

**Sixty-fifth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2017**

HOUSE BILL NO. 1247
(Representatives Keiser, Kasper)

AN ACT to amend and reenact subsection 4 of section 26.1-39-11, section 26.1-39-20, subsection 5 of section 26.1-40-01, and section 26.1-40-09 of the North Dakota Century Code, relating to termination of insurance and duplicate property insurance coverage.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

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

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

Notwithstanding the failure of an insurer to comply with sections 26.1-39-13 through 26.1-39-16, if an insured obtains a replacement policy that provides providing equal or more extensive coverage for any a property covered in both policies, the first insurer's coverage of that that property may be terminated either by cancellation or nonrenewal. The termination is effective on the effective date of the second policy providing duplicate replacement coverage. Upon termination, the insured is entitled to a refund of the premium and written notice must be mailed or delivered to the named insured.

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

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

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

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

Notwithstanding the failure of an insurer to comply with sections 26.1-40-01 through 26.1-40-12, termination of any coverage under the policy either by cancellation or nonrenewal is effective on the effective date of any other policy providing similar coverage on the same motor vehicle or any replacement of the motor vehicle if an insured obtains a replacement policy providing equal or more

extensive coverage for a motor vehicle covered in both policies, the first insurer's coverage of that motor vehicle may be terminated either by cancellation or nonrenewal. The termination is effective on the effective date of the second policy providing duplicate replacement coverage. Upon termination, the insured is entitled to a refund of the premium and written notice must be mailed or delivered to the named insured.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1247.

House Vote: Yeas 91 Nays 0 Absent 3

Senate Vote: Yeas 47 Nays 0 Absent 0

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2017.

Approved at _____ M. on _____, 2017.

Governor

Filed in this office this _____ day of _____, 2017,

at _____ o'clock _____ M.

Secretary of State