Honorable Victor B. Hocog
Senate President, The Senate
Nineteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Honorable Joseph P. Deleon Guerrero
Speaker, House of Representatives
Nineteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. President and Mr. Speaker:

This is to inform you that I have signed into law Senate Bill No. 19-14, entitled, “To amend 9 CMC § 8201 and 8205 (c) as established by P.L. 11-55, uninsured and under insured motorist coverage; and for other purposes,” which was passed by the Senate and the House of Representative of the Nineteenth Northern Marianas Commonwealth Legislature.

This bill becomes Public Law No. 19-6. Copies bearing my signature are forwarded for your reference.

Sincerely,

ELOY S. INOS

cc: Lt. Governor; Attorney General’s Office; Public Auditor; Special Assistant for Administration; Special Assistant for Programs and Legislative Review
THE SENATE
NINETEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SENATE BILL NO. 19-14

AN ACT
To amend 9 CMC § 8201 and 8205(c) as established by P.L. 11-55, uninsured and under insured motorist coverage; and for other purposes.

SENATE ACTION

Offered by Senator(s): Sixto K. Igisomar

Date: February 18, 2015

Referred to: Committee on Judiciary, Government & Law

Standing Committee Report No.: 19-10 adopted on 03/26/15

Final Reading: March 26, 2015

HOUSE ACTION

Referred to: Committee on Commerce and Tourism

Standing Committee Report No.: 19-26 adopted on 07/23/15

First and Final Reading: July 24, 2015

DOLORES S. BERMUDEZ
SENATE CLERK
AN ACT

To amend 9 CMC § 8201 and 8205(c) as established by P.L. 11-55, uninsured and under insured motorist coverage; and for other purposes.

BE IT ENACTED BY THE NINETEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

Section 1. Findings and Purpose. The Commonwealth Legislature finds that P.L. 11-55 was signed into law with the intention to provide for a mandatory minimum level of liability insurance coverage as a condition of owning or operating a motor vehicle in the CNMI in order to alleviate motorists when the other party does not have minimum level of liability insurance as defined under 9 CMC § 8205(a). The mandatory minimum liability insurance procured by the insured provides coverage for bodily injury and property damage to the other party; the bodily injury covers cost for the other party’s medical expenses, lost wages, and pain and suffering, amongst others, and does not cover damage to property such as the automobile or contents. Property damage covers the cost of other party’s damaged property such as a car and its contents, a telephone pole, government or private property such as buildings, rails, or road signs, amongst others, but does not cover damage to bodily injury. Additionally, 9 CMC § 8205(c) mandates insurance providers to offer supplemental coverage, with additional consideration, such as “Uninsured and Under-insured Motorist Coverage,” which includes additional coverage for the insured to recover damage for bodily injury and property damage, amongst others, if such uninsured or under insured vehicle is not owned or operated by the insured or a resident of the same household.

The CNMI Insurance Commissioner and the Northern Marianas Insurance Association (NMIA) published an Automobile Insurance Tariff effective March 1999 to
reflect P.L. 11-55 mandate. Under the current law and tariff, the Uninsured and Underinsured Coverage does not separate Bodily Injury Coverage or Property Damage as some other states do. The CNMI Automobile Insurance Tariff only identifies premium for Bodily Injury under the Supplemental Coverage, but does not include Property Damage coverage. The Uninsured and Underinsured Coverage will increase the premium substantially if Property Damage is included.

The Commonwealth Legislature further finds that the insurance commissioner excluded the supplemental premium charge for property damage coverage under Uninsured and Underinsured Motorist as the property damage option was not originally intended to be inclusive thereof, but instead was inadvertently included due to the possibility that the UM scope of coverage was erroneously made to mirror or replicate what was established under the “Automobile Third Party Liability” section. However, and in addition thereto, the purpose of CNMI Public Law 11-55 is to protect the innocent party. In lieu thereof, property damage does not need to be part of the UM coverage, since all insurance companies avail to clients the option of procuring what is called “Comprehensive and Collision” coverage, which includes Property Damage coverage for the insured’s vehicle. Hence, the removal of Property Damage under the UM section will not under any circumstances affect the insured’s option to avail of Property Damage coverage for their vehicle, as they have the option of purchasing Property Damage coverage under “Comprehensive and Collision” coverage, if their vehicle is qualified. Certain vehicles are considered not qualified and denied “Comprehensive and Collision” coverage if the vehicle is an exotic or racing vehicle or having a very high actual cash value (ACV), already damaged (i.e. excessive dents, scratch, and so on), not repaired (i.e. existing damage from prior accidents) or vehicle is too old and the cost to repair such vehicle under “Comprehensive and Collision” coverage will automatically total-loss (i.e. value to repair the vehicle exceeds actual cash value of the vehicle) the vehicle and declaring the vehicle as unrepairable. To clarify the intention of the policy set under P.L. 11-55, then 9 CMC §§ 8201 and 8205, established by P.L. 11-55, UM section must be amended to state that the Uninsured (or under-insured) Motorist option is to offer Bodily Injury coverage only, thus removing the Property Damage verbiage.
Section 2. Amendment. 9 CMC § 8201 is hereby amended by adding new subsections (o) and (p) to read as follows:

“(o) Uninsured Motorist and Underinsured Motorist Coverage – also known as "UM", is a supplemental auto insurance coverage offered to insureds, for additional consideration. The UM covers the insured for Bodily Injury caused by a driver who is uninsured or underinsured.

(p) Uninsured Motorist and Underinsured Motorist – Bodily Injury Coverage also known as “UM-BI”, is a UM supplemental auto insurance coverage that pays for the insured’s cost for medical expenses, lost wages, and pain and suffering, amongst others, that result from an accident caused by a driver who is uninsured or who is underinsured and does not cover damage to property such as the automobile or contents. UM-BI insurance also protects the insured and the passengers if struck by a hit-and-run driver.”

Section 3. Amendment. 9 CMC § 8205(c) is hereby amended to read as follows:

“(c) Uninsured and Underinsured Motorist Coverage. No motor vehicle liability insurance policy shall be issued or delivered by an insurance provider unless the policy offers the option to the insured, for additional consideration, of a provision with coverage limits at least equal to the limits specified in subsection (a) of this section, insuring the insured, the insured’s heirs or legal representative, for all sums within such limits which he, she, or they, as the case may be, shall be legally entitled to recover as damages for bodily or property injury or wrongful death, including any resulting sickness, disease, or death, caused by the owner or operator of an uninsured vehicle, or a vehicle that is underinsured for the minimum liability coverage required under subsection (a) of this section, if such uninsured or underinsured vehicle is not owned or operated by the insured or a resident of the same household. The insurer shall offer the UM coverage option of Uninsured and Underinsured Motorist – Bodily Injury Coverage (or UM-BI). The CNMI Insurance Commissioner shall work with the Northern Marianas Insurance Association to promulgate such change.”

Section 4. Seversability. If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or
Section 5. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation, or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of the Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective.

Section 6. Effective Date. This Act shall take effect upon its approval by the Governor or becoming law without such approval.