

**INSURANCE INDUSTRY CONCERNS
CITY OF HUNTINGTON ORDINANCES, ARTICLE 954**

ADVANTAGES

1. Home Rule is advantageous to the City of Huntington and should not be jeopardized by a potential challenge over insurance issues, if other solutions are available.
2. Abandoned and dilapidated housing is a legitimate problem and should be addressed in total, both insured and uninsured properties.
3. The City of Huntington should not pay for demolition of such properties.
4. Property owners should pay for demolition of damaged properties.

DISADVANTAGES

1. The proposed ordinance is contrary to existing state statute or regulation requiring payment of policy proceeds to the insured in the event of a total loss.
2. The fact that this ordinance only deals with Huntington requires additional administrative processes with insurance companies, and the penalty for failing to comply is additional and unexpected liability on the part of insurers.
3. It will be very difficult to obtain the certificate of good standing within 6 months since it requires a contractor to remove the debris before the certificate will be issued. This in turn would allow the City to withhold significant sums of money for extended periods of time.
4. The amount withheld is 13%, which will cause many lenders and mortgage holders to have unpaid balances, thus passing the cost to the bank rather than the property owner.
5. The amount being withheld is excessive for many homes.
6. This potentially creates liability for insurance agents for failure to provide sufficient insurance coverage.
7. Due to the significant amount of effort that will be required in order to comply with Article 954, if passed, the effective date of this ordinance should be July 1, 2009 or later.

November 7, 2008