



Reprinted
February 8, 2013
Printer's Error

SENATE BILL No. 169

DIGEST OF SB 169 (Updated February 7, 2013 3:06 pm - DI 97)

Citations Affected: IC 27-2.

Synopsis: Insurance proceeds escrow deposits. Applies the law concerning insurance proceeds escrow deposits to all cities and towns, phased in over three years. (Current law applies only to first and second class cities.) Provides for insurer notice to a municipality of an insurance claim filed for structure damage caused by fire or explosion. Provides for municipality notice to an insurer of estimated or actual costs to the municipality for demolition or rehabilitation of the structure under the unsafe building law. Requires a deposit of a certain amount of available insurance proceeds to an escrow account. Repeals: (1) a definition made obsolete by the bill; and (2) current notice requirements that apply to Gary and Hammond.

Effective: July 1, 2013.

Head, Bray, Young R

January 7, 2013, read first time and referred to Committee on Insurance.
January 24, 2013, reported favorably — Do Pass.
February 7, 2013, read second time, amended, ordered engrossed.

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SB 169—LS 6272/DI 110+



First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

SENATE BILL No. 169

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 IC 27-2-15-2 IS REPEALED [EFFECTIVE JULY 1,
2 2013]. **Sec. 2. As used in this chapter, "city" refers to a first class or**
3 **second class city; as classified under IC 36-4-1-1.**
- 4 SECTION 2. IC 27-2-15-4.3 IS ADDED TO THE INDIANA CODE
5 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**
6 **1, 2013]: Sec. 4.3. As used in this chapter, "municipality" has the**
7 **meaning set forth in IC 36-1-2-11.**
- 8 SECTION 3. IC 27-2-15-4.5 IS REPEALED [EFFECTIVE JULY
9 1, 2013]. **Sec. 4.5: (a) As used in this section, "city" refers to either of**
10 **the following:**
- 11 (1) **A city having a population of more than eighty thousand**
12 **(80,000) but less than eighty thousand four hundred (80,400):**
- 13 (2) **A city having a population of more than eighty thousand five**
14 **hundred (80,500) but less than one hundred thousand (100,000):**
- 15 (b) **An insurer that issued an insurance policy covering a building**
16 **or other structure that is:**
- 17 (1) **located in a city; and**

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(2) damaged by a fire or explosion;
shall notify the enforcement authority of the city about the existence of the policy. However, an insurer is not required to notify the enforcement authority under this section if the policy issued by the insurer is not in effect at the time of the fire or explosion that damages the building or structure.

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

(d) The notice required by this section must:

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

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

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

SECTION 4. IC 27-2-15-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5. (a) If:

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

the insurer shall, **remit to not more than thirty (30) days after the claim is filed, notify** the city **municipality** or the enforcement authority **the that the claim has been filed.** amount determined under subsection (c).

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

- (1) provide the certification under subsection (a) within thirty (30) days after the fire or explosion that damages the building or structure; and
- (2) comply with subsection (c).

However, it is not necessary for the enforcement authority to provide

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1 the certification within thirty (30) days after the fire or explosion if the
 2 insurer fails to provide notice to the enforcement authority under
 3 section 4.5 of this chapter within ten (10) days after the fire or
 4 explosion.

5 (c) The amount that must be remitted to the city or the enforcement
 6 agency under subsection (a) is the lesser of:

7 **(b) A municipality or enforcement authority that receives notice**
 8 **from an insurer under subsection (a) shall, not more than sixty (60)**
 9 **days after the notice is received:**

10 **(1) determine the actual or estimated cost that has been or**
 11 **will be incurred by the municipality or enforcement authority**
 12 **under IC 36-7-9 for demolition or rehabilitation of the**
 13 **building or structure; and**

14 **(2) notify the insurer of the cost amount determined under**
 15 **subdivision (1).**

16 **(c) An insurer that receives notice of an amount determined**
 17 **under subsection (b) shall, not more than thirty (30) days after**
 18 **receiving the notice, deposit an amount equal to the lesser of:**

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

21 (2) ~~an amount equal to the amount certified.~~ **determined under**
 22 **subsection (b);**

23 ~~(d) The amount remitted under this section shall be placed~~
 24 ~~in an interest bearing escrow account to be administered by the~~
 25 ~~enforcement authority and the city.~~ **municipality.**

26 **(d) The insured shall be notified by the enforcement authority of the**
 27 **actions taken under this section.**

28 SECTION 5. IC 27-2-15-6 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. **(a) Upon:**

30 **(1) completion of the demolition or rehabilitation of a building**
 31 **or structure described in section 5 of this chapter; and**

32 **(2) a judgment being rendered under IC 36-7-9-13(c) or**
 33 **IC 36-7-9-13(d);**

34 the city **municipality** is entitled to the available insurance proceeds set
 35 aside to the extent of the costs set forth in IC 36-7-9-12 **and shall**
 36 **claim the amount to which the municipality is entitled from the**
 37 **escrow account described in section 5 of this chapter.**

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



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1 to the insured.

2 SECTION 6. IC 27-2-15-9 IS AMENDED TO READ AS

3 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 9. The state fire

4 marshal, a deputy fire marshal, an enforcement authority, or an officer

5 of a **city municipality** complying with this chapter or attempting in

6 good faith to comply with this chapter is immune from civil and

7 criminal liability in connection with actions taken under this chapter.

8 SECTION 7. IC 27-2-15-11 IS ADDED TO THE INDIANA CODE

9 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY

10 1, 2013]: **Sec. 11. (a) The definitions in IC 36-1-2 apply throughout**

11 **this section.**

12 **(b) As used in this section, "third class city" means a third class**

13 **city as classified under IC 36-4-1-1.**

14 **(c) The amendments to this chapter made by SEA 169-2013**

15 **apply as follows:**

16 **(1) After June 30, 2013, only to third class cities.**

17 **(2) After June 30, 2014, only to towns and third class cities.**

18 **(3) After June 30, 2015, to all municipalities.**

19 **(d) Before the date that applies to a municipality under**

20 **subsection (c), the law that applies to the municipality is this**

21 **chapter as if it had not been amended by SEA 169-2013.**

22 **(e) This SECTION expires July 1, 2015.**

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COMMITTEE REPORT

Madam President: The Senate Committee on Insurance, to which was referred Senate Bill No. 169, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 169 as introduced.)

PAUL, Chairperson

Committee Vote: Yeas 8, Nays 0.

 SENATE MOTION

Madam President: I move that Senate Bill 169 be amended to read as follows:

Page 1, delete lines 1 through 4, begin a new paragraph and insert:

"SECTION 1. IC 27-2-15-2 IS REPEALED [EFFECTIVE JULY 1, 2013]. **Sec. 2. As used in this chapter, "city" refers to a first class or second class city, as classified under IC 36-4-1-1.**

SECTION 2. IC 27-2-15-4.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 4.3. As used in this chapter, "municipality" has the meaning set forth in IC 36-1-2-11.**

SECTION 3. IC 27-2-15-4.5 IS REPEALED [EFFECTIVE JULY 1, 2013]. **Sec. 4.5: (a) As used in this section, "city" refers to either of the following:**

(1) A city having a population of more than eighty thousand (80,000) but less than eighty thousand four hundred (80,400);

(2) A city having a population of more than eighty thousand five hundred (80,500) but less than one hundred thousand (100,000);

(b) An insurer that issued an insurance policy covering a building or other structure that is:

(1) located in a city; and

(2) damaged by a fire or explosion;

shall notify the enforcement authority of the city about the existence of the policy. However, an insurer is not required to notify the enforcement authority under this section if the policy issued by the insurer is not in effect at the time of the fire or explosion that damages the building or structure.

(c) The insurer shall provide the notice required under this section if the enforcement authority makes a request for the notice within

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twenty (20) days after the damage occurs.

(d) The notice required by this section must:

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

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

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

Page 1, line 8, strike "city," and insert "**municipality**";

Page 1, line 9, strike "enforcement authority of the city certifies to" and insert "**insured files a claim with**".

Page 1, line 10, after "structure" insert ";".

Page 1, line 10, strike "the amount of".

Page 1, strike lines 11 through 13.

Page 1, line 14, after "shall" insert ",".

Page 1, line 14, strike "remit to" and insert "**not more than thirty (30) days after the claim is filed, notify**".

Page 1, line 14, strike "city" and insert "**municipality**".

Page 1, line 14, after "authority" strike "the" and insert "**that the claim has been filed.**".

Page 1, strike lines 15 through 17.

Page 2, strike lines 1 through 10.

Page 2, line 11, delete "authority".

Page 2, line 11, strike "under subsection (a) is the lesser of:".

Page 2, between lines 11 and 12, begin a new paragraph and insert:

"(b) A municipality or enforcement authority that receives notice from an insurer under subsection (a) shall, not more than sixty (60) days after the notice is received:

- (1) determine the actual or estimated cost that has been or will be incurred by the municipality or enforcement authority under IC 36-7-9 for demolition or rehabilitation of the building or structure; and**
- (2) notify the insurer of the cost amount determined under subdivision (1).**

(c) An insurer that receives notice of an amount determined under subsection (b) shall, not more than thirty (30) days after

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receiving the notice, deposit an amount equal to the lesser of:"

Page 2, line 14, strike "an amount equal to".

Page 2, line 14, strike "certified." and insert "**determined under subsection (b);**".

Page 2, line 15, strike "(d) The amount remitted under this section shall be placed"

Page 2, line 15, beginning with "in" begin a new line blocked left.

Page 2, line 17, strike "city." and insert "**municipality.**

(d)".

Page 2, after line 18, begin a new paragraph and insert:

"SECTION 5. IC 27-2-15-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. **(a)** Upon:

(1) completion of the demolition or rehabilitation of a building or structure described in section 5 of this chapter; and

(2) a judgment being rendered under IC 36-7-9-13(c) or IC 36-7-9-13(d);

the ~~city~~ **municipality** is entitled to the available insurance proceeds set aside to the extent of the costs set forth in IC 36-7-9-12 **and shall claim the amount to which the municipality is entitled from the escrow account described in section 5 of this chapter.**

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

SECTION 6. IC 27-2-15-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 9. The state fire marshal, a deputy fire marshal, an enforcement authority, or an officer of a ~~city~~ **municipality** complying with this chapter or attempting in good faith to comply with this chapter is immune from civil and criminal liability in connection with actions taken under this chapter.

SECTION 7. IC 27-2-15-11 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 11. **(a) The definitions in IC 36-1-2 apply throughout this section.**

(b) As used in this section, "third class city" means a third class city as classified under IC 36-4-1-1.

(c) The amendments to this chapter made by SEA 169-2013 apply as follows:

(1) After June 30, 2013, only to third class cities.

(2) After June 30, 2014, only to towns and third class cities.



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(3) After June 30, 2015, to all municipalities.

(d) Before the date that applies to a municipality under subsection (c), the law that applies to the municipality is this chapter as if it had not been amended by SEA 169-2013.

(e) This SECTION expires July 1, 2015."

Renumber all SECTIONS consecutively.

(Reference is to SB 169 as printed January 25, 2013.)

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