

# PROPERTY MAINTENANCE UNIT

## Standard Operating Procedure PMU 07

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<b>Title: Insurance Proceeds</b>
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### I. Purpose

- A. The purpose of this procedure is to provide direction and a procedure to properly:
  - 1. Process insurance proceeds from a covered claim payment that are paid to the City of Topeka as established by K.S.A. 40-3901 et seq. as codified in Chapter 8.80 of the latest version of the code of the city of Topeka, Kansas, hereafter referred to as the "Code".
  - 2. Initiate proceedings under the provisions of K.S.A. 12-1750 through 12-1756, as amended, and the Code.
- B. It is the policy of the Property Maintenance Unit to identify, document, investigate, instigate and report proceedings through a documented process that includes the collection of evidence, case management, data entry, and the service of legal notification as stipulated by the Code and Kansas State Statutes.

### II. Definitions

- A. Code Official - "The official who is charged with the administration and enforcement of this code, or any duly authorized representative." (IPMC 202) This term is intended to be synonymous with the term "Enforcement Official", as used in the Code.
- B. Gender - "Words importing the masculine gender include the feminine and neuter." (TMC 1.10.020)
- C. K.S.A. - "The abbreviation "K.S.A." shall mean the Kansas Statutes Annotated, as amended." (TMC 1.10.020)
- D. Number - "Words used in the singular include the plural, and words used in the plural include the singular." (TMC 1.10.020)
- E. Owner - "Any person, agent, operator, firm or corporation having a legal or equitable interest in the property; or recorded in the official records of the state, county or municipality as holding title to the property; or otherwise having control of the property, including the guardian of the estate of any such person, and the executor or administrator of the estate of such person if ordered to take possession of real property by a court." (IPMC 202).
- F. Property - A lot, plot or parcel of land, easement or public way, including any structures thereon. This term is intended to be synonymous with the term "Premises", as used in the Code.
- G. Public Way - "Any street, alley or similar parcel of land essentially unobstructed from the ground to the sky, which is deeded, dedicated or otherwise permanently appropriated to the public for public use." (IPMC 202).

# PROPERTY MAINTENANCE UNIT

## Standard Operating Procedure PMU 07

---

- H. TMC - The abbreviation “TMC” shall mean the Topeka Municipal Code as used in references to sections of the code of the city of Topeka, Kansas.

### III. Applicable Codes

- A. Enforcement Official - “The director of the department of neighborhood relations or designee shall be the enforcement official.” (TMC 8.80.040 [b]).
- B. Fire Insurance Proceeds Process - The Insurance Proceeds process is codified in TMC 8.80. The term “Insurance Proceeds” as used in this procedure is intended to be synonymous with the term “Fire Insurance Proceeds” as used in the Code.

### IV. Procedure

- A. Insurance Proceeds Criteria
1. Damage to a building or other structure under all policies that is in excess of seventy-five percent (75%) of the face value of the policy covering such building.
  2. The insurance company shall execute a draft payable to the City Treasurer in an amount not to exceed the sum of fifteen percent (15%) of the covered claim payment.
- B. Insurance Proceeds Notification and Action
1. The City Treasurer shall email the Insurance Proceeds documentation to the Property Maintenance Unit Administrative Staff.
  2. The Administrative Staff shall notify the appropriate Code Official of the receipt of the Insurance Proceeds documentation.
  3. The Code Official shall open a violation case in the database.
    - a. The Code Official shall identify the location of the property.
    - b. The Code Official shall determine if there is an existing open case for the particular property to ensure there is no duplication of effort.
  4. The Code Official shall process the case in accordance with the applicable Standard Operating Procedure.
- C. Inspection for Release of Insurance Proceed
1. The Code Official shall conduct an inspection to determine if the property in question meets the requirements of the Code within twenty (20) days of the receipt of the Insurance Proceeds by the City.
  2. The Code Official shall take photos and attach them to the case and determine if the insurance proceeds can be released.
  3. Prior to the expiration of the twenty (20) day period, the Property Maintenance Unit Administrative Staff shall notify the City Treasurer whether the City intends to initiate proceedings under the Code.
  4. If the Code Official determines that proceedings shall be initiated, he shall do so immediately, but no later than thirty (30) days after receipt of the Insurance Proceeds by the City Treasurer.

# PROPERTY MAINTENANCE UNIT

## Standard Operating Procedure PMU 07

---

### D. Release or Hold of Insurance Proceeds

1. If the property owner hires a contractor to demolish the structure, the associated debris must be removed and any basement removed or filled in prior to the release of the insurance proceeds.
2. If the Code Official determines that the damaged structure has been removed, repaired or rebuilt and the associated debris removed, the Administrative Staff shall process a memo and send it to the City Treasurer to release the insurance proceeds.
3. If the proceeds are to be held, Administrative Staff shall contact the City Treasurer and ask that the insurance proceeds be held.
4. If the expenses incurred by the City exceed the insurance proceeds paid to the City Treasurer under the Code, the Administrative Staff shall publish a new lien in an amount equal to such excess expenses incurred.
5. The City Treasurer will follow up with the Property Maintenance Unit periodically to check on any insurance proceeds that are outstanding.
6. Administrative Staff will check the list and provide a response to the City Treasurer on whether to continue to hold or release the proceeds.

### V. Procedure Modifications

- A. This procedure shall be reviewed on a biennial basis on or before March 1<sup>st</sup> or as necessary based on revisions to the policy and/or the Code.
- B. This procedure may only be amended, changed or modified by the Division Manager, or his designee.

 _____ John Schardine, Manager Code Services Property Maintenance Unit	_____ 3/1/2023 Date Approved
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