

AN ORDINANCE OF THE TOWNSHIP OF SOUTH HUNTINGDON, PUSUANT TO ACT 98 OF 1992, PROVIDING THAT IN CERTAIN FIRE LOSSES, THE INSURANCE COMPANY, ASSOCIATION OR EXCHANGE SHALL TRANSFER INSURANCE PROCEEDS TO A DESIGNATED OFFICER OF THE MUNICIPALITY AS A PORTION OF THE INSURANCE PROCEEDS TO BE HELD AS SECURITY AGAINST THE TOTAL COST OF REMOVING, REPAIRING OR SECURING THE DAMAGED BUILDING, PROVIDING FOR PENALTIES FOR VIOLATION AND SETTING FORTH PROCEDURES AND REQUIREMENTS PERTAINING TO SUCH INSURANCE PROCEEDS AND TO THE IMPLEMENTATION OF ACT 98 OF 1992 IN THE TOWNSHIP OF SOUTH HUNTINGDON.

WHEREAS, the Commonwealth of Pennsylvania has enacted Act 98 of 1992, effective on September 7, 1992, amending the Insurance Company Law of 1921, to provide procedures for the payment of certain fire loss claims; and

WHEREAS, it is the purpose of said legislation to deter the commission of arson and related crimes, to discourage the abandonment of property, and to prevent urban blight and deterioration; and

WHEREAS, the Township of South Huntingdon desires to adopt an Ordinance, pursuant to Section 508 of the Insurance Company Law of 1921 to provide for the payment of proceeds from certain fire loss claims to the Municipality.

It is therefore ORDAINED AND ENACTED by the Board of Supervisors of the Township of South Huntingdon as follows:

SECTION I:

The Township Secretary, or such official's designee, is hereby appointed as the designated officer who is authorized to carry out all responsibilities and other duties stated herein.

SECTION II:

No insurance company, association or exchange (hereinafter the "Insuring Agent") doing business in the Commonwealth of Pennsylvania shall pay a claim of a named insured for fire damage to a structure located with the Township of South Huntingdon (hereinafter the "Municipality") where the amount recoverable for the fire loss to the structure under all policies exceeds FIVE THOUSAND AND NO/CENTS (\$5,000.00) DOLLARS, unless the named insured or Insuring Agent is furnished by the municipal treasurer with a municipal certificate pursuant to Section 508(b) of Act 98 of 1992 and unless there is compliance with Section 508 (C) and (D) of Act 98 of 1992 and the provisions of this Ordinance.

SECTION III:

Where pursuant to Section 508(B) (1) (I) of Act 98 of 1992, the municipal treasurer issues a certificate indicating that there are no delinquent taxes, assessments, penalties or user charges against real property, the Insuring Agent shall pay the claim of the named insured, provided however, that if the loss agreed upon by the named insured and the Insuring Agent equals or exceeds sixty (60%) percent of the aggregate limits of liability on all fire policies covering the building restructure, the following procedures must be followed:

- (1) The Insuring Agent shall transfer from the insurance proceeds to the designated officer of the Municipality in the aggregate of One Thousand and no/cents (\$1,000.00) Dollars for each Twenty Thousand and no/cents (\$20,000.00) Dollars of a claim and for each fraction of that amount of a claim, this section to be applied such that if the claim is Twenty Thousand and no/cents (\$20,000.00) Dollars or less, the amount transferred to the Municipality shall be One Thousand and no/cents (\$1,000.00) Dollars; or
- (2) If at the time of a proof of loss agreed to between the named insured and the Insuring Agent, the name insured has submitted a contractor's signed estimate of the cost of removing, repairing, or securing the building or other structure, the Insuring Agent shall transfer to the Municipality from the insurance proceeds the amount specified in the estimate.
- (3) The transfer of proceeds shall be on a pro rata basis by all companies, associations or exchanges insuring the building or other structure.
- (4) After the transfer, the named insured may submit a contractor's signed estimate of the costs of removing, repairing, or securing the building or other structure, and the designated officer shall return the amount of the funds transferred to the Municipality in excess of the estimate to the named insured, if the Municipality has not commenced to remove, repair or secure the building or other structure.
- (5) Upon receipt of proceeds under this section, the Municipality shall do the following:

- (a) The designated officer shall place the proceeds in the separate fund to be used solely as security against the total costs of removing, repairing, or securing the building or other structure which are incurred by the Municipality. Such cost shall include without limitation, any engineering, legal or administrative costs incurred by the Municipality in connection with such removal, repair or securing of the building or any proceedings related thereto; and
- (b) It is the obligation of the Insuring Agent, when transferring the proceeds, to provide the Municipality with the name and address of the named insured. Upon receipt of the transferred funds and the name and address of the named insured, the designated officer shall contact the named insured, certify that the proceeds have been received by the Municipality and notify the named insured that the procedures under this subsection shall be followed; and
- (c) When repairs, removal or securing of the building or other structure have been completed in accordance with all applicable regulations and orders of the Municipality and the required proof of such completion is received by the designated officer, and if the Municipality has not incurred any costs for repairs, removal or securing, the fund shall be returned to the named insured. If the Municipality has incurred costs for repairs, removal or securing of the building or other structure, the cost shall be paid from the fund and if excess funds remain, the Municipality shall transfer the remaining funds to the named insured; and
- (6) Nothing in this section shall be construed to limit the ability of the Municipality to recover any deficiency. Furthermore, nothing in this subsection shall be construed to prohibit the Municipality and the named insured from entering into an agreement that permits the transfer of funds to the named insured of some reasonable disposition of the damaged property has been negotiated.

SECTION IV:

The Board of Supervisors of South Huntingdon Township may, by resolution, adopt procedures regulations to implement Act 88 of 1992 and this Ordinance and may, by resolution, fix reasonable fees to be charged for municipal activities of certificates and bills, performance of inspections and opening separate accounts.

SECTION V:

An owner of property, any named insured or any Insuring Agent who violates this Ordinance shall be subject to a penalty of up to One Thousand and no/cents (\$1,000.00) Dollars per violation.

SECTION VI:

The provisions of this Ordinance shall be severable and, if any of the provisions heretofore shall be invalid or unenforceable, the remaining provisions of this Ordinance shall remain in effect.

SECTION VII:

All Ordinances or parts of Ordinances conflicting with any of the provisions of this Ordinance are hereby repealed, insofar as the same affects this Ordinance.

SECTION VIII:

This Ordinance shall become effective immediately.

ENACTED THIS 23rd day of September, 1993.

TOWNSHIP OF SOUTH HUNTINGDON

BY: Scott Painter
Chairman

ATTEST: Cindy Thorne
Secretary