

**ARTICLE 1523: ESCROW PROCEDURES FOR PAYMENT OF FIRE INSURANCE PROCEEDS**

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Section

- 1523.01 City Treasurer designated; "fire loss" defined.
- 1523.02 City certificate and compliance required prior to claims payment.
- 1523.03 City Treasurer to adopt procedures, regulations, fix fees.
- 1523.04 Severability.
- 1523.99 Penalty.

**Cross-reference:**

*Payment of delinquent taxes from fire insurance proceeds, see Part Fifteen, Art. 1525*

**Statutory reference:**

*Municipal certificate required prior to payment of fire loss claims, see 40 P.S. § 638*

**§ 1523.01 CITY TREASURER DESIGNATED; FIRE LOSS DEFINED.**

(a) The Treasurer or such official's designee is hereby appointed as the designated officer who is authorized to carry out all responsibilities and duties of the city stated herein.

(b) A **FIRE LOSS** or **CLAIM FOR FIRE DAMAGE** is defined as any loss occurring after the effective date of this section and covered under a policy of fire insurance, including any endorsements or riders to the policy.

(Ord. 6202, approved 12-8-2011)

**§ 1523.02 CITY CERTIFICATE AND COMPLIANCE REQUIRED PRIOR TO CLAIMS PAYMENT.**

(a) No insurance company, association or exchange (hereinafter the "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 city where the amount recoverable for the fire loss to the structure under all policies exceeds \$7,500, unless the insurer is furnished by the City Treasurer with a municipal certificate pursuant to 40 P.S. § 638(b) and unless there is compliance with 40 P.S. 638(c) and (d) and the provisions of this article and the ordinance for payment of delinquent taxes from fire insurance proceeds and the delinquent tax ordinance.

(b) After full compliance with the requirements of 40 P.S. § 638(b) the insurer shall pay the claim of the named insured; provided, however, that, if the loss is agreed upon by the named insured and the insurer equals or exceeds 60% of the aggregate limits of liability on all fire policies covering the building structure, the following procedures shall be followed:

(1) The insurer shall transfer from the insurance proceeds to the City Treasurer the aggregate of \$2,000 for each \$15,000 of a claim and for each fraction of the amount of a claim; provided:

(A) That this section is to be applied such that if the claim is \$15,000 or less, the amount transferred to the city shall be \$2,000; and

(B) That, if at that time of a loss report the named insured has submitted a contractor's signed estimate of the costs 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 city from the insurance proceeds the amount based upon the estimate.

(2) The transfer of proceeds shall be on a pro rata basis by all companies, associations or exchanges insuring the building or other structure. Policy proceeds remaining after the transfer to the city shall be disbursed in accordance with the policy terms.

(c) 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 city in excess of the estimate to the named insured, if the city has not commenced to remove, repair or secure the building or other structure.

(d) Upon receipt of proceeds under this section, the city shall do the following.

(1) The City Treasurer 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 structure which are incurred by the city. Such costs shall include, without limitation, any engineering, legal or administrative costs incurred by the city in connection with such removal, repair or securing of the building or any proceedings related thereto; and it is the obligation of the insurer when transferring the proceeds to provide the city 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 city officer shall contact the named insured, certify that the proceeds have been received by the city and notify the named insured that the procedures under this subsection shall be followed; and, when repairs, removal or securing of the building or other structure have been completed in accordance with all applicable regulations and order of the city and the required proof of such completion received by the Treasurer, the city has not incurred any costs for repairs, removal or securing, the fund shall be returned to the named insured. If the city incurred costs for repairs, removal or securing of the building or other structure, the costs shall be paid from the fund and, if excess funds remain, the city shall transfer the remaining funds to the named insured.

(2) To the extent that interest is earned on proceeds held by the city pursuant to this section, and retained by it, such interest shall belong to the city. 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 city to recover any deficiency. Furthermore, nothing in this article shall be construed to prohibit the city 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.

(Ord. 6202, approved 12-8-2011)

### **§ 1523.03 CITY TREASURER TO ADOPT PROCEDURES, REGULATIONS, FIX FEES.**

The City Treasurer will adopt procedures and regulations to implement § 508 of Act 98 of 1992 and this article and may by resolution fix reasonable fees to be charged for city activities or services provided to § 508 of Act 98 of 1992 and this article; including, but not limited to, issuance of certificates and bills, performance of inspections and opening separate fund accounts.

(Ord. 6202, approved 12-8-2011)

### **§ 1523.04 SEVERABILITY.**

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

(Ord. 6202, approved 12-8-2011)

### **§ 1523.99 PENALTY.**

Any owner of property, any named insured or any insurer who violates this article shall be subject to a penalty of up to \$1,000 per violation.

(Ord. 6202, approved 12-8-2011)