

SENATE BILL NO. 2250

Introduced by

Senators Tallackson, Cook

Representative Kingsbury

1 A BILL for an Act to create and enact a new section to chapter 26.1-40 of the North Dakota
2 Century Code, relating to requirements of automobile insurance policies for basic no-fault
3 coverage; to amend and reenact sections 26.1-41-02, 39-04-05, and 39-08-20 of the North
4 Dakota Century Code, relating to proof of automobile insurance; and to provide a penalty.

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

6 **SECTION 1.** A new section to chapter 26.1-40 of the North Dakota Century Code is
7 created and enacted as follows:

8 **Annual basic-no fault policies - Exceptions.** Notwithstanding any law to the
9 contrary, every personal automobile policy sold or issued by an insurer authorized to transact
10 insurance in this state to a North Dakota customer which provides basic no-fault benefits is a
11 noncancelable twelve-month policy for purposes of that basic no-fault coverage. This section
12 does not apply to policies issued to commercial or governmental customers. An insurer may
13 require prepayment of a noncancelable twelve-month policy under this section. The application
14 of this section to personal automobile policies that provide coverage in excess of basic no-fault
15 is limited to the basic no-fault coverage portion of that policy.

16 **SECTION 2. AMENDMENT.** Section 26.1-41-02 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **26.1-41-02. Security requirements - Authority of director of the department of**
19 **transportation.**

20 1. The owner of a motor vehicle required to be registered in this state, or the owner of
21 a motor vehicle operated in this state by the owner or with the owner's permission,
22 shall continuously provide with respect to the motor vehicle during the period in
23 which operation is contemplated in this state security for payment of basic no-fault
24 benefits and the liabilities covered under the motor vehicle liability insurance.

- 1 2. The security may be provided by an insurance policy complying with this chapter
2 issued by an insurer authorized to transact business in this state, or, by
3 self-insurance as approved by the commissioner.
- 4 3. If the motor vehicle is registered in another state, the security may be provided by
5 an insurance policy issued by an insurer authorized to transact business in either
6 this state or the state in which the motor vehicle is registered, or, by self-insurance
7 as approved by the insurance department of the state in which the motor vehicle is
8 registered.
- 9 4. The owner of any motor vehicle who operates it or permits it to be operated in this
10 state when the owner knows or should know that the owner has failed to comply
11 with the requirement that the owner provide security under this chapter shall have
12 the motor vehicle registration revoked or suspended in accordance with
13 procedures established by the director of the department of transportation under
14 the motor vehicle law of this state until the owner provides the security required by
15 this chapter.
- 16 5. An owner of a motor vehicle with respect to which security is required who fails to
17 have the security in effect at the time of an accident is absolutely liable at law for
18 payment of basic no-fault benefits and has all the rights and obligations of a basic
19 no-fault insurer under this chapter. This remedy is in addition to any other remedy
20 that an injured person may have against the owner.
- 21 6. An insurance policy which purports to provide coverage for basic no-fault benefits
22 or is sold with the representation that it fulfills the requirements of security as
23 required by this chapter is deemed to include all coverage required by this chapter.
24 An insurer that issues or sells to a North Dakota customer an insurance policy that
25 purports to provide coverage for basic no-fault benefits and which is covered under
26 section 1 of this Act shall provide the customer with a dated coverage card that
27 verifies issuance of a noncancelable twelve-month policy.
- 28 7. The director of the department of transportation may supervise the enforcement of
29 the compulsory security requirements of this chapter and may adopt the rules
30 necessary in respect to the maintenance of the requirements.

1 **SECTION 3. AMENDMENT.** Section 39-04-05 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **39-04-05. Grounds for refusing registration.** The department shall refuse
4 registration or any transfer of registration upon any of the following grounds:

- 5 1. That the application contains any false or fraudulent statement or that the applicant
6 has failed to furnish required information or reasonable additional information
7 requested by the department or that the applicant is not entitled to registration of
8 the vehicle under this chapter.
- 9 2. That the vehicle is mechanically unfit or unsafe to be operated or moved upon the
10 highways.
- 11 3. That the department has reasonable ground to believe that the vehicle is a stolen
12 or embezzled vehicle or that the granting of registration would constitute a fraud
13 against the rightful owner or other person having valid lien upon the vehicle.
- 14 4. That the registration of the vehicle stands suspended or revoked for any reason as
15 provided in the motor vehicle laws of this state.
- 16 5. That the required fee has not been paid.
- 17 6. When any sales tax or motor vehicle excise tax, properly due, has not been paid.
- 18 7. For failure to maintain security for payment of basic no-fault benefits and the
19 liabilities covered under motor vehicle liability insurance on a motor vehicle as
20 required by chapter 26.1-41. The department shall require an applicant who is an
21 individual registering a noncommercial vehicle to provide the department with
22 physical proof of insurance. Physical proof of insurance under this subsection is
23 met if the applicant provides a coverage card issued under section 26.1-41-02.
- 24 8. For failure to provide proof of payment of the heavy vehicle use tax due, as
25 required, to the internal revenue service.
- 26 9. When the vehicle is operating in violation of the provisions of the international
27 registration plan or the international fuel tax agreement.

28 The director shall promulgate rules and regulations for refusal of registration of vehicles not
29 equipped as required by chapter 39-21.

30 **SECTION 4. AMENDMENT.** Section 39-08-20 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **39-08-20. Driving without liability insurance prohibited - Penalty.**

- 2 1. A person may not drive, or the owner may not cause or knowingly permit to be
3 driven, a motor vehicle in this state without a valid policy of liability insurance in
4 effect in order to respond in damages for liability arising out of the ownership,
5 maintenance, or use of that motor vehicle in the amount required by chapter
6 39-16.1. Upon being stopped by a law enforcement officer for the purpose of
7 enforcing or investigating the possible violation of an ordinance or state law or
8 during the investigation of an accident, the person driving the motor vehicle shall
9 provide to the officer upon request satisfactory evidence of the policy required
10 under this section. If unable to comply with the request, a fine of twenty dollars
11 must be imposed and that person may be charged with a violation of this section if
12 that person fails to submit satisfactory evidence of the policy to the officer or the
13 officer's agency within twenty days of the date of the request. If that person
14 produces a valid policy of liability insurance in effect at the time of violation of this
15 section to the officer, officer's agency, or a court, except for the twenty dollar fine,
16 that person may not be convicted or assessed any court costs for violation of this
17 section. If the driver is not an owner of the motor vehicle, the driver does not
18 violate this section if the driver provides the court with evidence identifying the
19 owner of the motor vehicle and describing circumstances under which the owner
20 caused or permitted the driver to drive the motor vehicle. Violation of this section is
21 a class B misdemeanor and the sentence imposed must include a fine of at least
22 ~~one~~ two hundred fifty dollars ~~which~~ for the first offense. A fine under this section
23 may not be suspended. A person convicted for a second or subsequent violation
24 of driving without liability insurance ~~within an eighteen-month period~~ must be fined
25 at least ~~three~~ five hundred dollars ~~which may not be suspended.~~
- 26 2. Upon conviction for a violation of this section or equivalent ordinance, the person
27 who has been convicted shall provide proof of motor vehicle liability insurance to
28 the department in the form of a written or electronically transmitted certificate from
29 an insurance carrier authorized to do business in this state. This proof must be
30 provided for a period of three years and kept on file with the department. If the
31 person fails to provide this information, the department shall suspend that person's

- 1 driving privileges and may not issue or renew that person's operator's license
2 unless that person provides proof of insurance. The requirements under this
3 section are in addition to any registration requirements under chapter 39-04.
- 4 3. A person who has been convicted for violation of this section or equivalent
5 ordinance shall surrender that person's operator's license and purchase a duplicate
6 operator's license with a notation requiring that person to keep proof of liability
7 insurance on file with the department. The fee for this license is fifty dollars and
8 the fee to remove this notation is fifty dollars.
- 9 4. When an insurance carrier has certified a motor vehicle liability policy, the
10 insurance carrier shall notify the director no later than ten days after cancellation or
11 termination of the certified insurance policy by filing a notice of cancellation or
12 termination of the certified insurance policy; except that a policy subsequently
13 procured and certified shall, on the effective date of its certification, terminate the
14 insurance previously certified with respect to any motor vehicle designated in both
15 certificates.