

PROPOSED AMENDMENTS TO SENATE BILL NO. 2143

Page 1, line 1, replace "sections" with "section" and remove "and 26.1-37-05.1"

Page 1, line 3, after the second comma insert "26.1-37-05,"

Page 1, line 5, remove "26.1-37-05,"

Page 2, line 3, after "use" insert "and on mobile homes"

Page 3, line 12, replace "cover note" with "binder"

Page 3, line 13, remove "memorandum,"

Page 3, line 14, replace "pledged" with "used"

Page 5, replace lines 11 through 31 with:

"SECTION 5. AMENDMENT. Section 26.1-37-05 of the North Dakota Century Code is amended and reenacted as follows:

26.1-37-05. Amount of consumer credit life insurance and ~~credit accident and health insurance~~.

1. a. Except as otherwise provided in this subsection, the initial amount of credit life insurance may not exceed the total amount repayable under the contract of indebtedness and, ~~where~~ when an indebtedness is repayable in substantially equal installments, the amount of insurance may not exceed the scheduled or actual amount of unpaid indebtedness, whichever is greater. Insurance on agricultural ~~credit transaction loan~~ commitments, not exceeding one year in duration, may be written up to the amount of the loan commitment, on a nondecreasing or level term plan. Insurance on educational ~~credit transaction loan~~ commitments may be written for ~~the amount of the portion of such commitment that has not been advanced by the creditor~~ unpaid indebtedness plus any unused commitment.
- b. In the absence of any preexisting condition exclusions, the amount of insurance payable in the event of death due to natural causes may be limited to the balance as the balance existed six months before the date of death if:
 - (1) There has been one increase or more in the outstanding balance during the six-month period, other than those due to the accrual of interest or late charges; and
 - (2) Evidence of individual insurability has not been required during the six-month period.

- c. Other patterns of insurance may be used which are not inconsistent with this subsection including those providing coverage for lease payments or lump sum purchase at the end of the lease.
- 2.
 - a. The total amount of periodic indemnity payable by credit accident and health insurance or by credit unemployment insurance in the event of disability or unemployment, as defined in the policy, may not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness gross debt; and the amount of each periodic indemnity payment may not exceed the original indebtedness gross debt divided by the number of periodic installments.
 - b. Notwithstanding subdivision a, for credit accident and health insurance or for credit unemployment insurance written in connection with an open-end credit agreement, the amount of insurance may not exceed the gross debt which would accrue on that amount using the periodic indemnity. Subject to any policy maximums, the periodic indemnity may not be less than the creditor's minimum repayment schedule.
- 3.
 - a. For credit property insurance sold in conjunction with a closed-end transaction, an insurer may not issue credit property insurance coverage unless the amount financed exceeds three hundred dollars.
 - b. For credit property insurance sold in conjunction with a closed-end transaction, the amount of credit property insurance may not exceed the underlying credit transaction."

Page 6, remove lines 1 through 31

Page 7, remove lines 1 through 29

Page 10, line 7, remove "Prepurchase disclosure."

Page 10, line 15, after "eligibility" insert ", if any"

Page 11, line 12, replace "offer" with "election of coverage"

Page 11, line 27, replace "basis of premium calculation e.g., average daily" with "balance to which the premium rate applies"

Page 11, line 28, remove "balance, prior monthly balance must be specified"

Page 12, line 2, after "debt" insert "or to repair or replace the property"

Page 13, after line 27, insert:

- "11. Credit property insurance coverage, at a minimum, must include the coverages in the standard fire policy with coverage attachment and extended coverage endorsement and must cover a substantial risk of loss of or damage to the property related to the credit transaction."

Page 16, line 21, remove "26.1-37-05,"

Renumber accordingly