CHAPTER 39-16.1
PROOF OF FINANCIAL RESPONSIBILITY FOR THE FUTURE

39-16.1-01. Application.

The provisions of this chapter requiring the deposit of proof of financial responsibility for the future, subject to certain exemptions, apply with respect to any person who has been convicted of or forfeited bail for certain offenses under motor vehicle laws or who has failed to pay judgments upon claims for relief arising out of ownership, maintenance, or use of vehicles of a type subject to registration under the laws of this state.

39-16.1-02. Proof of financial responsibility defined.

Repealed by S.L. 2013, ch. 291, § 62.

39-16.1-03. Notice of failure to satisfy judgment.

When any person fails within thirty days to satisfy any judgment, it is the duty of the clerk of the court, or of the judge of a court which has no clerk, in which any such judgment is rendered within this state, to forward to the director immediately after the expiration of said thirty days, a certified copy of such judgment or a certified copy of the docket entries in an action resulting in a judgment for damages or a certificate of facts relative to a judgment on a form provided by the director. If the judgment debtor is a nonresident, the director shall transmit a certified copy of the judgment to the official in charge of the issuance of drivers' licenses of the state of which the judgment debtor is a resident.

39-16.1-04. Suspension of license - Temporary release.

1. The director, upon receipt of a certified copy of a judgment or a certified copy of the docket entries in an action resulting in a judgment for damages or a certificate of facts relative to a judgment on a form provided by the director, shall forthwith suspend the license or operating privilege, of any person against whom such judgment was rendered except as hereinafter otherwise provided in this section and in section 39-16.1-06.
2. If the judgment creditor consents in writing, in such form as the director may prescribe that the judgment debtor be allowed license or nonresident's operating privilege, the same may be allowed by the director for six months from the date of such consent and thereafter until such consent is revoked in writing, notwithstanding default in the payment of such judgment, or of any installments thereof prescribed in section 39-16.1-06 provided the judgment debtor furnishes proof of financial responsibility.
3. Any person whose license or nonresident's operating privilege has been suspended or is about to be suspended or will become subject to suspension under this chapter may be relieved from the effect of the judgment as prescribed in this chapter by filing with the director an affidavit stating that at the time of the accident upon which the judgment has been rendered the affiant was insured, that the insurer is liable to pay the judgment, and the reason, if known, why the insurer has not paid the judgment. That person shall also file the original or a copy of the insurance policy, if available, and any other documents the director may require to show that the loss, injury, or damage for which the judgment was rendered, was covered by the insurance policy. If the director is satisfied from such papers that the insurer was authorized to issue the insurance policy at the time and place of issuing the policy and that the insurer is liable to pay the judgment, at least to the extent and for the amounts required in this chapter, the director may not suspend the license or nonresident's operating privilege, or if already suspended shall reinstate them.
4. A license or nonresident's operating privilege must remain suspended and may not be renewed, nor may any such license be thereafter issued in the name of such person, including any such person not previously licensed, unless and until every such judgment is satisfied in full or to the extent hereinafter provided and until the said

person gives proof of financial responsibility subject to the exemptions stated in sections 39-16.1-04 and 39-16.1-06.

39-16.1-05. Satisfaction of judgment.

Judgments herein referred to must, for the purpose of this chapter only, be deemed satisfied:

1. When twenty-five thousand dollars has been credited upon any judgment or judgments rendered in excess of that amount because of bodily injury to or death of one person as the result of any one accident;
2. When, subject to such limit of twenty-five thousand dollars because of bodily injury to or death of one person, the sum of fifty thousand dollars has been credited upon any judgment or judgments rendered in excess of that amount because of bodily injury to or death of two or more persons as the result of any one accident; or
3. When twenty-five thousand dollars has been credited upon any judgment or judgments rendered in excess of that amount because of damage to or destruction of property of others as a result of any one accident. Payments made in settlement of any claims because of bodily injury, death, or property damages arising from a motor vehicle accident must be credited in reduction of the amounts provided for in this section.

39-16.1-06. Installment payments.

1. A judgment debtor upon due notice to the judgment creditor may apply to the court in which such judgment was rendered for the privilege of paying such judgment in installments and the court, in its discretion and without prejudice to any other legal remedies which the judgment creditor may have, may so order and fix the amounts and times of payment of the installments.
2. The director may not suspend a license, or a nonresident's operating privilege, suspended following nonpayment of a judgment, when the judgment debtor gives proof of financial responsibility and obtains such an order permitting the payment of such judgment in installments, and while the payment of any said installment is not in default.
3. In the event the judgment debtor fails to pay any installment as specified by such order, then upon notice of such default, the director shall forthwith suspend the license, or nonresident's operating privilege of the judgment debtor until such judgment is satisfied as provided in this chapter.

39-16.1-07. Revocation or suspension of license for reasons other than provisions of this chapter.

1. Whenever the director under any other law of this state, except sections 39-06-40 and 39-06-40.1, revokes the license of any person, the license must remain revoked and may not be renewed nor shall any license be issued to such person, unless the person gives and maintains proof of financial responsibility.
2. If a person by final order or judgment is convicted of or forfeits any bail or collateral deposited to secure an appearance for trial for any offense requiring the revocation of license, driving or being in actual physical control of a vehicle while under the influence in violation of section 39-08-01 or equivalent ordinance, or operating a motor vehicle upon the highway while the person's license or privilege to drive is under suspension for a violation requiring a license or privilege to drive suspension of at least ninety-one days or revocation, the license or driving privilege must be suspended or revoked and no license may be issued or returned to the person, unless the person gives and maintains proof of financial responsibility.

39-16.1-08. Proof of financial responsibility.

Proof of financial responsibility when required under this chapter may be given by filing:

1. A certificate of insurance as provided in sections 39-16.1-09 and 39-16.1-10;
2. A bond as provided in section 39-16.1-14; or

3. A certificate of deposit of money or securities as provided in section 39-16.1-15.

39-16.1-09. Proof by showing insurance coverage.

1. Proof of financial responsibility may be furnished by filing with the director the written or electronically transmitted certificate of any insurance carrier duly authorized to do business in this state certifying that there is in effect a motor vehicle liability policy for the benefit of the person required to furnish proof of financial responsibility. Such certificate must give the effective date of such motor vehicle liability policy, which date shall be the same as the effective date of the certificate, and must designate by explicit description or by appropriate reference all motor vehicles covered thereby, unless the policy is an operator's policy.
2. When a certificate is filed showing that a policy or policies have been issued covering certain described motor vehicles or a limited operator's policy but not insuring such person when operating all other motor vehicles, the director shall designate suitable restriction upon the driver's license of such person authorizing the operation of only such vehicles as are covered by the certificate. It is unlawful for such person to operate any motor vehicle not covered by such certificate. In the event a person desires to be relieved of the foregoing restriction and to be permitted to operate any motor vehicle, the person may have such restriction removed upon filing a certificate showing that there has been issued to the person a motor vehicle liability policy insuring the person against liability arising out of the use of any motor vehicle.

39-16.1-10. Nonresident owner.

1. The nonresident owner of a motor vehicle not registered in this state may give proof of financial responsibility by filing with the director a written or electronically transmitted certificate of an insurance carrier authorized to transact business in the state in which the motor vehicle or motor vehicles described in the certificate is registered, or if the nonresident does not own a motor vehicle, then in the state in which the insured resides, provided the certificate otherwise conforms to the provisions of this chapter, and the director shall accept the same upon condition that the insurance carrier complies with the following provisions with respect to the policies so certified:
   a. The insurance carrier shall execute a power of attorney authorizing the director to accept service on its behalf of notice or process in any action arising out of a motor vehicle accident in this state.
   b. The insurance carrier shall agree in writing that the policies conform with the laws of this state relating to the terms of motor vehicle liability policies issued herein.
2. If any insurance carrier not authorized to transact business in this state, which has qualified to furnish proof of financial responsibility, defaults in any undertaking or agreement, the director may not thereafter accept as proof any certificate of the carrier whether filed up to that time or thereafter tendered as proof, so long as the default continues.
3. Notwithstanding the requirement of subsection 1, the nonresident owner of a motor vehicle not registered in this state may file proof of future financial responsibility of an insurance company or other state-authorized entity providing insurance and authorized or licensed to do business in the nonresident's state of residence as long as such proof of future financial responsibility is in the amounts required by this state.

39-16.1-11. Motor vehicle liability policy.

1. A "motor vehicle liability policy" as said term is used in this chapter means an owner's or an operator's policy of liability insurance, certified as provided in sections 39-16.1-09 and 39-16.1-10 as proof of financial responsibility, and issued, except as otherwise provided in section 39-16.1-10, by an insurance carrier duly authorized to transact business in this state, to or for the benefit of the person named therein as insured.
2. Such owner's policy of liability insurance:

a. Must designate by explicit description or by appropriate reference all motor vehicles with respect to which coverage is thereby to be granted; and
b. Must insure the person named therein and any other person, as insured, using such motor vehicle or motor vehicles with the express or implied permission of such named insured, against loss from the liability imposed by law for damages arising out of the ownership, maintenance, or use of such motor vehicles within the United States of America or the Dominion of Canada, subject to limits exclusive of interest and costs, with respect to each such motor vehicle, as follows: twenty-five thousand dollars because of bodily injury to or death of one person in any one accident and subject to said limit for one person, fifty thousand dollars because of bodily injury to or death of two or more persons in any one accident, and twenty-five thousand dollars because of injury to or destruction of property of others in any one accident.

3. Such operator's policy of liability insurance must insure the person named as insured therein against loss from the liability imposed upon the person by law for damages arising out of the use by the person of any motor vehicle, either unlimited, or limited by excluding certain classes or types of motor vehicles, within the same territorial limits and subject to the same limits of liability as are set forth above with respect to an owner's policy of liability insurance.
4. Such motor vehicle liability policy must state the name and address of the named insured, the coverage afforded by the policy, the premium charged therefor, the policy period and the limits of liability, and must contain an agreement or be endorsed that insurance is provided thereunder in accordance with the coverage defined in this chapter as respects bodily injury and death or property damage, or both, and is subject to all the provisions of this chapter.
5. Such motor vehicle liability policy need not insure any liability under any workforce safety and insurance law nor any liability on account of bodily injury to or death of an employee of the insured while engaged in the employment, other than domestic, of the insured, or while engaged in the operation, maintenance, or repair of any such motor vehicle nor any liability for damage to property owned by, rented to, in charge of, or transported by the insured.
6. Every motor vehicle liability policy is subject to the following provisions, which need not be contained in the policy:
   a. The liability of the insurance carrier with respect to the insurance required by this chapter becomes absolute if injury or damage covered by the motor vehicle liability policy occurs; the policy may not be canceled or annulled as to the liability by any agreement between the insurance carrier and the insured after the occurrence of the injury or damage; and a statement made by the insured or on the insured's behalf and a violation of the policy do not defeat or void the policy. This subdivision does not restrict the ability of an insurance carrier to void a motor vehicle liability policy for which an application was made after injury or damage occurred and does not obligate the insurance carrier to pay a claim on account of injury or damage that occurred before the application was made.
   b. The satisfaction by the insured of a judgment for injury or damage is not a condition precedent to the right or duty of the insurance carrier to make payment on account of the injury or damage.
   c. The insurance carrier has the right to settle any claim covered by the policy, and if the settlement is made in good faith, the amount of that settlement is deductible from the limits of liability specified in subdivision b of subsection 2 for the accident out of which the claim arose.
   d. The policy, the written application of the policy, if any, and any rider or endorsement that does not conflict with the provisions of this chapter constitute the entire contract between the parties.
7. Any policy which grants the coverage required for a motor vehicle liability policy may also grant any lawful coverage in excess of or in addition to the coverage specified for a motor vehicle liability policy and such excess or additional coverage is not subject to

the provisions of this chapter. With respect to a policy which grants such excess or additional coverage, the term "motor vehicle policy" applies only to that part of the coverage which is required by this section.

8. Any motor vehicle liability policy may provide that the insured shall reimburse the insurance carrier for any payment the insurance carrier would not have been obligated to make under the terms of the policy except for the provisions of this chapter.
9. Any motor vehicle liability policy may provide for the prorating of the insurance thereunder with other valid and collectible insurance.
10. The requirements for a motor vehicle liability policy may be fulfilled by the policies of one or more insurance carriers which policies together meet such requirements.
11. Any binder issued pending the issuance of a motor vehicle liability policy must be deemed to fulfill the requirements for such policy.

39-16.1-12. Notice of cancellation of policy by insurer.

When an insurance carrier has certified a motor vehicle liability policy under sections 39-16.1-09 and 39-16.1-10, the insurance carrier shall notify the director no later than ten days after cancellation or termination of the certified insurance policy by filing a notice of cancellation or termination of the certified insurance policy; except that a policy subsequently procured and certified shall, on the effective date of its certification, terminate the insurance previously certified with respect to any motor vehicle designated in both certificates.

39-16.1-13. Other laws requiring insurance.

1. This chapter does not apply to or affect policies of automobile insurance against liability which may now or hereafter be required by any other law of this state, and such policies, if they contain an agreement or are endorsed to conform to the requirements of this chapter, may be certified as proof of financial responsibility under this chapter.
2. This chapter may not be held to apply to or affect policies insuring solely the insured named in the policy against liability resulting from the maintenance or use by persons in the insured's employ or on the insured's behalf of motor vehicles not owned by the insured.

39-16.1-14. Financial responsibility may be evidenced by bond.

1. Proof of financial responsibility may be evidenced by the bond of a surety company duly authorized to transact business within this state, or a bond with at least two individual sureties each owning real estate not exempt from execution of a value twice the amount of such bond, which real estate must be scheduled in the bond approved by a judge of a court of record, and recorded in the office of the recorder of each county in which such real estate is situated, which said bond must be conditioned for payment of the amounts specified in section 39-16.1-02. Such bond must be filed with the director and is not cancelable except after ten days' written notice to the director. Such bond constitutes a lien in favor of the state upon the real estate so scheduled of any surety, which lien exists for the benefit of any holder of a final judgment against the person who has filed such bond, for damages, including damages for care and loss of services, because of bodily injury to or death of any person, or for damages because of injury to or destruction of property, including the loss of use thereof, resulting from the ownership, maintenance, use, or operation of a motor vehicle after such bond is recorded.
2. If such judgment rendered against the principal on such bond is not satisfied within sixty days after it has become final, the judgment creditor may, for the judgment creditor's own use and benefit and at the judgment creditor's sole expense, bring an action or actions in the judgment creditor's own name against the company or persons executing such bond, including an action or proceeding to foreclose any lien that may exist upon the real estate of a person who has executed such bond.

39-16.1-15. Deposit of cash with the Bank of North Dakota.

1. Proof of financial responsibility may be evidenced by the certificate of the Bank of North Dakota that the person named therein has deposited with it twenty-five thousand dollars in cash, or securities such as may legally be purchased by savings banks or for trust funds of a market value of twenty-five thousand dollars. The Bank of North Dakota may not accept any such deposit and issue a certificate therefor and the director may not accept such certificate unless accompanied by evidence that there are no unsatisfied judgments of any character against the depositor in the county where the depositor resides.
2. Such deposit must be held by the Bank of North Dakota to satisfy, in accordance with the provisions of this chapter, any execution on a judgment issued against such person making the deposit for damages, including damages for care and loss of services, because of bodily injury to or death of any person, or for damages because of damages to or destruction of property, including the loss of use thereof, resulting from the ownership, maintenance, use, or operation of a motor vehicle after such deposit was made. Money or securities so deposited are not subject to attachment or execution unless such attachment or execution arises out of a suit for damages as aforesaid.

39-16.1-16. Employment or family connection in lieu of proof of financial responsibility.

Whenever any person required to give proof of financial responsibility hereunder is or later becomes an operator in the employ of any owner, or is or later becomes a member of the immediate family or household of the owner, the director shall accept proof given by such owner in lieu of proof by such other person to permit such other person to operate a motor vehicle for which the owner has given proof as herein provided. The director shall designate the restrictions imposed by this section on the face of such person's license.

39-16.1-17. Release of bond or deposit on making other proof of responsibility.

1. The director shall consent to the cancellation of any bond or certificate of insurance or the director shall direct and the Bank of North Dakota shall return any money or securities to the person entitled thereto upon the substitution and acceptance of other adequate proof of financial responsibility pursuant to this chapter.
2. The director may not consent to the cancellation of any bond or the return of any money or securities in the event any action for damages upon liability covered by such proof is then pending or any judgment upon any such liability is then unsatisfied, or in the event the person who has filed such bond or deposited such money or securities has, within one year immediately preceding such request been involved as an operator or owner in any motor vehicle accident resulting in injury or damage to the person or property of others. An affidavit of the applicant as to the nonexistence of such facts, or that the applicant has been released from all of the applicant's liability, or has been finally adjudicated not to be liable, for such injury or damage, is sufficient evidence thereof in the absence of evidence to the contrary in the records of the director.

39-16.1-18. Procedure on failure of proof on file.

Whenever any proof of financial responsibility filed under the provisions of this chapter no longer fulfills the purposes for which required, the director shall, for the purpose of this chapter, require other proof as required by this chapter and shall suspend the license or the nonresident's operating privilege upon failure to file such other proof as required.

39-16.1-19. Cancellation of bond or return of deposit.

1. The director shall upon request consent to the immediate cancellation of any bond or certificate of insurance, or the director shall direct and the Bank of North Dakota shall return to the person entitled thereto any money or securities deposited pursuant to this

chapter as proof of financial responsibility, or the director shall waive the requirement of filing proof, in any of the following events:

a. At any time after one year from the date such proof was required when, during the one-year period preceding the request, the director has not received record of a conviction or a forfeiture of bail which would require the revocation of the license or operating privilege, or both, of the person by or for whom such proof was furnished.
b. The death of the person on whose behalf such proof was filed or the permanent incapacity of such person to operate a motor vehicle.
c. The surrender of the person's license to the director by the person who has given proof.

2. The director may not consent to the cancellation of any bond or the return of any money or securities in the event any action for damages upon a liability covered by such proof is then pending or any judgment upon any such liability is then unsatisfied, or in the event the person who has filed such bond or deposited such money or securities has, within one year immediately preceding such request, been involved as an operator or owner in any motor vehicle accident resulting in injury or damage to the person or property of others. An affidavit of the applicant as to the nonexistence of such facts, or that the applicant has been released from all of the applicant's liability, or has been finally adjudicated not to be liable, for such injury or damage, is sufficient evidence thereof in the absence of evidence to the contrary in the records of the director.
3. Whenever any person whose proof has been canceled or returned under subdivision c of subsection 1 applies for a license within a period of one year from the date proof was originally required, the application must be refused. The person's operator's license and driving privileges remain under suspension or revocation until the applicant re-establishes proof for the remainder of the one-year period.

39-16.1-20. Seizure or return of operator's license.

Repealed by S.L. 2007, ch. 325, § 7.

39-16.1-20.1. Verification of liability insurance.

No operator's license may be returned to an individual unless that person files with the director a verified statement confirming the person's insurance coverages as required by section 39-08-20. The verified statement must include the name of the insurance carrier and the effective dates of the policy. Upon the request of the director, the insurance carrier will verify the information contained in the verified statement. The director shall suspend the operator's license of any person upon receiving satisfactory evidence that the verified statement contains false or fraudulent information. The period of suspension may not exceed six months. Any suspension must be initiated under section 39-06-33. An operator whose license is suspended under this section is not eligible for a temporary operator's permit.

39-16.1-21. Operating under suspension or revocation - Penalties.

Repealed by S.L. 2005, ch. 330, § 8.

39-16.1-22. Federal, state, or municipal ownership.

This chapter does not apply with respect to any motor vehicle owned and operated by the United States, this state, or any political subdivision of this state or any municipality therein.

39-16.1-23. Who may be self-insurer.

1. Any person in whose name more than twenty-five motor vehicles are registered may qualify as a self-insurer by obtaining a certificate of self-insurance issued by the director as provided in subsection 2.

2. The director may, upon the application of any person, issue a certificate of self-insurance when the director is satisfied that such person is possessed and will continue to be possessed of ability to pay any judgment obtained against the person.
3. Upon not less than five days' notice and a hearing pursuant to such notice, the director may cancel a certificate of self-insurance if the director is satisfied that such person is not possessed or will not continue to be possessed of ability to pay any judgment obtained against the person. Failure to pay any judgment within thirty days after such judgment has become final constitutes a reasonable ground for the cancellation of a certificate of self-insurance.