

Ordinance #2020-40

AN ORDINANCE BY THE MUNICIPALITY OF PRINCETON CONCERNING FIRE INSURANCE CLAIMS AND AMENDING CHAPTER 2 OF THE "CODE OF THE BOROUGH OF PRINCETON, NEW JERSEY, 1974" AND CHAPTER 7A OF THE "CODE OF THE TOWNSHIP OF PRINCETON, NEW JERSEY, 1968".

WHEREAS, the Borough of Princeton and Township of Princeton pursuant to the provisions of the New Jersey Municipal Consolidation Act, N.J.S.A. 40:43-66.35 consolidated as Princeton on January 1, 2013; and

WHEREAS, pursuant to N.J.S.A. 40:43-66.64, the Princeton Council on January 1, 2013 adopted a Resolution continuing in effect Ordinances of the former Borough of Princeton and the former Township of Princeton as a new Code for Princeton is prepared; and

WHEREAS, Princeton Council has reviewed and recommends amending Chapter 7A of the "Code of the Township of Princeton, New Jersey, 1968," entitled "Fire Insurance Claims Payment," for purposes of ensuring its application throughout the entire municipality and continued consistency with State law, and repealing sections 2-51 through 2-55 of the "Code of the Borough of Princeton, New Jersey, 1974," which contain identical provisions; and

WHEREAS, the Princeton Council wishes to adopt said Code revisions which will become a part of the new Princeton Code at a future date.

NOW, THEREFORE, BE IT ORDAINED by the Princeton Council as follows:

Section 1. Chapter 7A of the "Code of the Township of Princeton (1968)" ("Township Code"), entitled "Fire Insurance Claims Payment," is hereby amended as follows (additions are underlined and deletions are [bracketed]):

CHAPTER 7A. FIRE INSURANCE CLAIMS PAYMENT

Sec. 7A-1. Payment prohibited until taxes, assessments, etc., are paid.

No insurance company authorized to issue fire insurance policies in the State of New Jersey shall pay any claim in excess of two thousand five hundred dollars for fire damages to real property located within the [township]municipality, unless or until such time as: a. (1) anticipated demolition costs and all taxes and assessments and all other municipal liens or charges due and payable, appearing on the official certificate of search; or (2) all taxes and assessments and all other municipal liens or charges due and payable, appearing on the official certificate of search, shall have been paid either by the owner of such real property or by the insurance company pursuant to the provisions of section 3 of P.L. 1978, c.184; or b. the municipality submits to the insurance company a copy of a resolution adopted pursuant to section 4 of P.L. 1978, c.184[all taxes, assessments and other municipal liens or charges due and payable appearing on the official certificate of search shall have been paid either by the owner of such real property or by the insurance company as provided in section 3 of P.L. 1978, c.184; or the municipality submits to the insurance company a copy of a resolution adopted pursuant to section 4 of P.L. 1978 c.184].

Sec. 7A-2. Alteration of certificate of search.

The official certificate of search may, from time to time, be altered, by the bonded official responsible for preparing such certificates, in order to cancel any error or omissions or to add any municipal liens or related charges due and payable subsequent to the preparation of the official certificate.

Sec. 7A-3. Appeal amount of lien or charge.

In the event an appeal is taken on the amount of any lien or charge, other than an appeal on the assessed valuation of real property pursuant to R.S. 54:3-21, the insurance company shall issue a draft payable to the court of record, to be held by the court in an interest bearing escrow account in a State or federally chartered bank, savings bank, or savings and loan association in the State, in an amount totaling 75% of the full amount of the lien or charge being contested, but not to exceed the proceeds payable under its insurance policy, and the insurance company shall issue a draft payable to the municipality for the remaining 25% of the lien or charge being contested, with the full amount paid by the insurance company to the court and the municipality not to exceed the proceeds payable under its insurance policy, pending termination of all proceedings, at which time such moneys and all interest accruing thereon, at a rate paid on interest bearing accounts in State or federally chartered banks, savings banks or savings and loan associations in the State, shall be disbursed in accordance with the final order or judgment of the court[withhold seventy-five percent of the full amount of lien or charge being contested pending termination of all proceedings, at which time such moneys and all interest accruing thereon at a rate paid on interest bearing accounts in banking institutions or savings and loan associations in the State of New Jersey, shall be disbursed in accordance with a final order or judgment of the court].

Sec. 7A-4. Priority of claims payment.

Any claim on behalf of the [township]municipality made in accordance with the provisions of this chapter and P.L. 1978, c. 184 shall be paramount to any other claims on the proceeds of the fire insurance policy, except the claim of a holder of a purchase money mortgage held as a first mortgage or an institutional lender which is a holder of a mortgage on the fire damaged property, where the fire insurance policy at the time of the loss listed the mortgagee as the holder of an insurable interest[a named insured], in which event the claim of the mortgagee to the proceeds shall be paramount to the municipal lien only to the extent of the amount due and payable to the mortgagee under the mortgage contract.

Sec. 7A-5. Future property policies subject to chapter provisions.

All fire insurance policies covering property within the [township]municipality, issued or renewed after the adoption of this chapter and the filing of a copy of this chapter with the State Commissioner of Insurance shall be subject to the provisions of this chapter.

Section 2. Division 1 of Article IV of the “Code of the Borough of Princeton, New Jersey (1974)” (“Borough Code”), entitled “Restriction on Payment of Insurance Claims for Fire Damage,” and which is comprised of sections 2-51 through 2-55, is hereby repealed.

Section 3. All ordinances and resolutions or parts thereof inconsistent with this ordinance are repealed.

Section 4. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portion thereof.

Section 5. The provisions of this ordinance shall be applicable within Princeton upon final adoption and filing a copy hereof with the New Jersey State Commissioner of Insurance, Department of Banking and Insurance, P.O. Box 325, 20 West State Street, Trenton, New Jersey 08625-035, and thereafter shall become a part of the new Princeton Code once completed and adopted.

Delores A. Williams, Clerk

Liz Lempert, Mayor

Ordinance Introduced:

Ordinance Adopted:

This ordinance is part of the ongoing process of merging and harmonizing the code provisions of former Princeton Borough and former Princeton Township into a new code for the consolidated municipality of Princeton. It amends the provisions of Chapter 7A of the Township Code (and Chapter 2 of the Borough Code), regarding the payment of fire insurance claims by insurance companies, for consistency with state law.