

Part 8

Fire Insurance Proceeds/Certificates

§ 801 Use of Fire Insurance Proceeds.

1. No insurance company, association or exchange (hereinafter "insurer") 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 of New Brighton where the amount recoverable for the fire loss to the structure under all policies exceeds seven thousand five hundred dollars (\$7,500.00), unless the insurer is furnished by the Borough with a certificate pursuant to 508(b) of the Insurance Company Law of 1921, as amended by Act 98 of 1992 and Act 93 of 1994 (collectively, the "Act") and unless there is compliance with the procedures set forth in 508(c) and (d) of the Act.

2. Where there are delinquent taxes, assessments, penalties or user charges against the property ("municipal claims") or there are expenses which the Borough of New Brighton has incurred as a cost for the removal, repair or securing of a building or other structure on the property (collectively "municipal expenses"), the Borough of New Brighton shall immediately render a bill for such work, if it has not already been furnished. Upon written request of the named insured specifying the tax description of the property, the name and address of the insurer and the date of receipt by the insurer of a loss report of the claim, the Borough shall furnish a certificate within fourteen (14) working days after the request, to the insurer, a certificate (or at his discretion an oral notice confirmed in writing) either:

A. Stating that there are no unpaid municipal claims or municipal expenses against the property.

B. Specifying the nature of the amount of such claims or expenses, accompanied by a bill for such amounts.

Taxes, assessments, penalties and user charges shall be deemed delinquent for this purpose if a lien could have been filed for such claims under applicable law. Upon receipt of a certificate and bill pursuant to subsection (A) of this Section, the insurer shall transfer to the Borough an amount from the insurance proceeds sufficient to pay such sums prior to making payment to the named insured, subject to the provisions of subsection (3) hereof.

3. When all municipal claims and municipal expenses have been paid pursuant to subsection (2) (B) of this Section, or where the Borough has issued a certificate described in subsection (2) (A) indicating that there are no municipal claims or municipal expenses against the property, the insurer shall pay the claim of the named insured; provided, however, that if the loss agreed upon by the named insured and the insurer 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:

A. The insurer shall transfer from the insurance proceeds to the Borough, in the aggregate, two thousand dollars (\$2,000.00) for each fifteen thousand dollars (\$15,000.00) of such claim or fraction thereof.

B. If at the time a loss report is submitted by the insured, such insured has submitted to the insurer, with a copy to the Borough of New Brighton, a contractor's signed estimate of the cost of removing, repairing or securing the building or other structure in an amount less than the amount calculated under the foregoing transfer formula, the insurer shall transfer to the Borough Manager from the insurance proceeds the amount specified in the estimate. If there is more than one insurer, the transfer of proceeds shall be on a pro rate basis by all insurers insuring the building or other structure.

C. Upon receipt of the above described portion of the insurance proceeds, the Borough Manager shall do the following:

(1) Place the proceeds in a separate account to be used solely as security against the total municipal expenses anticipated by the Borough of New Brighton to be required in removing, repairing or securing the building or other structure as required by this Part. Such costs shall include, without limitation, any engineering, legal or administrative costs incurred by the Borough of New Brighton in connection with such removal, repair or securing or any proceedings related thereto.

(2) Mail to the named insured, at the address received from the insurer, a notice the proceeds have been received by the Borough of New Brighton and that the procedures under this subsection shall be followed.

(3) After the transfer, the named insured may submit to the Borough of New Brighton a contractor's signed estimate of the cost of removing, repairing or securing the building or other structure, in which event the Borough shall, if such estimate is deemed by the Borough to be reasonable, return to the insured the amount of the funds transferred to the Borough of New Brighton in excess of that required to pay the municipal expenses; provided, the Borough of New Brighton has not commenced to remove, repair or secure the building or other structure, in which case the Borough of New Brighton will complete the work.

(4) Pay to the Borough, for reimbursement to the Borough of New Brighton General Fund, the amount of the municipal expenses paid by the Borough of New Brighton.

(5) Pay the remaining balance in the account (without interest) to the named insured upon receipt of a certificate issued by the Borough that the repair, removal or securing of the building or other structure has been completed in accordance with all applicable codes and regulations of the Borough of New Brighton.

(6) Nothing in this Section shall be construed to limit the ability of the Borough to recover any deficiency. Furthermore, nothing in this subsection shall be construed to prohibit the Borough 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 property has been negotiated.

(1, §801, cont'd)

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(Ord. 1139, 12/21/1995, §1)

§802. Fees for Municipal Activities/Services. The New Brighton Borough Council may, by resolution, adopt procedures and regulations to implement Act 98 of 1992, as amended by Act 93 of 1994, and this Part and may, by resolution, fix reasonable fees to be charged for municipal activities or services provided pursuant to Act 98 of 1992, as amended by Act 93 of 1994 and this Part including, but not limited to issuance of certificates and bills, performance of inspections and opening separate fund accounts. (Ord. 1139, 12/21/1995, §1)

§803 Penalty. Any owner of property, any named insured or any insuring agent who violates this Part shall be subject to a penalty of up to one thousand dollars (\$1,000.00) per violation. (Ord. 1139, 12/21/1995, §1)