

★ Roll Call Number

Agenda Item Number  
**BDH** 2

Date October 24, 2011

Communication from Neighborhood Inspection Division regarding demolition cost reserve escrowed for 1954 East Bell Avenue, Des Moines, Iowa.

(Communication and documentation attached)

Moved by \_\_\_\_\_ to receive and file and to direct that the City Attorney bring legal action within one hundred eighty days (180 days) of receipt of notice if owners have not demolished or renovated the structure.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

MOTION CARRIED

APPROVED

\_\_\_\_\_  
Mayor

**CERTIFICATE**

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

\_\_\_\_\_  
City Clerk

**State Farm®**  
Providing Insurance and Financial Services  
Home Office, Bloomington, Illinois 61710



BDH 2

October 6, 2011

CITY OF DES MOINES  
COMMUNITY DEVELOPMENT DEPARTMENT  
602 ROBERT D RAY DR  
DES MOINES IA 50309

State Farm Insurance Companies  
P.O. Box 52268  
Phoenix, AZ 85072-2268

RE: Claim Number: 15-E143-721  
Insured: Linda and Dan Murphy  
Date of Loss: September 25, 2011

Dear City Inspector:

1954 East Bell Ave sustained fire damage on the above-referenced date of loss. We have received a proof of loss for a sum exceeding 75% of the value of the policy. Iowa law requires fire and casualty companies to hold a demolition cost reserve under such circumstances. In general, insurers must reserve \$10,000.00 or 10% of the payment, whichever is greater, to cover demolition costs under the circumstances if:

- A. The property without repairs is uninhabitable or unfit for its purpose.
- B. The property owner has submitted a proof of loss for a sum exceeding 75% of the face value of the policy.

Therefore, to be in compliance with Iowa Statute HB-499 Section 515.510, I am notifying you that a reserve for demolition costs has been withheld.

It is my understanding that the City shall release all interest in the demolition cost reserve within 180 days after receiving notice of the existence of the demolition cost reserve unless the City has instituted legal proceedings for the demolition of said building and has notified the insured in writing of the institution of such legal proceedings. Failure of the City to notify the insured of such legal proceedings shall terminate the City's claim to any proceeds from the reserve.

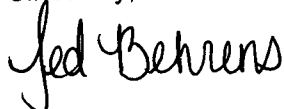
A reserve for demolition cost shall no longer be required if:

- A. The insurer has received notice from the insured and the City Council that the insured has commenced repairs to the properties or has commenced demolition of the property.
- B. The City has failed to notify the insurer as provided above.

If the City is required to demolish the damaged property at City expense after instituting legal proceedings, emergency actions, or obtaining waivers for the demolition of the building or other insured structure, the City shall present to the insurer the actual costs of the demolition of the property, including engineering, legal and other demolition project costs, and the insurers shall compensate the City for the actual cost of the demolition project up to the amount in a demolition cost reserve. Any amount left from the demolition cost reserve after the cost of demolition of the property is paid to the City, shall be to the insured if the insured is entitled to the remaining proceeds under the policy. The insurer is not liable for any amount in excess of the limits of the liability set out by the policy.

This letter is notice of our compliance with Iowa law. Please call if you have any questions.

Sincerely,



Jed Behrens  
Claim Representative <sup>also</sup>  
515 223 9138  
State Farm Fire and Casualty Company

18/355/367875.