

LC02292/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2004

A N A C T

RELATING TO INSURANCE -- FIRE INSURANCE POLICIES AND RESERVES

Introduced By: Senators Bates, and Breene

Date Introduced: February 11, 2004

Referred To: Senate Financial, Technology, Regulatory

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-5-3 of the General Laws in Chapter 27-5 entitled "Fire Insurance
2 Policies and Reserves" is hereby amended as follows:

3 27-5-3. Form of standard policy. -- The form of the standard fire insurance policy of
4 the state of Rhode Island, with permission to substitute for the word "company" or "companies" a
5 more accurate descriptive term for the type of insurer, shall be as follows:

6 No

7 Space for insertion of name of company or companies issuing the policy and other
8 matter permitted to be stated at the head of the policy.

9 Space for listing amounts of insurance, rates, and premiums for the basic coverages
10 insured under the standard form of policy and for additional coverages or perils insured under
11 endorsements attached.

12 In consideration of the provisions and stipulations herein or added hereto and of
13 dollars premium this company, for the term of

14 from the day of, 20

15 to the day of, 20

16 at 12:01 a.m. standard time at

17 location of property involved,

18 to an amount not exceeding dollars, does

19 insure, and legal representatives, to the extent of

1 the actual cash value of the property at the time of loss, but not exceeding the amount which it
2 would cost to repair or replace the property with material of like kind and quality within a
3 reasonable time after a loss, without allowance for any increased cost of repair or reconstruction
4 by reason of any ordinance or law regulating construction or repair, and without compensation for
5 loss resulting from interruption of business or manufacture, nor in any event for more than the
6 interest of the insured, against all direct loss by fire and lightning, and by removal from the
7 premises endangered by the perils insured against in this policy, except as hereinafter provided, to
8 the property described hereinafter while located or contained as described in this policy, or pro
9 rata for five (5) days at each proper place to which any of the property shall necessarily be
10 removed for preservation from the perils insured against in this policy, but not elsewhere.

11 Assignment of this policy shall not be valid except with the written consent of this
12 company.

13 This policy is made and accepted subject to the foregoing provisions and stipulations
14 and those hereinafter stated, which are hereby made a part of this policy, together with such other
15 provisions, stipulations, and agreements as may be added hereto, as provided in this policy.

16 IN WITNESS WHEREOF, this company has executed and attested these presents;
17 at
18
19 Secretary President

20 In the event the domicile state of the company issuing the policy requires a Rhode
21 Island company to have a countersignature affixed by a licensed resident agent to a policy issued
22 in that state then in accordance with the provisions of § 27-2-17, the form of the standard fire
23 insurance policy shall in lieu of the foregoing execution and attestation clause contain the
24 following execution and attestation clause: IN WITNESS WHEREOF, this company has
25 executed and attested these presents; but this policy shall not be valid unless countersigned by the
26 duly authorized agent of this company at

27)
28
29 Secretary President
30 Countersigned this day of 20
31 Agent

32 1 **Concealment**, This entire policy shall be void if, whether
33 2 **fraud**, before or after a loss, the insured will-
34 fully concealed or misrepresented any material

1 4 fact or circumstance concerning this insurance or the subject
2 5 thereof, or the interest of the insured therein, or in the case of
3 6 any fraud or false swearing by the insured relating thereto.
4 7 **Uninsurable** This policy shall not cover accounts, bills,
5 8 **and excepted currency**, deeds, evidences of debt, money, or
6 9 property. securities; nor, unless specifically named here-
7 10 on in writing, bullion or manuscripts.
8 11 **Perils not** This company shall not be liable for loss by
9 12 **included** fire or other perils insured against in this
10 13 policy caused, directly or indirectly, by: (a)
11 14 enemy attack by armed forces, including action taken by mili-
12 15 tary, naval, or air forces in resisting an actual or an immedi-
13 16 ately
14 17 impending enemy attack; (b) invasion; (c) insurrection; (d)
15 18 rebellion; (e) revolution; (f) civil war; (g) usurped power; (h)
16 19 order of any civil authority except acts of destruction at the time
17 20 of and for the purpose of preventing the spread of fire, provided
18 21 that this fire did not originate from any of the perils excluded
19 22 by this policy; (i) neglect of the insured to use all reasonable
20 23 means to save and preserve the property at and after a loss, or
21 24 when the property is endangered by fire in neighboring prem-
22 25 ises; (j) loss by theft.
23 26 **Other Insurance** . Other insurance may be prohibited or the
24 27 amount of insurance may be limited by an
25 28 endorsement attached hereto.
26 29 **Conditions suspending or restricting insurance.** Unless
27 30 otherwise provided in writing and added hereto this company
28 31 or companies shall not
29 32 be liable for loss occurring:
30 33 (a) While the hazard is increased by any means within the con-
31 34 trol or knowledge of the insured; or
32 35 (b) While a described building, whether intended for occupancy
33 36 by owner or tenant, is vacant or unoccupied beyond a period
34 37 of

1 35 sixty (60) consecutive days or
2 35A thirty (30) consecutive days subsequent to the date on which an
3 35B order is issued by the local building inspector pursuant to § 23-27.3-124.2,
4 35C whichever first occurs; or
5 36 (c) As a result of explosion or riot, unless fire ensues, and in
6 37 that event for loss by fire only.
7 38 **Other perils** Any other peril to be insured against or sub-
8 39 **or subjects** . ject of insurance to be covered in this policy
9 40 shall be by endorsement in writing hereon or
10 41 added hereto.
11 42 **Added provisions** . The extent of the application of insurance
12 43 under this policy and of the contribution to
13 44 be made by this company in case of loss, and any other pro-
14 45 vision or agreement not inconsistent with the provisions of this
15 46 policy, may be provided for in writing and added hereto, but no
16 47 provision may be waived except such as by the terms of this
17 48 policy is subject to change.
18 49 **Waiver** No permission affecting this insurance shall
19 50 **provisions** . exist, or waiver of any provision is valid,
20 51 unless granted herein or expressed in writing
21 52 and added hereto. No provision, stipulation, or forfeiture shall
22 53 be held to be waived by any requirement or proceeding on the
23 54 part of this company relating to appraisal or to any examina-
24 55 tion provided for herein.
25 56 **Cancellation** This policy shall be cancelled at any time
26 57 **of policy**. at the request of the insured, in which case
27 58 this company shall, upon demand and sur-
28 59 render of this policy, refund the excess of the paid premium
29 above
30 the customary short rates for the expired time. This pol-
31 icy may be cancelled at any time by this company by giving
32 62 to the insured a ~~five (5)~~ thirty (30) days' written notice of cancellation, except that
33 when cancellation is for nonpayment of premium, a ten (10) days' written notice shall be required
34 with

1 63 or without tender of the excess of the paid premium above the
2 pro
3 64 rata premium for the expired time, ~~which excess, if not ten-~~
4 ~~65 dered, shall be refunded on demand.~~ Notice of cancellation shall
5 state that the excess premium (if not tendered) will be promptly
6 re-funded ~~on demand.~~

7 68 **Mortgagee** If loss hereunder is made payable, in whole
8 69 **interests and** or in part, to a designated mortgagee not
9 70 **obligations** . named herein as the insured, that interest in
10 71 this policy may be cancelled by giving to that
11 72 mortgagee a ten (10) days' written notice of
12 73 cancellation.

13 74 If the insured fails to render proof of loss the mortgagee, upon
14 75 notice, shall render proof of loss in the form herein specified
15 76 within sixty (60) days thereafter and shall be subject to the pro-
16 77 visions hereof relating to appraisal and time of payment and of
17 78 bringing suit. If this company shall claim that no liability ex-
18 79 isted as to the mortgagor or owner, it shall, to the extent of the
19 pay-
20 80 ment of loss to the mortgagee, be subrogated to all the mort-
21 81 gagee's rights of recovery, but without impairing the mort-
22 gagee's
23 82 right to sue; or it may pay off the mortgage debt and require
24 83 an assignment thereof and of the mortgage. Other provisions
25 84 relating to the interests and obligations of the mortgagee may
26 85 be added hereto by agreement in writing.

27 86 **Pro rata liability.** This company shall not be liable for a
28 87 greater proportion of any loss than the
29 88 amount hereby insured shall bear to the whole insurance cover-
30 89 ing the property against the peril involved, whether collectible
31 or not.

32 90 **Requirements in** The insured shall give immediate written
33 91 **case loss occurs** . notice to this company of any loss, protect
34 92 the property from further damage, forth

1 with
2 93 separate the damaged and undamaged personal property, put
3 94 it in the best possible order, furnish a complete inventory of
4 95 the destroyed, damaged, and undamaged property, showing in
5 96 detail quantities, costs, actual cash value and amount of loss
6 97 claimed; and within sixty (60) days after the loss, unless such
7 98 time is extended in writing by this company, the insured shall
8 99 render to this company a proof of loss, signed and sworn to by
9 100 the insured, stating the knowledge and belief of the insured as
10 to
11 101 the following: the time and origin of the loss, the interest of the
12 102 insured and of all others in the property, the actual cash value
13 of
14 103 each item thereof and the amount of loss thereto, all encum-
15 104 brances thereon, all other contracts of insurance, whether valid
16 105 or not, covering any of the property, any changes in the title,
17 106 use, occupation, location, possession, or exposures of the prop-
18 107 erty since the issuing of this policy, and by whom and for what
19 108 purpose any building herein described and the several parts
20 109 thereof were occupied at the time of loss and whether or not it
21 110 then stood on leased ground, and shall furnish a copy of all the
22 111 descriptions and schedules in all policies and, if required, veri-
23 112 fied plans and specifications of any building, fixtures, or
24 machin-
25 113 ery destroyed or damaged. The insured, as often as may be
26 114 reasonably required, shall exhibit to any person designated by
27 115 this company all that remains of any property herein described,
28 116 and submit to examinations under oath by any person named by
29 117 this company, and subscribe the same; and, as often as may be
30 118 reasonably required, shall produce for examination all books of
31 119 account, bills, invoices, and other vouchers, or certified copies
32 120 thereof if the originals are lost, at such reasonable time and
33 place as
34 121 may be designated by this company or its representative, and

1 122 shall permit extracts and copies thereof to be made.

2 123 **Appraisal.** In case the insured and this company shall

3 124 fail to agree as to the actual cash value or

4 125 the amount of loss, then, on the written demand of either, each

5 126 shall select a competent and disinterested appraiser and notify

6 127 the other of the appraiser selected within twenty (20) days of

7 128 that demand. The appraisers shall first select a competent and

8 129 disinterested umpire; and failing for fifteen (15) days to agree

9 130 upon the umpire, then, on request of the insured or this com-

10 131 pany, the umpire shall be selected by a judge of a court of

11 132 record in the state in which the property covered is located. The

12 133 appraisers shall then appraise the loss, stating separately ac-

13 tual

14 134 cash value and loss to each item; and, failing to agree, shall

15 135 submit their differences, only, to the umpire. An award in writ-

16 136 ing, so itemized, of any two (2) when filed with this company

17 shall

18 137 determine the amount of actual cash value and loss. Each

19 138 appraiser shall be paid by the party selecting him or her and

20 139 the expenses of appraisal and the umpire shall be paid by

21 140 the parties equally.

22 141 **Company's** It shall be optional with this company to

23 142 **options** . take all, or any part, of the property at the

24 143 agreed or appraised value, and also to re-

25 144 pair, rebuild, or replace the property destroyed or damaged with

26 145 another of like kind and quality within a reasonable time, on

27 146 giving notice of its intention so to do within thirty (30) days

28 147 after the receipt of the proof of the loss herein required.

29 148 **Abandonment.** There can be no abandonment to this com-

30 149 pany of any property.

31 150 **When loss** The amount of loss for which this company

32 151 **payable** may be liable shall be payable sixty (60)

33 152 days after proof of loss, as herein provided,

34 153 is received by this company and ascertainment of the loss is

1 154 made either by agreement between the insured and this com-
2 155 pany expressed in writing or by the filing with this company
3 156 of an award as herein provided.

4 157 **Suit.** No suit or action on this policy for the recov-
5 158 ery of any claim shall be sustainable in any
6 159 court of law or equity unless all the requirements of this policy
7 160 shall have been complied with, and unless commenced within
8 161 twenty-four (24) months next after inception of the loss.

9 162 **Subrogation** This company may require from the insured
10 163 an assignment of all rights of recovery.
11 164 against any party for loss to the extent that payment therefor
12 165 is made by this company.

13 Standard Fire Insurance Policy of the State of
14 Expires
15 Property
16 Assured
17 No.
18 (COMPANY)

19 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO INSURANCE -- FIRE INSURANCE POLICIES AND RESERVES

- 1 This act would increase the number of days, written notice of cancellation is required,
- 2 from five (5) to thirty (30) days for a fire insurance policy. This act would also require the prompt
- 3 refund of excess premium rather than on demand.
- 4 This act would take effect upon passage.

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