

SENATE BILL No. 490

June 14, 1989, Introduced by Senators POSTHUMUS, SHINKLE,
FAUST and O'BRIEN and referred to the Committee on Finance.

A bill to amend section 2832 of Act No. 218 of the Public Acts of 1956, entitled as amended
"The insurance code of 1956,"
as amended by Act No. 168 of the Public Acts of 1987, being section 500.2832 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2832 of Act No. 218 of the Public Acts
2 of 1956, as amended by Act No. 168 of the Public Acts of 1987,
3 being section 500.2832 of the Michigan Compiled Laws, is amended
4 to read as follows:

5 Sec. 2832. (1) The form of the standard policy (with per-
6 mission to substitute for the word "company" a more accurate
7 descriptive term for the type of insurer) shall be as follows:

(First Page of Standard Policy)

MICHIGAN STANDARD POLICY

No.

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

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

In Consideration of the Provisions
and Stipulations Herein or Added Hereto
and ofDollars Premium
this Company, for the term of.....
from the day of, 19..}at ~~noon~~ 12:01 A.M., Standard
Time, ~~at~~
to the day of, 19..}AT location of property involved,
to an amount not exceedingDollars
does insure.....
.....
and legal representatives, to the extent of the actual cash value of
the property at the time of loss, but not exceeding the amount which
it would cost to repair or replace the property with material of like
kind and quality within a reasonable time after such loss, without
allowance for any increased cost of repair or reconstruction by

1 reason of any ordinance or law regulating construction or repair, and
 2 without compensation for loss resulting from interruption of business
 3 or manufacture, nor in any event for more than the interest of the
 4 insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL
 5 FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS
 6 POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described
 7 hereinafter while located or contained as described in this policy,
 8 or pro rata for five days at each proper place to which any of the
 9 property shall necessarily be removed for preservation from the
 10 perils insured against in this policy, but not elsewhere.

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

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

18 IN WITNESS WHEREOF, this Company has executed and attested these
 19 presents; but this policy shall not be valid unless countersigned by
 20 the duly authorized Agent of this Company at

21 Secretary. President.

22 Countersigned

23 this day of 19... Agent.

24 (Second Page of Standard Policy)

25 1 Concealment, This entire policy shall be void if, whether

1 2 fraud. before or after a loss, the insured has wil-
2 3 fully concealed or misrepresented any ma-
3 4 terial fact or circumstance concerning this insurance or the
4 5 subject thereof, or the interest of the insured therein, or in case
5 6 of any fraud or false swearing by the insured relating thereto.

6 7 Uninsurable This policy shall not cover accounts, bills,
7 8 and currency, deeds, evidences of debt, money
8 9 excepted property. or securities; nor, unless specifically named
9 10 hereon in writing, bullion or manuscripts.

10 11 Perils not This Company shall not be liable for loss by
11 12 included. fire or other perils insured against in this
12 13 policy caused, directly or indirectly, by: (a)
13 14 enemy attack by armed forces, including action taken by mili-
14 15 tary, naval or air forces in resisting an actual or an immediately
15 16 impending enemy attack; (b) invasion; (c) insurrection; (d)
16 17 rebellion; (e) revolution; (f) civil war; (g) usurped power; (h)
17 18 order of any civil authority except acts of destruction at the time
18 19 of and for the purpose of preventing the spread of fire, provided
19 20 that such fire did not originate from any of the perils excluded
20 21 by this policy; (i) neglect of the insured to use all reasonable
21 22 means to save and preserve the property at and after a loss, or
22 23 when the property is endangered by fire in neighboring prem-
23 24 ises; (j) nor shall this Company be liable for loss by theft.
24 25 Other Insurance. Other insurance may be prohibited or the
25 26 amount of insurance may be limited by en-
26 27 dorsement attached hereto.

1 28 Conditions suspending or restricting insurance. Unless other-
2 29 wise provided in writing added hereto this Company shall not
3 30 be liable for loss occurring

4 31 (a) while the hazard is increased by any means within the con-
5 32 trol or knowledge of the insured; or

6 33 (b) while a described building, whether intended for occupancy
7 34 by owner or tenant, is vacant or unoccupied beyond a period of
8 35 sixty consecutive days; or

9 36 (c) as a result of explosion or riot, unless fire ensue, and in
10 37 that event for loss by fire only.

11 38 Other perils Any other peril to be insured against or sub-
12 39 or subjects. ject of insurance to be covered in this policy
13 40 shall be by endorsement in writing hereon or
14 41 added hereto.

15 42 Added provisions. The extent of the application of insurance
16 43 under this policy and of the contribution to
17 44 be made by this Company in case of loss, and any other pro-
18 45 vision or agreement not inconsistent with the provisions of this
19 46 policy, may be provided for in writing added hereto, but no pro-
20 47 vision may be waived except such as by the terms of this policy
21 48 is subject to change.

22 49 Waiver No permission affecting this insurance shall
23 50 provisions. exist, or waiver of any provision be valid,
24 51 unless granted herein or expressed in writing
25 52 added hereto. No provision, stipulation or forfeiture shall be
26 53 held to be waived by any requirement or proceeding on the part

1 54 of this Company relating to appraisal or to any examination
2 55 provided for herein.

3 56 Cancellation This policy shall be cancelled at any time
4 57 of policy. at the request of the insured, in which case
5 58 this Company shall, upon demand and sur-
6 59 render of this policy, refund the excess of paid premium above
7 60 the pro rata rates for the expired time. This pol-
8 61 icy may be cancelled at any time by this Company by giving
9 62 to the insured a five days' written notice of cancellation with
10 63 or without tender of the excess of paid premium above the pro
11 64 rata premium for the expired time, which excess, if not ten-
12 65 dered, shall be refunded on demand. Notice of cancellation shall
13 66 state that said excess premium (if not tendered) will be re-
14 67 funded on demand. The minimum earned premium on any policy which
15 is canceled by the insured or the insurer
16 shall not be less than 15% of the total
17 premium payable on the policy or \$25.00, whichever
18 is greater.

19 68 Mortgagee If loss hereunder is made payable, in whole
20 69 interests and or in part, to a designated mortgagee not
21 70 obligations. named herein as the insured, such interest in
22 71 this policy may be cancelled by giving to
23 72 such mortgagee a ten days' written notice of
24 73 cancellation.

25 74 If the insured fails to render proof of loss such mortgagee, upon
26 75 notice, shall render proof of loss in the form herein specified

1 76 within sixty (60) days thereafter and shall be subject to the pro-
2 77 visions hereof relating to appraisal and time of payment and of
3 78 bringing suit. If this Company shall claim that no liability ex-
4 79 isted as to the mortgagor or owner, it shall, to the extent of pay-
5 80 ment of loss to the mortgagee, be subrogated to all the mort-
6 81 gagee's rights of recovery, but without impairing mortgagee's
7 82 right to sue; or it may pay off the mortgage debt and require
8 83 an assignment thereof and of the mortgage. Other provisions
9 84 relating to the interests and obligations of such mortgagee may
10 85 be added hereto by agreement in writing.

11 86 Pro rata liability. This Company shall not be liable for a greater
12 87 proportion of any loss than the amount
13 88 hereby insured shall bear to the whole insurance covering the
14 89 property against the peril involved, whether collectible or not.

15 90 Requirements in The insured shall give immediate written
16 91 case loss occurs. notice to this Company of any loss, protect
17 92 the property from further damage, forthwith
18 93 separate the damaged and undamaged personal property, put
19 94 it in the best possible order, furnish a complete inventory of
20 95 the destroyed, damaged and undamaged property, showing in
21 96 detail quantities, costs, actual cash value and amount of loss
22 97 claimed; and within sixty days after the loss, unless such time
23 98 is extended in writing by this Company, the insured shall render
24 99 to this Company a proof of loss, signed and sworn to by the
25 100 insured, stating the knowledge and belief of the insured as to
26 101 the following: the time and origin of the loss, the interest of the

1 102 insured and of all others in the property, the actual cash value of
2 103 each item thereof and the amount of loss thereto, all encum-
3 104 brances thereon, all other contracts of insurance, whether valid
4 105 or not, covering any of said property, any changes in the title,
5 106 use, occupation, location, possession or exposures of said prop-
6 107 erty since the issuing of this policy, by whom and for what
7 108 purpose any building herein described and the several parts
8 109 thereof were occupied at the time of loss and whether or not it
9 110 then stood on leased ground, and shall furnish a copy of all the
10 111 descriptions and schedules in all policies and, if required, verifi-
11 112 plans and specifications of any building, fixtures or machinery
12 113 destroyed or damaged. The insured, as often as may be reason-
13 114 ably required, shall exhibit to any person designated by this
14 115 Company all that remains of any property herein described, and
15 116 submit to examinations under oath by any person named by this
16 117 Company, and subscribe the same; and, as often as may be
17 118 reasonably required, shall produce for examination all books of
18 119 account, bills, invoices and other vouchers, or certified copies
19 120 thereof if originals be lost, at such reasonable time and place as
20 121 may be designated by this Company or its representative, and
21 122 shall permit extracts and copies thereof to be made.

22 123 Appraisal. In case the insured and this Company shall
23 124 fail to agree as to the actual cash value or
24 125 the amount of loss, then, on the written demand of either, each
25 126 shall select a competent and disinterested appraiser and notify
26 127 the other of the appraiser selected within twenty days of such

1 128 demand. The appraisers shall first select a competent and dis-
 2 129 interested umpire; and failing for fifteen days to agree upon
 3 130 such umpire, then, on request of the insured or this Company,
 4 131 such umpire shall be selected by a judge of a court of record in
 5 132 the state in which the property covered is located. The ap-
 6 133 praisers shall then appraise the loss, stating separately actual
 7 134 cash value and loss to each item; and, failing to agree, shall
 8 135 submit their differences, only, to the umpire. An award in writ-
 9 136 ing, so itemized, of any two when filed with this Company shall
 10 137 determine the amount of actual cash value and loss. Each
 11 138 appraiser shall be paid by the party selecting him and the ex-
 12 139 penses of appraisal and umpire shall be paid by the parties
 13 140 equally.

14 141 Company's It shall be optional with this Company to
 15 142 options. take all, or any part, of the property at the
 16 143 agreed or appraised value, and also to re-
 17 144 pair, rebuild or replace the property destroyed or damaged with
 18 145 other of like kind and quality within a reasonable time, on giv-
 19 146 ing notice of its intention so to do within thirty days after the
 20 147 receipt of the proof of loss herein required.

21 148 Abandonment. There can be no abandonment to this Com-
 22 149 pany of any property.
 23 150 When loss The amount of loss for which this Company
 24 151 payable. may be liable shall be payable sixty days
 25 152 after proof of loss, as herein provided, is
 26 153 received by this Company and ascertainment of the loss is made

1 154 either by agreement between the insured and this Company ex-
 2 155 pressed in writing or by the filing with this Company of an
 3 156 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 twelve months next after inception of the loss.

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

13 (Third Page of Standard Policy)

14 ----- ATTACH FORM BELOW THIS LINE -----

15 (Back of Standard Policy)

16 MICHIGAN STANDARD POLICY

17 =====

18 Expires.....

19 Property.....

20 Total

21 Amount \$..... Premium \$.....

22 Insured.....

23 _____
 24 SEE INSIDE OF POLICY FOR PERILS COVERED

25 No.

1 =====
2 =====
3 =====

4 It is important that the written portion of
5 all policies covering the same property read
6 exactly alike. If they do not, they should be
7 made uniform at once.

8 (2) Language in parenthesis in the form provided in subsec-
9 tion (1) of this section is explanatory only and is not to be
10 printed as a part of such form.