the fire or explosion occurs;
- 13 and
- 14 (2) receives notice of a claim for the damage by the named
- 15 insured;
- 16 shall, not more than fifteen (15) days after a final settlement is
- 17 reached, notify the enforcement authority of the city municipality
- 18 about the existence of the policy. However, an insurer is not required
- 19 to notify the enforcement authority under this section if the policy
- 20 issued by the insurer is not in effect at the time of the fire or explosion
- 21 that damages the building or structure.
- 22 (c) The insurer shall provide the notice required under this section
- 23 if the enforcement authority makes a request for the notice within
- 24 twenty (20) days after the damage occurs.
- 25 (d) (b) The notice to an enforcement authority required by this
- 26 section subsection (a) must:
- 27 (1) be in writing;
- 28 (2) identify the insurer and state the insurer's address; and
- 29 (3) identify the building or structure and state the location of the
- 30 building or structure. and
- 31 (4) disclose the nature and extent of the coverage of the building
- 32 or structure provided by the policy.
- 33 (e) An insurer shall provide notice to the enforcement authority
- 34 under this section within ten (10) days after the insurer is notified
- 35 under subsection (c) of the damaging of the building or structure by fire
- 36 or explosion.
- 37 (f) (c) The commissioner may take action under IC 27-1-3-10 and
- 38 IC 27-1-3-19 against an insurer that violates this section.

1 SECTION 7. IC 27-2-15-5 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5. (a) **This section does**
 3 **not apply to damage or loss to a building or structure described in**
 4 **section 4.5 of this chapter if:**

5 ~~(+)~~ a fire or explosion damages a building or other structure
 6 located in a city; and

7 ~~(2)~~ **(1) not more than fifteen (15) days after final settlement**
 8 **has occurred concerning the building or structure, the named**
 9 **insured files with the insurer evidence of a contract to repair**
 10 **the building or structure; and**

11 **(2) upon receipt of the evidence of a contract to repair, the**
 12 **insurer notifies the municipality that this section does not**
 13 **apply due to the existence of the evidence.**

14 **(b) If:**

15 **(1) the requirements of subsection (a) are not met; and**

16 **(2) the enforcement authority of the city a municipality that**
 17 **receives notice from an insurer under section 4.5(a) of this**
 18 **chapter certifies to an the insurer that issued a policy covering**
 19 **the building or structure the amount of demolition or**
 20 **rehabilitation expenses that the city municipality anticipates**
 21 **incurring or has incurred under IC 36-7-9 in connection with the**
 22 **building or structure;**

23 the insurer shall remit to the **city municipality** or the enforcement
 24 authority the amount determined under subsection ~~(c)~~: **(d)**.

25 ~~(b)~~ **(c)** To require the remittance of money under this section, an
 26 enforcement authority must:

27 (1) provide the certification under subsection ~~(a)~~ **(b)** within ~~thirty~~
 28 ~~(30)~~ **fifteen (15) days after the fire or explosion that damages the**
 29 **building or structure; enforcement authority receives notice**
 30 **under section 4.5(a) of this chapter; and**

31 (2) comply with subsection ~~(c)~~: **(d)**.

32 However, it is not necessary for the enforcement authority to provide
 33 the certification within thirty ~~(30)~~ days after the fire or explosion if the
 34 insurer fails to provide notice to the enforcement authority under
 35 section 4.5 of this chapter within ten ~~(10)~~ days after the fire or
 36 explosion.

37 ~~(c)~~ **(d)** The amount that must be remitted to the **city municipality**
 38 or the enforcement ~~agency~~ **authority** under subsection ~~(a)~~ **(b)** is the

1 lesser of:

2 (1) ~~fifteen~~ **ten** percent (~~15%~~) **(10%)** of the available insurance
3 proceeds, if any; ~~or~~

4 (2) an amount equal to the amount certified; ~~or~~

5 **(3) the following:**

6 **(A) Seven thousand dollars (\$7,000) for a residential**
7 **building or structure.**

8 **(B) Fifteen thousand dollars (\$15,000) for a nonresidential**
9 **building or structure.**

10 **For purposes of this subsection, "a residential building or**
11 **structure" means real property consisting of not more than four**
12 **(4) residential units, one (1) of which is the principal place of**
13 **residence of the named insured.**

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

19 SECTION 8. IC 27-2-15-6 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. **(a)** Upon a judgment
21 being rendered under IC 36-7-9-13(c) or IC 36-7-9-13(d), the ~~city~~
22 **municipality** is entitled to the available insurance proceeds set aside
23 **only:**

24 **(1) to the extent of the costs set forth in IC 36-7-9-12; and**

25 **(2) for demolition and rehabilitation expenses certified under**
26 **section 5(b) of this chapter.**

27 **Available insurance proceeds set aside under section 5 of this**
28 **chapter may not be used to pay the costs of fire service, police**
29 **service, or any other service provided in the normal course of the**
30 **municipality's business.**

31 **(b)** All claims by the ~~city~~ **municipality** against the available
32 insurance proceeds must be made within one (1) year after the date of
33 the fire or explosion or within one (1) year after the final outcome of a
34 case or appeal initiated under IC 36-7-9, whichever is later. Proceeds
35 in the escrow account that are not claimed in this manner shall be paid
36 to the insured."

37 Delete pages 2 through 3.

38 Page 4, delete line 1.

- 1 Renumber all SECTIONS consecutively.
 (Reference is to SB 169 as reprinted February 8, 2013, Printer's
 Error.)

and when so amended that said bill do pass.

Representative Lehman