

Fifty-seventh
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1198

Introduced by

Representative Keiser

Senator Krebsbach

1 A BILL for an Act to create and enact a new section to chapter 26.1-30.1, a new section to
2 chapter 26.1-39, and a new section to chapter 26.1-40 of the North Dakota Century Code,
3 relating to transfer of policies within an insurance holding company system; and to amend and
4 reenact subsection 4 of section 26.1-39-11 and subsection 5 of section 26.1-40-01 of the North
5 Dakota Century Code, relating to transfer of policies within an insurance holding company
6 system.

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

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

10 **Policy transfer.**

11 1. A policy transferred to an insurer within the same insurance holding company
12 system is not subject to sections 26.1-30.1-02, 26.1-30.1-03, 26.1-30.1-03.1, and
13 26.1-30.1-06.

14 2. The transferring insurer shall give notice to the policyholder of the policy transfer.

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

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

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

21 4. "Termination" means either a cancellation or nonrenewal of property insurance
22 coverage in whole or in part. A cancellation occurs during the policy term. A
23 nonrenewal occurs at the end of the policy term as set forth in subsection 3. For
24 purposes of sections 26.1-39-10 through 26.1-39-21, the transfer of a ~~policyholder~~

1 policy between companies within the same insurance ~~group~~ holding company
2 system is ~~considered~~ not a termination. Requiring a reasonable deductible,
3 reasonable changes in the amount of insurance, or reasonable reductions in policy
4 limits or coverage is not considered a termination if the requirements are directly
5 related to the hazard involved and are made on the renewal date for the policy.

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

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

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

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