

SENATE BILL NO. 2105

Introduced by

Senators Krebsbach, Oehlke

Representative Frantsvog

1 A BILL for an Act to amend and reenact section 26.1-39-05 of the North Dakota Century Code,
2 relating to property and casualty insurance valuation.

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

4 **SECTION 1. AMENDMENT.** Section 26.1-39-05 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **26.1-39-05. Face of policy to be paid in case of covered loss.**

7 1. Whenever any insurance policy is written or renewed to insure any real property in this
8 state, including structures owned by persons other than the insured, against loss
9 caused by or resulting from any covered cause of loss and the insured property is
10 wholly or completely destroyed by any covered cause of loss without fraud on the part
11 of the insured or the insured's assigns, the amount of the insurance written in the
12 policy is the true value of the property insured and the true amount of loss and
13 measure of damages, subject to the following conditions:

14 a. If the covered loss occurred within ninety days after the policy was issued or
15 within ninety days after the policy limits were increased by twenty-five percent or
16 more at the insured's request, the loss payable to the insured for covered loss
17 incurred during the first ninety days is the lesser of the full value of the policy; or
18 the actual cash value or replacement cost of the property, whichever is-
19 less depending on the policy provisions applicable to the structure. This
20 subsection subdivision does not apply to unchanged renewal;

21 (1) Renewal policies or policies with policy limits increases of less than
22 twenty-five percent;

23 (2) Policies with automatic inflation adjustment-adjusted limits;

- 1 (3) Policies for which limits have increased twenty-five percent or more due to
2 the construction of additions; or
- 3 (4) Policies for which the increased limits were determined by a representative
4 of approved by the insurer or calculated using the insurer's cost estimator
5 before the loss.
- 6 b. Builder risk policies of insurance covering property in the process of being
7 constructed must be valued and settled according to the actual value of that
8 portion of construction completed at the time of any covered cause of loss.
- 9 c. In case of double insurance, each insurer shall contribute proportionally toward
10 the loss without regard to the dates of the insurance policies.
- 11 2. This section does not apply as to personal property or any interest ~~therein~~ in the
12 personal property.
- 13 3. This section does not apply to any claim for loss of an appurtenant structure or
14 separate structure. Any claim for loss of an appurtenant or separate structure must be
15 settled for actual replacement cost or actual cash value, depending on the policy
16 provisions applicable to the structure, unless an appurtenant or separate structure is
17 individually described in the policy and a value is assigned to that specific structure
18 before the loss.