

2017 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1247

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HB 1247
1/17/2017
27007

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Ellen Letang

Explanation or reason for introduction of bill/resolution:

Termination of insurance.

Minutes:

Attachment 1

Chairman Keiser: Opens the hearing of HB 1247.

Pat Ward~representing State Farm Insurance Company: Attachment 1.

3:45

Chairman Keiser: So we understand this, if two companies are currently insuring, if after 3 months & into the 6th month, you had dual coverage. You at that point would go back to that first company you moved from & ask for a refund, the only refund would be the last 3 months on that policy? Is that correct?

Ward: That is the way I have it currently worded. I'm working that I'm working on with the department is going to address that in one way or another there will be no duplicate.

Chairman Keiser: The two issues are claims & refunds?

Ward: Right.

Rep Laning: If an insurer intentionally wanted to carry two policies, would there be anything preventing them from doing that?

Ward: Not at this time. There might be, depending on how we word this amendment.

Chairman Keiser: Anyone else here to testify in support, opposition, neutral? Closes the hearing & we will hold the bill to address the amendments.

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HB 1247
1/25/2017
27409

☐ Subcommittee
☐ Conference Committee

Ellen Letang

Explanation or reason for introduction of bill/resolution:

Termination of insurance.

Minutes:

Attachment 1

Chairman Keiser: Reopens the hearing of HB 1247.

Pat Ward~Representing State Farm Insurance Company: Attachment 1. The issue we were trying to address the duplicate insurance. We were required to provide a refund if they come in that they have a replacement policy, but they didn't tell anyone they had a prepaid premium. The issue is what will we do with that?

We worked with the Insurance Department & the solution to the problem was not to put limit on how much premium would be refunded. In the event of the duplicate coverage, the replacement policy is the effective policy.

Chairman Keiser: We have amendment before us, what are your wishes?

Rep Boschee: Moves amendment 17.0557.01001.

Vice Chairman Sukut: Second.

Voice vote – Vote carried.

Chairman Keiser: What are your wishes?

Vice Chairman Sukut: Moves a Do Pass as Amended.

Rep Boschee: Second.

Chairman Keiser: Further discussion?

Rep Ruby: It's basically saying that in section 4, you can't have dual coverage. If you do, one of the policies is terminated. Are there people that get more than one coverage on purpose?

Chairman Keiser: Is this a significant problem where people get double coverage?

Johnny Palsgraaf~Insurance Department: You still have the option of getting double coverage. What Pat address is a small, narrow circumstance when the policy isn't canceled. It only comes into effect only when you get equal or greater coverage, the policy of the lesser amount is canceled. The language is discretionary.

Rep Ruby: Both insurances would pay ½.

Palsgraaf: Correct, they are paying full price for 2 premiums by payout is ½ for both.

Chairman Keiser: This is similar to health insurance. You have a primary carrier & a second carrier. We will not pay more than the claim. Who pays may vary.

Palsgraaf: Yes.

Ward: You can still buy other kinds, like umbrella, to protect you above.

Roll call was taken on HB 1247 for a Do Pass as Amended with 14 yes, 0 no, 0 absent & Rep O'Brien is the carrier.

January 26, 2017

1/26/17 DQ

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1247

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 26.1-40 of the North Dakota Century Code, relating to duplicate motor vehicle insurance coverage; and"

Page 1, line 1, after the comma insert "section 26.1-39-20, and"

Page 1, line 3, after "insurance" insert "and duplicate property insurance coverage"

Page 1, line 4, remove ", and section 26.1-40-09"

Page 1, line 8, remove "by the insurer"

Page 1, after line 15, insert:

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

26.1-39-20. Duplicate coverage.

If an insured obtains a replacement policy ~~that provides~~providing equal or more extensive coverage for ~~any~~a property covered in both policies, the first insurer's coverage of ~~the~~that property may be terminated either by cancellation or nonrenewal. The termination is effective on the effective date of the second policy providing duplicate replacement coverage. Upon termination, the insured is entitled to a refund of the premium."

Page 1, line 19, remove "by the insurer"

Page 2, line 5, remove "by the insurer"

Page 2, replace lines 1 through 7 with:

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

Duplicate coverage.

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

Renumber accordingly

Date: Jan 25, 2017Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE

ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1247

House _____ Industry, Business and Labor _____ Committee

☐ SubcommitteeAmendment LC# or
Description:17.0557.01001

Recommendation

- ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions

☐ Reconsider☐ _____

Motion Made By

Rep Boschee

Seconded By

Rep Sukut

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Rep Laning		
Vice Chairman Sukut			Rep Lefor		
Rep Beadle			Rep Louser		
Rep R Becker			Rep O'Brien		
Rep Bosch			Rep Ruby		
Rep C Johnson			Rep Boschee		
Rep Kasper			Rep Dobervich		

Total (Yes) _____ No _____

Absent _____

Floor
Assignment

Voice vote ~ Motion carried

Date: Jan 25, 2017Roll Call Vote #: 2

2017 HOUSE STANDING COMMITTEE

ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1247

House _____ Industry, Business and Labor _____ Committee

☐ SubcommitteeAmendment LC# or
Description: _____

Recommendation

- ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions ☐ Reconsider ☐ _____

Motion Made By Rep Sukut Seconded By Rep Boschee

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep Laning	X	
Vice Chairman Sukut	X		Rep Lefor	X	
Rep Beadle	X		Rep Louser	X	
Rep R Becker	X		Rep O'Brien	X	
Rep Bosch	X		Rep Ruby	X	
Rep C Johnson	X		Rep Boschee	X	
Rep Kasper	X		Rep Dobervich	X	

Total (Yes) 14 No 0Absent 0Floor
Assignment Rep O'Brien

REPORT OF STANDING COMMITTEE

HB 1247: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1247 was placed on the Sixth order on the calendar.

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 26.1-40 of the North Dakota Century Code, relating to duplicate motor vehicle insurance coverage; and"

Page 1, line 1, after the comma insert "section 26.1-39-20, and"

Page 1, line 3, after "insurance" insert "and duplicate property insurance coverage"

Page 1, line 4, remove ", and section 26.1-40-09"

Page 1, line 8, remove "by the insurer"

Page 1, after line 15, insert:

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

26.1-39-20. Duplicate coverage.

If an insured obtains a replacement policy ~~that provides~~ providing equal or more extensive coverage for ~~any~~ a property covered in both policies, the first insurer's coverage of ~~the~~ that property may be terminated either by cancellation or nonrenewal. The termination is effective on the effective date of the second policy providing duplicate replacement coverage. Upon termination, the insured is entitled to a refund of the premium."

Page 1, line 19, remove "by the insurer"

Page 2, line 5, remove "by the insurer"

Page 2, replace lines 1 through 7 with:

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

Duplicate coverage.

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

Renumber accordingly

2017 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1247

2017 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

HB 1247
3/7/2017
Job Number 28841

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Era Liebelt

Explanation or reason for introduction of bill/resolution:

Relating to termination of insurance and duplicate property insurance coverage

Minutes:

1 Attachment

Chairman Klein: Opened the hearing.

Representative Keiser: Introduced the bill. This is in large part a very technical issue and also a cleanup bill dealing explicitly with auto insurance.

Pat Ward, State Farm Insurance: Written testimony, see attachment #1. (1:48-6:36)

Senator Campbell: So in essence you are just cleaning up the language so there is no duplication. So the insurance company and the customer know when they cancel that the insurance company isn't liable anymore.

Pat Ward: When we know that they have gotten the replacement coverage and they have paid the premium and that is in place and when we are no longer at risk we will cancel. The departments position has been all along that we have to refund that back to the day of that replacement coverage. We are fine with refunding the premium back to the date of the replacement coverage but also this statute recommends that we are no longer at risk. We want to make it clear that when the new policy becomes effective the older one is no longer effective.

Chairman Klein: That seems simple enough. We don't need duplicate coverage. We will give everyone time to look at the amendment. Closed the hearing.

2017 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

HB 1247
3/8/2017
Job Number 28866

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Eva Liebelt

Explanation or reason for introduction of bill/resolution:

Relating to termination of insurance and duplicate property insurance coverage

Minutes:

No Attachments

Chairman Klein: Opened the discussion. Pat Ward had brought an amendment which has created some discussion and we are going to have to wait on that because the insurance department is struggling with that word "unearned". As we left yesterday we all agreed on how this was going to work. The question being you were talking about adding the word "unearned", have you resolved all this and where are we at?

Pat Ward, State Farm: I would have to say at this point we haven't got clarity and I would like you to hold it until next week. We are working with the insurance department but some of our other companies have logged in. We just want to make sure we have done it right and don't create problems in the process.

Chairman Klein: Closed the discussion.

2017 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

HB 1247
3/21/2017
Job Number 29485

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Eva Liebelt

Explanation or reason for introduction of bill/resolution:

Relating to state employees claims of employment discrimination

Minutes:

1 Attachment

Chairman Klein: Opened the meeting. Let's open to 1247. These are amendments that Mr. Ward and Johnny Palsgraaf worked on. John would you like to tell us why you agreed and what we are changing here? Amendment, see attachment #1.

John Ward, State Farm Insurance: We prepared some amendments to 1247 which you see here. We worked with the department of insurance on these. (1:33-1:55)

Chairman Klein: Initially we were going to add the word, "unearned" and now that is gone correct?

John Ward: We removed the earned and unearned language. He refers to the amendment and Section 4, 26.1-40-09. (2:02-2:51)

Chairman Klein: The addition was at the end. A written notice must be mailed or delivered?

John Ward: I believe that came from the department.

Chairman Klein: Are there any questions to the amendment?

Senator Casper: Has anyone spoken to the sponsors? We are changing the sponsors bill here and my question is does it still achieve the same ends?

Johnny Palsgraaf, Legal Counsel for the North Dakota Insurance Department: To answer your question, yes the amendment and the amendments made in House were all geared to achieving the same goal and that goal was to provide a refund to consumers and clarify that insurance companies, that the initial company is not at risk when there is duplicate coverage or can be terminated by the insurer or the company to remove them from the risk. The current amendment in front of you is really technical changes and it clarifies and it fixes that notice issue that was brought up when we looked a little bit deeper into the premium,

unearned premium issue which we resolved by amending a section with language that is consistent with both chapters. We also added that notice requirement so that the way that the statute works is the refund goes back to the effective date and companies couldn't comply with the notice sections, the notice requirements are already in there because they require pre-notice. This just provides concurrent notice with the company's actions. (4:00-5:30)

Chairman Klein: Any other questions for Johnny Palsgraaf?

Senator Casper moved to adopt the amendment.

Senator Poolman seconded the motion.

Roll Call Vote: Yes-6 No-0 Absent-1

Senator Casper moved a do pass as amended.

Senator Burckhard seconded the motion.

Roll Call Vote: Yes-6 No-0 Absent-1

Senator Poolman will carry the bill.

March 21, 2017

CN
3/21/17

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1247

Page 1, line 1, remove "create and enact a new section to chapter 26.1-40 of the North Dakota"

Page 1, line 2, remove "Century Code, relating to duplicate motor vehicle insurance coverage; and to"

Page 1, line 3, remove "and"

Page 1, line 4, after "26.1-40-01" insert ", and section 26.1-40-09"

Page 1, line 20, after "**coverage**" insert "**- Termination of coverage when another policy in force - Notice**"

Page 1, line 21, overstrike "If" and insert immediately thereafter "Notwithstanding the failure of an insurer to comply with sections 26.1-39-13 through 26.1-39-16, if"

Page 2, line 2, after "premium" insert "and written notice must be mailed or delivered to the named insured"

Page 2, replace lines 11 through 18 with:

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

26.1-40-09. Duplicate coverage - Termination of coverage when another policy in force - Notice.

Notwithstanding the failure of an insurer to comply with sections 26.1-40-01 through 26.1-40-12, termination of any coverage under the policy either by cancellation or nonrenewal is effective on the effective date of any other policy providing similar coverage on the same motor vehicle or any replacement of the motor vehicle if an insured obtains a replacement policy providing equal or more extensive coverage for a motor vehicle covered in both policies, the first insurer's coverage of that motor vehicle may be terminated either by cancellation or nonrenewal. The termination is effective on the effective date of the second policy providing duplicate replacement coverage. Upon termination, the insured is entitled to a refund of the premium and written notice must be mailed or delivered to the named insured."

Renumber accordingly

**2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO.**

Senate Industry, Business and Labor Committee

☐ Subcommittee

Amendment LC# or Description: 17.0557.02001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Casper Seconded By Senator Poolman

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Marcellais	x	
Vice Chairman Campbell	x				
Senator Roers	A				
Senator Burckhard	x				
Senator Casper	x				
Senator Poolman	x				

Total (Yes) 6 No 0

Absent 1

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

**2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO.**

Senate Industry, Business and Labor Committee

☐ Subcommittee

Amendment LC# or Description: 17.0557.02001

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Casper Seconded By Senator Burckhard

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Marcellais	x	
Vice Chairman Campbell	x				
Senator Roers	A				
Senator Burckhard	x				
Senator Casper	x				
Senator Poolman	x				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Senator Poolman

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1247, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1247 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "create and enact a new section to chapter 26.1-40 of the North Dakota"

Page 1, line 2, remove "Century Code, relating to duplicate motor vehicle insurance coverage; and to"

Page 1, line 3, remove "and"

Page 1, line 4, after "26.1-40-01" insert ", and section 26.1-40-09"

Page 1, line 20, after "**coverage**" insert "**- Termination of coverage when another policy in force - Notice**"

Page 1, line 21, overstrike "If" and insert immediately thereafter "Notwithstanding the failure of an insurer to comply with sections 26.1-39-13 through 26.1-39-16, if"

Page 2, line 2, after "premium" insert "and written notice must be mailed or delivered to the named insured"

Page 2, replace lines 11 through 18 with:

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

26.1-40-09. Duplicate coverage - Termination of coverage when another policy in force - Notice.

Notwithstanding the failure of an insurer to comply with sections 26.1-40-01 through 26.1-40-12, termination of any coverage under the policy either by cancellation or nonrenewal is effective on the effective date of any other policy providing similar coverage on the same motor vehicle or any replacement of the motor vehicle if an insured obtains a replacement policy providing equal or more extensive coverage for a motor vehicle covered in both policies, the first insurer's coverage of that motor vehicle may be terminated either by cancellation or nonrenewal. The termination is effective on the effective date of the second policy providing duplicate replacement coverage. Upon termination, the insured is entitled to a refund of the premium and written notice must be mailed or delivered to the named insured."

Renumber accordingly

2017 TESTIMONY

HB 1247

TESTIMONY OF PATRICK J. WARD
IN SUPPORT OF HB 1247

Chairman Keiser and Members of the House IBL Committee.

My name is Pat Ward. I represent State Farm Insurance Company. State Farm is one of North Dakota's largest market share companies in home and auto and does business nationwide.

HB 1247 was drafted by me at the request of State Farm Insurance as a housekeeping matter to clarify what we believe is existing law on exposure to risk and refund of premium in situations involving replacement policies versus cancelation or termination of motor vehicle and home owner insurance policies.

Section 1 of the bill applies to property and casualty or homeowners insurance. Section 2 of the bill applies to automobile insurance. Section 3 provides that when an insurance company terminates coverage after another policy is already in force for the policyholder, termination of coverage is effective on the effective date of any other policy providing similar coverage on the same motor vehicle or any replacements of that motor vehicle.

We believe the language in Section 3 makes sense where the termination is at the request of or by the insurance company. However, in today's market there is more movement between insurance companies of policyholders. Many customers purchase insurance online. Sometimes a policyholder will obtain replacement coverage with another company on a motor vehicle or property, without notifying the original insurer that the policyholder has retained such

replacement coverage. Oftentimes there will be a period of months where the insured has prepaid premiums and coverage was bound, for say six months, and the insured does not notify the insurer for four or five months of that time period.

In that case, during that timeframe, the insured essentially has the benefit of coverage under both the original policy and the replacement policy in the event of a claim or multiple claims. It is unfair to the original insurer to require the insurer to refund premiums after several months of coverage. The purpose of this bill is to clarify that when the insurer determines it is necessary to cancel or terminate coverage of a policyholder for some reason, and permissible reasons are limited by other statutes, it makes sense that the insurer needs to refund premium to the date of any replacement coverage. However, where the insured obtains replacement coverage on the open market and fails to notify the original insurer, any refund of premium or premium credit should run from the date of notification and not before that.

Otherwise, there could be many situations where consumers would obtain multiple coverages but after a period of time with no claims, go back and cancel one of the coverages and request a return of premium.

We are working with Commissioner Godfread and the DOI to draft an amendment to this bill which satisfies some concerns they have expressed about the current wording. I would ask the Committee to hold the bill pending those amendments.

Jan 25, 2017 pm

1

17.0557.01000

Prepared by Legislative Intern 8
January 24, 2017

PROPOSED AMENDMENT TO HOUSE BILL NO. 1247

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 26.1-40 of the North Dakota Century Code, relating to duplicate motor vehicle insurance coverage; and"

Page 1, line 2 after "Code" insert "; and to amend and reenact section 26.1-39-20 of the North Dakota Century Code, relating to duplicate property insurance coverage.

Page 1, line 8, overstrike "by the insurer"

Page 1, line 19, overstrike "by the insurer"

Page 2, line 5, overstrike "by the insurer"

Page 2, after line 7, insert:

"Section 4. A new section to chapter 26.1-40 of the North Dakota Century Code is created and enacted as follows:

Duplicate coverage.

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

Section 5. Amendment. Section 26.1-39-20 of the North Dakota Century Code is amended and reenacted as follows:

Duplicate coverage.

If an insured obtains a replacement policy that provides providing equal or more extensive coverage for ~~any~~ property covered in both policies, the first insurer's coverage of ~~the~~that property may be terminated either by cancellation or nonrenewal. The termination is effective on the effective date of the second policy providing duplicate or replacement coverage. Upon termination, the insured is entitled to a refund of the premium."

Renumber accordingly

Senate - IBL Committee
March 7, 2017
2:00 PM

TESTIMONY OF PATRICK J. WARD
IN SUPPORT OF HB 1247

Chairman Klein and Members of the Senate IBL Committee.

My name is Pat Ward. I represent State Farm Insurance Company. State Farm is one of North Dakota's largest market share companies in home and auto and does business nationwide.

HB 1247 was drafted by me at the request of State Farm Insurance as a housekeeping matter to clarify what we believed was existing law on exposure to risk and refund of unearned premium in situations involving replacement policies resulting in cancelation or termination of motor vehicle and home owner insurance policies. It was amended in the House as suggested by DOI. The bill you see passed unanimously.

Section 1 of the bill applies to property and casualty or homeowners insurance. Section 2 of the bill applies to automobile insurance. Section 3 provides that when an insurance company terminates coverage after another policy is already in force for the policyholder, termination of coverage is effective on the effective date of any other replacement policy providing similar coverage on the same motor vehicle or any replacements of that motor vehicle.

In today's marketplace there is more movement of policyholders between insurance companies. Many customers purchase insurance online. Sometimes a policyholder will obtain replacement coverage with another company on a motor vehicle or property, without notifying the original insurer that the

policyholder has retained such replacement coverage. Oftentimes there will be a period of months where the insured has prepaid premiums and coverage was bound, for say six months, and the insured does not notify the insurer for four or five months of that time period.

In that case, during that timeframe, the insured essentially would have the benefit of simultaneous coverage under both the original policy and the replacement policy in the event of a claim or multiple claims. It is unfair to the original insurer to require the first insurer to refund premiums after having provided several months of coverage. The purpose of section 4 of this bill is to clarify that when the insurer determines it is necessary to cancel or terminate coverage of a policyholder for some reason, and permissible reasons are limited by other statutes, it makes sense that the insurer needs to refund unearned premium to the date of any replacement coverage. However, where the insured obtains replacement coverage on the open market and fails to notify the original insurer, the original insurer may cancel the policy back to the effective date of the replacement policy, refund the unearned premium, but is clearly not at risk during that time of double coverage.

We urge a Do Pass on HB 1247.

March 14, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1247

Page 1, line 1, remove "create and enact a new section to chapter 26.1-40 of the North Dakota"

Page 1, line 2, remove "Century Code, relating to duplicate motor vehicle insurance coverage; and to"

Page 1, line 3, remove "and"

Page 1, line 4, after "26.1-40-01" insert ", and section 26.1-40-09"

Page 1, line 20, after "**Duplicate coverage**" insert "**- Termination of coverage when another policy in force - Notice**"

Page 1, line 21, overstrike "If" and insert immediately thereafter "Notwithstanding the failure of an insurer to comply with sections 26.1-39-13 through 26.1-39-16, if"

Page 2, line 2, after "premium" insert "and written notice must be mailed or delivered to the named insured"

Page 2, remove lines 11 through 18

Page 2, after line 10, insert:

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

26.1-40-09. Duplicate coverage - Termination of coverage when another policy in force - Notice. Notwithstanding the failure of an insurer to comply with sections 26.1-40-01 through 26.1-40-12, ~~termination of any coverage under the policy either by cancellation or nonrenewal is effective on the effective date of any other policy providing similar coverage on the same motor vehicle or any replacement of the motor vehicle if an insured obtains a replacement policy providing equal or more extensive coverage for a motor vehicle covered in both policies, the first insurer's coverage of that motor vehicle may be terminated either by cancellation or nonrenewal.~~ The termination is effective on the effective date of the second policy providing duplicate replacement coverage. Upon termination, the insured is entitled to a refund of the premium and written notice must be mailed or delivered to the named insured.

Renumber accordingly