

**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

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