

Fifty-eighth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2263**

Introduced by

Senator Mutch

1 A BILL for an Act to create and enact a new subsection to section 26.1-39-05 of the North  
2 Dakota Century Code, relating to the amount of loss covered in an insurance policy; and to  
3 amend and reenact section 26.1-39-04 of the North Dakota Century Code, relating to fire  
4 insurance indemnity measures.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 26.1-39-04 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **26.1-39-04. Measure of indemnity on fire policy.** If there is no valuation in the policy,  
9 the measure of indemnity in an insurance against fire is the full amount stated in the policy. If  
10 there is a valuation in the policy, the valuation is conclusive between the parties in the  
11 adjustment either of a partial or a total loss if the insured has some interest at risk and there is  
12 no fraud on the insured's part. In the event of a partial loss, the insurer is liable only for the  
13 proportion of the amount insured as the loss bears to the value of the whole interest of the  
14 insured in the property insured. A valuation fraudulent in fact, however, entitles the insurer to  
15 rescind the contract. Nothing in this section prohibits an insurer from paying insurance  
16 proceeds for a loss, on a deferred loss payment basis, or requiring repairs or replacement to be  
17 made before paying insurance proceeds. The provisions of this section may not be construed  
18 as a revocation of any of the rights of insurers delineated in section 26.1-39-05.

19 **SECTION 2.** A new subsection to section 26.1-39-05 of the North Dakota Century Code  
20 is created and enacted as follows:

21 Nothing in this section prohibits an insurer from paying insurance proceeds for a  
22 loss, on a deferred loss payment basis, or requiring repairs or replacement to be  
23 made before paying insurance proceeds.