Sixty-second Legislative Assembly of North Dakota In Regular Session Commencing Tuesday, January 4, 2011

SENATE BILL NO. 2062 (Senators Lyson, Oehlke, Olafson, O'Connell) (Representative Sukut)

AN ACT to create and enact a new chapter to title 26.1 of the North Dakota Century Code, relating to property and casualty certificates of insurance.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

Definitions.

As used in this chapter:

- 1. "Certificate holder" means a person, other than a policyholder, to which a certificate of insurance has been issued.
- 2. "Certificate of insurance" means a document or instrument, regardless of how titled or described, that is prepared or issued by an insurer or insurance producer as a statement of property or casualty insurance coverage. The term does not include a policy of insurance or insurance binder.
- 3. "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit, or negotiate property or casualty insurance.
- 4. "Insurer" means any organization that issues property or casualty insurance.
- 5. "Policyholder" means a person that contracted with an insurer for property or casualty insurance coverage.

Limitations on issuance of certificates of insurance.

A person may not prepare, issue, or require the issuance of a certificate of insurance on property, operations, or risks located in this state unless the certificate of insurance form has been filed with the commissioner by or on behalf of the insurer and has been approved by the commissioner. The commissioner may designate as meeting the requirements of this section and not requiring further approval a standard certificate of insurance form, which may include a form promulgated and filed by a national insurance advisory organization, such as the association for cooperative research and development, the American association of insurance services, and the insurance services office.

Certificate of insurance limitations.

A person may not alter or modify a certificate of insurance form approved by the commissioner; may not demand, require, or issue a certificate of insurance that contains any false or misleading information concerning the policy of insurance to which the certificate of insurance makes reference; and may not knowingly prepare or issue a certificate of insurance that purports to affirmatively or negatively alter, amend, or extend the coverage provided by the policy. A certificate of insurance may not contain a reference to a construction contract, service contract, or insurance requirement for the purpose of amending coverage afforded by the policy to which the certificate makes reference.

Notice requirements.

The only circumstance under which a certificate holder is entitled to the legal right to notice of cancellation, nonrenewal, or any material change or any similar notice concerning a policy of insurance is if the certificate holder has such notice rights under the terms of the policy or under any endorsement to the policy. The terms and conditions of the notice, including the required timing of the notice, are governed by the policy of insurance and may not be altered by a certificate of insurance.

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	Preside	ent of the Senate		Speaker of the House Chief Clerk of the House	
	Secreta	ary of the Senate			
This certifies t North Dakota a	hat the within b and is known on	ill originated in th the records of tha	ne Senate of the S tt body as Senate E	Sixty-second Legisla Bill No. 2062.	tive Assembly of
Senate Vote:	Yeas 46	Nays 0	Absent 1		
House Vote:	Yeas 92	Nays 0	Absent 2		
				Secretary of the Ser	nate
Received by the Governor atM. on					, 2011.
Approved at _	M. on				, 2011.
				Governor	
Filed in this off	ice this	day of			, 2011,
at o	'clock	M.			
				Secretary of State	