
Wisconsin Legislative Council

AMENDMENT MEMO



Memo published: September 30, 2021

Contact: Anna Henning, Senior Staff Attorney

2021 Senate Bill 434

Senate Substitute Amendment 1

2021 SENATE BILL 434

2021 Senate Bill 434 modifies the process that municipalities must follow to issue raze orders for certain insured dwellings,¹ if an insurer submits a certification to a municipality within 30 days of the real property incurring damage. The certification must state that the insurer reasonably believes that the real property may qualify as an insured dwelling, the property owner or insured has filed a claim with the insurer, and the insurer reasonably believes that the claim may qualify as covered damage.²

If a municipality receives a certification from an insurer, it may not issue a raze order for the dwelling unless it follows certain steps, such as providing notice of intent to issue a raze order to the owner of record of the insured dwelling, the holder of any encumbrance, and the insurer, and accepting and considering materials submitted by any of those persons that assist in establishing the extent of the damage or reasonable cost of repairs.³

SENATE SUBSTITUTE AMENDMENT 1

Senate Substitute Amendment 1 largely retains the process under the bill for issuing raze orders for certain insured dwellings, but it adds certain requirements, exceptions, and clarifications.

First, the substitute amendment reduces the time for which an insurer may submit a certification from 30 days after real property incurs damage to 14 days. The certification may be provided through first class mail or electronic communication.

Second, the substitute amendment requires the insurer to submit the following information with its certification, in addition to the information required under the bill:

- A statement that the property owner or an insured has filed a claim or the insurer has reason to believe that a claim will be filed.
- The date of the damage to the insured dwelling.
- The insurance policy limits of the insured dwelling.

¹ As defined by the bill, an “insured dwelling” is real property that is covered under an insurance policy and that is owned, occupied, and used primarily as a dwelling by the insured.

² “Covered damage” is damage that is covered by an insurance policy.

³ The cost of repairs includes the estimated cost of repairs necessary to comply with applicable building codes or other ordinances or regulations that govern the repair or renovation of a dwelling. Under current law, repairs are presumed to be reasonable unless the estimated cost of repairs exceeds 50 percent of a formula based on the assessed value of the property. [s. 66.0413 (1) (c), Stats.] The bill and substitute amendment both change this presumption for any insured dwelling so that repairs are presumed to be reasonable unless the estimated cost exceeds 70 percent of the dwelling’s insurance policy limits.

- The insurer's designated representative for the filed or anticipated claim.
- The designated representative's mailing address, email address, and phone number.

Third, the substitute amendment provides that when considering the materials submitted by persons entitled to notice, the municipality must consider the qualifications, expertise, and experience of the person that submitted the materials.

Fourth, the substitute amendment clarifies that the municipality retains the authority to order the owner of the dwelling to make the building safe and sanitary.

Finally, under the substitute amendment, the new raze order process does not apply in either of the following circumstances:

- The municipality determines that the dwelling is in imminent danger of structural collapse and the owner has failed to appropriately secure and limit access to the dwelling.
- The insurer notifies the municipality that the insurer determines the dwelling is wholly destroyed.

BILL HISTORY

Senator Stafsholt offered Senate Substitute Amendment 1 on September 2, 2021. On September 29, 2021, the Senate Committee on Insurance, Licensing, and Forestry voted to recommend adoption of the substitute amendment on a vote of Ayes, 4; Noes, 0. The committee then voted to recommend passage of the bill, as amended, also on a vote of Ayes, 4; Noes, 0.

AH:ksm