

Chapter 108

FIRE INSURANCE CLAIMS

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[HISTORY: Adopted by the Borough Council of the Borough of Dormont 2-1-1993 as Ord. No. 1418. Amendments noted where applicable.]

§ 108-1. Responsible official designated.

The Borough Manager of the Borough of Dormont or such official's designee is hereby appointed as the designated officer who is authorized to carry out all responsibilities and duties stated herein.

§ 108-2. Condition for payment of claims.

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 or fire damage to a structure located within the Borough of Dormont (hereinafter the "borough") where the amount recoverable for the fire loss to the structure under all policies exceeds five thousand dollars (\$5,000.), unless the insuring agent is furnished by the Borough Manager 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 1992¹ and the provisions of this chapter.

§ 108-3. Procedures.

Where pursuant to Section 508(b)(1)(i) of Act 98 of 1992,² the Borough Manager issues a certificate indicating that there are no delinquent taxes, assessments, penalties or use 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 restructures, the following procedures must be followed:

- A. The insuring agent shall transfer from the insurance proceeds to the designated officer of the borough in each aggregate of one thousand dollars (\$1,000.) for each twenty thousand dollars (\$20,000.) of a claim and for each fraction of that amount of a claim, this section to be applied such that if the claim is twenty thousand dollars (\$20,000.) or less, the amount transferred to the borough shall be one thousand dollars (\$1,000.); or if, at the time of a

¹ Editor's Note: See 40 P.S. § 638.

² Editor's Note: See 40 P.S. § 638(b)(1)(i).

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 structures, the insuring agent shall transfer to the borough from the insurance proceeds the amount specified in the estimate.

- B. The transfer of proceeds shall be on pro rata basis by all companies, associations or exchanges insuring the building or other structure.
- 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 borough in excess of the estimate to the named insured if the borough has not commenced to remove, repair or secure the building or other structure.
- D. Upon receipt of proceeds under this section, the borough shall do the following:
 - (1) The designated officer shall place the proceeds in a 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 borough. Such costs shall include, without limitation, any engineering, legal or administrative costs incurred by the borough 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 borough 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 borough 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 borough and the required proof of such completion received by the designated officer and if the borough has not incurred any costs for repairs, removal or securing, the funds shall be returned to the named insured. If the borough 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 borough shall transfer the remaining funds to the named insured.
 - (4) To the extent that interest is earned on proceeds held by the borough pursuant to this section and not returned to the named insured, such interest shall belong to the borough. 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 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 after some other reasonable disposition of the damaged property has been negotiated.

§ 108-4. Implementation by borough.

The Borough Council may by resolution adopt procedures and regulations to implement Act 98 of 1992³ and this chapter and may, by resolution, fix reasonable fees to be charged for municipal activities or services provided pursuant to Act 98 of 1992 and this chapter, including but not limited to issuance of certificates and bills, performance of inspections and opening separate fund accounts.

§ 108-5. Violations and penalties.

Any person who violates any of the provisions of this chapter shall be required to pay a fine of not more than five hundred dollars (\$500.) upon conviction thereof before a District Justice and, upon failure to pay the same, upon conviction, shall be imprisoned for a period of not more than thirty (30) days. Each day's violation shall constitute a separate offense. The imposition of a penalty shall not excuse the violation or permit it to continue.

³ Editor's Note: See 40 P.S. § 636.1 et seq.

