
ARTICLE 1706
Fire Insurance Escrow for Removal, Repair,
or Securing of Damaged Buildings

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1706.01 DESIGNATION OF CITY OFFICIAL, DEFINITION

- 1.) The Finance Officer for the City of Franklin or such official's designee is hereby appointed as the designated officer who is authorized to carry out all responsibilities and duties stated herein.
- 2.) A "fire loss" or claim for fire damage is defined as any loss occurring after the effective date of this Ordinance and covered under a policy of fire insurance, including any endorsements or riders to the policy.

1706.02 MUNICIPAL CERTIFICATE, USE OF PROCEEDS

- 1.) 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 of Franklin where the amount recoverable for the fire loss to the structure under all policies exceeds Seven Thousand Five Hundred (\$7,500.00) Dollars, unless the Insurer is furnished by the Finance Officer of the City of Franklin with a municipal certificate pursuant to Section 508 (b), and unless there is compliance with Sections 508 (c) and (d) and the provisions of this Ordinance and Article 322 of the Codified Ordinances of the City of Franklin.
- 2.) After full compliance with the requirements of Section 508 (b) (1) (i), Sections 508 (c) and (d) and Article 322 of the Codified Ordinances of the City of Franklin, the Insurer shall pay the claim of the named insured, provided, however, that if the loss agreed to between the named insured and the Insurer equals or exceeds sixty (60%) percent of the aggregate limits of liability on all fire policies covering the building or other structure, the following procedures must be followed:
 - a.) The Insurer shall transfer from the insurance proceeds to the

Finance Officer of the City of Franklin the aggregate of \$2,000.00 for each \$15,000.00 of a claim and for each fraction of that amount of the claim, provided: (i) that this Section is to be applied such that, if the claim is \$15,000.00 or less, the amount transferred to the City of Franklin shall be \$2,000.00; and (ii) that, 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 in an amount less than the amount calculated under the foregoing transfer formula, the Insurer shall transfer to the Finance Officer of the City of Franklin from the insurance proceeds the amount based upon the estimate.

- b.) 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 of Franklin shall be disbursed in accordance with the policy terms.
- 3.) After the transfer of proceeds, 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 Finance Officer of the City of Franklin shall return the amount of funds transferred to the City of Franklin in excess of the estimate to the named insured if the City of Franklin has not commenced to remove, repair, or secure the building or other structure.
- 4.) Upon receipt of insurance proceeds under this Article, the City of Franklin shall do the following:
 - a.) The Finance Officer of the City of Franklin shall place the proceeds in a separate fund to be used solely as security against the total costs incurred by the City of Franklin for removing, repairing, or securing the building or other structure. Such costs shall include, without limitation, any engineering, legal, or administrative costs incurred by the City of Franklin in connection with such removal, repair, or securing of the building or other structure, or any proceedings related thereto; and
 - b.) Upon receipt of the proceeds and the name and address of the named insured, the Finance Officer of the City of Franklin shall contact the named insured, certify that the proceeds have been received by the City of Franklin, and notify the named insured that the procedures under this Article shall be followed. It is the obligation of the Insurer, when transferring the proceeds to the City of Franklin, to provide the City of Franklin with the name and address of the named insured; and

- c.) When repairs, removal, or securing of the building or other structure has or have been completed in accordance with all applicable regulations and orders of the City of Franklin, and the required proof of such completion received by the Finance Officer of the City of Franklin, the proceeds shall be returned to the named insured. If the City of Franklin has incurred costs for repairs, removal, or securing of the building or other structure, the costs shall be paid from the proceeds before said proceeds are returned to the named insured and, if excess proceeds remain, the City of Franklin shall transfer the remaining proceeds to the named insured; and
 - d.) To the extent that interest is earned on proceeds held by the City of Franklin pursuant to this Ordinance, and retained by the City of Franklin, such interest shall belong to the City of Franklin. 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.
- 5.) Nothing in this Ordinance shall be construed to limit the ability of the City of Franklin to recover any deficiency. Furthermore, nothing in this Ordinance shall be construed to prohibit the City of Franklin and the named insured from entering into an agreement that permits the transfer of proceeds to the named insured if some other reasonable disposition of the damaged property has been negotiated.

1706.03 RULES AND REGULATIONS

- 1.) The Council of the City of Franklin may by resolution adopt procedures and regulations to implement this Ordinance and Section 508, as amended by Act 93 of 1994, and may by resolution fix reasonable fees to be charged for municipal activities or services provided pursuant to this Ordinance and Section 508, as amended by Act 93 of 1994, including, but not limited to, issuance of certificates and bills, performance of inspections, and opening separate fund accounts.

1706.04 PENALTY FOR VIOLATION

- 1.) Any owner of property, any named insured, or any Insurer who violates this Ordinance shall be subject to a penalty of up to \$1,000.00 per violation.

1706.05 SEVERABILITY

- 1.) The provisions of this Ordinance shall be severable and, if any of the

provisions herein shall be invalid or unenforceable, the remaining provisions of this Ordinance shall remain in effect.

1706.06 REPEAL

- 1.) All Ordinances or parts of Ordinances conflicting with any of the provisions of this Ordinance are hereby repealed insofar as the same affect this Ordinance.

1706.07 EFFECTIVE DATE, NOTICE TO DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

- 1.) This Ordinance shall become effective at the earliest date permitted by law, and become Article 1706 in the Codified Ordinances of the City of Franklin, and shall be entitled "Fire Insurance Escrow for Removal, Repair, or Securing of Damaged Buildings."
- 2.) A certified copy of this Ordinance shall be filed with the Department of Economic and Community Development on or before this Ordinance's effective date.