

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1247**

Introduced by

Representatives Keiser, Kasper

1 A BILL for an Act to amend and reenact subsection 4 of section 26.1-39-11, section 26.1-39-20,
2 subsection 5 of section 26.1-40-01, and section 26.1-40-09 of the North Dakota Century Code,
3 relating to termination of insurance and duplicate property insurance coverage.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Subsection 4 of section 26.1-39-11 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 4. "Termination" means ~~either~~ a cancellation or nonrenewal of property insurance
8 coverage in whole or in part. ~~A cancellation~~ Cancellation occurs during the policy term.
9 ~~A nonrenewal~~ Nonrenewal occurs at the end of the policy term as set forth in
10 subsection 3. For purposes of sections 26.1-39-10 through 26.1-39-21, the transfer of
11 a policy between companies within the same insurance holding company system is
12 not a termination. Requiring a reasonable deductible, reasonable changes in the
13 amount of insurance, or reasonable reductions in policy limits or coverage is not
14 considered a termination if the requirements are directly related to the hazard involved
15 and are made on the renewal date for the policy.

16 **SECTION 2. AMENDMENT.** Section 26.1-39-20 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **26.1-39-20. Duplicate coverage - Termination of coverage when another policy in**
19 **force - Notice.**

20 ~~Notwithstanding the failure of an insurer to comply with sections 26.1-39-13 through~~
21 ~~26.1-39-16, if~~ an insured obtains a replacement policy ~~that provides~~ providing equal or more
22 extensive coverage for ~~any~~ a property covered in both policies, the first insurer's coverage of
23 ~~the~~ that property may be terminated either by cancellation or nonrenewal. The termination is
24 effective on the effective date of the second policy providing duplicate replacement coverage.

1 Upon termination, the insured is entitled to a refund of the premium and written notice must be
2 mailed or delivered to the named insured.

3 **SECTION 3. AMENDMENT.** Subsection 5 of section 26.1-40-01 of the North Dakota
4 Century Code is amended and reenacted as follows:

5 5. "Termination" means ~~either a cancellation or nonrenewal of automobile insurance~~
6 ~~coverage in whole or in part. A cancellation~~Cancellation occurs during the policy term.
7 ~~A nonrenewal~~Nonrenewal occurs at the end of the policy term. An insurer's
8 substitution of insurance upon renewal which results in substantially equivalent
9 coverage is not a termination. The transfer of a policy between companies within the
10 same insurance holding company system is not a termination.

11 **SECTION 4. AMENDMENT.** Section 26.1-40-09 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **26.1-40-09. Duplicate coverage - Termination of coverage when another policy in**
14 **force - Notice.**

15 Notwithstanding the failure of an insurer to comply with sections 26.1-40-01 through
16 26.1-40-12, ~~termination of any coverage under the policy either by cancellation or nonrenewal is~~
17 ~~effective on the effective date of any other policy providing similar coverage on the same motor~~
18 ~~vehicle or any replacement of the motor vehicle~~if an insured obtains a replacement policy
19 providing equal or more extensive coverage for a motor vehicle covered in both policies, the
20 first insurer's coverage of that motor vehicle may be terminated either by cancellation or
21 nonrenewal. The termination is effective on the effective date of the second policy providing
22 duplicate replacement coverage. Upon termination, the insured is entitled to a refund of the
23 premium and written notice must be mailed or delivered to the named insured.