

AN ORDINANCE RELATING TO STRUCTURES DAMAGED BY FIRE OR EXPLOSION CREATING A LIEN UPON INSURANCE PROCEEDS WITH RELATION TO SAID STRUCTURE, PROVIDING FOR THE DISBURSEMENT OF SAID INSURANCE PROCEEDS; CREATING A FIRE INSURANCE PROCEEDS FUND; AND PROVIDING FOR A LIEN FOR CERTAIN TAXES DUE ON STRUCTURES DAMAGED BY FIRE OR EXPLOSION, AND REVOKING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SEDAN, KANSAS:

Section 1. SCOPE AND APPLICATION. The City is hereby authorized to utilize the procedures established by K.S.A. 40-3901 et seq., whereby no insurance company shall pay a claim of a named insured for loss or damage to any building or other structure located within the City, arising out of any fire or explosion, where the amount recoverable for the loss or damage to the building or other structure under all the policies is in excess of 75 percent of the face value of the policy covering such building or other insured structure, unless there is compliance with the procedures set out in this ordinance.

Section 2. PROCEDURE.

(a) When final settlement on a covered claim has been agreed to or arrived at between the named insured or insureds and the company or companies, and final settlement exceeds 75 percent of the face value of the policy covering any building or other insured structure, and when all amounts due to the holder of a first real estate mortgage against the building or other structure, pursuant to the terms of the policy and endorsements thereto, shall have been paid, the insurance company or companies shall execute a draft payable to the City Treasurer in an amount equal to the sum of \$5,000.00 or 10 percent of the covered claim payment, whichever is less, unless the chief building inspector of the City has issued a certificate to the insurance company or companies that the insured has removed the damaged building or other structure, as well as all associated debris, or replaced, rebuilt, or otherwise made the premises safe and secure.

(b) Such transfer of funds shall be on a pro rata basis by all companies insuring the building or other structure. Policy proceeds remaining after the transfer to the City shall be disbursed in accordance with the policy terms.

(c) Upon the transfer of the funds as required by subsection (a) of this section, the insurance company shall provide the City with the name and address of the named insured or insureds, the total insurance coverage applicable to said building or other structure, and the amount of the final settlement agreed to or arrived at between the insurance company or companies and the insured or insureds, whereupon the chief building inspector shall contact the named insured or insureds by registered mail, notifying them that the insurance proceeds have been received by the City and apprise them of the procedures to be followed under this ordinance.

Section 3. FUND CREATED; DEPOSIT OF MONEYS. The City Treasurer is hereby directed to create a fund to be known as the "Fire Insurance Proceeds Fund." All moneys received by the City Treasurer as provided for by this ordinance shall be placed in that fund and deposited in an interest bearing account.

Section 4. BUILDING INSPECTOR; INVESTIGATION, REMOVAL OF STRUCTURE.

(a) Upon receipt of moneys as provided for by this ordinance, the City Treasurer shall immediately notify the

Chief Building Inspector of the receipt, and transmit all documentation received from the insurance company or companies to the Chief Building Inspector.

(b) Within 20 days of the receipt of the moneys, the chief building inspector shall determine, after prior investigation, whether the City shall instigate proceedings under the provisions of K.S.A. 12-1750 et seq., as amended.

(c) Prior to the expiration of the 20 days established by sub-section (b) of this section, the Chief Building Inspector shall notify the City Treasurer whether he or she intends to initiate the proceedings under K.S.A. 12-1750 et seq., as amended.

(d) If the Chief Building Inspector has determined that proceedings under K.S.A. 12-1750 et seq., as amended, shall be initiated, he or she will do so immediately but no longer than 30 days after the receipt of the moneys by the City Treasurer.

(e) Upon notification to the City Treasurer by the Chief Building Inspector that no proceedings shall be initiated under K.S.A. 12-1750 et seq., as amended, the City Treasurer shall pay all such moneys received, plus accrued interest, to the insured or insureds as identified in the communication from the insurance company or companies. Such return shall be accomplished within 30 days of the receipt of the moneys from the insurance company or companies.

Section 5. REMOVAL OF STRUCTURE; EXCESS MONEYS.

If the Chief Building Inspector has proceeded under the provisions of K.S.A. 12-1750 et seq., as amended, all moneys in excess of that which is ultimately necessary to comply with the provisions for the removal of the building or structure, less salvage value, if any, shall be paid to the insured.

Section 6. SAME; LIEN CREATED.

If the Chief Building Inspector, with regard to a building or other structure damaged by fire or explosion, determines that it is necessary to act under K.S.A. 12-1756, any proceeds received by the City Treasurer under the authority of section 2(a) relating to that building or other structure shall be used to reimburse the City for any expenses incurred by the City in proceeding under K.S.A. 12-1756. Upon reimbursement from the insurance proceeds, the Chief Building Inspector shall immediately effect the release of the lien resulting therefrom. Should the expenses incurred by the City exceed the insurance proceeds paid over to the City Treasurer under section 2(a), the Chief Building Inspector shall publish a new lien as authorized by K.S.A. 12-1756, in an amount equal to the excess expenses incurred.

Section 7. EFFECT UPON INSURANCE POLICIES.

This ordinance shall not make the City a party to any insurance contract, nor is the insurer liable to any party for any amount in excess of the proceeds otherwise payable under its insurance policy.

Section 8. INSURERS; LIABILITY.

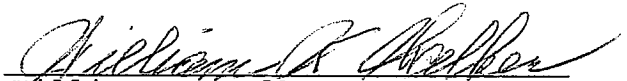
Insurers complying with this ordinance or attempting in good faith to comply with this ordinance shall be immune from civil and criminal liability and such action shall not be deemed in violation of K.S.A. 40-2404 and any amendments thereto, including withholding payment of any insurance proceeds pursuant to this ordinance, or releasing or disclosing any information pursuant to this ordinance.

Section 9. REVOCATION OF ORDINANCES OR PARTS OF

ORDINANCES IN CONFLICT HEREWITH. All ordinances or parts of ordinances in conflict herewith are hereby revoked.

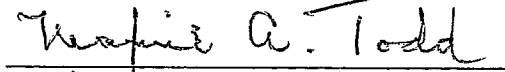
Section 10. This Ordinance shall take effect and be in full force from and after its publication one time in the Sedan Times Star of Sedan, Kansas.

Passed by the Council and approved by the Mayor this 16 day of DECEMBER, 1991.



William K. Walker, Mayor

Attest:



Maxine A. Todd, City Clerk