

Chapter 49

FIRE INSURANCE CLAIMS

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| <p>§ 49-1. Legislative intent.</p> <p>§ 49-2. Applicable fire loss claims.</p> <p>§ 49-3. Amount of proceeds to be escrowed.</p> | <p>§ 49-4. Establishment of accounts; use of funds.</p> <p>§ 49-5. Violations and penalties.</p> |
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[HISTORY: Adopted by the Borough Council of the Borough of Pennsburg 8-5-2002 by Ord. No. 8-02. Amendments noted where applicable.]

§ 49-1. Legislative intent.

This chapter is enacted pursuant to Act No. 1992-98,¹ House Bill No. 1028, and is intended to establish procedures for the escrowing of fire insurance proceeds.

§ 49-2. Applicable fire loss claims.

No insurance company, association or exchange doing business in this commonwealth shall pay a claim of a named insured for fire damage to a structure located within the Borough where the amount recoverable for the fire loss to the structure under all policies exceeds \$5,000 unless there is compliance with the procedures set forth in this chapter.

§ 49-3. Amount of proceeds to be escrowed.

When the loss agreed to between the named insured and the company, association or exchange equals or exceeds 60% of the aggregate limits of liability on all fire policies covering the building or other structure, the insurance company, association or exchange shall transfer from the insurance proceeds to the Borough Code Enforcement Officer \$2,000 for each \$15,000 and each fraction of that amount of a claim. However, if at the time of a proof of loss agreed to between the named insured and the insurance company, association or exchange, the named insured has submitted a contractor's signed estimate of the costs of removing, repairing or securing the building or other structure, the insurance company, association or exchange shall transfer from the insurance proceeds the amount specified in the estimate. 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 Borough shall be disbursed in accordance with the policy terms. The named insured may submit a contractor's signed estimate of the costs of removing, repairing or securing the building or other structure after the transfer, and the Code Enforcement Officer shall return the amount of the fund 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.

¹ Editor's Note: See 40 P.S. § 638.

§ 49-4. Establishment of accounts; use of funds.

Upon receipt of the proceeds by the Borough, the Code Enforcement Officer and/or the Borough Secretary shall place the proceeds in a separate fund to be used solely as security against the total costs of removing, repairing or securing incurred by the Borough. When transferring the funds as required in § 49-3, an insurance company, association or exchange shall provide the Borough with the name and address of the named insured, whereupon the Borough 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 chapter shall be followed. The fund shall be returned to the named insured when repairs, removal or securing of the building or other structure have been completed and the required proof received by the Code Enforcement Officer if the Borough has not incurred any costs for repairs, removal or securing. In the event 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.

§ 49-5. Violations and penalties.

Any person violating any of the provisions of this chapter shall be guilty of the offense charged and, upon conviction thereof in summary proceedings, shall be sentenced to pay the costs of prosecution and a fine of not more than \$1,000 to the use of the Borough and, in default of the payment thereof, shall be imprisoned for a period not to exceed 90 days.