



General Assembly

January Session, 2003

Raised Bill No. 842

LCO No. 2797

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

***AN ACT CONCERNING TERRORISM COVERAGE UNDER THE
STANDARD FIRE INSURANCE POLICY.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-307 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 The standard form of fire insurance policy of the state of
4 Connecticut, with permission to substitute for the word "Company" a
5 more accurate descriptive term of the type of insurer, shall be as
6 follows:

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

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

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In Consideration of the Provisions and Stipulations
Herein or Added Hereto

AND OF DOLLARS PREMIUM

this company, for the term } from the day of 20.. } at noon,
of } to the day of 20.. } Standard Time, at
location of
property involved

to an amount not exceeding Dollars,
does insure

13 and legal representatives, to the extent of the actual cash value of
14 the property at the time of loss, but not exceeding the amount which it
15 would cost to repair or replace the property with material of like kind
16 and quality within a reasonable time after such loss, without allowance
17 for any increased cost of repair or reconstruction by reason of any
18 ordinance or law regulating construction or repair, and without
19 compensation for loss resulting from interruption of business or
20 manufacture, nor in any event for more than the interest of the
21 insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY
22 REMOVAL FROM PREMISES ENDANGERED BY THE PERILS
23 INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER
24 PROVIDED, to the property described hereinafter while located or
25 contained as described in this policy, or pro rata for five days at each
26 proper place to which any of the property shall necessarily be removed
27 for preservation from the perils insured against in this policy, but not
28 elsewhere.

29 Assignment of this policy shall not be valid except with the written
30 consent of this Company.

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

35 In Witness Whereof, this Company has executed and attested these
36 presents.

37 (Secretary).

38 (President).

39

40 Concealment, fraud. This entire policy shall be void if, whether
41 before or after a loss, the insured has wilfully concealed or
42 misrepresented any material fact or circumstance concerning this
43 insurance or the subject thereof, or the interest of the insured therein,
44 or in case of any fraud or false swearing by the insured relating
45 thereto.

46 Uninsurable and excepted property. This policy shall not cover
47 accounts, bills, currency, deeds, evidences of debt, money or securities;
48 nor, unless specifically named hereon in writing, bullion or
49 manuscripts.

50 Perils not included. This Company shall not be liable for loss by fire
51 or other perils insured against in this policy caused, directly or
52 indirectly, by: (a) Enemy attack by armed forces, including action
53 taken by military, naval or air forces in resisting an actual or an
54 immediately impending enemy attack; (b) invasion; (c) insurrection;
55 (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h)
56 terrorism; (i) order of any civil authority except acts of destruction at
57 the time of and for the purpose of preventing the spread of fire,
58 provided that such fire did not originate from any of the perils
59 excluded by this policy; [(i)] (j) neglect of the insured to use all
60 reasonable means to save and preserve the property at and after a loss,
61 or when the property is endangered by fire in neighboring premises;
62 [(j)] (k) nor shall this Company be liable for loss by theft.

63 Other Insurance. Other insurance may be prohibited or the amount
64 of insurance may be limited by endorsement attached hereto.

65 Conditions suspending or restricting insurance. Unless otherwise
66 provided in writing added hereto this Company shall not be liable for
67 loss occurring (a) while the hazard is increased by any means within
68 the control or knowledge of the insured; or (b) while a described
69 building, whether intended for occupancy by owner or tenant, is
70 vacant or unoccupied beyond a period of sixty consecutive days; or (c)
71 as a result of explosion or riot, unless fire ensue, and in that event for
72 loss by fire only.

73 Other perils or subjects. Any other peril to be insured against or
74 subject of insurance to be covered in this policy shall be by
75 endorsement in writing hereon or added hereto.

76 Added provisions. The extent of the application of insurance under
77 this policy and of the contribution to be made by this Company in case
78 of loss, and any other provision or agreement not inconsistent with the
79 provisions of this policy, may be provided for in writing added hereto,
80 but no provision may be waived except such as by the terms of this
81 policy is subject to change.

82 Waiver provisions. No permission affecting this insurance shall
83 exist, or waiver of any provision be valid, unless granted herein or
84 expressed in writing added hereto. No provision, stipulation or
85 forfeiture shall be held to be waived by any requirement or proceeding
86 on the part of this Company relating to appraisal or to any
87 examination provided for herein.

88 Cancellation of policy. This policy shall be cancelled at any time at
89 the request of the insured, in which case this Company shall, upon
90 demand and surrender of this policy, refund the excess of paid
91 premium above the customary short rates for the expired time. This
92 policy may be cancelled at any time by this Company by giving to the
93 insured and any third party designated pursuant to section 38a-323a, a
94 thirty days' written notice of cancellation accompanied by the reason
95 therefor with or without tender of the excess of paid premium above
96 the pro rata premium for the expired time, which excess, if not

97 tendered, shall be refunded on demand. Notice of cancellation shall
98 state that said excess premium (if not tendered) will be refunded on
99 demand. Where cancellation is for nonpayment of premium at least ten
100 days' written notice of cancellation accompanied by the reason therefor
101 shall be given.

102 Mortgagee interests and obligations. If loss hereunder is made
103 payable, in whole or in part, to a designated mortgagee not named
104 herein as the insured, such interest in this policy may be cancelled by
105 giving to such mortgagee a ten days' written notice of cancellation.

106 If the insured fails to render proof of loss such mortgagee, upon
107 notice, shall render proof of loss in the form herein specified within
108 sixty (60) days thereafter and shall be subject to the provisions hereof
109 relating to appraisal and time of payment and of bringing suit. If this
110 Company shall claim that no liability existed as the mortgagor or
111 owner, it shall, to the extent of payment of loss to the mortgagee, be
112 subrogated to all the mortgagee's rights of recovery, but without
113 impairing mortgagee's right to sue; or it may pay off the mortgage debt
114 and require an assignment thereof and of the mortgage. Other
115 provisions relating to the interests and obligations of such mortgagee
116 may be added hereto by agreement in writing.

117 Pro rata liability. This Company shall not be liable for a greater
118 proportion of any loss than the amount hereby insured shall bear to
119 the whole insurance covering the property against the peril involved,
120 whether collectible or not.

121 Requirements in case loss occurs. The insured shall give immediate
122 written notice to this Company of any loss, protect the property from
123 further damage, forthwith separate the damaged and undamaged
124 personal property, put it in the best possible order, furnish a complete
125 inventory of the destroyed, damaged and undamaged property,
126 showing in detail quantities, costs, actual cash value and amount of
127 loss claims; AND WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS
128 SUCH TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE

129 INSURED SHALL RENDER TO THIS COMPANY A PROOF OF
130 LOSS, signed and sworn to by the insured, stating the knowledge and
131 belief of the insured as to the following: The time and origin of the loss,
132 the interest of the insured and of all others in the property, the actual
133 cash value of each item thereof and the amount of loss thereto, all
134 encumbrances thereon, all other contracts of insurance, whether valid
135 or not, covering any of said property, any changes in the title, use,
136 occupation, location, possession or exposures of said property since
137 the issuing of this policy, by whom and for what purpose any building
138 herein described and the several parts thereof were occupied at the
139 time of loss and whether or not it then stood on leased ground, and
140 shall furnish a copy of all the descriptions and schedules in all policies
141 and, if required, verified plans and specification of any building,
142 fixtures or machinery destroyed or damaged. The insured, as often as
143 may be reasonably required, shall exhibit to any person designated by
144 this Company all that remains of any property herein described, and
145 submit to examinations under oath by any person named by this
146 Company, and subscribe the same; and, as often as may be reasonably
147 required, shall produce for examination all books of account, bills,
148 invoices and other vouchers, or certified copies thereof if originals be
149 lost, at such reasonable time and place as may be designated by this
150 Company or its representative, and shall permit extracts and copies
151 thereof to be made.

152 Appraisal. In case the insured and this Company shall fail to agree
153 as to the actual cash value or the amount of loss, then, on the written
154 demand of either, each shall select a competent and disinterested
155 appraiser and notify the other of the appraiser selected within twenty
156 days of such demand. The appraisers shall first select a competent and
157 disinterested umpire; and failing for fifteen days to agree upon such
158 umpire, then, on request of the insured or this Company, such umpire
159 shall be selected by a judge of a court of record in this state in which
160 the property covered is located. The appraisers shall then appraise the
161 loss, stating separately actual cash value and loss to each item; and,
162 failing to agree, shall submit their differences, only, to the umpire. An

163 award in writing, so itemized, of any two when filed with this
164 Company shall determine the amount of actual cash value and loss.
165 Each appraiser shall be paid by the party selecting him and the
166 expenses of appraisal and umpire shall be paid by the parties equally.

167 Company's options. It shall be optional with this Company to take
168 all, or any part, of the property at the agreed or appraised value, and
169 also to repair, rebuild or replace the property destroyed or damaged
170 with other of like kind and quality within a reasonable time, on giving
171 notice of its intention so to do within thirty days after the receipt of the
172 proof of loss herein required.

173 Abandonment. There can be no abandonment to this Company of
174 any property.

175 When loss payable. The amount of loss for which this Company
176 may be liable shall be payable sixty days after proof of loss, as herein
177 provided, is received by this Company and ascertainment of the loss is
178 made either by agreement between the insured and this Company
179 expressed in writing or by the filing with this Company of an award as
180 herein provided.

181 Suit. No suit or action on this policy for the recovery of any claim
182 shall be sustainable in any court of law or equity unless all the
183 requirements of this policy shall have been complied with, and unless
184 commenced within twelve months next after inception of the loss.

185 Subrogation. This Company may require from the insured an
186 assignment of all right of recovery against any party for loss to the
187 extent that payment therefor is made by this Company.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>

Statement of Purpose:

To amend the standard form for fire insurance policies to provide that any loss caused by terrorism will not be an included peril under the policy.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]