

**Britain D. Stites**  
**City Attorney**

Britain.Stites@jcks.com



**City of Junction City**

June 10, 2021

P.O. Box 287  
210 East 9<sup>th</sup> Street  
Junction City, KS 66441  
Phone: 785-238-0805

Vicki Schmidt  
Kansas Commissioner of Insurance  
1300 SW Arrowhead Road  
Topeka, Kansas 66604-4073  
Kid.commissioner@ks.gov

RE: City of Junction City – Notification of Adoption of Ordinance

Dear Ms. Schmidt:

Enclosed is a certified copy of Ordinance G-1270 adopted by the City Commission pursuant to K.S.A. 40-3901 *et sequential*.

In compliance with K.S.A. 40-3905, the City asks to be added to the Commissioner's Distribution List of all cities and counties which have adopted a similar ordinance.

Upon addition to the distribution list, the City asks for notification and verification that the City of Junction City has been added to the aforementioned list.

If you have any further question, feel free to contact the City Clerk, Tammy Melton, at 785-238-3103 or myself.

Sincerely,

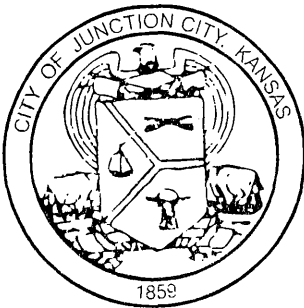
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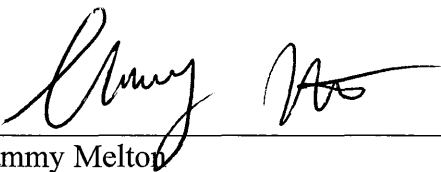
Enclosed: Certified Copy of Adopted Ordinance G-1270

ORDINANCE CERTIFICATION

STATE OF KANSAS        )  
COUNTY OF GEARY     )  
CITY OF JUNCTION CITY )

I, Tammy Melton, City Clerk of the City of Junction City, Kansas do hereby certify that the foregoing is a true and correct copy of the original Ordinance No. G-1270; that said ordinance was passed on the 20th day of April, 2021; that it was published in the Junction City Daily Union on the 27th day of April, 2021.



  
\_\_\_\_\_  
Tammy Melton  
City Clerk

## ORDINANCE G-1270

### **AN ORDINANCE REPEALING CHAPTER 550 “FIRE INSURANCE PROCEEDS FUND”, OF THE MUNICIPAL CODE OF THE CITY OF JUNCTION CITY, KANSAS, AND ADOPTING NEW CHAPTER 550 “INSURANCE PROCEEDS FUND”.**

Whereas, the City of Junction City recognized the need to utilize the procedures established by K.S.A. 40-901 *et sequential* regarding insurance proceeds in the event of damage to buildings arising out of any fire, explosion, windstorm, or other insurable loss.

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

SECTION 1: Chapter 550 shall be entitled Insurance Proceeds Fund and drafted to read as follows:

#### **CHAPTER 550: - INSURANCE PROCEEDS FUND**

##### **Section 550.010 – Scope and Application**

The City is authorized to utilize the procedures established by K.S.A. 40-3901 *et sequential*, 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 covered loss pursuant to K.S.A. 40-3907, where the amount recoverable for the loss or damage to the building or other structure under all policies is in excess of seventy-five percent (75%) 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 Chapter.

##### **Section 550.020 – Lien Created**

The governing body creates a lien in favor of the City on the proceeds of any insurance policy based upon a covered claim payment made for damage or loss to a building or other structure located within the City, caused by arising out of covered loss, where the amount recoverable for all the loss or damage to the building or other structure under all

policies is in excess of seventy-five percent (75%) of the face value of the policy covering such building or other insured structure. The lien arises upon any unpaid tax, special ad valorem levy, or any other charge imposed upon real property by or on behalf of the City which is an encumbrance on real property, whether or not evidenced by written instrument, or such tax, assessment, expense, or other charge that remained undischarged for at least one (1) year prior to the filing of a proof of loss.

### **Section 550.030 – Encumbrances**

Prior to final settlement on any claim covered by section 550.020, the insurer shall contact the County Treasurer to determine whether any such encumbrances presently exist. If encumbrances exist, the insurer shall execute and transmit a draft payable to the County Treasurer in an amount equal to the encumbrances owed.

### **Section 550.040 – Pro Rata Basis**

The transfer of proceeds shall be on a pro rata basis by all insurance companies insuring the building or other structure.

### **Section 550.050 – Procedure**

- (a) When final settlement on a covered claim has been agreed to or arrived at between the named insured and the company, and the final settlement exceeds seventy-five percent (75%) of the face value of the policy covering any building or other insured structure, and when all amounts due the holder of a first real estate mortgage against the building or other structure, pursuant to the terms of the policy and endorsement, shall have been paid, the insurance company shall execute a draft payable to the City Treasurer in any amount equal to the sum of fifteen percent (15%) of the covered claim payment, unless the Code Administrator issued certificate to the insurance company that the insured has removed the damaged building or other structure, as well as all associated debris, or repaired, rebuilt, or otherwise made the premises safe and secure.
- (b) The 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 550.050, the insurance company shall provide the City with the name and address of the named insured, the total coverage applicable to said building or other structure, and the amount of the final settlement agreed to on arrived at between the insurance company and the insured, the Code Administrator shall contact the named insured by registered mail, notifying them that said insurance proceeds have been received by the City and apprise them of the proceeds to be followed under this Chapter.

### **Section 550.060 – Fund Created; Deposit of Monies**

The City Treasurer is authorized to and shall create a fund to be known as the “Insurance Proceeds Fund”. All monies received by the City Treasurer according to this Chapter shall be placed in the Insurance Proceeds Fund and deposited in an interest-bearing account.

### **Section 550.070 – Building Inspection; Investigation; Removal of Structure**

- (a) Upon receipt of monies per this Chapter, the City Treasurer shall immediately notify the Code Administrator of said receipt and transmit all documentation received from the insurance company to the Code Administrator;
- (b) Within twenty (20) days of the receipt of said monies, the Code Administrator shall determine, after prior investigation, whether the City shall instigate proceedings under the provisions of K.S.A. 12-1750 *et sequential*;
- (c) Prior to the expiration of the twenty (20) days established by subsection (b) of 550.070, the Code Administrator shall notify the City Treasurer whether they intend to initiate proceedings under K.S.A. 12-1750 *et sequential*;
- (d) If the Code Administrator determines that proceedings under K.S.A. 12-1750 *et sequential* shall be initiated, they will do so immediately but no later than thirty (30) days after receipts of the monies by the City Treasurer;
- (e) Upon notification to the City Treasurer by the Code Administrator that no proceedings shall be initiated under K.S.A. 12-1750 *et sequential*, the City Treasurer shall return all such monies received, plus accrued interest, to the insured as identified in the

communication from the insurance company. Such return shall be accomplished within thirty (30) days of the receipt of the monies from the insurance company.

### **Section 550.080 – Removal of Structure; Excess Monies**

If the Code Administrator proceed under the provisions of K.S.A. 12-1750 *et sequential* all monies in excess of that which is ultimately necessary to comply with the provisions for the removal of the building of structure, less salvage value, if any, shall be paid to the insured.

### **Section 550.090 – Disposition of Funds**

If the Code Administrator, with regard to a building or other structure damaged by fire, explosion, windstorm, or any other covered loss cause, determines that it is necessary to act under K.S.A. 12-1756, any proceeds received by the City Treasurer under the authority of 550.050(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 Code Administrator shall immediately affect the release of the lien. Should the expenses incurred by the City exceed the insurance proceeds paid to the City Treasurer under 550.050(a), the Code Administrator shall publish a new lien as authorized by K.S.A. 12-1766 in an amount equal to such excess expenses incurred.

### **Section 550.100 – Effect Upon Insurance Policies**

This Chapter shall not make the City 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 550.110 – Insurers' Liability**

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

pursuant to this Chapter or releasing or disclosing any information pursuant to this Chapter.

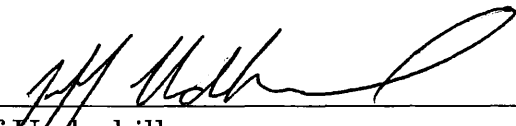
SECTION 2. All ordinances and parts thereof that are inconsistent with any provision of this Ordinance are hereby repealed.

SECTION 3. The City Attorney and/or City Clerk shall send a certified copy of this Ordinance to the Office of the Insurance Commissioner as required by state statute.

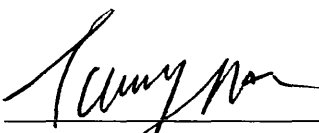
SECTION 4. This Ordinance shall be effective upon publication as required by law.

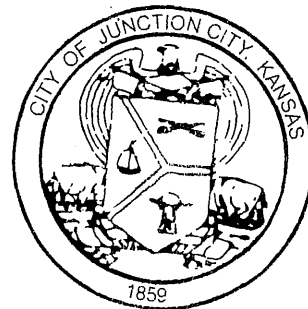
Passed and adopted by the Governing Body of the City of Junction City, Kansas this 20th day of April, 2021.

**CITY OF JUNCTION CITY, KANSAS**

  
\_\_\_\_\_  
Jeff Underhill  
Mayor

ATTEST:

  
\_\_\_\_\_  
Tammy Melton, City Clerk



# Seaton Media, Inc

The Manhattan Mercury, Junction City Union  
Smoke Signal, The Times  
1<sup>st</sup> Infantry Division Post, Flint Hills Shopper  
P.O. Box 787, Manhattan, KS 66505

In The Matter of  
IN THE DISTRICT COURT OF GEARY COUNTY , KANSAS

STATE OF KANSAS  
GEARY COUNTY SS

**Ordinance No. G-1270**  
**Summary**

On April 20, 2021, the City of Junction City, Kansas adopted Ordinance No. G-1270 an Ordinance Repealing "Fire Insurance Proceeds Fund" and Adopting "Insurance Proceeds Fund". A complete text of the ordinance may be obtained or viewed free of charge at the office of the City Clerk, 700 North Jefferson, Junction City, Kansas. A reproduction of the ordinance is available for not less than 7 days following the publication date of this Summary at [www.junctioncity-ks.gov](http://www.junctioncity-ks.gov). This summary certified by Britain D. Stites, City Attorney, on April 20, 2021.

A5432  
April 27, 2021

I, Tabitha Hiltgen-lee being first duly sworn, depose and say: That I am Inside Sales of The Junction City Union, a weekly newspaper printed in the state of Kansas, and published in and of general circulation in Geary County, Kansas, with a general paid circulation on a weekly basis in Geary County, Kansas and that said newspaper is not a trade, religious or fraternal publication.

Said newspaper has been so published continuously and uninterruptedly in said county and state for a period of more than five years prior to the first publication of said notice; and has been admitted at the post office of Junction City in said county as second class matter. That the attached notice is a true copy thereof and was published in the regular and entire issue of said newspaper for 1 consecutive insertions, the first publication thereof being made as aforesaid on the 27 day of April, 2021 with subsequent publications being made on the following dates:

On the \_\_\_ day of \_\_\_\_\_, 2021

On the \_\_\_ day of \_\_\_\_\_, 2021

On the \_\_\_ day of \_\_\_\_\_, 2021

On the \_\_\_ day of \_\_\_\_\_, 2021

Tabitha Hiltgen-lee  
Subscribed and sworn to before me this  
28 day of April, 2021

Jemie Wataha Notary Public

