

# FIRE LOSSES ESCROW ORDINANCE

ORDINANCE NO. 326

AN ORDINANCE PROVIDING THAT IN CERTAIN FIRE LOSSES THE INSURANCE COMPANY, ASSOCIATION, OR EXCHANGE SHALL TRANSFER INSURANCE PROCEEDS TO A DESIGNATED OFFICER OF THE BOROUGH 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 FEES; PROVIDING FOR PENALTIES FOR VIOLATION; AND SETTING FORTH PROCEDURES AND REQUIREMENTS PERTAINING TO SUCH INSURANCE PROCEEDS AND TO THE IMPLEMENTATION OF SAID LEGISLATION IN THE BOROUGH.

WHEREAS, the Commonwealth of Pennsylvania has enacted Act 98 of 1992 and Act 93 of 1994, amending the Insurance Company Law of 1921 to provide procedures for the payment of certain fire loss claims and has enacted amendments thereto; 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 Borough 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 Borough;

NOW, THEREFORE, it is ORDAINED and ENACTED by the Borough Council of the Borough of South Connellsville, Fayette County, Pennsylvania, as follows:

## **Section 1. Borough Secretary as Designated Officer.**

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

## **Section 2. Certificate as Prerequisite to Remittance of Amount Recoverable.**

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 within the Borough (hereinafter "Municipality") where the amount recoverable for the fire loss to the structure under all policies exceeds Seven Thousand Five Hundred (\$7,500.00) Dollars, unless the Insuring Agent is furnished by the municipal treasurer with a municipal certificate pursuant to Section 508 (B) of Act 98 of 1992 as amended and unless there is compliance with Section 508 (C) of Act 98 of 1992 as amended and the provisions of this Ordinance.

## **Section 3. Remittance of Amount Recoverable.**

Where pursuant to Section 508 (B)(1)(I) of Act 98 of 1992, as amended, the municipal treasurer issues a certificate indicating that there are not 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 or structure, 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 \$2,000.00 for each \$15,000.00 of a claim and for each fraction of that amount of a claim, this section to be applied such that if the claim is \$15,000.00 or less, the amount transferred to the Municipality shall be \$2,000.00; or
2. If at the time of a proof of loss agreed to between the named insured and the Insuring Agent, the named insured has submitted a contractor's signed estimate of the costs 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 pro rata basis by all companies, associations or exchanges insuring the building or other structure.
4. After the transfer, the named insured shall submit a contractor's signed estimate within sixty days (60) of the costs of removing, repairing or

