

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## SENATE BILL

No. 1007 Session of  
2005

INTRODUCED BY D. WHITE, NOVEMBER 14, 2005

SENATOR ARMSTRONG, BANKING AND INSURANCE, AS AMENDED,  
DECEMBER 15, 2005

## AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An  
2 act relating to insurance; amending, revising, and  
3 consolidating the law providing for the incorporation of  
4 insurance companies, and the regulation, supervision, and  
5 protection of home and foreign insurance companies, Lloyds  
6 associations, reciprocal and inter-insurance exchanges, and  
7 fire insurance rating bureaus, and the regulation and  
8 supervision of insurance carried by such companies,  
9 associations, and exchanges, including insurance carried by  
10 the State Workmen's Insurance Fund; providing penalties; and  
11 repealing existing laws," further providing for fire  
12 insurance contracts, standard policy provisions and  
13 permissible variations.

14 The General Assembly of the Commonwealth of Pennsylvania  
15 hereby enacts as follows:

16 Section 1. ~~Paragraph~~ SUBSECTION 2 of section 506 of the act <—  
17 of May 17, 1921 (P.L.682, No.284), known as The Insurance  
18 Company Law of 1921, added August 23, 1961 (P.L.1081, No.488),  
19 is amended AND THE SECTION IS AMENDED BY ADDING A SUBSECTION to <—  
20 read:

21 Section 506. Fire Insurance Contract; Standard Policy  
22 Provisions; Permissible Variations.--

1       \* \* \*

2       2. Except as provided elsewhere in this section, no  
3 insurance company, association or exchange shall issue a policy  
4 affording fire insurance, as defined in this section, on  
5 property in this Commonwealth, unless such policy contains the  
6 following provisions as to such insurance:

7 No.

8       In Consideration of the Provisions and Stipulations herein or  
9 added hereto and of ..... Dollars Premium  
10 this company, for the term of ..... from the .. day of  
11 .. 19.. at noon, Standard Time, at to the .... day of .. 19..  
12 location of property involved, to an amount not exceeding  
13 ..... Dollars,  
14 does insure .....  
15 and legal representatives, to the extent of the actual cash  
16 value of the property at the time of loss, but not exceeding the  
17 amount which it would cost to repair or replace the property  
18 with material of like kind and quality within a reasonable time  
19 after such loss, without allowance for any increase cost of  
20 repair or reconstruction by reason of any ordinance or law  
21 regulating construction or repair, and without compensation for  
22 loss resulting from interruption of business or manufacture, nor  
23 in any event for more than the interest of the insured, against  
24 all DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES  
25 ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT  
26 AS HEREINAFTER PROVIDED, to the property described hereinafter

1 while located or contained as described in this policy, or pro  
2 rata for five days at each proper place to which any of the  
3 property shall necessarily be removed for preservation from the  
4 perils insured against in this policy, but not elsewhere.

5 Assignment of this policy shall not be valid except with the  
6 written consent of this Company.

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

12 IN WITNESS WHEREOF, this Company has executed and attested these  
13 presents: but this policy shall not be valid unless

14 countersigned by the duly authorized agent of this Company at

15 .....

16 .....

17 Secretary. President.

18 Countersigned this ..... day of ..... 19 .....

19 Agent.

20 Concealment, fraud--This entire policy shall be void if,  
21 whether before or after a loss, the insured has wilfully  
22 concealed or misrepresented any material fact or circumstance  
23 concerning this insurance or the subject thereof, or the  
24 interest of the insured therein, or in case of any fraud or  
25 false swearing by the insured relating thereto.

26 Uninsurable and excepted property--This policy shall not  
27 cover accounts, bills, currency, deeds, evidences of debt, money  
28 or securities; nor, unless specifically named hereon in writing,  
29 bullion or manuscripts.

30 Perils not included--This Company shall not be liable for

1 loss by fire or other perils insured against in this policy  
2 caused, directly or indirectly, by: (a) enemy attack by armed  
3 forces, including action taken by military, naval or air forces  
4 in resisting an actual or an immediately impending enemy attack;  
5 (b) invasion; (c) insurrection; (d) rebellion; (e) revolution;  
6 (f) civil war; (g) usurped power; ~~(g.1) terrorism~~; (h) order of <—  
7 any civil authority except acts of destruction at the time of  
8 and for the purpose of preventing the spread of fire, provided  
9 that such fire did not originate from any of the perils excluded  
10 by this policy; (i) neglect of the insured to use all reasonable  
11 means to save and preserve the property at and after a loss, or  
12 when the property is endangered by fire in neighboring premises;  
13 (j) nor shall this Company be liable for loss by theft.

14 Other Insurance--Other insurance may be prohibited or the  
15 amount of insurance may be limited by endorsement attached  
16 hereto.

17 Conditions suspending or restricting insurance. Unless  
18 otherwise provided in writing added hereto this Company shall  
19 not be liable for loss occurring

20 (a) while the hazard is increased by any means within the  
21 control or knowledge of the insured; or

22 (b) while a described building, whether intended for occupancy  
23 by owner or tenant, is vacant or unoccupied beyond a period of  
24 sixty consecutive days; or

25 (c) as a result of explosion or riot, unless fire ensue, and in  
26 that event for loss by fire only.

27 Other perils or subjects--Any other peril to be insured  
28 against or subject of insurance to be covered in this policy  
29 shall be by endorsement in writing hereon or added hereto.

30 Added provisions--The extent of the application of insurance

1 under this policy and of the contribution to be made by this  
2 Company in case of loss, and any other provision or agreement  
3 not inconsistent with the provisions of this policy, may be  
4 provided for in writing added hereto, but no provision may be  
5 waived except such as by the terms of this policy is subject to  
6 change.

7       Waiver provisions--No permission affecting this insurance  
8 shall exist, or waiver of any provision be valid, unless granted  
9 herein or expressed in writing added hereto. No provision,  
10 stipulation or forfeiture shall be held to be waived by any  
11 requirement or proceeding on the part of this Company relating  
12 to appraisal or to any examination provided for herein.

13       Cancellation of policy--This policy shall be cancelled at any  
14 time at the request of the insured, in which case this Company  
15 shall, upon demand and surrender of this policy, refund the  
16 excess of paid premium above the customary short rates for the  
17 expired time. This policy may be cancelled at any time by this  
18 Company by giving to the insured a five days' written notice of  
19 cancellation with or without tender of the excess of paid  
20 premium above the pro rata premium for the expired time, which  
21 excess, if not tendered, shall be refunded on demand. Notice of  
22 cancellation shall state that said excess premium (if not  
23 tendered) will be refunded on demand.

24       Mortgagee interests and obligations--If loss hereunder is  
25 made payable, in whole or in part, to a designated mortgagee  
26 not named herein as the insured, such interest in this policy  
27 may be cancelled by giving to such mortgagee a ten days' written  
28 notice of cancellation. If the insured fails to render proof of  
29 loss such mortgagee, upon notice, shall render proof of loss in  
30 the form herein specified within sixty (60) days thereafter and

1 shall be subject to the provisions hereof relating to appraisal  
2 and time of payment and of bringing suit. If this Company shall  
3 claim that no liability existed as to the mortgagor or owner, it  
4 shall, to the extent of payment of loss to the mortgagee, be  
5 subrogated to all the mortgagee's rights of recovery, but  
6 without impairing mortgagee's right to sue; or it may pay off  
7 the mortgage debt and require an assignment thereof and of the  
8 mortgage. Other provisions relating to the interests and  
9 obligations of such mortgagee may be added hereto by agreement  
10 in writing.

11 Pro rata liability--This Company shall not be liable for a  
12 greater proportion of any loss than the amount hereby insured  
13 shall bear to the whole insurance covering the property against  
14 the peril involved, whether collectible or not.

15 Requirements in case loss occurs--The insured shall give  
16 immediate written notice to this Company of any loss, protect  
17 the property from further damage, forthwith separate the damaged  
18 and undamaged personal property, put it in the best possible  
19 order, furnish a complete inventory of the destroyed, damaged  
20 and undamaged property, showing in detail quantities, costs,  
21 actual cash value and amount of loss claimed; and within sixty  
22 days after the loss, unless such time is extended in writing by  
23 this Company, the insured shall render to this Company a proof  
24 of loss, signed and sworn to by the insured, stating the  
25 knowledge and belief of the insured as to the following: the  
26 time and origin of the loss, the interest of the insured and of  
27 all others in the property, the actual cash value of each item  
28 thereof and the amount of loss thereto, all encumbrances  
29 thereon, all other contracts of insurance, whether valid or not,  
30 covering any of said property, any changes in the title, use,

1 occupation, location, possession or exposures of said property  
2 since the issuing of this policy, by whom and for what purpose  
3 any building herein described and the several parts thereof were  
4 occupied at the time of loss and whether or not it then stood on  
5 leased ground, and shall furnish a copy of all the descriptions  
6 and schedules in all policies and, if required, verified plans  
7 and specifications of any building, fixtures or machinery  
8 destroyed or damaged. The insured, as often as may be reasonably  
9 required, shall exhibit to any person designated by this Company  
10 all that remains of any property herein described, and submit to  
11 examinations under oath by any person named by this Company, and  
12 subscribe the same; and, as often as may be reasonably required,  
13 shall produce for examination all books of account, bills,  
14 invoices and other vouchers, or certified copies thereof if  
15 originals be lost, at such reasonable time and place as may be  
16 designated by this Company or its representative, and shall  
17 permit extracts and copies thereof to be made.

18 Appraisal--In case the insured and this Company shall fail to  
19 agree as to the actual cash value or the amount of loss, then,  
20 on the written demand of either, each shall select a competent  
21 and disinterested appraiser and notify the other of the  
22 appraiser selected within twenty days of such demand. The  
23 appraisers shall first select a competent and disinterested  
24 umpire; and failing for fifteen days to agree upon such umpire,  
25 then, on request of the insured or this Company, such umpire  
26 shall be selected by a judge of a court of record in the state  
27 in which the property covered is located. The appraisers shall  
28 then appraise the loss, stating separately actual cash value and  
29 loss to each item; and, failing to agree, shall submit their  
30 differences, only, to the umpire. An award in writing, so

1 itemized, of any two when filed with this Company shall  
2 determine the amount of actual cash value and loss. Each  
3 appraiser shall be paid by the party selecting him and the  
4 expenses of appraisal and umpire shall be paid by the parties  
5 equally.

6 Company's options--It shall be optional with this Company to  
7 take all, or any part, of the property at the agreed or  
8 appraised value, and also to repair, rebuild or replace the  
9 property destroyed or damaged with other of like kind and  
10 quality within a reasonable time, on giving notice of its  
11 intention so to do within thirty days after the receipt of the  
12 proof of loss herein required.

13 Abandonment--There can be no abandonment to this Company of  
14 any property.

15 When loss payable--The amount of loss for which this Company  
16 may be liable shall be payable sixty days after proof of loss,  
17 as herein provided, is received by this Company and  
18 ascertainment of the loss is made either by agreement between  
19 the insured and this Company expressed in writing or by the  
20 filing with this Company of an award as herein provided.

21 Suit--No suit or action on this policy for the recovery of  
22 any claim shall be sustainable in any court of law or equity  
23 unless all the requirements of this policy shall have been  
24 complied with, and unless commenced within twelve months next  
25 after inception of the loss.

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

29 There may be printed upon the face of a policy which contains  
30 such provisions the words "Standard Fire Insurance Policy of the



1 State of Pennsylvania" and including the name of any other  
2 states which adopt this form of policy.

3 \* \* \*

4 9. INSURERS ISSUING OR RENEWING THE STANDARD FIRE INSURANCE <—  
5 POLICY DEFINED IN THIS SECTION FOR COMMERCIAL BUSINESS ARE  
6 HEREBY AUTHORIZED TO AFFIX THERETO OR INCLUDE THEREIN A WRITTEN  
7 STATEMENT THAT THE POLICY DOES NOT COVER LOSS OR DAMAGE CAUSED  
8 BY TERRORISM, WHETHER DIRECTLY OR INDIRECTLY RESULTING FROM AN  
9 INSURED PERIL UNDER THE POLICY. AS USED IN THIS SECTION,  
10 "TERRORISM" MEANS ANY OF THE FOLLOWING:

11 (A) A CERTIFIED ACT OF TERRORISM AS DEFINED IN THE TERRORISM  
12 RISK INSURANCE ACT OF 2002 (PUBLIC LAW 107-297, 116 STAT. 2322);

13 (B) A VIOLENT ACT OR AN ACT THAT IS DANGEROUS TO HUMAN LIFE,  
14 PROPERTY OR INFRASTRUCTURE THAT IS COMMITTED BY AN INDIVIDUAL OR  
15 INDIVIDUALS AND THAT APPEARS TO BE PART OF AN EFFORT TO COERCE A  
16 CIVILIAN POPULATION OR TO INFLUENCE THE POLICY OR AFFECT THE  
17 CONDUCT OF ANY GOVERNMENT BY COERCION;

18 (C) TERRORISM AS DEFINED IN A FORM FILED WITH AND APPROVED  
19 BY THE INSURANCE COMMISSIONER.

20 Section 2. This act shall take effect in 60 days.