

TITLE 9: VEHICLE CODE
DIVISION 8: FINANCIAL RESPONSIBILITY LAWS

§ 8201. Definitions.

When used in this chapter, the following terms shall be interpreted as follows unless the specific context clearly requires otherwise:

(a) “ARP” means the Assigned Risk Plan created by this chapter.

(b) “Bureau” or “Bureau of Motor Vehicles” means that part of the Department of Public Safety created by [9 CMC §§ 1201 et seq.](#)

(c) “Civil judgment” means any judgment which shall have become final by expiration without appeal of the time within which an appeal might have been perfected, or by final disposition on appeal, rendered by a court of competent jurisdiction of any state, territory or possession of the United States upon a cause of action arising out of the ownership, maintenance, or use of any motor vehicle for damages, including damages for care and loss of services because of bodily injury to or death of any person, or for damages because of injury or destruction of property, including the loss of use thereof, or upon a cause of action on an agreement of settlement for such damages.

(d) “Driver’s license” means any license issued under the laws of the Commonwealth pertaining to the licensing of persons to operate motor vehicles.

(e) “Insurance Commissioner” means the Insurance Commissioner established by [4 CMC § 7104](#), as amended.

(f) “Insurance provider” means any person, business, partnership, corporation, or any other entity which sells, underwrites, or in any way provides other persons or businesses with liability insurance in relation to the operation of any motor vehicle(s) in the Commonwealth.

(g) “Motor vehicle” means every self propelled vehicle which is designed and required to be licensed for use upon a highway, including trailers and semi-trailers designed for use with such vehicles, and shall include motorcycles, mopeds, and powered scooters.

(h) “Operate” means any act which constitutes actual physical control of a motor vehicle.

(i) “Owner (of a motor vehicle)” means any person who holds legal title of a motor vehicle; or, in the event a motor vehicle is the subject of an agreement for the conditional sale or lease thereof with the right of purchase upon performance of the conditions stated in the agreement and with an immediate right of possession vested in the conditional vendee or lessee, or in the event a mortgagor of a motor vehicle is entitled to possession, then such conditional vendee or lessee or mortgagor shall be deemed the owner for the purposes of this chapter.

(j) “Person” means any individual, natural person, partnership, organization, company, business, corporation, joint-venture, or association.

(k) “Satisfactory evidence of minimum motor vehicle liability insurance” shall mean valid, documentary evidence of the minimum liability insurance required by this chapter, containing such information and printed on such form as required by the rules and regulations promulgated by the Insurance Commissioner for these purposes.

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(l) “The violator” means a person who operates a motor vehicle which is uninsured or underinsured.

(m) “Underinsured” means a motor vehicle is insured for less than the minimum insurance requirement of this chapter.

(n) “Uninsured” means a motor vehicle that is not insured.

(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.

Source: PL 11-55, § 3, modified by placing subsections in alphabetical order; (o) and (p) enacted by PL 19-06, § 2 (Sept. 23, 2015).

Commission Comment: PL 11-55 that created this new chapter 2 took effect on January 29, 1999, but see the provisions of Section 11 which provides a suspension of certain provisions for 60 days. Section 11 of PL 11-55 reads as follows:

Section 11. Effective Date. This Act shall take effect upon its approval by the Governor or upon its becoming law without such approval provided that in order to allow 60 days for the regulations required by this Act to be promulgated, all provisions in this Act except for those authorizing or requiring the promulgation of regulations shall be suspended for 60 days after the effective date of this Act. Upon completion of this 60 day period, all provisions of this Act and any regulations promulgated during the 60 day period, shall all become effective.

PL 11-55 also contained title, findings and purpose, amendment, repealer, severability, and savings clauses as follows:

Section 1. Title. This Act shall be referred to as “The Mandatory Liability Auto Insurance Act”.

Section 2. Findings and Purpose. It is the intent of this Act to recognize the existing privilege to own or operate a motor vehicle on the public streets and highways of the Commonwealth when such vehicles are used with due consideration for others and their property, and, to promote safety and provide financial responsibility requirements for such owners and operators whose responsibility it is to recompense others for injury to person or property caused by the operation of a motor vehicle. Accordingly, the Legislature finds that no person should have the privilege to own or operate a motor vehicle on the public streets and

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highways of the Commonwealth unless they have the minimum level of liability insurance required by this Act, and this Act therefore requires such minimum liability insurance as a condition of owning or operating a motor vehicle in the Commonwealth.

The Legislature finds that there is substantial problem in the Commonwealth with damages caused to persons and property by uninsured motorists. The unfortunate and unjust result of this problem is that innocent victims of motor vehicle accidents are often burdened with damages that are never paid by the uninsured motorist that caused such injuries. It is therefore the intent of this Act to ensure, in the most effective way practical, that any time a person operates or owns a vehicle, as a condition thereof, they must first have liability insurance in relation thereto. The Legislature finds that a person who suffers damages as a result of a motor vehicle accident caused by another should not have to bear such financial burden, rather, the party most at fault should bear such burden. By these means, this Act establishes the following hierarchy of liability for the payment of such damages: First, any person who negligently, recklessly, or intentionally causes a motor vehicle accident in which another person or their property is injured, such perpetrator should pay for those damages, and must by law and as a condition of owning or operating a motor vehicle, have the financial responsibility by way of liability insurance to be capable of paying such damages up to the minimum limits set forth in this Act. Second, if a person does cause such damages but, in violation of law, did not have the minimum liability insurance required by law, and is otherwise unable to pay for such damages, then the damages shall be paid, if the uninsured perpetrator who caused such accident was unlawfully denied liability insurance by an insurance provider, then that insurance provider shall be liable for such damages up to the amount that would have been covered by the minimum liability insurance required by this Act.

By these means, both insurance providers and the government will be encouraged to abide by the requirements of this Act to avoid such liability. Accordingly, this Act is intended to reduce the likelihood of a person being injured in a motor vehicle accident caused by another, and then left uncompensated for their injuries and damages. The actual perpetrator of such damages shall have the primary financial responsibility to pay for those damages via mandatory, minimum liability insurance. However, in the event that the perpetrator is unable to pay them, and, if the perpetrator's lack of insurance is somehow attributable to either an insurance provider or the government's failure to abide by those provisions in this Act which are designed to ensure that every motorist has liability insurance, then either of these parties may be liable for such damages under certain circumstances.

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Section 4. Amendment. 9 CMC § 2101 is hereby amended to add a new subpart (d) as follows:

“(d) No motor vehicle shall be registered or re-registered under this Chapter unless the application for registration or renewal of registration

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contains satisfactory evidence of minimum motor vehicle liability insurance for the vehicle, as required under the provisions of 9 CMC Division 8, and the Bureau shall maintain a copy of such satisfactory evidence in connection with each motor vehicle so registered.”

Section 5. Repealer. 9 CMC Division 8, Sections 8102 through and including 8108 are hereby repealed.

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Section 9. Severability. 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 circumstances other than those to which it is held invalid shall not be affected thereby.

Section 10. 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 this Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence at the date this Act becomes effective.

PL 19-06 became effective September 23, 2015. PL 19-06 contained severability and savings clauses as well as a Findings and Purpose section as follows:

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 damages 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 Underinsured 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

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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 to 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.