

# INSURANCE

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## CHAPTER 76.

(S. B. NO. 192—Insurance Committee.)

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### INSURANCE COMPANIES' FEES.

An Act to Amend and Re-enact Section 4929 of the Compiled Laws of North Dakota for the year 1913, Relating to the Fees to be Paid by Insurance Companies Doing Business in this State.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] Section 4929 of the Compiled Laws of North Dakota for the year 1913, is hereby amended and re-enacted to read as follows:

§ 4929. FEES.] There shall be paid by every company doing business in this state, except county mutual insurance companies, the following fees:

Upon filing articles of incorporation, or copies thereof, twenty-five dollars.

Upon filing annual statement, ten dollars.

For each certificate of authority and certified copy thereof, two dollars,—provided,—That domestic insurance companies shall pay fifty cents for each agents license or certificate or copy thereof.

For every copy of any paper filed in the insurance department, the sum of Twenty cents per folio; and for affixing the official seal on such copy and certifying the same, the sum of One Dollar.

For official examination of companies under this article the actual expense incurred, not to exceed ten dollars per day.

This Act is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval.

Approved March 3, 1921.

## CHAPTER 77.

(S. B. NO. 53—Ingerson.)

## STATE HAIL INSURANCE.

**An Act to Amend and Re-enact Chapter 160 of the Session Laws of North Dakota for the year 1919 as amended by Chapter No. 38 of the Special Session Laws of the 16th Legislative Assembly of the State of North Dakota for the year 1919 relating to State Hail Insurance.**

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

Chapter 160 of the Session Laws of North Dakota for the year 1919, as amended by Chapter 28 of the Special Session Laws of the 16th Legislative Assembly of the State of North Dakota for the year 1919 is hereby amended and re-enacted to read as follows:

§ 1. DEFINITION.] (a) The term "Tillable land" when used in this Act shall mean all lands suitable or capable of agricultural cultivation whether used as such or not and shall not mean rough, mountainous, timbered, stony, sandy, alkali, swampy or land flooded to such extent as to be unprofitable for the purpose of agricultural cultivation. The term year wherever used in this Act shall mean the calendar year.

§ 2. DEPARTMENT ESTABLISHED.] A Hail Insurance Department of the State of North Dakota is hereby established for the purpose of furnishing indemnity against damage to growing agricultural crops by hail. And such department shall be under the management, control and supervision of the Commissioner of Insurance, subject to the provisions of this Act.

§ 3: COMMISSIONER TO EMPLOY HELP.] The Commissioner of Insurance shall have authority to employ all necessary assistants, to provide for and furnish all necessary supplies, to appoint a manager, subject to the approval of the Governor, and a chief inspector and such other deputy inspectors as may be necessary to carry out the provisions of this Act; to appoint a chief clerk and as many adjusters and assistants as may be necessary to adjust all claims for losses from hail. The Commissioner of Insurance shall designate the duties and fix the compensation of all such employes, and may remove any or all of them with or without cause. Such compensation together with all other expenditures for the operation and maintenance of the Hail Insurance Department shall remain within the appropriation and surplus available in each year for such purposes and shall not exceed the sum of One Hundred and Fifty Thousand Dollars per annum. The Commissioner of Insurance shall pay all salaries and expenses of the department after March 1, 1920, and reimburse the general fund of the State out of the Hail Insurance Fund, for all money appropriated, expended or disbursed on behalf of such department.

§ 4. REPORTS AND RULES.] The Commissioner of Insurance shall keep accurate account of all moneys expended and disbursed by the department and shall not later than the first day of July of each year, prepare and file with the Governor a printed report of the activities of said department, and he shall prepare all other forms and blanks necessary or convenient in accomplishing the purpose of this Act. The Commissioner of Insurance shall have power and authority to adopt, establish and promulgate all rules and regulations necessary for the purpose of carrying out the provisions of this Act. It shall be the duty of all assessors, county auditors or other public officials mentioned in this Act, to comply with such rules and regulations. It shall be the duty of the Commissioner of Insurance to cause this Act and rules established hereunder to be printed and distributed for general information.

§ 5. CROPS INSURED.] The crops insured under this Act shall consist of all crops grown on cultivated land listed as actually cropped, subject to and paying the taxes herein specified, provided that no loss shall be allowed or paid for damage to crops after they have been harvested, or that occur after the fifteenth day of September of any year, nor shall damages be paid on any crops prior to June tenth of each year, nor upon crops listed for insurance upon which an application for extension of time for withdrawal has been made as provided in Section 12 of this Act during the time of such extension; provided that insurance on fall and winter grain shall take effect June 1st of each year.

§ 6. FLAT TAX.] There is hereby levied for the years 1921, 1922, 1923, 1924, 1925 upon each and every acre of tillable land in the State, a flat tax of three cents per annum for the purpose of carrying out the provisions of this Act, and creating a permanent surplus in the Hail Insurance fund to be applied in paying losses more promptly. Provided that lands used exclusively for public roads, rights of way of common carriers, mining or manufacturing purposes, and lands included within the platted portion of any incorporated city, town or village shall be exempt from such tax. All moneys collected under the provisions of this Section shall be paid into the State Hail Insurance Fund but a separate record of such moneys shall be kept by the County and State treasurers.

§ 7. INDEMNITY TAX.] The Commissioner of Insurance shall on or before the twenty-fifth day of October of each year ascertain the amount which is required for the total payment of all loss caused by hail to crops insured by the department and a sum sufficient to pay interest at the rate of six per cent on all warrants issued from the first day of December until called for payment by the State Treasurer plus a sufficient sum to maintain and operate the department for the succeeding year, and shall thereupon for the purpose of securing and paying the same levy an indemnity acreage tax sufficient to cover said amount on all cropped land insured (except hay and meadow land) not with-

drawn from the operation of this Act as hereinafter specified, provided that the total amount of said indemnity tax shall not exceed in any one year the sum of fifty cents per acre for seven dollars indemnity or seventy-one cents per acre for Ten Dollars indemnity. Provided further that if the sum collected by the maximum levy should be insufficient to pay all losses in any one year, the payment of losses shall be prorated. All moneys collected under the provisions of this Section shall be paid into the State Hail Insurance Fund.

§ 8. NOTICE TO COUNTY AUDITOR.] After the Commissioner of Insurance shall have determined and levied said indemnity acreage tax he shall forthwith notify the County Auditor of each county of such levy, and the County Auditor shall spread such indemnity and flat tax on the tax rolls in separate columns for that purpose. Such indemnity taxes and flat acreage taxes shall be collected by the Treasurer of said county and shall be kept in a separate fund to be known as the State Hail Insurance Fund.

§ 9. DUTY OF ASSESSORS.] It shall be the duty of every county and township assessor in his respective district at the time of listing property for assessment to return the number of tillable acres in every tract, parcel or subdivision of land, subject to taxation, together with the name of the person in whose name the land is taxed and also the number of acres of such land, if any, in crop or to be sowed or planted to crop during such year. He shall note upon a diagram on the crop listing blank the location of such land in crop or to be planted or sowed to crop during such year, and shall return and file same with the County Auditor of such county on or before the first day of June of each year. Such assessor in addition to the compensation allowed by law shall receive the sum of fifteen dollars for each full township of thirty-six sections or at the rate of seven cents per hundred acres or fraction therefor listed, whether tillable or not. Such compensation shall be paid out of the Hail Insurance Fund on vouchers issued by the Commissioner of Insurance and approved by the State Auditing Board, provided that warrants in payment of such listing of land shall not be issued before the county auditor shall have filed with the Hail Insurance Department a certified statement that such assessor has listed every tract of land in his township or district.

§ 10. COLLECTION OF TAXES.] All taxes provided for in this Act shall become due and payable on the first day of December of each and every year for which the tax is levied, and shall become delinquent on the first day of March following, and if unpaid there shall attach thereto a penalty of 5 per cent as soon as the same become delinquent; also on the first day of June following an additional penalty of 2 per cent, on the first day of November following a further penalty of three per cent on original taxes, and the same shall be charged and collected accordingly without being specially entered or noted on the tax list, and shall be collected by the County Treasurer of each county, provided, that

all sums arising from the penalty and interest for nonpayment of such taxes as hereinbefore provided, shall accrue to and become a part of the State Hail Insurance Fund. Provided, all laws relating to the collecting of penalty and interest, and sale of realty for non-payment of taxes, shall apply to taxes accruing under this Act. And it is further provided that delinquent taxes that have been levied under the provisions of this Act shall be advertised and sold together with general real estate taxes in one sum and one certificate shall be issued therefor. It is further provided that it shall be the duty of the County Treasurer of each County in the State to remit to the State Treasurer all taxes collected under the provisions of this Act during each month on or before the 15th day of the following month, and the State Treasurer shall upon the first day of each month, report to the Commissioner of Insurance the condition of the State Hail Insurance Fund. Provided, further that the Commissioner of Insurance before paying any losses arising under this Act shall deduct from such payment the amount due the State from the person liable for payment of same under the provisions of this Act.

§ 11. CROP AFFIDAVIT.] Every owner or his agent or tenant or his agent of any land subject to the provisions of this Act shall make an affidavit that the land so insured is actually cultivated and in crop or intended to be cultivated and put into crop. Such affidavit shall contain a legal description of the land together with the number of acres claimed as crop land and in case of any loss by hail such owner and tenant shall be bound by said affidavit as to the number of acres cropped. Such affidavit shall be made in triplicate and shall be sworn to before the assessor. The assessor shall file the original and one duplicate of such affidavit with the County Auditor on or before the first day of June of each year, and a copy of such affidavit shall be left with the maker and shall constitute his policy of insurance. If the owner or tenant or their agents be absent or refuses or neglects to furnish such affidavit, the assessor shall certify the number of acres cropped, the description of said land and the name of the owner, and tenant, if any, and file same with the County Auditor, and such owner and tenant shall be bound by such certificate as to the facts so certified. Provided, that if any assessor shall neglect to list such land or shall list it improperly, any such owner or tenant or their agents may list such land with the County Auditor prior to June 10th of any year by making affidavits as above provided. The originals of such affidavits to be filed by the County Auditor with the Hail Insurance Department immediately. Any assessor who shall neglect or fail to list any land in the township or district in which he is assessor, as provided in this section, shall be guilty of a misdemeanor. Provided, that the Hail Insurance Department shall be liable for loss only on lands listed as provided in this Act.

§ 12. WITHDRAWAL.] Any owner of land liable for the indemnity tax herein provided for, may at any time prior to the 15th day of June in each year, withdraw any portion of all land owned by such person from the levy of said indemnity tax upon making an affidavit in duplicate, giving the legal description of the land, the number of acres withdrawn and stating that he desires to withdraw therefrom, and filing such affidavit in duplicate with the County Auditor, and the County Auditor shall, within three days file a copy of same with the Commissioner of Insurance, and the party making withdrawal shall note upon his crop listing affidavit the number of acres and the legal description of land so withdrawn, and shall note upon a diagram upon such withdrawal affidavit the location of land so withdrawn. Such affidavit shall be sworn to before any Notary Public or County Auditor or a qualified Justice of the Peace. Provided, that no assessor shall acknowledge any affidavit of withdrawal. Provided, further that it shall be the duty of the Hail Insurance Department to furnish each County Auditor for distribution by the assessors all withdrawal blanks, crop listing blanks, extension application blanks and loss report blanks together with self addressed envelopes necessary in their respective townships. Should such owner wish to withdraw all his land subject to indemnity tax then he shall surrender also the crop listing affidavit and file same together with the application for withdrawal with the County Auditor. Provided, that in case said land or any portion thereof is rented such owner shall first procure the written consent of such tenant for any withdrawal authorized by this Act, such consent to be filed with the County Auditor, together with the owner's application for withdrawal. Provided, that the owner shall have a self-executing first lien upon all crops and grain belonging to the tenant grown upon the land as security for the payment of said tax or the part of such tax properly chargeable against the tenant's share of such crop or grain. The owner shall also have a first lien chargeable against tenant's share of hail indemnity if filed with the Commissioner of Insurance prior to October 1st. Provided, further, that any owner may secure an extension of the time for such withdrawal up to the first day of July of any year by filing with the County Auditor prior to June 15th of any year an application in duplicate, asking that such extension be granted. Such application to contain a clause relieving the Hail Insurance Department from all liability for payment of indemnity during time of such extension but such application may be cancelled at any time prior to July 1st. Such application to be sworn to and signed by the applicant before an officer authorized to administer oaths.

§ 13. FILING AFFIDAVITS BY COUNTY AUDITOR.] Each County Auditor shall file and keep one copy of the crop affidavits presented to him by the assessors and shall forward the originals thereof on or before the 10th day of June of each year to the Commissioner of Insurance at Bismarck. Prior to July 15th of each year the County

Auditor shall file a tabulated statement showing the total number of acres classified as tillable land and cropped in his county. Each county shall receive the sum of 50 cents per each 1000 acres of tillable area to be paid out of the Hail Insurance Fund prior to December 31st, of each year on vouchers issued by the Commissioner of Insurance and approved by the State Auditing Board. Provided, that any county where the Auditor shall fail or neglect to make returns, statements and reports to the Commissioner of Insurance at the time specified in this Act, shall forfeit the sum of \$10.00 per day during the time such County Auditor neglects to make such returns, statements or reports, and the Commissioner of Insurance is hereby authorized to deduct the amount of such fine to the extent of such compensation above provided for to any county. Provided, further it shall be the duty of the Attorney General to proceed to collect the amount of such penalty for the time of such delinquency in excess of the amount above provided for.

§ 14. PENALTY FOR FALSE AFFIDAVIT.] Any person making a false or fraudulent affidavit under this Act shall, upon conviction thereof, be guilty of a misdemeanor.

§ 15. AMOUNT OF INDEMNITY.] The maximum amount of indemnity for total loss shall be \$7.00 per acre except where the owner, occupant or tenant shall, prior to the 1st day of July of any year, make application to the County Auditor for an additional \$3.00 per acre indemnity. Such application shall be made out in duplicate upon blanks furnished by the Hail Insurance Department and one of these copies shall be forwarded to the Hail Insurance Department within three days after it is filed. Such application shall contain the legal description of the land and the location of the crops upon such land noted upon the diagram on the application on which additional insurance is desired, and that such crop has not been destroyed or damaged by hail. Such application shall be sworn to before some one authorized to administer oaths and be signed by the applicant.

If the applicant is a tenant the signed consent of the person liable for the taxes authorized by this Act must appear upon such application, and if owner makes such application the signed consent of the tenant, if any, must appear upon such application. Provided, that no indemnity shall be allowed to any claimant for the loss of less than ten per cent and a loss of eighty-five per cent or more, shall be deemed a total loss. There shall be no claim allowed for any loss or damage by hail to crops described in this Act, except for such portion as is traceable to hail.

§ 16. NOTICE OF LOSS.] Any person claiming a loss by hail under this Act shall notify the Commissioner of Insurance by registered mail within three days thereafter. Such notice shall give the legal description of the land, the interest in such crop which he claims, the name and post office address of the person liable for the tax on the land, and the name and post office address of any other person claiming any interest in the crop or indemnity, the date of the loss and the estimated per

cent of the damage claimed. The Commissioner shall, as soon as possible, after receiving such notice of loss, direct an official adjuster to visit the place of loss and proceed to estimate and adjust such loss.

§ 17. ADJUSTMENT OF CLAIMS.] In making adjustments of claims it shall be the duty of the adjuster to inspect the crops on which damage is claimed and he shall have the authority to administer oaths and if deemed necessary to call witnesses to testify as to the condition of the crop before and after loss. It shall be the duty of the adjuster whenever possible to secure the written concurrence of the claimant, or his legal representative, in the award made by the adjuster of the claim, and to immediately forward same to the Commissioner of Insurance. In case the claimant does not concur in the findings and award of the adjuster, the adjuster shall immediately notify the Commissioner of Insurance of such fact, and upon the request of claimant duly made within three days upon blanks furnished by the Department for that purpose, or by notice in writing, the Hail Insurance Department, through its authorized adjuster or adjusters, shall re-inspect the crops claimed to have been damaged, and if upon such re-inspection, the insured still refuses to concur in the adjustment, as found by the inspector, then the inspector shall upon request of claimant in writing immediately appoint one disinterested person, and the claimant shall appoint one disinterested person, and these two shall appoint a third person, and the findings of the majority of the three so appointed shall be final and binding upon the State Hail Insurance Department and the claimant. If the findings be more than the amount allowed by the inspector, the expenses of such adjustment shall be paid by the Commissioner of Insurance, as other expenses of this department are paid. Otherwise, the expenses of such adjustment, including witness fees, if any, shall be borne by the claimant. The fee to be paid witnesses and arbitrators, under this section, shall be the same as those allowed to witnesses in civil actions. Provided, that all adjustments as made, shall be subject to the approval of the Commissioner of Insurance. In case claimant refuses to pay such expense, the Hail Insurance Department shall pay same and deduct the amount of such expense from the claimant's indemnity.

§ 18. REPORT OF ADJUSTER.] After the final adjustment of every loss the adjuster shall carefully fill out and make a report in triplicate on an adjustment blank stating the county, township and range, number of section, quarter-section or part thereof on which crop was damaged or destroyed, stating the amount allowed for each separate kind, and the name of the insured and of any other party having an interest in the indemnity, and that such statement is true and correct. Such report shall be signed by the official adjuster or arbitrators, when arbitration is resorted to, and the person whose loss has been adjusted, with the residence and post office address, respectively, of the persons so signing. Provided, that when any owner, occupant or



tenant shall sign the adjustment of loss such signature shall be binding on all persons having an interest in any crops or land described in such adjustment report. The official adjuster shall leave a copy of said report with the insured within a reasonable time, not to exceed five days, and forward by registered mail the original of said report to the Commissioner of Insurance.

§ 19. DUTY OF MANAGER.] The manager shall devote all of his time to the work of this Department. It shall be the duty of the manager to superintend and standardize the work of the adjusters in the allowance of claims, and where deputy adjusters are employed, to superintend their work.

§ 20. DIVERSE INTEREST IN CROP.] In case of diverse ownership of interest in any crop upon which damages are allowed, proof of the percentage of interest in the award shall be made to the Commissioner of Insurance by affidavit or other showing under such rules and regulations as the Commissioner may provide, and the award shall be disbursed to the owner of the land, tenant or different claimants as their interest may appear, or by a joint warrant.

§ 21. ISSUANCE OF WARRANTS.] The Commissioner of Insurance prior to the 1st day of December in each year shall ascertain the amount of losses as adjusted and approved, and deliver a certified list of the same to the State Auditor. Whenever the Commissioner of Insurance shall furnish to the State Auditor such certified list, giving the losses sustained, together with the names and addresses and a written acceptance of the amount allowed in the claim under the provisions of this Act, it shall be the duty of the State Auditor in anticipation of the payment of the taxes provided therefor, to draw warrants upon the State Treasurer for said amounts in favor of such persons, which amounts shall be charged to the State Hail Insurance Fund, such warrants to be mailed to the persons entitled thereto, as shown by the certified list of the Commissioner of Insurance. All such warrants shall be paid from the State Hail Insurance Fund and shall draw interest from the 1st day of December at the rate of six per cent per annum until due and payable. Such warrants shall become due and payable on the call of the State Treasurer. It shall be the duty of the State Treasurer at least once each month to call such warrants to the amount of the collections remitted to him by the various county treasurers during the preceding month. Provided, however, that a sufficient amount shall at all times be retained in the State Hail Insurance Fund to meet the current expenses of the State Hail Insurance Department as certified by the Commissioner of Insurance.

§ 22. INDEMNITY EXEMPT FROM GARNISHMENT.] The indemnity provided for herein shall be exempt from garnishment, levy, execution, attachment, liens and mortgages, and any other legal process whatsoever (except as provided in Section 12 of this Act) but

may be assigned in such manner and form as the Commissioner of Insurance may determine.

§ 23. HAIL INSURANCE FUND. (a) All moneys collected under the provisions of Sections 6 and 7 of this Act shall be paid to the State Treasurer and shall be kept in a separate fund to be designated "State Hail Insurance Fund," and all expenses of conducting the department, and the payment of all losses provided for under the provisions of this Act, shall be paid out of said Fund, as hereinbefore provided, and all of said moneys so collected are hereby appropriated for the purpose of carrying out the provisions of this Act. Provided, that the Commissioner of Insurance, with the approval and assistance of the Industrial Commission, shall have the authority to negotiate or float a loan, if found to be advisable, whereby the State Hail Insurance Fund could pay its obligations in cash upon certification of the Commissioner of Insurance to the State Auditor as provided in Section 21 of this Act. Provided, further, that it shall be the duty of the State Treasurer to deposit all funds received under the provisions of this Act so as to draw the rate of interest most advantageous to the Hail Insurance Department and all interest so earned shall accrue to the Hail Insurance Fund. Provided, further, that \$2,000 be paid by the State Hail Insurance Department to the General Fund of the state annually to care for extra work entailed upon the Departments of the State Auditor and State Treasurer.

§ 24. INSURANCE OF HOMESTEAD AND INDIAN LANDS.] The Hail Insurance Department may insure crops upon Homestead land on which a patent has not been issued and also on land within the boundaries of Indian reservations upon the application of Homestead entryman or lessee of Indian lands as the case may be. Such application to be made upon blanks furnished by the Commissioner of Insurance under such rules and regulations as he may direct and shall be accompanied by a certified check for the maximum amount of tax per acre, as determined in Section 7 of this Act, plus six cents per acre for the number of acres upon which insurance is applied for. Provided, that it shall be the duty of the Commissioner of Insurance when such crops are insured under the provisions of this section to refund, after the actual per acre levy on all crops insured under the provisions of this Act has been ascertained such amount to such applicants as will make the cost per acre the same for crops insured under the provisions of this section as the cost per acre as ascertained under the provisions of Section 7 of this Act.

§ 25. ABATEMENT OF TAXES.] The County Commissioners of any County in the State of North Dakota and the Tax Commissioner of North Dakota may in case of error, refund any taxes (wrongfully collected) under the provisions of this Act, in the manner provided by law for the abatement of taxes, after the Commissioner of Insurance has also approved application for such refund.

§ 26. REPEAL. All Acts and parts of Acts in conflict herewith are hereby repealed.

§ 27. EMERGENCY.] This is hereby declared to be an emergency measure and shall be in force from and after its passage and approval.

Approved March 10, 1921.

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## CHAPTER 78.

(S. B. NO. 115—Ingerson.)

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### RECIPROCAL INSURANCE.

An Act to Amend and Re-enact Sections 3, 6, and 12 of Chapter 157 of the Session Laws of 1919 Regular Session, relating to the authorizing and regulating the Exchange of Reciprocal or Inter-Insurance Contracts among Individuals, Partnerships and Corporations.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] That Section 3 of Chapter 157 of the Session Laws of the State of North Dakota for the year 1919 be amended and re-enacted to read as follows:

§ 3. That such subscribers so contracting among themselves shall through their attorney file with the Commissioner of Insurance of this State, a declaration verified by the oath of such attorney, or where such attorney is a corporation, by the oath of a chief officer thereof, setting forth:

(a) The name of the attorney and the name or designation under which such contracts are issued, which name or designation shall not be so similar to any name or designation adopted by any attorney or any insurance organization in the United States writing the same class of insurance prior to the adoption of such name or designation by the attorney as to confuse or deceive.

(b) The kind or kinds of insurance to be affected or exchanged.

(c) A copy of the form of policy, contract or agreement under or by which such insurance is to be affected or exchanged.

(d) A copy of the form of power of attorney or other authority of such attorney, under which such insurance is to be effected or exchanged.

(e) The location of the office or offices from which such contracts or agreements are to be issued.

(f) That applications have been made for indemnity upon at least One Hundred separate risks aggregating not less than One and One-half Million Dollars (\$1,500,000.00) as represented by executed contracts or bona fide applications to become concurrently affective; or in case of Employer's Liability or similar classes of insurance, covering

a total pay roll of not less than Two and One-half Million Dollars (\$2,500,000.00).

(g) That there is in the possession of such attorney and available for payment of losses, assets conforming to Section 6 hereto.

§ 2. AMENDMENT.] That Section 6 of Chapter 157 of the Session Laws of the State of North Dakota for the year 1919 be amended and re-enacted to read as follows:

§ 6. That there shall be maintained at all times assets in cash or securities authorized by the laws of the state in which the principal office of the Exchange is located for the investigation of funds of Insurance Companies doing the same kind of business, an amount equal to fifty (50) per centum of the net annual advance premiums or deposits collected and credited to the accounts of subscribers on policies having one year or less to run and prorate on those for longer periods, or in lieu thereof, One Hundred per centum (100%) of the net unearned premiums, or deposits collected and credited to the accounts of subscribers. In addition to the foregoing sum in case of all classes of liability or similar kinds of insurance, there shall be maintained as a reserve in cash or in such securities, assets sufficient to discharge all liabilities on all outstanding losses arising under policies issued, the same to be calculated on the basis of net premiums or deposits as in this section defined, and in accordance with the laws of the state relating to reserves for companies insuring similar risks. Net premiums or deposits as used in this section shall be construed to mean the advance payments by subscribers after deducting therefrom the amounts specifically provided in subscribers' agreements for expenses. If at any time the assets on hand are less than the foregoing requirements or less than One Hundred Thousand Dollars (\$100,000.00), whichever is the greater, where the attorney is exchanging contracts covering employers' liability or similar classes of insurance, the subscribers or their attorney for them shall make up the deficiency. Whenever such assets are less than the amount above required or less than One Hundred Thousand Dollars (\$100,000.00), whichever is the greater, if the attorney is exchanging contracts other than those covering employer's liability or similar classes of insurance, the subscribers or their attorney for them shall make up the deficiency.

§ 3. AMENDMENT.] That Section 12 of Chapter 157 of the Session Laws of the State of North Dakota for the year 1919 be amended and re-enacted to read as follows:

§ 12. That except as herein provided no insurance law of this State shall apply to the Exchange of such Indemnity contracts unless they are therein specifically mentioned.

Approved March 11, 1921.

## CHAPTER 79.

(H. B. NO. 72—Magnuson.)

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## TAXATION OF INSURANCE COMPANIES.

An Act to amend and Re-enact Section 4924 of the Compiled Laws of North Dakota for the year 1913, Relating to Taxation of Insurance Companies.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. That Section 4924 of the Compiled Laws of the State of North Dakota for the year 1913, be amended and re-enacted to read as follows:

§ 4924. Every insurance company doing business in this state, except stock and mutual companies organized under the laws of this state, shall at the time of making annual statement of business done as required by law, pay to the Commissioner of Insurance two and one-half per cent of the gross amount of premiums received in this state during the preceding year. Upon payment of such sum the Commissioner of Insurance shall issue the annual certificates provided by law.

Approved March 18, 1921.

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## CHAPTER 80.

(S. B. NO. 97—Church.)

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## VALUATION OF SECURITIES.

An Act to Authorize the Valuation of Bonds and Other Securities Held by Life Insurance Companies, Assessment Life Associations and Fraternal Beneficiary Associations by the Amortization Method.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. All bonds or other evidences of debt having a fixed term and rate held by any life insurance company, assessment life association or fraternal beneficiary association authorized to do business in this State may, if amply secured and not in default as to principal and interest, be valued as follows: If purchased at par, at the par value; if purchased above or below par, on the basis of the purchase price adjusted so as to bring the value to par at maturity and so as to yield in the meantime the effective rate of interest at which the purchase was made; provided that the purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase; and, provided further, that the Commissioner of Insurance shall have full discretion in determining the method of calculating values according to the foregoing rule.

Approved March 2, 1921.