

Senate Bill No. 509

(By Senators Laird)

[Introduced March 13, 2013; referred to the Committee on Banking and Insurance; and then to the Committee on Government Organization.]

A BILL to amend and reenact §33-22-2 of the Code of West Virginia, 1931, as amended, relating to farmers' mutual fire insurance companies; providing for verification of debris removal prior to the payment of proceeds; imposing a statutory lien on fire insurance proceeds in the event of a total loss to real property; requiring farmers' mutual fire insurance companies to notify insured and municipality or county after determining that a claim involves a total loss to real property; requiring a municipality or county to perfect the lien within thirty days of notice of a total-loss determination; providing for release of the lien upon satisfaction of certain conditions; and clarifying obligations and liability.

Be it enacted by the Legislature of West Virginia:

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

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

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

1 Each company to the same extent that provisions are
2 applicable to domestic mutual insurers shall be governed
3 by and be subject to the following provisions of this
4 chapter, but only to the extent these provisions are not
5 inconsistent with the provisions of this article: Article
6 one (definitions); article two (Insurance Commissioner);
7 article four (general provisions), except that section sixteen
8 of said article may not be applicable thereto; article seven
9 (assets and liabilities); article eight-a (use of clearing
10 corporations and federal reserve book-entry system); article
11 ten (rehabilitation and liquidation), except that under the
12 provisions of section thirty-two of said article assessments
13 may not be levied against any former member of a farmers'
14 mutual fire insurance company who is no longer a member

15 of the company at the time the order to show cause was
16 issued; article eleven (unfair trade practices); article twelve
17 (insurance producers and solicitors), except that the agent's
18 license fee shall be \$5; section six-a, article seventeen (notice
19 of noncoverage of flood damages and the availability of
20 flood insurance); section nine-b, article seventeen (claims
21 for total loss; debris removal proceeds); article twenty-six
22 (West Virginia Insurance Guaranty Association Act); article
23 twenty-seven (insurance holding company systems); article
24 thirty (mine subsidence insurance), except that under the
25 provisions of section six of said article a farmers' mutual
26 insurance company shall have the option of offering
27 mine subsidence coverage to all of its policyholders, but
28 may not be required to do so; article thirty-three (annual
29 audited financial report); article thirty-four (administrative
30 supervision); ~~article thirty-four-a (standards and~~
31 ~~commissioner's authority for companies considered to be in~~
32 ~~hazardous financial condition)~~; article thirty-five (criminal
33 sanctions for failure to report impairment); article thirty-six

34 (business transacted with Producer-Controlled Property-
35 Casualty Insurer Act); article thirty-seven (managing
36 general agents); article thirty-nine (disclosure of material
37 transactions); article forty (risk-based capital for insurers);
38 and article forty-one (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.)