

**BOROUGH OF PICTURE ROCKS
LYCOMING COUNTY, PENNSYLVANIA**

ORDINANCE NO. 2001-01

AN ORDINANCE OF THE BOROUGH OF PICTURE ROCKS, LYCOMING COUNTY, PENNSYLVANIA 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 FEES, PROVIDING FOR PENALTIES FOR VIOLATION AND SETTING FORTH THE PROCEDURES AND REQUIREMENTS PERTAINING TO SUCH INSURANCE PROCEEDS AND TO THE IMPLEMENTATION OF ACT 98 OF 1992.

IT IS HEREBY ENACTED AND ORDAINED by the Council of the Borough of Picture Rocks, Lycoming County, Pennsylvania, (the "Borough"), as follows:

FIRE INSURANCE CLAIMS

§ 1. Designated Officer

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

§ 2. Municipal Certificate Required

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 Picture Rocks Borough (hereinafter the "municipality") 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 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 Article.

§ 3. Claims Payment Procedures

A. 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 percent (60%) 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 Two Thousand Dollars (\$2,000.00) for each Fifteen Thousand Dollars (\$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 Fifteen Thousand Dollars (\$15,000.00) or less, the amount transferred to the Borough shall be Two Thousand Dollars (\$2,000.00).

(2.) If at the time of a loss report the named 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 pro-rata basis by all companies, associations or exchanges insuring the building or other structures.

(4.) After the transfer, the named insured may submit a contractor's signed estimate of the cost 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 of 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 a separate fund to be used solely as security against the total cost of removing, repairing or securing the building or structure which are incurred by the municipality. Such costs 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.

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.

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 received by the designated officer, and if the municipality has not incurred any costs for repairs, removal or securing, the funds 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 costs shall be paid from the fund and if excess funds remain, the municipality shall transfer the remaining funds to the named insured.

d. To the extent that the interest is earned on proceeds held by the municipality pursuant to this section, and not returned to the named insured, such interest shall belong to the municipality. 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.

B. Nothing in this section shall be construed to limit the ability of the municipality to recover any deficiency. Furthermore nothing in this section 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 or some other reasonable disposition of the damaged property has been negotiated.

§ 4. Establishment of Procedure and Fees

The Borough of Picture Rocks may by resolution adopt procedures and regulations to implement Act 93 of 1992, and amendments thereto, and this Article and may by resolution fix reasonable fees to be charged for municipal activities or services provided pursuant to Act 98 of 1992, and amendments thereto, and this Article; including but not limited to issuance of certificates and bills, performance of inspections and opening separate fund accounts.

§ 5. Violations and Penalties

Any owner of property, any named insured or any insuring agent who violates this Article shall be subject to a penalty of not more than to One Thousand Dollars (\$1,000.00) together with cost of prosecution, and in default of payment of such fine and costs, to imprisonment for not more than thirty (30) days. Every day's violation shall be deemed to be a separate offense.

§ 6. Effective Date

This Ordinance shall be effective immediately.

DULY ENACTED AND ORDAINED this 6th day of August, 2001,
by the Borough Council of the Borough of Picture Rocks, Lycoming County, Pennsylvania, in
lawful session duly assembled.

ATTEST:

BOROUGH OF PICTURE ROCKS
LYCOMING COUNTY, PENNSYLVANIA

By: William N. Dorman Sec.
William Dorman, Secretary

By: Christopher Smith
Christopher Smith, Council President

DULY approved this 27 day of August, 2001

By: David Bender
David Bender, Mayor