

**SENATE BILL NO. 2261**

Introduced by

Senators Hogue, Cook, Klein, Wanzek

Representatives Potter, Vigesaa

1 A BILL for an Act to amend and reenact section 26.1-40-17 of the North Dakota Century Code,  
2 relating to establishment of primary and excess automobile liability coverages for rental  
3 vehicles.

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

5 **SECTION 1. AMENDMENT.** Section 26.1-40-17 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **26.1-40-17. Establishment of primary and excess automobile liability coverages**

8 **in certain instances.** When an automobile insurance policy which includes only automobile  
9 liability coverage, uninsured motorist coverage, underinsured motorist coverage, automobile  
10 medical payments coverage, and basic or optional excess no-fault benefits is in force for  
11 anyone engaged in the business of selling, repairing, servicing, storing, leasing, renting, or  
12 parking motor vehicles and the owner of the vehicles loans, rents, or leases a vehicle to any  
13 other person or organization and the vehicle is involved in an accident out of which bodily injury  
14 or property damage arises, the following is applicable:

15 1. If no other automobile insurance policy is in force at the time of the accident for the  
16 person or organization to whom the vehicle was loaned, rented, or leased, the  
17 coverage provided by the motor vehicle owner's automobile policy extends to the  
18 borrower, rentee, or lessee in the event the owner's automobile insurance policy  
19 extends coverage to the borrower, rentee, or lessee.

20 2. If another automobile insurance policy is in force for the person or organization to  
21 whom the vehicle was loaned, rented, or leased, any coverage provided by the  
22 motor vehicle owner's automobile insurance policy is excess coverage only but  
23 limited, however, by the terms of the owner's applicable automobile insurance

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- 1                    policy. The policy afforded the person or organization to whom the vehicle was
- 2                    loaned, rented, or leased is primary.
- 3 Any policy provisions at variance with this section must be interpreted so as to comply with this
- 4 section.