



2009 ASSEMBLY BILL 826

March 9, 2010 – Introduced by Representative STEINBRINK, cosponsored by Senator WIRCH. Referred to Committee on Urban and Local Affairs.

1 **AN ACT** *to amend* 632.10 (1), 632.101 (1), 632.101 (2) (b) 2., 632.102 (3) (a) 1.,
2 632.102 (3) (b) 6. a., 632.102 (3) (b) 6. b., 632.103 (1) (title), 632.103 (1) (a)
3 (intro.), 632.103 (1) (b), 632.103 (1) (c), 632.103 (1) (d) (intro.), 632.103 (1) (d) 1.,
4 632.103 (1) (d) 2., 632.103 (2) (a) (intro.), 632.103 (2) (b), 632.103 (2) (c) and
5 632.103 (3) (intro.); and **to create** 632.10 (4) of the statutes; **relating to:**
6 expanding to all cities and villages the procedure for withholding property
7 insurance proceeds to reimburse expenses incurred to demolish or abate a
8 nuisance.

Analysis by the Legislative Reference Bureau

Current law provides a process whereby an insurer may withhold a portion of property insurance proceeds that are payable to an insured for damage by fire or explosion to insured property located in a first class city (Milwaukee), excluding one-family and two-family dwellings that are occupied by the named insured. The insurer, after notice and other requirements are satisfied, may pay to the city of Milwaukee (city) from the withheld proceeds funds to reimburse the city for expenses incurred to demolish the damaged insured property or abate a nuisance with respect to the insured property. The insurer may pay the proceeds to the city only if the insured does not repair or replace the damaged portions of the insured property and

ASSEMBLY BILL 826

the city, within 90 days after notice from the insurer, either: 1) commences an action or proceeding relating to demolition of the property or abatement of a nuisance with respect to the property; or 2) obtains a release from the insured consenting to demolition of the damaged structure. This bill expands this process for withholding insurance proceeds for reimbursement of expenses to real property located in any city or village in the state.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 632.10 (1) of the statutes is amended to read:

2 632.10 (1) “Building and safety standards” means the requirements of chs. 101
3 and 145 and of any rule promulgated by the department of commerce under ch. 101
4 or 145, and standards of a 1st class city municipality relating to the health and safety
5 of occupants of buildings.

6 **SECTION 2.** 632.10 (4) of the statutes is created to read:

7 632.10 (4) “Municipality” means a city or village.

8 **SECTION 3.** 632.101 (1) of the statutes is amended to read:

9 632.101 (1) **AFFECTED POLICIES.** Except as provided in sub. (2), every property
10 insurance policy issued or delivered in this state, including property insurance
11 policies issued under the mandatory risk-sharing plan operating under s. 619.01,
12 that insures real property located in a ~~1st class city~~ municipality against loss caused
13 by fire or explosion shall provide for payment of any final settlement under the policy
14 in the manner described in ss. 632.102 to 632.104.

15 **SECTION 4.** 632.101 (2) (b) 2. of the statutes is amended to read:

16 632.101 (2) (b) 2. If the named insured does not possess a valid Wisconsin
17 operator’s license, the named insured gives proof of occupancy to the ~~1st class city~~
18 municipality by documentation approved by the ~~1st class city~~ municipality. Upon

ASSEMBLY BILL 826

1 acceptance of the proof, the ~~1st class city~~ municipality shall immediately notify the
2 insurer that a policy issued on the property is exempt from ss. 632.10 to 632.104.

3 **SECTION 5.** 632.102 (3) (a) 1. of the statutes is amended to read:

4 632.102 (3) (a) 1. The building ~~inspection official~~ inspector of the ~~1st class city~~
5 municipality in which the insured real property is located.

6 **SECTION 6.** 632.102 (3) (b) 6. a. of the statutes is amended to read:

7 632.102 (3) (b) 6. a. That for the ~~1st class city~~ municipality to qualify for
8 reimbursement of expenses from the funds withheld under this section, the ~~1st class~~
9 city municipality must, after the loss occurs but within 90 days after delivery of the
10 notice of withholding under this subsection, commence proceedings under s. 66.0413,
11 254.595, or 823.04 or under a local ordinance relating to demolition or abatement of
12 nuisances or obtain a release signed by the named insured consenting to demolition
13 with respect to the building or other structure; that if the ~~1st class city~~ municipality
14 commences the proceedings or obtains the release within that time period, a part or
15 all of the withheld funds may be used to defray the ~~1st class city's~~ municipality's
16 expenses; and that the withheld funds will be released to the named insured and
17 other interests named in the policy if the ~~1st class city~~ municipality does not
18 commence the proceedings or obtain the release within that time period.

19 **SECTION 7.** 632.102 (3) (b) 6. b. of the statutes is amended to read:

20 632.102 (3) (b) 6. b. That the withheld funds may be released to the named
21 insured and other interests named in the policy if an official of the ~~1st class city~~
22 municipality determines under s. 632.103 (3) that the building or other structure has
23 been repaired or replaced or the site restored to a dust-free and erosion-free
24 condition.

25 **SECTION 8.** 632.103 (1) (title) of the statutes is amended to read:

ASSEMBLY BILL 826**SECTION 8**

1 632.103 (1) (title) ~~RELEASE TO 1ST CLASS CITY~~ MUNICIPALITY.

2 **SECTION 9.** 632.103 (1) (a) (intro.) of the statutes is amended to read:

3 632.103 (1) (a) (intro.) To qualify for reimbursement of expenses under sub. (2),
4 the ~~1st class city~~ municipality must do any of the following:

5 **SECTION 10.** 632.103 (1) (b) of the statutes is amended to read:

6 632.103 (1) (b) The ~~1st class city~~ municipality shall commence proceedings
7 under par. (a) 1. or obtain the release under par. (a) 2. after the occurrence of the loss
8 to the building or other structure by fire or explosion but within 90 days after delivery
9 of the notice of withholding under s. 632.102 (3).

10 **SECTION 11.** 632.103 (1) (c) of the statutes is amended to read:

11 632.103 (1) (c) When proceedings described in par. (a) 1. are commenced, the
12 ~~1st class city~~ municipality shall notify, in writing, the insurer, the named insured,
13 and any mortgagee or other lienholder identified in the notice of withholding under
14 s. 632.102 (3) (b) 2. that the proceedings are commenced.

15 **SECTION 12.** 632.103 (1) (d) (intro.) of the statutes is amended to read:

16 632.103 (1) (d) (intro.) The ~~1st class city~~ municipality shall release all interest
17 in the amount withheld under s. 632.102 (2) and the insurer shall promptly pay that
18 amount to the named insured and other interests named in the policy if any of the
19 following occurs:

20 **SECTION 13.** 632.103 (1) (d) 1. of the statutes is amended to read:

21 632.103 (1) (d) 1. The ~~1st class city~~ municipality fails to commence proceedings
22 described in par. (a) 1. or obtain a release described in par. (a) 2. within the period
23 provided in par. (b).

24 **SECTION 14.** 632.103 (1) (d) 2. of the statutes is amended to read:

ASSEMBLY BILL 826

1 632.103 (1) (d) 2. The ~~1st class city~~ municipality fails to notify the insurer as
2 provided in par. (c).

3 **SECTION 15.** 632.103 (2) (a) (intro.) of the statutes is amended to read:

4 632.103 (2) (a) (intro.) If the ~~1st class city~~ municipality satisfies sub. (1) (a) and
5 (b) and, if applicable, notifies the insurer as required in sub. (1) (c), the insurer shall
6 promptly upon receiving the statement under par. (b) deliver to the ~~1st class city~~
7 municipality funds withheld from the named insured's final settlement under s.
8 632.102 (2), to the extent necessary to reimburse the ~~1st class city~~ municipality for
9 any of the following expenses:

10 **SECTION 16.** 632.103 (2) (b) of the statutes is amended to read:

11 632.103 (2) (b) The insurer may not release any withheld funds to the ~~1st class~~
12 city municipality under par. (a) unless the ~~1st class city~~ municipality delivers to the
13 insurer and the named insured an itemized statement of the actual costs incurred
14 under par. (a) 1. to 4.

15 **SECTION 17.** 632.103 (2) (c) of the statutes is amended to read:

16 632.103 (2) (c) The insurer shall promptly deliver to the named insured and
17 other interests named in the policy any portion of the withheld funds that are not
18 released to the ~~1st class city~~ municipality under par. (a).

19 **SECTION 18.** 632.103 (3) (intro.) of the statutes is amended to read:

20 632.103 (3) **RELEASE TO NAMED INSURED.** (intro.) Except as provided in sub. (2),
21 the insurer shall promptly deliver to the named insured and other interests named
22 in the policy the funds withheld from the named insured's final settlement under s.
23 632.102 (2) if the ~~1st class city~~ municipality delivers a notice to the insurer that the
24 ~~building inspection official~~ inspector of the ~~1st class city~~ municipality, or other person
25 who is authorized by the ~~1st class city's~~ municipality's governing body to represent

ASSEMBLY BILL 826

SECTION 18

1 the ~~1st class city~~ municipality, has inspected the insured real property and verifies
2 any of the following:

3 **SECTION 19. Initial applicability.**

4 (1) This act first applies to property insurance policies that are issued or
5 renewed on the effective date of this subsection.

6 **SECTION 20. Effective date.**

7 (1) This act takes effect on the first day of the 4th month beginning after
8 publication.

9 (END)