

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 1165  
Committee Substitute Favorable 5/4/09

Short Title: Update Standard Fire Insurance Policy.-AB

(Public)

Sponsors:

Referred to:

April 8, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO CODIFY THE PROVISIONS SET FORTH IN THE PHOTOGRAPHIC  
3 VERSION OF THE STANDARD FIRE INSURANCE POLICY; MAKE CONFORMING  
4 AMENDMENTS; AND REPEAL THE STATUTE THAT CONTAINS THE  
5 PHOTOGRAPHIC VERSION OF THE STANDARD FIRE INSURANCE POLICY.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Article 44 of Chapter 58 of the General Statutes is amended by  
8 adding a new section to read:

9 **"§ 58-44-16. Fire insurance policies; standard fire insurance policy provisions.**

10 (a) The provisions of a fire insurance policy, as set forth in subsection (f) of this  
11 section, shall be known and designated as the "standard fire insurance policy."

12 (b) With the exception of policies covering (i) automobile fire, theft, comprehensive,  
13 and collision or (ii) marine and inland marine insurance, no fire insurance policy shall be made,  
14 issued, or delivered by any insurer or by any agent or representative of the insurer on any  
15 property in this State, unless it conforms in substance with all of the provisions, stipulations,  
16 agreements, and conditions in subsection (f) of this section.

17 (c) There shall be printed at the head of the policy the name of the insurer or insurers  
18 issuing the policy; the location of the home office of the insurer or insurers; a statement  
19 whether the insurer or insurers are stock or mutual corporations or are reciprocal insurers. This  
20 section does not limit an insurer to the use of any particular size or manner of folding the paper  
21 upon which the policy is printed; provided, however, that any insurer organized under special  
22 charter provisions may so indicate upon its policy and add a statement of the plan under which  
23 it operates in this State.

24 (d) The standard fire insurance policy need not be used for effecting reinsurance  
25 between insurers.

26 (e) The provisions of the standard fire policy are stated in this section and shall be  
27 incorporated in fire insurance policies subject to this section. If any conditions of this section  
28 are construed to be more liberal than any other policy conditions relating to the perils of fire,  
29 lightning, or removal, the provisions of this section shall apply.

30 (f) The following subdivisions comprise all of the provisions, stipulations, agreements,  
31 and conditions of the standard fire insurance policy:

- 32 (1) General provisions. – In consideration of the provisions, stipulations,  
33 agreements, and conditions in this policy or added to this policy, and of the  
34 premium specified in the declarations or in endorsements made a part of this  
35 policy, this insurer, for the term of years specified in the declarations from  
36 inception date shown in the declarations at 12:01 A.M. to expiration date  
37 shown in the declarations at 12:01 A.M. at the location of the property



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1 covered, to an amount not exceeding the limit of liability specified in the  
2 declarations, does insure the insured named in the declarations and legal  
3 representatives to the extent of the actual cash value of the property at the  
4 time of loss but not exceeding the amount that it would cost to repair or  
5 replace the property with material of like kind and quality within a  
6 reasonable time after the loss, without allowance for any increased cost of  
7 repair or reconstruction by reason of any ordinance or law regulating  
8 construction or repair and without compensation for loss resulting from  
9 interruption of business or manufacture, nor in any event for more than the  
10 interest of the insured against all direct loss by fire, lightning, and other  
11 perils insured against in this policy, including removal from premises  
12 endangered by the perils insured against in this policy, except as hereinafter  
13 provided, to the property described in the declarations while located or  
14 contained as described in this policy, or pro rata for five days at each proper  
15 place to which any of the property shall necessarily be removed for  
16 preservation from the perils insured against in this policy but not elsewhere.  
17 Assignment of this policy shall not be valid except with the written consent  
18 of this insurer. This policy is made and accepted subject to the provisions,  
19 stipulations, agreements, and conditions in this section, which are hereby  
20 made a part of this policy, together with such other provisions, stipulations,  
21 agreements, and conditions that may be added to this policy as provided in  
22 this policy.

23 (2) Concealment or fraud. – This entire policy shall be void if, whether before or  
24 after a loss, the insured has willfully concealed or misrepresented any  
25 material fact or circumstance concerning this insurance or the subject of this  
26 insurance, or the interest of the insured in the subject of this insurance, or in  
27 the case of any fraud or false swearing by the insured relating the subject of  
28 this insurance.

29 (3) Uninsurable and excepted property. – This policy shall not cover accounts,  
30 bills, currency, deeds, evidences of debt, money, or securities; nor, unless  
31 specifically named in this policy in writing, bullion or manuscripts.

32 (4) Perils not included. – This insurer shall not be liable for loss by fire or other  
33 perils insured against in this policy caused, directly or indirectly, by enemy  
34 attack by armed forces, including action taken by military, naval, or air  
35 forces in resisting an actual or an immediately impending enemy attack;  
36 invasion; insurrection; rebellion; revolution; civil war; usurped power; order  
37 of any civil authority except acts of destruction at the time of and for the  
38 purpose of preventing the spread of fire, provided that the fire did not  
39 originate from any of the perils excluded by this policy; neglect of the  
40 insured to use all reasonable means to save and preserve the property at and  
41 after a loss, or when the property is endangered by fire in neighboring  
42 premises; or for loss by theft.

43 (5) Other insurance. – Other insurance may be prohibited or the amount of  
44 insurance may be limited by endorsement attached to this policy.

45 (6) Conditions suspending or restricting insurance. – Unless otherwise provided  
46 in writing added to this policy, this insurer shall not be liable for loss  
47 occurring:

48 a. While the hazard is increased by any means within the control or  
49 knowledge of the insured;

- 1           b.     While a described building, whether intended for occupancy by  
2                 owner or tenant, is vacant or unoccupied beyond a period of 60  
3                 consecutive days; or  
4           c.     As a result of explosion or riot, unless fire ensues, and in that event  
5                 for loss by fire only.

6           (7)   Other perils or subjects. – Any other peril to be insured against or subject of  
7                 insurance to be covered in this policy shall be by endorsement in writing on  
8                 this policy or added to this policy.

9           (8)   Added provisions. – The extent of the application of insurance under this  
10                policy and of the contribution to be made by this insurer in case of loss, and  
11                any other provision or agreement not inconsistent with the provisions of this  
12                policy, may be provided for in writing added to this policy; provided,  
13                however, no provision may be waived except such as by the terms of this  
14                policy is subject to change.

15          (9)   Waiver provisions. – No permission affecting this insurance shall exist, or  
16                 waiver of any provision be valid, unless granted in this policy or expressed  
17                 in writing added to this policy. No provision, stipulation, or forfeiture shall  
18                 be held to be waived by any requirement or proceeding on the part of this  
19                 insurer relating to appraisal or to any examination provided for in this  
20                 policy.

21          (10) Cancellation of policy. – This policy shall be cancelled at any time at the  
22                request of the insured, in which case this insurer shall, upon demand and  
23                surrender of this policy, refund the excess of paid premium above any short  
24                rates for the expired time. This policy may be cancelled at any time by this  
25                insurer by giving to the insured a five days' written notice of cancellation  
26                with or without tender of the excess of paid premium above the pro rata  
27                premium for the expired time, which excess, if not tendered, shall be  
28                refunded on demand. Notice of cancellation shall state that said excess  
29                premium (if not tendered) will be refunded on demand.

30          (11) Mortgagee interests and obligations. – If loss is made payable, in whole or in  
31                part, to a designated mortgagee not named in this policy as the insured, such  
32                interest in this policy may be cancelled by giving to such a mortgagee a ten  
33                days' written notice of cancellation. If the insured fails to render proof of  
34                loss, the mortgagee, upon notice, shall render proof of loss as specified in  
35                this policy within 60 days thereafter and shall be subject to the provisions of  
36                this policy relating to appraisal and time of payment and of bringing suit. If  
37                this insurer claims that no liability existed as to the mortgagor or owner, it  
38                shall, to the extent of payment of loss to the mortgagee, be subrogated to all  
39                the mortgagee's rights of recovery, but without impairing the mortgagee's  
40                right to sue; or this insurer may pay off the mortgage debt and require an  
41                assignment of that debt and of the mortgage. Other provisions relating to the  
42                interests and obligations of the mortgagee may be added to this policy by  
43                agreement in writing.

44          (12) Pro rata liability. – This insurer shall not be liable for a greater proportion of  
45                any loss than the amount insured by this policy bears to all insurance  
46                covering the property against the peril involved, whether collectible or not.

47          (13) Requirements in case loss occurs. – The insured shall give immediate written  
48                notice to this insurer of any loss, protect the property from further damage,  
49                forthwith separate the damaged and undamaged personal property, put it in  
50                the best possible order, and furnish a complete inventory of the destroyed,  
51                damaged, and undamaged property, showing in detail quantities, costs,

1 actual cash value, and amount of loss claimed. Within 60 days after the loss,  
2 unless that time is extended in writing by this insurer, the insured shall  
3 render to this insurer a proof of loss, signed and sworn to by the insured,  
4 stating the knowledge and belief of the insured as to the following: the time  
5 and origin of the loss, the interest of the insured and of all others in the  
6 property, the actual cash value of each item of the property and the amount  
7 of loss to the property, all encumbrances on the property, all other contracts  
8 of insurance, whether valid or not, covering any of the property, any changes  
9 in the title, use, occupation, location, possession, or exposures of the  
10 property since the issuing of this policy, by whom and for what purpose any  
11 building described in this policy and the several parts of the building were  
12 occupied at the time of loss and whether or not it then stood on leased  
13 ground, and shall furnish a copy of all the descriptions and schedules in all  
14 policies and, if required, verified plans and specifications of any building,  
15 fixtures, or machinery destroyed or damaged. The insured, as often as may  
16 be reasonably required, shall exhibit to any person designated by this insurer  
17 all that remains of any property described in this policy, and submit to  
18 examinations under oath by any person named by this insurer, and subscribe  
19 the same; and, as often as may be reasonably required, shall produce for  
20 examination all books of account, bills, invoices, and other vouchers, or  
21 certified copies of them if originals are lost, at such reasonable time and  
22 place as may be designated by this insurer or its representative, and shall  
23 permit extracts and copies of them to be made.

24 (14) Appraisal. – If the insured and this insurer fail to agree as to the actual cash  
25 value or the amount of loss, then, on the written demand of either, each shall  
26 select a competent and disinterested appraiser and notify the other of the  
27 appraiser selected within 20 days after the demand. The appraisers shall first  
28 select a competent and disinterested umpire; and failing for 15 days to agree  
29 upon a competent and disinterested umpire, on the request of the insured or  
30 this insurer, a competent and disinterested umpire shall be selected by a  
31 judge of a court of record in the state in which the property covered is  
32 located. The appraisers shall then appraise the loss, stating separately actual  
33 cash value and loss to each item; and, failing to agree, shall submit only their  
34 differences to the umpire. An award in writing, so itemized, of any two when  
35 filed with this insurer shall determine the amount of actual cash value and  
36 loss. Each appraiser shall be paid by the party selecting him and the  
37 expenses of appraisal and umpire shall be paid by the parties equally.

38 (15) Company's options. – It shall be optional with this insurer to take all, or any  
39 part, of the property at the agreed or appraised value and also to repair,  
40 rebuild, or replace the property destroyed or damaged with other of like kind  
41 and quality within a reasonable time, on giving notice of its intention so to  
42 do within 30 days after the receipt of the proof of loss required in this policy.

43 (16) Abandonment. – There can be no abandonment to this insurer of any  
44 property.

45 (17) When loss payable. – The amount of loss for which this insurer may be  
46 liable shall be payable 60 days after proof of loss, as provided in this policy,  
47 is received by this insurer and ascertainment of the loss is made either by  
48 written agreement between the insured and this insurer or by the filing with  
49 this insurer of an award as provided in this policy.

50 (18) Suit. – No suit or action on this policy for the recovery of any claim shall be  
51 sustainable in any court of law unless all the requirements of this policy have

1 been complied with and unless commenced within three years after inception  
 2 of the loss.

3 (19) Subrogation. – This insurer may require from the insured an assignment of  
 4 all rights of recovery against a party for loss to the extent that payment  
 5 therefor is made by this insurer."

6 **SECTION 2.** G.S. 58-44-30 reads as rewritten:

7 "**§ 58-44-30. Notice by insured or agent as to increase of hazard, unoccupancy and other**  
 8 **insurance.**

9 If notice in writing signed by the insured, or his agent, is given before loss or damage by  
 10 any peril insured against under the standard fire insurance policy to the agent of the company of  
 11 any fact or condition stated in paragraphs (a), (b) or with respect to "other insurance" of the  
 12 ~~standard form of policy set out in G.S. 58-44-15~~ G.S. 58-44-16, it is equivalent to an agreement  
 13 in writing added ~~thereto, to the policy~~ and has the force of the agreement in writing referred to  
 14 in the ~~foregoing form of standard fire insurance~~ policy with respect to the liability of the  
 15 company and the waiver; but this notice does not affect the right of the company to cancel the  
 16 policy as ~~therein stipulated, stipulated in the policy."~~

17 **SECTION 3.** G.S. 58-44-25 reads as rewritten:

18 "**§ 58-44-25. Optional provisions as to loss or damage from nuclear reaction, nuclear**  
 19 **radiation or radioactive contamination.**

20 Insurers issuing the standard fire insurance policy pursuant to ~~G.S. 58-44-15~~, G.S. 58-44-16,  
 21 or any permissible variation ~~thereof, of that policy~~, and policies issued pursuant to  
 22 G.S. 58-44-20 and Article 36 of this Chapter, are ~~hereby~~ authorized to affix ~~thereto to the~~  
 23 policy or include ~~therein in the policy~~ a written statement that the policy does not cover loss or  
 24 damage caused by ~~nuclear reaction or nuclear radiation or radioactive contamination, nuclear~~  
 25 reaction, nuclear radiation, or radioactive contamination, all whether directly or indirectly  
 26 resulting from an insured peril under ~~said the~~ policy; provided, however, that nothing ~~herein~~  
 27 contained in this section shall be construed to prohibit the attachment to any such policy of an  
 28 endorsement or endorsements specifically assuming coverage for loss or damage caused by  
 29 ~~nuclear reaction or nuclear radiation or radioactive contamination, nuclear reaction, nuclear~~  
 30 radiation, or radioactive contamination."

31 **SECTION 4.** G.S. 58-44-20 reads as rewritten:

32 "**§ 58-44-20. Standard policy; permissible variations.**

33 With the exception of policies covering (i) automobile fire, theft, comprehensive, and  
 34 collision or (ii) marine and inland marine insurance, no ~~No~~ fire insurance company shall issue  
 35 fire insurance policies, ~~except policies of automobile fire, theft, comprehensive and collision,~~  
 36 ~~marine and inland marine insurance,~~ on property in this State other than those ~~of the substance~~  
 37 ~~of the standard form as containing the provisions~~ set forth in ~~G.S. 58-44-15~~ G.S. 58-44-16  
 38 except as follows:

39 "...."

40 **SECTION 5.** G.S. 1-52(12) reads as rewritten:

41 "**§ 1-52. Three years.**

42 Within three years an action –

43 ...

44 (12) Upon a claim for loss covered by an insurance policy ~~which that~~ is subject to  
 45 the three-year limitation contained in ~~lines 158 through 161 of the Standard~~  
 46 ~~Fire Insurance Policy for North Carolina, G.S. 58-44-15(c).~~ G.S. 58-44-16."

47 **SECTION 6.** G.S. 58-44-15 is repealed.

48 **SECTION 7.** This act becomes effective January 1, 2010, and applies to fire  
 49 insurance policies issued or renewed on and after that date.