

Fifty-seventh  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1198

Introduced by

Representative Keiser

Senator Krebsbach

1 A BILL for an Act to create and enact a new section to chapter 26.1-30.1, a new section to  
2 chapter 26.1-39, and a new section to chapter 26.1-40 of the North Dakota Century Code,  
3 relating to transfer of policies within an insurance holding company system; and to amend and  
4 reenact subsection 4 of section 26.1-39-11 and subsection 5 of section 26.1-40-01 of the North  
5 Dakota Century Code, relating to transfer of policies within an insurance holding company  
6 system.

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

8 **SECTION 1.** A new section to chapter 26.1-30.1 of the North Dakota Century Code is  
9 created and enacted as follows:

10 **Policy transfer.**

11 1. A policy transferred to an insurer within the same insurance holding company  
12 system is not subject to sections 26.1-30.1-02, 26.1-30.1-03, 26.1-30.1-03.1, and  
13 26.1-30.1-06.

14 2. The transferring insurer shall give notice to the policyholder of the policy transfer.

15 **SECTION 2.** A new section to chapter 26.1-39 of the North Dakota Century Code is  
16 created and enacted as follows:

17 **Notice of transfer.** The insurer transferring a policy to another insurer within the same  
18 insurance holding company system shall give notice to the policyholder of the transfer.

19 **SECTION 3. AMENDMENT.** Subsection 4 of section 26.1-39-11 of the North Dakota  
20 Century Code is amended and reenacted as follows:

21 4. "Termination" means either a cancellation or nonrenewal of property insurance  
22 coverage in whole or in part. A cancellation occurs during the policy term. A  
23 nonrenewal occurs at the end of the policy term as set forth in subsection 3. For  
24 purposes of sections 26.1-39-10 through 26.1-39-21, the transfer of a ~~policyholder~~

1            policy between companies within the same insurance ~~group~~ holding company  
2            system is ~~considered~~ not a termination. Requiring a reasonable deductible,  
3            reasonable changes in the amount of insurance, or reasonable reductions in policy  
4            limits or coverage is not considered a termination if the requirements are directly  
5            related to the hazard involved and are made on the renewal date for the policy.

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

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

14           **SECTION 5.** A new section to chapter 26.1-40 of the North Dakota Century Code is  
15 created and enacted as follows:

16           **Notice to transfer.** The insurer transferring a policy to an insurer within the same  
17 insurance holding company system shall give notice to the policyholder of the transfer.