

Fifty-ninth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2094

Introduced by

Industry, Business and Labor Committee

(At the request of the Insurance Commissioner)

1 A BILL for an Act to amend and reenact section 26.1-39-06 of the North Dakota Century Code,
2 relating to excluding commercial insurance coverage for loss by fire or other perils caused
3 directly or indirectly by terrorism.

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

5 **SECTION 1. AMENDMENT.** Section 26.1-39-06 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **26.1-39-06. Standard fire insurance policy.** No fire insurance contract or policy,
8 including a renewal, may be made, issued, used, or delivered by any insurer or by any
9 insurance producer or representative of the insurer on property in this state other than such as
10 conform in all particulars as to blanks, size of type, context, provisions, agreements, and
11 conditions with the 1943 standard fire insurance policy of the state of New York, a copy of
12 which must be filed in the office of the commissioner as the standard policy for this state. The
13 cancellation provisions contained in the standard policy are superseded to the extent sections
14 26.1-39-10 through 26.1-39-21 are inconsistent with the provisions. No other or different
15 provision, agreement, condition, or clause may be made a part of the contract or policy or be
16 endorsed on the contract or policy or delivered with the contract or policy, except as follows:

17 1. The name of the insurer, its location and place of business, the date of its
18 incorporation or organization, and the state or county under which the insurer is
19 organized, the amount of paid-up capital stock, whether it is a stock or mutual
20 company, the names of its officers, the number and the date of the policy, and
21 appropriate company emblems may be printed on policies issued on property in
22 this state; provided, however, that any insurer organized under special charter
23 provisions may so indicate upon its policy and may add a statement of the plan
24 under which it operates in this state.

- 1 2. Printed or written forms of description and specifications or schedules of the
2 property covered by any particular policy and any other matter necessary to
3 express clearly all the facts and conditions of insurance on any particular risk,
4 which facts or conditions may not be inconsistent with or a waiver of any of the
5 provisions or conditions of the standard policy, may be written upon or attached or
6 appended to any policy issued on property in this state. Appropriate forms of
7 contracts, supplemental contracts, or endorsements, by which the interest in the
8 property described is insured against one or more of the perils which the insurer is
9 empowered to assume, may be used in connection with the standard policy. The
10 forms of contracts, supplemental contracts, or endorsements attached or printed
11 on the policy may contain provisions and stipulations inconsistent with the standard
12 policy if applicable only to the other perils. The first page of the standard policy
13 may be rearranged to provide space for the listing of rates and premiums for
14 coverages insured under the policy or under endorsements attached or printed on
15 the policy, and such other data as may be included for duplication on daily reports
16 for office records.
- 17 3. An insurer, if entitled to do business in this state, may with the approval of the
18 commissioner, if not already included in the standard form as filed with the
19 commissioner, print on its policies any provision which it is required by law to insert
20 in the policies if the provision is not in conflict with the laws of this state or the
21 United States, or of the provisions of the standard policy, but the provision must be
22 printed apart from the other provisions, agreements, or conditions of the policy and
23 in type not smaller than the body of the policy and a separate title, as follows:
24 "Provisions required by law to be stated in this policy", and must be a part of the
25 policy.
- 26 4. A commercial insurance policy providing coverage for fire insurance in accordance
27 with this section may exclude coverage for loss by fire insured against if the fire is
28 caused directly or indirectly by terrorism.
- 29 5. There may be endorsed in writing on the outside of any policy the name, with the
30 word "Producer or Producers" and place of business, of any insurance producer or

1 producers. There may also be added, with the approval of the commissioner, a
2 statement of the group of companies with which the insurer is financially affiliated.

3 ~~5-~~ 6. When two or more insurers, each having previously complied with the laws of this
4 state, unite to issue a joint policy, there may be expressed in the head line of each
5 policy the fact of the severalty of the contract; also the proportion of premiums to
6 be paid to each insurer and the proportion of liability which each insurer agrees to
7 assume. And in the printed conditions of the policy the necessary change may be
8 made from the singular to plural number, when reference is had to the insurers
9 issuing such policy.

10 ~~6-~~ 7. With the approval of the commissioner, a combined farm policy may be used, the
11 fire portion of which must be substantially in accord with the standard policy.

12 ~~7-~~ 8. The standard policy is an interest policy and must be so construed as to at all times
13 protect the interest, whatever it may be, of any named insured. Provided, however,
14 that a five-day grace period is allowed after the execution of any written instrument
15 transferring interest in insured property during which full protection must be granted
16 under the terms of the policy.

17 ~~8-~~ 9. In case of other coverage on the same peril, the liability of each insurer may not be
18 for any greater amount or proportion of the loss than the ratio such insurance bears
19 to the valid and collectible whole insurance covering the property against the peril
20 involved.

21 ~~9-~~ 10. No contract or policy issued under this section may contain a limitation of less than
22 three years for the bringing of any suit or action under the contract or policy.

23 ~~10-~~ 11. This section does not apply to inland marine, ocean marine, or automobile
24 insurance.