

ARTICLE 1512
Fire Insurance Escrow Act

1512.01	Purpose.	1512.05	Limits of liability.
1512.02	Definitions.	1512.06	Insurance requirements.
1512.03	Responsibilities and duties.	1512.98	Severability.
1512.04	Claim recoverable by insuring agent for fire loss.	1512.99	Penalty.

CROSS REFERENCES

Municipal certificate required prior to payment of fire loss claims - see 40 P.S. Sec. 638

1512.01 PURPOSE.

The Commonwealth of Pennsylvania has enacted Act 98 of 1992 effective on September 7, 1992 amending the Insurance Company Law of 1921 to provide procedures for the payment of certain fire loss claims. It is the purpose of such legislation to deter the commission of arson and related crimes, to discourage the abandonment of property, and to prevent urban blight and deterioration. Council 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 City, and to this end, Council enacts this article.
(Ord. 24-1992 Sec. 1. Passed 10-6-92.)

1512.02 DEFINITIONS.

As used in this article, certain terms are defined as follows:

- (a) "City" means the City of York, Pennsylvania.
- (b) "Building Official" means the Building Official of the City of York, Pennsylvania.
- (c) "Insuring agent" means any insurance company, association or exchange.
- (d) "Named insured" means the person or persons who are insured for the building or structure where the fire occurred.
- (e) "Treasurer" means the City Treasurer of the City of York, Pennsylvania.
(Ord. 24-1992 Sec. 1. Passed 10-6-92.)

1512.03 RESPONSIBILITIES AND DUTIES.

(a) The Treasurer or his designee is hereby appointed as the designated person who is authorized to carry out all responsibilities and duties stated herein.

(b) When a fire occurs on a property, all property owners are to supply all insurance information to the Treasurer that is required for this article.
(Ord. 15-98. Passed 11-4-98.)

1512.04 CLAIM RECOVERABLE BY INSURING AGENT FOR FIRE LOSS.

No 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 City where the amount recoverable for the fire loss to the structure under all policies exceeds seven thousand five hundred dollars (\$7,500), unless the named insured or insuring agent is furnished by the 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.

(Ord. 24-1992 Sec. 1. Passed 10-6-92; Ord. 14-1994 Sec. 1. Passed 12-20-94.)

1512.05 LIMITS OF LIABILITY.

Pursuant to Section 508 (B)(1)(I) of Act 98 of 1992, the 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 is 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 restructure, the following procedures must be followed:

- (a) The insuring agent shall transfer from the insurance proceeds to the City in the lesser of two thousand dollars (\$2,000) for each fifteen thousand dollars (\$15,000) of a claim or the estimate amount less than the amount calculated under the foregoing transfer formula.
- (b) 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 City from the insurance proceeds the amount specified in the estimate.
- (c) The transfer of proceeds shall be on pro rata basis by all insuring agent's insuring the building or other structure.
- (d) 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.
- (e) Upon receipt of proceeds under this section, the City shall do the following:

- (1) The 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.
 - (2) It is the obligation of the insuring agent 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 designated 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.
 - (3) When repairs, removal or securing of the building or other structure have been completed in accordance with all applicable regulations and orders of the City and the required proof of such completion received by the Building Official, and if the City has not incurred any costs for repairs, removal or securing, the fund shall be returned to the named insured. If the City 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 City shall transfer the remaining funds to the named insured.
 - (4) To the extent that interest is earned on proceeds held by the City pursuant to this section, and not returned to the named insured, such interest shall belong to the City.
- (f) Nothing in this section shall be construed to limit the ability of the City to recover any deficiency. Furthermore, nothing in this subsection shall be construed to prohibit the City and the named insured from entering an agreement that permits the transfer of funds to the named insured of some other reasonable disposition of the damaged property has been negotiated.
(Ord. 24-1992 Sec. 1. Passed 10-6-92; Ord. 14-1994 Sec. 2. Passed 12-20-94.)

1512.06 INSURANCE REQUIREMENTS.

(a) All owners of tenant occupied properties in the City shall be required to obtain and maintain current property insurance in an amount sufficient to either restore or remove the structure in compliance with current City ordinances. Any insuring agent who cancels coverage based on notification by the owner or failure by owner to pay for such coverage shall notify the Treasurer in writing of the cancellation. In the event of any fire or loss covered by such insurance, it shall be the obligation of the property owner to use such insurance proceeds to cause the restoration or demolition or other repair of the property, adhering to all applicable Housing or Building Code provisions.

(b) Owners of residential tenant occupied properties shall be required to report their insurance company name, policy number and policy expiration date, and proof of an amount of coverage equal to or greater than the insurance company's determination of the actual cash value, minimal of fifteen thousand dollars (\$15,000), of the structure when applying for an annual license to operate tenant occupied property through the Department of Fire/Rescue Services. The cancellation of or the failure to report such information or failure to acquire the required insurance as stated above, will result in forfeiture of license as stated in Article 1761.

(c) Owners of non-residential tenant occupied properties shall maintain current proof of insurance and proof of an amount of coverage equal to or greater than the insurance company's determination of the actual cash value, minimal of fifteen thousand dollars (\$15,000), of the structure and shall produce such proof as part of any application for or renewal of a certificate of occupancy. Any insuring agent who cancels coverage based on notification by the owner or failure by owner to pay for such coverage shall notify the Treasurer in writing of the cancellation. The cancellation of or the failure to produce such proof, or failure to acquire the required insurance as stated above, will be grounds to refuse to issue or renew a certificate of occupancy. Falsifying such proof will result in forfeiture of an issued certificate of occupancy. (Ord. 42-2003. Passed 11-5-03.)

1512.98 SEVERABILITY.

The provisions of this article are severable and if any of its sections, clauses or sentences shall be held illegal, invalid or unconstitutional, such provisions shall not affect or impair any of the remaining sections, clauses or sentences. (Ord. 24-1992 Sec. 1. Passed 10-6-92.)

1512.99 PENALTY.

Any owner of property, any named insured or any insuring agent violating the provisions of this article shall, upon conviction, be fined not less than five hundred dollars (\$500.00) per offense nor more than one thousand dollars (\$1,000) per offense, plus costs of prosecution and, in default of payment thereof, shall be imprisoned for not more than ninety days (90 days). (Ord. 1-2009. Passed 1-6-09.)