

230-RICR-20-05-12

TITLE 230 - DEPARTMENT OF BUSINESS REGULATION

CHAPTER 20 - INSURANCE

SUBCHAPTER 05 - PERSONAL LINES - AUTOMOBILE AND HOMEOWNERS INSURANCE

PART 12 - Municipal Liens on Fire Insurance Proceeds

12.1 Purpose and Authority

The purpose of this Part is to implement R.I. Gen. Laws Chapter 45-47 entitled "Municipal Liens on Fire Insurance Proceeds". Pursuant to the authority granted in R.I. Gen. Laws §§ 45-47-2 and 45-47-10, this Part is hereby promulgated.

12.2 Lien Created

- A. R.I. Gen. Laws § 45-47-1 creates a lien in favor of any taking jurisdiction in this state on the proceeds of any insurance policy based upon a claim made for damage or loss to a building or other structure caused by or arising out of any fire or explosion.
- B. The lien arises upon any unpaid tax, special ad valorem levy, special assessment, or other charge imposed upon real property by or on behalf of the state, a municipal corporation, or a special district which is an encumbrance on real property, whether or not evidenced by written instrument, that has remained undischarged for at least one year prior to the filing of a proof of loss.
- C. A lien also arises as a result of any costs incurred by a municipal corporation to secure, demolish, or render an unsafe building or structure or part of the structure safe, in accordance with R.I. Gen. Laws Chapter 23-27.3.

12.3 Applicability

- A. Pursuant to R.I. Gen. Laws § 45-47-6, the Municipal Liens on Fire Insurance Proceeds law is applicable to claims arising on all property, including residential, commercial, or industrial buildings or structures, regardless of the occupancy status at the time of the fire or explosion loss; provided, that this chapter does not apply to owner-occupied one-to four-family dwellings
- B. All policies issued after January 1, 1983, are required to include a summary of the municipal liens on fire insurance proceeds law.
- C. In the event of a claim for ten thousand dollars (\$10,000) or more, the insurer shall provide the claimsperson with copies of the certificate of municipal liens.

12.4 Taxing Jurisdictions

It is the responsibility of the insurance company, its representatives, and the insured to ascertain the proper taxing authorities for the location of the loss.

12.5 Escrow Accounts

For the purpose of the implementation of this statute, all escrow accounts subject to the jurisdiction of the Municipal Liens on Fire Insurance Proceeds law shall be segregated by loss, and the insured and the taxing jurisdiction shall be notified of the creation of the escrow account by the insurance carrier.

12.6 Certificate from Taxing Jurisdiction

- A. The Certificate obtained by the insurance company from the taxing jurisdiction must provide the following information:
1. A complete description of the subject property
 2. The name of the owner(s) of the property and the
 3. A listing of all taxes that have remained undischarged for at least one year applicable to the subject property or a statement that no lien, as defined in R.I. Gen. Laws § 45-47-1, in favor of the taxing jurisdiction exists.
 4. The following statement signed under penalty of perjury by an authorized representative of the taxing authority:
 - a. "It is hereby certified from available information that all taxes and assessments, as defined in R.I. Gen. Laws § 45-47-1, which have remained undischarged for at least one year from the date of the filing of the proof of loss, are listed above."
- B. Alternatively, the taxing authority in accordance with R.I. Gen. Laws § 45-47-5, may certify that in lieu of payment of all or part of the lien arising under this chapter, it has obtained satisfactory proof that the insured has or will repair or rebuild at the situs of the loss. This certification should be deemed adequate to permit payment of insurance proceeds to the insured.

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**TITLE 230 - DEPARTMENT OF BUSINESS REGULATION (INCLUDES
THE OFFICE OF THE HEALTH INSURANCE COMMISSIONER)**

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PART 12 - MUNICIPAL LIENS ON FIRE INSURANCE PROCEEDS

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