

97-3 proposed
ORDINANCE NO. _____

AN ORDINANCE OF ARARAT TOWNSHIP, PURSUANT TO ACT 98 OF 1992 PROVIDING THAT IN CERTAIN FIRE LOSSES THE INSURANCE COMPANY, ASSOCIATION OR EXCHANGE SHALL TRANSFER A PORTION OF THE INSURANCE PROCEEDS TO A DESIGNATED OFFICER OF THE TOWNSHIP 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 ACT 98 OF 1992 IN THE TOWNSHIP.

WHEREAS, the Commonwealth of Pennsylvania has enacted Act 98 of 1992 effective 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 blight and deterioration; and,

WHEREAS, Ararat Township in Susquehanna County desires to adopt an Ordinance pursuant to Section 508 of the Insurance Company Law of 1921, as amended, to provide for the payment of proceeds from certain fire loss claims to the Township to be held as security against the total cost of securing and removing or repair of damaged buildings,

NOW, THEREFORE, the Township Supervisors do hereby Ordain and Enact as follows:

SECTION 1: The Code Enforcement Officer shall act on behalf of the Township, shall receive and hold the insurance proceeds, shall inspect such structures and shall return said proceeds or the balance thereof to the insured upon satisfactory completion. Said officer shall enforce this Ordinance and collect any monies due the

Township, whether as fines or assessments.

SECTION 2: Where the amount recoverable for fire loss in any fire to any structure or structures exceeds \$5,000, each insurance company, association or exchange doing business in the Commonwealth of Pennsylvania shall obtain a certificate from the Township treasurer pursuant to Section 508(b) of Act 98 of 1992, and shall prove compliance with Sections 508(c) and 508(c) of said Act prior to paying any such claim.

The 508(b) certificate shall indicate that there are no delinquent taxes, assessments, penalties or user charges against the real property.

SECTION 3: Where a Section 508(b) Certificate has issued, and in the event that 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 said structure(s),

a. Together with the current address of the named insured, the insuring agent shall transfer, from the insurance proceeds to the designated township officer

1) \$1,000.00 for each \$20,000.00 of a claim or for each fraction thereof, such that if the claim is less than \$20,000.00, then \$1,000.00 shall be transferred, and if the claim is for \$20,00.01 or more, then \$2,000.00 shall be transferred; or

2) an amount equal to a contractor's signed estimate of the cost of securing and removing or repair of the structure(s).

The transfer of proceeds shall be on a pro rata basis by all companies, associations or exchanges insuring the said structure(s).

b. The Township Officer shall place the said funds in a designated escrow

account and shall notify the named insured of their receipt, the procedures to be followed and the conditions under which a full or partial refund of said monies shall be made. Said funds shall be used solely as security against the total costs of securing and removing or repair of the structure(s) or any proceedings related thereto incurred by the Township. Such costs shall include, without limitation, engineering, legal or administrative costs.

c. Upon satisfactory completion of securing and removal or repair of the said structure(s), the Township officer shall refund any monies remaining after costs have been deducted.

d. Any interest earned on monies while in the escrow account and not returned to the named insured shall belong to the Township. To the extent that proceeds are returned to the named insured, interest earned on such proceeds shall be distributed to the named insured at the time that the proceeds are returned.

e. Nothing in this section shall be construed to limit the ability of the Township to recover any deficiency.

f. Nothing in this Section shall be construed to prohibit the Township and the named insured from entering into an agreement that permits the transfer of funds to the named insured if some other reasonable disposition of the damaged structure(s) has been negotiated.

SECTION 4: The Township Supervisors may by resolution adopt procedures and regulations to implement Act 98 of 1992 and this Ordinance and may by resolution fix reasonable fees to be charged for municipal activities and services provided pursuant to Act 98 of 1992 and this Ordinance, including but not limited to

issuance of certificates and bills, performance of inspections and opening separate funds accounts.

SECTION 5: Any owner of property, any named insured or any insuring agent who violates this Ordinance shall be subject to a penalty of up to \$1,000.00 per violation.

SECTION 6: The provisions of this Ordinance shall be severable and if any of the provisions hereof shall be invalid or unenforceable, the remaining provisions shall remain in effect.

SECTION 7: All ordinances or parts of ordinances conflicting with any of the provisions of this Ordinance are hereby repealed insofar as same affects this Ordinance.

SECTION 8: This Ordinance shall become effective immediately.

ORDAINED AND ENACTED at a duly assembled public meeting by the Ararat Township Board of Supervisors this _____ day of _____ 19__.

By: _____

ATTEST:

Secretary

Board of Supervisors