

**Fifty-seventh Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 9, 2001**

HOUSE BILL NO. 1198  
(Representative Keiser)  
(Senator Krebsbach)

AN ACT to create and enact a new section to chapter 26.1-30.1, a new section to chapter 26.1-39, and a new section to chapter 26.1-40 of the North Dakota Century Code, relating to transfer of policies within an insurance holding company system; and to amend and reenact subsection 4 of section 26.1-39-11 and subsection 5 of section 26.1-40-01 of the North Dakota Century Code, relating to transfer of policies within an insurance holding company system.

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

**SECTION 1.** A new section to chapter 26.1-30.1 of the North Dakota Century Code is created and enacted as follows:

**Policy transfer.**

1. A policy transferred to an insurer within the same insurance holding company system is not subject to sections 26.1-30.1-02, 26.1-30.1-03, 26.1-30.1-03.1, and 26.1-30.1-06.
2. The transferring insurer shall give notice to the policyholder of the policy transfer.

**SECTION 2.** A new section to chapter 26.1-39 of the North Dakota Century Code is created and enacted as follows:

**Notice of transfer.** The insurer transferring a policy to another insurer within the same insurance holding company system shall give notice to the policyholder of the transfer.

**SECTION 3. AMENDMENT.** Subsection 4 of section 26.1-39-11 of the North Dakota Century Code is amended and reenacted as follows:

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

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

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

**SECTION 5.** A new section to chapter 26.1-40 of the North Dakota Century Code is created and enacted as follows:

**Notice to transfer.** The insurer transferring a policy to an insurer within the same insurance holding company system shall give notice to the policyholder of the transfer.

\_\_\_\_\_  
Speaker of the House

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President of the Senate

\_\_\_\_\_  
Chief Clerk of the House

\_\_\_\_\_  
Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-seventh Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1198.

House Vote:      Yeas    97      Nays    0      Absent    1

Senate Vote:    Yeas    40      Nays    0      Absent    9

\_\_\_\_\_  
Chief Clerk of the House

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 2001.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 2001.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 2001,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State