

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1692 Session of  
2003

INTRODUCED BY MICOZZIE, BELFANTI, BIANCUCCI, DALEY, GOODMAN,  
HARHAI, KIRKLAND, S. MILLER, ROSS, SEMMEL, E. Z. TAYLOR,  
J. TAYLOR AND YUDICHAK, JUNE 24, 2003

REFERRED TO COMMITTEE ON INSURANCE, JUNE 24, 2003

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An  
2 act relating to insurance; amending, revising, and  
3 consolidating the law providing for the incorporation of  
4 insurance companies, and the regulation, supervision, and  
5 protection of home and foreign insurance companies, Lloyds  
6 associations, reciprocal and inter-insurance exchanges, and  
7 fire insurance rating bureaus, and the regulation and  
8 supervision of insurance carried by such companies,  
9 associations, and exchanges, including insurance carried by  
10 the State Workmen's Insurance Fund; providing penalties; and  
11 repealing existing laws," further providing for municipal  
12 certificate prior to payment of fire loss claims; and making  
13 editorial changes.

14 The General Assembly of the Commonwealth of Pennsylvania  
15 hereby enacts as follows:

16 Section 1. Section 508(d), (i) and (j) of the act of May 17,  
17 1921 (P.L.682, No.284), known as The Insurance Company Law of  
18 1921, amended October 13, 1994 (P.L.609, No.93), are amended to  
19 read:

20 Section 508. Municipal Certificate Required Prior to Payment  
21 of Fire Loss Claims.--\* \* \*

22 (d) (1) Upon receipt of proceeds by the municipality as  
23 authorized by this section, the designated officer shall place

1 the proceeds in a separate fund to be used solely as security  
2 against the total cost of removing, repairing or securing  
3 incurred by the municipality. When transferring the funds as  
4 required in subsection (c) of this section, an insurance  
5 company, association or exchange shall provide the municipality  
6 with the name and address of the named insured, whereupon the  
7 municipality shall contact the named insured, certify that the  
8 proceeds have been received by the municipality and notify the  
9 named insured that the procedures under this subsection shall be  
10 followed.

11 (2) The notification to the named insured required by this  
12 subsection shall include a copy of this section and, unless an  
13 emergency situation as defined in subsection (j) exists, a  
14 detailed estimate of the total costs which may be incurred by  
15 the municipality for repairs, removal or securing of the  
16 building or other structure, together with the costs itemized  
17 under such categories as labor, materials, inspection costs and  
18 any other appropriate designation. The cost of preparing the  
19 estimate shall not be considered a cost for the repair, removal  
20 or securing of the building or other structure as long as the  
21 named insured completes the repair, removal or securing of the  
22 building or other structure. If no emergency situation as  
23 defined in subsection (j) exists, a statement shall accompany  
24 the notification and shall specify the time when the  
25 municipality will commence any repair, removal or securing of  
26 the building or other structure, which time shall not be less  
27 than thirty days from the date the municipality notifies the  
28 named insured that procedures under this subsection shall be  
29 followed. Nothing in this subsection shall preclude the named  
30 insured from repairing, removing or securing a building or other

1 structure after the thirty-day period if the named insured  
2 provides written notice to the municipality and the municipality  
3 has not either commenced to remove, repair or secure the  
4 building or other structure or engaged another to remove, repair  
5 or secure the building or other structure.

6     (3) The fund shall be returned to the named insured when  
7 repairs, removal or securing of the building or other structure  
8 have been completed and the required proof received by the  
9 designated officer if the municipality has not incurred any  
10 costs for repairs, removal or securing. If the municipality has  
11 incurred costs for repairs, removal or securing of the building  
12 or other structure, the costs shall be paid from the fund, and,  
13 if excess funds remain, the municipality shall transfer the  
14 remaining funds to the named insured. Nothing in this section  
15 shall be construed to limit the ability of a municipality to  
16 recover any deficiency. Further, nothing in this subsection  
17 shall be construed to prohibit the municipality and the named  
18 insured from entering into an agreement that permits the  
19 transfer of funds to the named insured if some other reasonable  
20 disposition of the damaged property has been negotiated.

21     \* \* \*

22     (i) When an ordinance is first passed or adopted by a  
23 municipality under subsections (a) and (b) of this section or  
24 subsections (c) and (d) of this section, or both, an exact copy  
25 of the ordinance shall be filed with the Department of Community  
26 [Affairs] and Economic Development, together with the name,  
27 position and phone number of the municipal official responsible  
28 for compliance with this section. Each municipality enacting an  
29 ordinance under this section shall supply the information  
30 required by this subsection to the Department of Community

1 [Affairs] and Economic Development as part of the implementation  
2 of its ordinance. The Department of Community [Affairs] and  
3 Economic Development shall periodically produce a register  
4 listing those municipalities filing the ordinance. This register  
5 shall be made available to insurance companies at minimum cost.  
6 An insurance company, association or exchange shall not be  
7 required to comply with any municipal ordinance if the  
8 municipality fails to provide a copy of the ordinance to the  
9 Department of Community [Affairs] and Economic Development.

10 (j) The term "municipality," as used in this section, shall  
11 mean any city, borough, town, township or home rule  
12 municipality. The term "treasurer," as used in this section,  
13 shall mean an elected treasurer or other appropriate municipal  
14 officer authorized to collect real property taxes. The term  
15 "emergency situation," as used in this section, shall mean a  
16 property which poses a threat to the health or safety of the  
17 public unless repaired, removed or secured immediately.

18 \* \* \*

19 Section 2. This act shall take effect in 60 days.