

**HOUSE BILL NO. 1247**

Introduced by

Representatives Keiser, Kasper

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

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

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

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

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

20 **26.1-39-20. Duplicate coverage.**

21 If an insured obtains a replacement policy ~~that provides~~ providing equal or more extensive  
22 coverage for ~~any~~ a property covered in both policies, the first insurer's coverage of ~~the~~ that  
23 property may be terminated either by cancellation or nonrenewal. The termination is effective on

1 the effective date of the second policy providing duplicate replacement coverage. Upon  
2 termination, the insured is entitled to a refund of the premium.

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

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

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

13 ~~**26.1-40-09. Termination of coverage when another policy in force.**~~

14 ~~Notwithstanding the failure of an insurer to comply with sections 26.1-40-01 through~~  
15 ~~26.1-40-12, termination of any coverage under the policy either by the insurer by cancellation or~~  
16 ~~nonrenewal is effective on the effective date of any other policy providing similar coverage on~~  
17 ~~the same motor vehicle or any replacement of the motor vehicle.~~

18 **SECTION 4.** A new section to chapter 26.1-40 of the North Dakota Century Code is created  
19 and enacted as follows:

20 **Duplicate coverage.**

21 If an insured obtains a replacement policy providing equal or more extensive coverage for a  
22 motor vehicle covered in both policies, the first insurer's coverage of that motor vehicle may be  
23 terminated either by cancellation or nonrenewal. The termination is effective on the effective  
24 date of the second policy providing duplicate replacement coverage. Upon termination, the  
25 insured is entitled to a refund of the premium.