



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-0673/P1
AJM:jld

DOA:.....Hutter, BB0076 - Terminate the local government property insurance fund

FOR 2017-2019 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

INSURANCE

Under current law, a local governmental unit, including any city, county, town, village, school, or library board, may pass a resolution to insure its property, and property that it does not own but for which it is contractually liable if the property is damaged or destroyed, in the local government property insurance fund (fund). The fund is managed by the commissioner of insurance and provides protection for the property insured in the fund against fire and extended coverage perils. This bill provides that no new coverage may be issued under the fund on or after July 1, 2017; no coverage may be renewed after December 31, 2017; no coverage may extend beyond December 31, 2018; and all claims must be filed by July 1, 2019, or they will not be covered under the fund, and any moneys remaining after all operations cease will be distributed among the local governmental units that were insured on July 1, 2017.

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

SECTION 1. 605.03 (1) (a) of the statutes is amended to read:

605.03 (1) (a) *Mandatory coverage.* ~~The Subject to par. (f),~~ the property fund shall provide protection against fire and extended coverage perils. The coverage shall be at least as favorable as that customarily provided by policies filed with the commissioner for the use of private insurers in insuring comparable property.

SECTION 2. 605.03 (1) (d) of the statutes is amended to read:

605.03 (1) (d) *Term of policy.* ~~The Subject to par. (f) 1.,~~ the manager may prescribe the time periods for which coverage is to be provided.

SECTION 3. 605.03 (1) (f) of the statutes is created to read:

605.03 (1) (f) *Limits on issuance, renewal, and filing claims; final distribution.*

1. No coverage under the property fund may be issued on or after July 1, 2017. No coverage may be renewed after December 31, 2017. No coverage may terminate later than December 31, 2018.

2. All claims must be filed with the property fund by no later than July 1, 2019. No claim filed after July 1, 2019, will be covered by the fund.

3. Upon the cessation of all operations of the property fund, the manager shall distribute any moneys remaining in the fund among the local governmental units that were insured under the fund on July 1, 2017.

SECTION 4. 605.21 (1) of the statutes is amended to read:

605.21 (1) PLACING INSURANCE. ~~The Subject to s. 605.03 (1) (f),~~ the property fund shall insure property described in s. 605.02 after receipt from the clerk of the local governmental unit of a certified copy of the resolution authorizing insurance in the property fund. The clerk shall report to the manager each policy then in force upon such property, stating the property covered by the policy and the dates of issue and of expiration, the amounts and rates of insurance and the premiums. Property already insured shall become insured by the property fund as existing policies expire

or are canceled. Thereafter the insurance on all property described in s. 605.02 shall be provided. Premiums shall be certified by the manager to the clerk of the appropriate unit.

SECTION 5. 605.23 (1) of the statutes is amended to read:

605.23 (1) PAYMENT FOR LOSSES. The Subject to s. 605.03 (1) (f) 2., the manager shall determine within a reasonable time any loss on insured property owned by a local governmental unit or for which the unit is liable and promptly certify the amount to the department of administration, which shall issue a warrant on the property fund payable to the treasurer of the local governmental unit for the amount of the loss less any applicable amounts under s. 605.03 (2) or (3).

SECTION 6. 605.35 of the statutes is repealed.

(END)