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***West Virginia Insurance Federation Files Lawsuit
Challenging Validity of Huntington City Ordinance***

New ordinance would restrict payment of insurance benefits to policyholders

Huntington, W.Va. – The West Virginia Insurance Federation filed suit today in Cabell County Circuit Court to challenge the validity of Huntington's new city ordinance regulating the payment of insurance benefits for debris removal expenses upon the total fire loss of a dwelling or structure within the city limits.

“The Federation regrets that we have been forced to take this action against the City of Huntington,” said Jill Bentz, West Virginia Insurance Federation president. “We filed suit to prevent the city from requiring insurers to breach their contracts with their policyholders by withholding insurance payments when there is a total fire loss.”

Huntington's new debris removal ordinance is set to take effect on July 1, 2009. The Federation is asking the Circuit Court to declare the ordinance unconstitutional and invalid. The Federation also asks the Circuit Court to issue an injunction blocking the implementation and enforcement of the new ordinance until the Court can rule on the merits of the underlying action.

Property and casualty insurance is regulated by the West Virginia Insurance Commissioner. An insurance policy is a private contract between the insurance company and its policyholder, which includes rates and forms approved by the Insurance Commissioner.

Provisions in the new ordinance would allow the city to capture 13 percent of the claim payment proceeds to cover debris removal costs, as well as any back taxes or municipal fees the owner-policyholder may owe the city. Insurance policies are not designed or intended to pay for delinquent city fees or taxes.

The lawsuit alleges that the ordinance exceeds the constitutional authority granted to Huntington through the state's new Home Rule Pilot Program. The new ordinance conflicts with state law because state law does not allow an insurer to withhold any proceeds from an insurance contract.

“We met several times with city officials and leaders over the past year trying to resolve this problem. We believe that West Virginia already has existing state laws which the city could better utilize in addressing the problem of abandoned properties within the city limits,” said Bentz. “The city could utilize existing laws rather than create a new unconstitutional ordinance requiring insurance companies to withhold money that state law requires must be paid directly to their policyholders.”

Jill Cranston Bentz is President of the West Virginia Insurance Federation, a non-profit state trade association whose membership is made up of property and casualty insurance companies. Nine out of ten autos and three out of four homes insured in West Virginia are covered by insurance companies that are members of the Federation. For additional information contact Bentz at (304) 357-9929.