



**AN ORDINANCE OF THE WEST CALN TOWNSHIP  
BOARD OF SUPERVISORS REGARDING  
ADOPTED PURSUANT TO THE AUTHORITY OF  
THE FIRE INSURANCE ESCROW ACT, ACT 93 OF  
1994, 40 P.S. § 638.**

**BE IT ENACTED AND ORDAINED** by the Board of Supervisors of West Caln Township as follows:

**SECTION 1.** Pursuant to the authority in the Fire Insurance Escrow Act, Act 93 of 1994, which is codified in 40 P.S. § 638, the Board of Supervisors of West Caln Township hereby adopts the following Ordinance entitled “Fire Insurance Escrow Ordinance of 2018” as follows:

**“FIRE INSURANCE ESCROW ORDINANCE OF 2018”**

**§ 1. Certificate and Compliance required.**

No insurance company, association or exchange doing business in the Commonwealth of Pennsylvania shall pay a claim of a named insured for fire damage to a structure located within West Caln Township under the terms of Section 508(a) of the Insurance Company Law of 1921, as amended, 40 P.S. § 638(a), unless the insurance company, association or exchange is furnished with a certificate pursuant to § 2 of this Ordinance and unless there is compliance with the procedures set forth in § 3 and § 4 of this Ordinance.

**§ 2. Fire loss certificate.**

A. The Township Manager or his/her designee shall furnish the insurance company, association or exchange (the “Company”) either of the following included below within fourteen (14) working days of the written request of the named insured. The written request shall contain (i) the tax description of the property; (ii) the name and address of the Company; (iii) the date of the receipt of the loss report of the claim as agreed upon by the



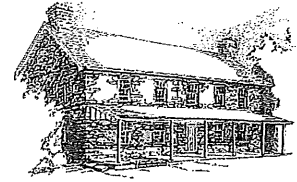
named insured and the Company; and (iv) the payment of a certification fee in the amount as set from time to time by resolution of the Board of Supervisors to cover the administrative expense of processing the request and copying.

(1) A certificate or, at the discretion of the Township, a verbal notification which shall be confirmed in writing by the insured to the effect that, as of the date specified in the request, there are no delinquent taxes, assessments, penalties or user charges against the property (sewer and refuse charges) and that, as of the date of the Manager's certificate or verbal notification, the Township has not certified any amount as total costs incurred by the Township for the removal, repair or securing of a building or other structure on the property; or

(2) A certificate and bill showing the amount of delinquent taxes, assessments, penalties or user charges (sewer and refuse charges) against the property as of the date specified in the request that have not been paid as of the date of the certificate and also showing as of the date of the Manager's certificate, the amount of the total costs, if any, certified by the Manager or his/her designee that has been incurred by the Township for the removal, repair or securing of a building or other structure on the property. For the purposes of this subsection, the Township Manager shall certify the total amount, if any, of such costs. For the purposes of this chapter, a tax, assessment, penalty or user charge becomes delinquent at the time and on the date a lien could otherwise have been filed against the property by the Township under applicable law or ordinance.

B. Upon receipt of a certificate pursuant to Subsection A(1) of this section, the insurance company, association or exchange shall pay the claim of the named insured in accordance with the policy terms, unless 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. In the case of such a loss, the insurance company, association or exchange, the insured property owner and the Township shall follow the procedures set forth in § 3 and § 4 of this Ordinance.

C. Upon the receipt of a certificate and bill pursuant to Subsection A(2) of this section, the insurance company, association or exchange shall return the bill to the Manager or his/her designee and transfer to the Manager or his/her designee an amount from the insurance proceeds necessary to pay the taxes, assessments, penalties, charges and costs shown on the bill. In the case of a loss subject to § 3 and § 4 of this Ordinance, the insurance company, association or exchange shall transfer to the Manager or his/her designee the amount from the insurance proceeds shown on the bill separately from the amounts



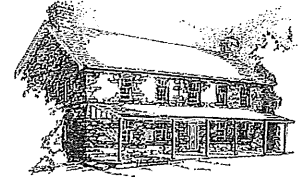
transferred under § 3 of this Ordinance. The Township shall receive the amount and apply or credit it to the payment of the items shown in the bill.

**§ 3. Establishment of municipal fire insurance escrow.**

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 Township Manager or his/her designee the amounts required by and in accordance with the procedures set forth in 40 P.S. § 638(c). Policy proceeds remaining after the transfer to the Township 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 Township Manager or his/her designee shall return the amount of the fund in excess of the estimate to the named insured if the Township has not commenced to remove, repair or secure the building or other structure. The Township Manager or his/her designee shall carry out the duties of this section.

**§ 4. Disposition of escrow proceeds.**

Upon receipt of the proceeds by the Township as authorized by § 3, the Township Manager or his/her designee shall place the proceeds in a separate fund to be used solely as security against the total cost of removing, repairing or securing incurred by the Township. When transferring the funds as required in § 3, an insurance company, association or exchange shall provide the Township with the name and address of the named insured, whereupon the Township shall contact the named insured, certify that the proceeds have been received by the municipality and notify the named insured that the procedures under this section 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 Township Manager or his/her designee if the Township has not incurred any costs for repairs, removal or securing. If the Township 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 Township shall transfer the remaining funds to the named insured. Nothing in this Ordinance shall be construed to limit the ability of the Township to recover any deficiency. Further, nothing in this section shall be construed to prohibit the Township and the named



insured from entering into an agreement that permits the transfer of funds to the named insured if some other reasonable disposition of the damaged property has been negotiated.

**§ 5. Costs.**

The total costs incurred by the Township for the removal, repair or securing of a building or other structure under this Ordinance shall include, but not be limited to, all administrative, personnel and overhead costs incurred by the Township in accordance with generally accepted accounting procedures.

**§ 6. Filing of copies.**

Upon the enactment of this Ordinance, the Township Manager shall file an exact copy of the Ordinance with the Department of Community and Economic Development, together with the name, position and phone number of the municipal official responsible for compliance with Section 508 of the Insurance Company Law of 1921, as amended."

**SECTION 2. Severability.** If any sentence, clause, section, or part of this Ordinance is for any reason found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections, or parts hereof. It is hereby declared as the intent of the Board of Commissioners that this Ordinance would have been adopted had such unconstitutional, illegal or invalid sentence, clause, section or part thereof not been included herein.

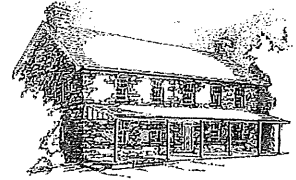
**SECTION 3. Repealer.** All ordinances or parts of ordinances conflicting with any provision of this Ordinance are hereby repealed insofar as the same affects this Ordinance.

West Caln Township  
Board of Supervisors

Chester County  
Pennsylvania

**ORDINANCE # 2018-02**


**Fire Insurance Escrow Ordinance of 2018**



**SECTION 4. Effective Date.** This Ordinance shall become effective in five days from the date of adoption.

**ATTEST:**

**BOARD OF SUPERVISORS OF  
WEST CALN TOWNSHIP**

  
BY:  
Thomas Siedenbuehl, Secretary *04/11/2018*

  
Donald W. Martz, Chairman

  
Allen R. Martin, Vice Chairman

  
Joseph G. Hutton III, Member