

1 **Senate Bill No. 509**

2 (By Senator Laird)

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4 [Introduced March 13, 2013; referred to the Committee on Banking
5 and Insurance; and then to the Committee on Government
6 Organization.]
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11 A BILL to amend and reenact §33-22-2 of the Code of West Virginia,
12 1931, as amended, relating to farmers' mutual fire insurance
13 companies; providing for verification of debris removal prior
14 to the payment of proceeds; imposing a statutory lien on fire
15 insurance proceeds in the event of a total loss to real
16 property; requiring farmers' mutual fire insurance companies
17 to notify insured and municipality or county after determining
18 that a claim involves a total loss to real property; requiring
19 a municipality or county to perfect the lien within thirty
20 days of notice of a total-loss determination; providing for
21 release of the lien upon satisfaction of certain conditions;
22 and clarifying obligations and liability.

23 *Be it enacted by the Legislature of West Virginia:*

24 That §33-22-2 of the Code of West Virginia, 1931, as amended,
25 be amended and reenacted to read as follows:

1 **ARTICLE 22. FARMERS' MUTUAL FIRE INSURANCE COMPANIES.**

2 **§33-22-2. Applicability of other provisions.**

3 Each company to the same extent that provisions are applicable
4 to domestic mutual insurers shall be governed by and be subject to
5 the following provisions of this chapter, but only to the extent
6 these provisions are not inconsistent with the provisions of this
7 article: Article one (definitions); article two (Insurance
8 Commissioner); article four (general provisions), except that
9 section sixteen of said article may not be applicable thereto;
10 article seven (assets and liabilities); article eight-a (use of
11 clearing corporations and federal reserve book-entry system);
12 article ten (rehabilitation and liquidation), except that under the
13 provisions of section thirty-two of said article assessments may
14 not be levied against any former member of a farmers' mutual fire
15 insurance company who is no longer a member of the company at the
16 time the order to show cause was issued; article eleven (unfair
17 trade practices); article twelve (insurance producers and
18 solicitors), except that the agent's license fee shall be \$5;
19 section six-a, article seventeen (notice of noncoverage of flood
20 damages and the availability of flood insurance); section nine-b,
21 article seventeen (claims for total loss; debris removal proceeds);
22 article twenty-six (West Virginia Insurance Guaranty Association
23 Act); article twenty-seven (insurance holding company systems);
24 article thirty (mine subsidence insurance), except that under the
25 provisions of section six of said article a farmers' mutual

1 insurance company shall have the option of offering mine subsidence
2 coverage to all of its policyholders, but may not be required to do
3 so; article thirty-three (annual audited financial report); article
4 thirty-four (administrative supervision); ~~article thirty-four-a~~
5 ~~(standards and commissioner's authority for companies considered to~~
6 ~~be in hazardous financial condition);~~ article thirty-five (criminal
7 sanctions for failure to report impairment); article thirty-six
8 (business transacted with Producer-Controlled Property-Casualty
9 Insurer Act); article thirty-seven (managing general agents);
10 article thirty-nine (disclosure of material transactions); article
11 forty (risk-based capital for insurers); and article forty-one
12 (Insurance Fraud Prevention Act).

(NOTE: The purpose of this bill is to make the statutory lien requirement on insurance proceeds for total loss to real property in favor of a municipality for the cleanup of the property applicable to farmers' mutual fire insurance companies.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.)