

**HOUSE BILL NO. 1140**

Introduced by

Representatives Keiser, Lefor

Senator Klein

1 A BILL for an Act to amend and reenact subsections 3 and 4 of section 26.1-39-11 and  
2 subsections 4 and 5 of section 26.1-40-01 of the North Dakota Century Code, relating to the  
3 renewal of an insurance policy with altered terms.

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

5 **SECTION 1. AMENDMENT.** Subsections 3 and 4 of section 26.1-39-11 of the North Dakota  
6 Century Code are amended and reenacted as follows:

7 3. "Renewal" or "to renew" means the issuance and delivery by an insurer at the end of a  
8 policy period of a policy superseding a policy previously issued and delivered by the  
9 same insurer, or the issuance and delivery of a certificate or notice extending the term  
10 of an existing policy beyond its policy period or term. The term includes a change or  
11 alteration in the amount of a deductible, coverage, or exclusion which results in  
12 substantially equivalent coverage if the altered terms are provided to the insured in the  
13 notice of renewal.

14 4. "Termination" means cancellation or nonrenewal of property insurance coverage in  
15 whole or in part. Cancellation occurs during the policy term. Nonrenewal occurs at the  
16 end of the policy term as set forth in subsection 3. For purposes of sections  
17 26.1-39-10 through 26.1-39-21, the transfer of a policy between companies within the  
18 same insurance holding company system is not a termination. ~~Requiring a reasonable~~  
19 ~~deductible, reasonable changes in the amount of insurance, or reasonable reductions~~  
20 ~~in policy limits or coverage is not considered a termination if the requirements are~~  
21 ~~directly related to the hazard involved and are made on the~~ A renewal date for the  
22 policy with altered terms as provided in subsection 3 is not a termination.

23 **SECTION 2. AMENDMENT.** Subsections 4 and 5 of section 26.1-40-01 of the North Dakota  
24 Century Code are amended and reenacted as follows:

- 1           4. "Renewal" or "to renew" means:
- 2           a.     ~~The~~ the issuance and delivery by an insurer of a policy replacing, at the end of
- 3           the previous policy period, a policy previously issued and delivered by the same
- 4           insurer;
- 5           b.     ~~The~~ the issuance and delivery of a certificate or notice extending the term of a
- 6           policy beyond its policy period or term; or
- 7           c.     ~~The~~ the extension of the term of a policy beyond its policy period or term
- 8           pursuant to a provision for extending the policy by payment of a continuation premium.
- 9           The term includes a change or alteration in the amount of a deductible, coverage, or
- 10          exclusion which results in substantially equivalent coverage if the altered terms are
- 11          provided to the insured in the notice of renewal. Any policy with a policy period or term
- 12          of less than six months must be considered as if written for a policy period or term of
- 13          six months except in case of termination under any of the circumstances specified in
- 14          subsection 2 of section 26.1-40-05. Any policy written for a term longer than one year
- 15          or any policy with no fixed expiration date must be considered as if written for
- 16          successive policy periods or terms of one year and any termination by an insurer
- 17          effective on an anniversary date of the policy is deemed a failure to renew.
- 18          5. "Termination" means cancellation or nonrenewal of automobile insurance coverage in
- 19          whole or in part. Cancellation occurs during the policy term. Nonrenewal occurs at the
- 20          end of the policy term. An insurer's substitution of insurance upon renewal which
- 21          results in substantially equivalent coverage is not a termination. The transfer of a
- 22          policy between companies within the same insurance holding company system is not
- 23          a termination. A renewal with altered terms as provided in subsection 4 is not a
- 24          termination.