

**25-0510. RESPONSIBILITY FOR MAINTENANCE OF PATIENT WHO IS PUBLIC CHARGE; AMOUNT OF CHARGE.]** The charge for maintenance at the State Sanatorium of a patient who is a public charge shall be Twelve Dollars and Fifty Cents per week during all of the time that he remains at the sanatorium as a patient, and such charge shall be paid by:

1. The county from which the patient was certified if the patient was determined to be a resident of such county; or
2. The state at large if it has been determined that a patient does not have a residence in any county in this state.

Such charge shall be collected in the manner specified in Chapter 8 of this title.

Approved March 21, 1947.

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## **INSURANCE**

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### **CHAPTER 210**

S. B. No. 23

Brant for Legislative Research Committee at the  
request of State Insurance Department)

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#### **BOND PREMIUM ELIMINATION OF PUBLIC EMPLOYEE**

##### **AN ACT**

Amending Section 26-2306 of the North Dakota Revised Code of 1943 and providing for the elimination of premiums on bonds of all public employees of the state of North Dakota and each political subdivision thereof, until the reserve fund of the state bonding fund shall have been depleted below the sum of one million dollars and providing for the resumption of the collection of such bond premiums whenever the said reserve fund shall have been depleted below the sum of one million dollars and repealing all acts or parts of acts in conflict herewith.

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

§ 1. **AMENDMENT.]** That Section 26-2306 of the North Dakota Revised Code of 1943 be and the same hereby is amended and reenacted to read as follows:

**26-2306. PREMIUMS: AMOUNT TO WHOM PAID; MINIMUM.]** The premium for insurance furnished under this chapter shall be twenty-five cents per year per one hundred dollars of the amount of the required bond. Such premium shall be paid in advance by the proper authority of the state, or of the subdivision of the state, which the public employee for whom a bond is required was elected or appointed to serve, from its treasury, to the state treasurer who shall keep the same in the fund. The state treasurer shall issue quadruple receipts therefor. He shall file one of such receipts in his office, and shall mail one to the official making such payment, one to the commissioner, and one to the state auditor. The minimum premium for each public employee shall be two dollars and fifty cents per year. Unless the term of office or employment shall be for a shorter period, payments shall be made for one year or for such longer terms as the commissioner may prescribe. The bonds of all retiring public employees shall be transferred to their successors for unexpired terms without any additional premium, when written application is made to the director of the state bonding fund. From and after July 1, 1947 the premiums referred to in this section shall be waived until the reserve fund of the state bonding fund shall have been depleted below the sum of one million dollars. The collection of premiums shall be resumed on the bonds of all public employees of the state of North Dakota and each political subdivision thereof, at the rates herein set forth, whenever the said reserve fund shall have been depleted below the sum of one million dollars. Such premium shall be collected again until the said reserve fund shall reach a total of one million two-hundred thousand dollars, at which time all such premiums shall again be waived until such reserve fund has been depleted below the sum of one million dollars. This section with respect to the collection of bond premiums shall constitute a continuing plan of maintaining the reserve fund so that it shall never remain below the sum of one million dollars nor be allowed to exceed the sum of one million two-hundred thousand dollars.

**§ 2. REPEAL.]** All acts and parts of acts in conflict herewith are hereby repealed.

Approved February 27, 1947.

## CHAPTER 211

S. B. No. 50

(Brant for Legislative Research Committee  
at request of Insurance Department)

## FEES CHARGEABLE BY COMMISSIONER OF INSURANCE

## AN ACT

To amend and reenact Section 26-0104 of the North Dakota Revised Code of 1943, relating to fees to be charged and collected by the commissioner of insurance.

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

§ 1. AMENDMENT.] That Section 26-0104 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-0104. FEES CHARGEABLE BY COMMISSIONER OF INSURANCE.] The commissioner of insurance shall charge and collect the following fees from any insurance company, association, corporation, or society doing business in this state, other than from a county mutual insurance company and from any other society of any kind under his jurisdiction which shall be liable only for the fees mentioned in Subsections 3, 6 and 12:

1. For filing articles of incorporation or copies thereof, twenty-five dollars;
2. For filing an annual statement, ten dollars;
3. For each certificate of authority or certified copy of a certificate of authority, two dollars;
4. For a copy of any paper filed in his office, twenty cents per folio;
5. For affixing his official seal on a copy of any paper filed in his office and certifying such copy, one dollar;
6. For an official examination, the actual expense and per diem incurred, such per diem charge not to exceed fifteen dollars;
7. For issuing a certificate to a domestic insurance company showing a compliance with the compulsory reserve provisions of this title and the maintenance of proper security deposits, and for any renewal of such certificate, five dollars;
8. For filing an annual report of a fraternal benefit society, and issuing a license or permit to such society, and for each renewal thereof, fifteen dollars;

9. For issuing a license for an agent of a domestic insurance company, fraternal benefit society, or any other society, other than a county mutual insurance company, or a certificate or copy thereof, two dollars;
10. For issuing a license for a resident agent of a foreign insurance company, or a certificate or copy thereof, two dollars;
11. For issuing a nonresident insurance agent's license, ten dollars;
12. For each abstract of the annual statement of an insurance company for publication, two dollars.
13. For issuing an annual reciprocal exchange license, fifteen dollars;
14. For issuing a license to a resident agent for the attorney for a reciprocal exchange, two dollars; and
15. For receiving the service of process as attorney, whether he is served with such process or admits service thereon, two dollars.

Approved March 10, 1947.

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## CHAPTER 212

H. B. No. 278—(Ohnstad and Yirchott)

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### AGE LIMITATIONS—CHANGE OF BENEFICIARIES—ACCIDENT AND SICKNESS INSURANCE COMPANIES

#### AN ACT

To amend and reenact Section 26-1308, of the North Dakota Revised Code of 1943 relating to age of members; limitations: members may change beneficiary named in policy or certificate.

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

§ 1. AMENDMENT.] That Section 26-1308 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1308. AGE OF MEMBERS; LIMITATIONS: MEMBER MAY CHANGE BENEFICIARY NAMED IN POLICY OR CERTIFICATE.] A company organized or operating under the provisions of this chapter may issue to any person between the ages of three months and seventy-five years a certificate of



membership or a policy of insurance providing for hospital and surgical benefits only. Except as otherwise provided in this section, no such company shall issue any certificate of membership or policy of insurance to any person under the age of fifteen years or over the age of sixty-five years. Any member of any such company holding a certificate of membership or policy of insurance therein shall have the right at any time, with the consent of the company, to designate a new and different beneficiary therein without requiring the consent of the beneficiary named in the certificate or policy.

Approved March 11, 1947.

## CHAPTER 213

S. B. No. 251—(Page and Raschko)

### VOTING RIGHTS, ETC., ACCIDENT AND SICKNESS POLICY HOLDERS

#### AN ACT

Amending and reenacting Section 26-1309 of the Revised Code of North Dakota for the year 1943, relating to the voting rights of policy holders in accident and sickness insurance companies, providing for notice of meetings, number of members constituting a quorum, and permitting the voting by proxy.

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

§ 1. AMENDMENT.] Section 26-1309 of the Revised Code of North Dakota for the year 1943 is hereby amended and re-enacted to read as follows:

26-1309. VOTING RIGHTS OF POLICY HOLDERS; NOTICE OF MEETINGS; QUORUM; VOTING BY PROXY AUTHORIZED.] Every member insured by a company organized under this chapter shall be a member of the company while his policy or policies are in force. Every member of the company shall be entitled to one vote or to a number of votes based upon the insurance in force, the number of policies held, or the amount of premiums paid, as may be provided in the by-laws of the company. He shall be notified of the time and place of the holding of the meetings of the company by a written notice or by an imprint on the back of each policy, receipt, or certificate of renewal as follows:

The assured is hereby notified that by virtue of this policy he is a member of.....company,  
and that the annual meetings of such company are held at its home office on the ..... day of ..... in each year at ..... o'clock.

When the blanks in such notice are properly filled, the same shall constitute a proper notice.

Twenty members shall constitute a quorum at any regularly constituted meeting of the policy or certificate holders.

Any policy or certificate holder may authorize in writing any other person entitled to vote at such meeting to vote for him, provided such proxy shall be dated and executed within three months prior to the meeting at which the same is to be used and shall have been returned and recorded on the books of the company twenty days or more before such meeting, and no officer, himself or by another, shall ask for, receive, procure to be obtained, or use a proxy vote.

Approved March 21, 1947.

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## CHAPTER 214

H. B. No. 333—(Committee on Industry and Business)

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### REGULATING RATES CASUALTY INSURANCE

#### AN ACT

Relating to the regulation of rates for casualty insurance including fidelity, surety and guaranty bonds and for all other forms of motor vehicle insurance, as defined and set forth in Subsections 1, 2, 4, 5, 6, and 7 of Section 26-1407 and in Subsections 5, 6 and 7 of Section 26-0802 of the North Dakota Revised Code for 1943, providing for procedures for the making of rates, rate filings, approval and disapproval of rates, licensing of rating organizations, deviations, appeals by members or subscribers of rating organizations, information to be furnished insureds for hearings and appeals, defining and providing for examination of advisory organizations, regulating joint underwriting or joint reinsurance, examinations of rating organizations, rate administration, penalties for false or misleading information, agreements concerning assigned risks, penalties, hearing procedure and judicial review, prohibiting rebates and repealing laws in conflict with this act.

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

§ 1. PURPOSE OF ACT.] The purpose of this Act is to promote the public welfare by regulating insurance rates to the end that they shall not be excessive, inadequate or unfairly discriminatory, and to authorize and regulate co-operative action among insurers in rate making and in other matters within the scope of this Act. Nothing in this Act is intended:

1. To prohibit or discourage reasonable competition, or

2. To prohibit, or encourage except to the extent necessary to accomplish the aforementioned purpose, uniformity in insurance rates, rating systems, rating plans or practices.

This Act shall be liberally interpreted to carry into effect the provisions of this section,

§ 2. SCOPE OF ACT.] This Act applies to casualty insurance, including fidelity, surety and guaranty bonds, and to all other forms of motor vehicle insurance, as defined and set forth in Subsections, 1, 2, 4, 5, 6 and 7 of Section 26-1407 and in Subsections 5, 6 and 7 of Section 26-0802 of the North Dakota Revised Code for 1943, on risks or operations in this state, except:

1. Reinsurance, other than joint reinsurance to the extent stated in Section 11;
2. Accident and health insurance;
3. Insurance against loss of or damage to aircraft of against liability, other than workmen's compensation and employers' liability, arising out of the ownership, maintenance or use of aircraft.

This Act applies to every insurer, including every stock or mutual company, reciprocal or inter-insurance exchange, authorized by any provision of the laws of this state to transact any of said kinds of insurance, provided, however, that this Act shall not apply to county mutual insurance companies organized under Chapter 26-15, North Dakota Revised Code of 1943.

If any kind of insurance, subdivision or combination thereof, or type of coverage, subject to this Act, is also subject to regulation by another rate regulatory act of this state, an insurer to which both acts are otherwise applicable shall file with the commissioner of insurance, hereinafter referred to as commissioner, a designation as to which rate regulatory act shall be applicable to it with respect to such kind of insurance, subdivision or combination thereof, or type of coverage.

§ 3. MAKING OF RATES.]

1. All rates shall be made in accordance with the following provisions:
  - (a) Due consideration shall be given to past and prospective loss experience within and outside this state, to catastrophe hazards, if any, to a reasonable margin for underwriting profit and contingencies, to dividends, savings, or unab-

sorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers, to past and prospective expenses both countrywide and those specially applicable to this state, and to all other relevant factors within and outside this state;

- (b) The systems of expense provisions included in the rates for use by any insurer or group of insurers may differ from those of other insurers or group of insurers to reflect the requirements of the operating methods of any such insurer or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof, for which subdivision or combination separate expense provisions are applicable;
  - (c) Risks may be grouped by classifications for the establishment of rates and minimum premiums. Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any differences among risks that can be demonstrated to have a probable effect upon losses or expense;
  - (d) Rates shall not be excessive, inadequate or unfairly discriminatory.
2. Except to the extent necessary to meet the provisions of subdivision (d) of subsection 1 of this Section, uniformity among insurers in any matters within the scope of this Section is neither required nor prohibited.

#### § 4. RATE FILINGS.]

1. Every insurer shall file with the commissioner every manual of classifications, rules and rates, every rating plan and every modification of any of the foregoing which it proposes to use. Every such filing shall state the proposed effective date thereof and shall indicate the character and extent of the coverage contemplated. When a filing is not accompanied by the information upon which the insurer supports such filing, and the commissioner does not have sufficient information to determine whether such filing meets the requirements of the Act, he shall require such insurer to furnish the information upon which it supports such filing

and in such event the waiting period shall commence as of the date such information is furnished. The information furnished in support of a filing may include:

- (a) The experience or judgment of the insurer or rating organization making the filing,
  - (b) Its interpretation of any statistical data it relies upon,
  - (c) The experience of other insurers or rating organizations, or
  - (d) Any other relevant factors. A filing and any supporting information shall be open to public inspection after the filing becomes effective.
2. An insurer may satisfy its obligation to make such filings by becoming a member of, or a subscriber to, a licensed rating organization which makes such filings, and by authorizing the commissioner to accept such filings on its behalf; provided, that nothing contained in this Act shall be construed as requiring any insurer to become a member of or a subscriber to any rating organization.
  3. The commissioner shall review filings as soon as reasonably possible after they have been made in order to determine whether they meet the requirements of this Act.
  4. Subject to the exception specified in subsection 3 of this Section, each filing shall be on file for a waiting period of fifteen days before it becomes effective, which period may be extended by the commissioner for an additional period not to exceed fifteen days if he gives written notice within such waiting period to the insurer or rating organization which made the filing that he needs such additional time for the consideration of such filing. Upon written application by such insurer or rating organization, the commissioner may authorize a filing which he has reviewed to become effective before the expiration of the waiting period or any extension thereof. A filing shall be deemed to meet the requirements of this Act unless disapproved by the commissioner within the waiting period or any extension thereof.
  5. Any special filing with respect to a surety or guaranty bond required by law or by court or executive order or by order, rule or regulation of a public body, not covered by a previous filing, shall become effective

when filed and shall be deemed to meet the requirements of this Act until such time as the commissioner reviews the filing and so long thereafter as the filing remains in effect.

6. Under such rules and regulations as he shall adopt the commissioner may, by written order, suspend or modify the requirement of filing as to any kind of insurance, subdivision or combination thereof, or as to classes of risks, the rates for which cannot practicably be filed before they are used. Such orders, rules and regulations shall be made known to insurers and rating organizations affected thereby. The commissioner may make such examination as he may deem advisable to ascertain whether any rates affected by such order meet the standards set forth in subdivision (d) of subsection 1 of Section 3.
7. Upon the written application of the insured, stating his reasons therefor, filed with and approved by the commissioner, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk.
8. Beginning 180 days after the effective date of this Act no insurer shall make or issue a contract or policy except in accordance with filings which are in effect for said insurer as provided in this Act or in accordance with subsections 6 or 7 of this Section.

§ 5. DISAPPROVAL OF FILINGS.]

1. If within the waiting period or any extension thereof as provided in Subsection 4 of Section 4, the commissioner finds that a filing does not meet the requirements of this Act, he shall send to the insurer or rating organization which made such filing written notice of disapproval of such filing specifying therein in what respects he finds such filing fails to meet the requirements of this Act and stating that such filing shall not become effective.
2. If within thirty days after a special surety or guaranty filing subject to Subsection 5 of Section 4 has become effective, the commissioner finds that such filing does not meet the requirements of this Act, he shall send to the insurer or rating organization which made such filing written notice of disapproval of such filing specifying therein in what respect he finds that such filing fails to meet the requirements of this Act and stating when, within a reasonable

period thereafter, such filing shall be deemed no longer effective. Said disapproval shall not affect any contract made or issued prior to the expiration of the period set forth in said notice.

3. If at any time subsequent to the applicable review period provided for in Subsections 1 or 2 of this Section, the commissioner finds that a filing does not meet the requirements of this Act, he shall, after a hearing held upon not less than ten days' written notice, specifying the matters to be considered at such hearing, to every insurer and rating organization which made such filing, issue an order specifying in what respects he finds that such filing fails to meet the requirements of this Act, and stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Copies of said order shall be sent to every such insurer and rating organization. Said order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in said order.
4. Any person or organization aggrieved with respect to any filing which is in effect may make written application to the commissioner for a hearing thereon, provided, however, that the insurer or rating organization that made the filing shall not be authorized to proceed under this subsection. Such application shall specify the grounds to be relied upon by the applicant. If the commissioner shall find that the application is made in good faith, that the applicant would be so aggrieved if his grounds are established, and that such grounds otherwise justify holding such a hearing, he shall, within thirty days after receipt of such application, hold a hearing upon not less than ten days' written notice to the applicant and to every insurer and rating organization which made such filing. If, after such hearing, the commissioner finds that the filing does not meet the requirements of this Act, he shall issue an order specifying in what respects he finds that such filing fails to meet the requirements of this Act, and stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Copies of said order shall be sent to the applicant and to every such insurer and rating organization. Said order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in said order.
5. No manual of classifications, rules, rating plans, or any modification of any of the foregoing which es-

tablish standards for measuring variations in hazards or expense provisions, or both, and which has been filed pursuant to the requirements of Section 4 of this Act, shall be disapproved if the rates thereby produced meet the requirements of this Act.

**§ 6. RATING ORGANIZATIONS.]**

1. A corporation, an unincorporated association, a partnership or an individual, whether located within or outside this state, may make application to the commissioner for license as a rating organization for such kinds of insurance or subdivisions thereof as are specified in its application and shall file therewith.
  - (a) A copy of its constitution, its articles of agreement or association or its certificate of incorporation, and of its by-laws, rules and regulations governing the conduct of its business,
  - (b) a list of its members and subscribers,
  - (c) the name and address of a resident of this state upon whom notices or orders of the commissioner or process affecting such rating organization may be served, and
  - (d) a statement of its qualifications as a rating organization. If the commissioner finds that the applicant is competent, trustworthy and otherwise qualified to act as a rating organization and that its constitution, articles of agreement or association or certificate of incorporation, and its by-laws, rules and regulations governing the conduct of its business conform to the requirements of law, he shall issue a license specifying the kinds of insurance or subdivisions thereof for which the applicant is authorized to act as a rating organization. Every such application shall be granted or denied in whole or in part by the commissioner within sixty days of the date of its filing with him. Licenses issued pursuant to this Section shall remain in effect for three years unless sooner suspended or revoked by the commissioner. The fee for said license shall be twenty-five dollars. Licenses issued pursuant to this Section may be suspended or revoked by the commissioner, after hearing upon notice, in the event the rating organization ceases to meet the requirements of this subsection. Every rating organization shall notify the commissioner promptly of every change in



- (1) its constitution, its articles of agreement or association or its certificate of incorporation, and its by-laws, rules and regulations governing the conduct of its business,
  - (2) its list of members and subscribers, and
  - (3) the name and address of the resident of this state designated by it upon whom notices or orders of the commissioner or process affecting such rating organization may be served.
2. Subject to rules and regulations which have been approved by the commissioner as reasonable, each rating organization shall permit any insurer, not a member, to be a subscriber to its rating services for any kind of insurance or subdivision thereof for which it is authorized to act as a rating organization. Notice of proposed changes in such rules and regulations shall be given to subscribers. Each rating organization shall furnish its rating services without discrimination to its members and subscribers. The reasonableness of any rule or regulation in its application to subscribers, or the refusal of any rating organization to admit an insurer as a subscriber, shall, at the request of any subscriber or any such insurer, be reviewed by the commissioner at a hearing held upon at least ten days' written notice to such rating organization and to such subscriber or insurer. If the commissioner finds that such rule or regulation is unreasonable in its application to subscribers, he shall order that such rule or regulation shall not be applicable to subscribers. If the rating organization fails to grant or reject an insurer's application for subscribership within thirty days after it was made, the insurer may request a review by the commissioner as if the application had been rejected. If the commissioner finds that the insurer has been refused admittance to the rating organization as a subscriber without justification, he shall order the rating organization to admit the insurer as a subscriber. If he finds that the action of the rating organization was justified, he shall make an order affirming its action.
3. No rating organization shall adopt any rule the effect of which would be to prohibit or regulate the payment of dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers.
4. Cooperation among rating organizations or among

rating organizations and insurers in rate making or in other matters within the scope of this Act is hereby authorized, provided the filings resulting from such cooperation are subject to all the provisions of this Act which are applicable to filings generally. The commissioner may review such cooperative activities and practices and if, after a hearing, he finds that any such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, he may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, and requiring the discontinuance of such activity or practice.

§ 7. DEVIATIONS.] Every member of or subscriber to a rating organization shall adhere to the filings made on its behalf by such organization except that any such insurer may make written application to the commissioner for permission to file a uniform percentage decrease or increase to be applied to the premiums produced by the rating system so filed for a kind of insurance, or for a class of insurance which is found by the commissioner to be a proper rating unit for the application of such uniform percentage decrease or increase, or for a subdivision of a kind of insurance.

1. Comprised of a group of manual classifications which is treated as a separate unit for rate making purposes, or
2. For which separate expense provisions are included in the filings of the rating organization.

Such application shall specify the basis for the modification and shall be accompanied by the data upon which the applicant relies. A copy of the application and data shall be sent simultaneously to such rating organization. The commissioner shall set a time and place for a hearing at which the insurer and such rating organization may be heard and shall give them not less than ten days' written notice thereof. In the event the commissioner is advised by the rating organization that it does not desire a hearing he may, upon the consent of the applicant, waive such hearing. The commissioner shall issue an order permitting the modification for such insurer to be filed if he finds it to be justified and it shall thereupon become effective. He shall issue an order denying such application if he finds that the modification is not justified or that the resulting premiums would be excessive, inadequate or unfairly discriminatory. Each deviation permitted to be filed shall be effective for a period of

one year from the date of such permission unless terminated sooner with the approval of the commissioner.

§ 8. APPEAL BY MINORITY.] Any member of or subscriber to a rating organization may appeal to the commissioner from the action or decision of such rating organization in approving or rejecting any proposed change in or addition to the filings of such rating organization and the commissioner shall, after a hearing held upon not less than ten days' written notice to the appellant and to such rating organization, issue an order approving the action or decision of such rating organization or directing it to give further consideration to such proposal, or, if such appeal is from the action or decision of the rating organization in rejecting a proposed addition to its filings, he may, in the event he finds that such action or decision was unreasonable, issue an order directing the rating organization to make an addition to its filings, on behalf of its members and subscribers, in a manner consistent with his findings, within a reasonable time after the issuance of such order.

If such appeal is based upon the failure of the rating organization to make a filing on behalf of such member or subscriber which is based on a system of expense provisions which differs, in accordance with the right granted in Subdivision (b) of Subsection 1 of Section 3, from the system of expense provisions included in a filing made by the rating organization, the commissioner shall, if he grants the appeal, order the rating organization to make the requested filing for use by the appellant. In deciding such appeal the commissioner shall apply the standards set forth in Section 3.

§ 9. INFORMATION TO BE FURNISHED INSURED; HEARINGS AND APPEALS OF INSURED.] Every rating organization and every insurer which makes its own rates shall, within a reasonable time after receiving written request therefor and upon payment of such reasonable charge as it may make, furnish to any insured affected by a rate made by it, or to the authorized representative of such insured, all pertinent information as to such rate.

Every rating organization and every insurer which makes its own rates shall provide within this state reasonable means whereby any person aggrieved by the application of its rating system may be heard, in person or by his authorized representative, on his written request to review the manner in which such rating system has been applied in connection with the insurance afforded him. If the rating organization or insurer fails to grant or reject such request within thirty days after it is made, the applicant may proceed in the same manner as if his application had been rejected. Any party

affected by the action of such rating organization or such insurer on such request may, within thirty days after written notice of such action, appeal to the commissioner, who, after a hearing held upon not less than ten days' written notice to the appellant and to such rating organization or insurer, may affirm or reverse such action.

**§ 10. ADVISORY ORGANIZATIONS.]**

1. Every group, association or other organization of insurers, whether located within or outside this state, which assists insurers which make their own filings or rating organizations in rate making, by the collection and furnishing of loss or expense statistics, or by the submission of recommendations, but which does not make filings under this Act, shall be known as an advisory organization.
2. Every advisory organization shall file with the commissioner
  - (a) A copy of its constitution, its articles of agreement or association or its certificates of incorporation and of its by-laws, rules and regulations governing its activities,
  - (b) a list of its members,
  - (c) the name and address of this state upon which notices or orders of the commissioner or process issued at his direction may be served, and
  - (d) an agreement that the commissioner may examine such advisory organization in accordance with the provisions of Section 12 of this Act.
3. If, after a hearing, the commissioner finds that the furnishing of such information or assistance involves any act or practice which is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, he may issue a written order specifying in what respects such act or practices is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, and requiring the discontinuance of such act or practice.
4. No insurer which makes its own filings nor any rating organization shall support its filings by statistics or adopt rate making recommendations, furnished to it by an advisory organization which has not complied with this Section or with an order of the commissioner involving such statistics or recommendations issued under Subsection 3 of this Section. If the commissioner finds such insurer or rating organiza-

tion to be in violation of this subsection he may issue an order requiring the discontinuance of such violation.

**§ 11. JOINT UNDERWRITING OR JOINT REINSURANCE.]**

1. Every group, association or other organization of insurers which engages in joint underwriting or joint reinsurance, shall be subject to regulation with respect thereto as herein provided, subject, however, with respect to joint underwriting, to all other provisions of this Act and, with respect to joint reinsurance, to Sections 12 and 16 to 20 of this Act.
2. If, after a hearing, the commissioner finds that any activity or practice of any such group, association or other organization is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, he may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, and requiring the discontinuance of such activity or practice.

**§ 12. EXAMINATIONS.]** The commissioner shall, at least once in five years, make or cause to be made an examination of each rating organization licensed in this state as provided in Section 6 and he may, as often as he may deem expedient, make or cause to be made an examination of each advisory organization referred to in Section 10 and of each group, association or other organization referred to in Section 11. The reasonable costs of any such examination shall be paid by the rating organization, advisory organization, or group, association or other organization examined upon presentation to it of a detailed account of such costs. The officer, manager, agents and employees of such rating organizations, advisory organization, or group, association or other organization may be examined at any time under oath and shall exhibit all books, records, accounts, documents, or agreements governing its method of operation.

The commissioner shall furnish two copies of the examination report to the organization, group or association examined and shall notify such organization, group or association that it may, within twenty days thereafter, request a hearing on said report or on any facts or recommendations therein. Before filing any such report for public inspection, the commissioner shall grant a hearing to the organization, group or association examined. The report of any such examination, when filed for public inspection, shall be admissible in evidence in any action or proceeding brought by the

commissioner against the organization, group or association examined, or its officers or agents, and shall be prima facie evidence of the facts stated therein. The commissioner may withhold the report of any such examination from public inspection for such time as he may deem proper.

In lieu of any such examination the commissioner may accept the report of an examination made by the insurance supervisory official of another state, pursuant to the laws of such state.

**§ 13. RATE ADMINISTRATION.]**

1. **Recording and Reporting of Loss and Expense Experience.** The commissioner shall promulgate reasonable rules and statistical plans, reasonably adapted to each of the rating systems on file with him, which may be modified from time to time and which shall be used thereafter by each insurer in the recording and reporting of its loss and countrywide expense experience, in order that the experience of all insurers may be made available at least annually in such form and detail as may be necessary to aid him in determining whether rating systems comply with the standards set forth in Section 3. Such rules and plans may also provide for the recording and reporting of expense experience items which are specially applicable to this state and are not susceptible of determination by a pro-rating of countrywide expense experience. In promulgating such rules and plans, the commissioner shall give due consideration to the rating systems on file with him and, in order that such rules and plans may be as uniform as is practicable among the several states, to the rules and to the form of plans used for such rating systems in other states. No insurer shall be required to record or report its loss experience on a classification basis that is inconsistent with the rating system filed by it. The commissioner may designate one or more rating organizations or other agencies to assist him in gathering such experience and making compilations thereof, and such compilations shall be made available, subject to reasonable rules promulgated by the commissioner, to insurers and rating organizations.
2. **Interchange of Rating Plan Data.** Reasonable rules and plans may be promulgated by the commissioner for the interchange of data necessary for the application of rating plans.
3. **Consultation with other States.** In order to further uniform administration of rate regulatory laws, the

commissioner and every insurer and rating organization may exchange information and experience data with insurance supervisory officials, insurers and rating organizations in other states and may consult with them with respect to rate making and the application of rating systems.

4. Rules and Regulations. The commissioner may make reasonable rules and regulations necessary to effect the purposes of this Act.

§ 14. FALSE OR MISLEADING INFORMATION.] No person or organization shall wilfully withhold information from, or knowingly give false or misleading information to, the commissioner, any statistical agency designated by the commissioner, any rating organization, or any insurer, which will affect the rates or premiums chargeable under this Act. A violation of this Section shall subject the one guilty of such violation to the penalties provided in Section 17 of this Act.

§ 15. ASSIGNED RISKS.] Agreements may be made among insurers with respect to the equitable apportionment among them of insurance which may be afforded applicants who are in good faith entitled to but who are unable to procure such insurance through ordinary methods and such insurers may agree among themselves on the use of reasonable rate modifications for such insurance, such agreements and rate modifications to be subject to the approval of the commissioner.

§ 16. REBATES PROHIBITED.] No broker or agent shall knowingly charge, demand or receive a premium for any policy of insurance except in accordance with the provisions of this Act. No insurer or employee thereof, and no broker or agent shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance, except to the extent provided for in applicable filing. No insured named in a policy of insurance, nor any employee of such insured shall knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, credit or reduction of premium, or any such special favor or advantage or valuable consideration or inducement. Nothing in this Section shall be construed as prohibiting any insurer from allowing or returning to its participating policyholders, members or subscribers, dividends, savings or unabsorbed premium deposits.

As used in this Section the word "insurance" includes suretyship and the word "policy" includes bond.

§ 17. PENALTIES.] Any person, firm or corporation who violates any provision of this Act shall be guilty of misdemeanor and shall be subject to a fine of not more than fifty dollars (\$50) for each such violation, but if the court finds that such violation was wilful, it may impose a fine of not more than five hundred dollars (\$500) for each such violation. Such penalties may be in addition to any other penalties provided by law.

The commissioner may suspend the license of any rating organization or insurer which fails to comply with the order of the commissioner with the time limited by such order or any extension thereof which the commissioner may grant. However, no right to suspend any such license shall exist until after the time for appeal from such order has expired, or if an appeal has been taken, until such order has been affirmed, and no right of suspension shall exist if prompt compliance with such order is made following the expiration of the time for appeal or the entry of a final order or judgment of affirmance upon appeal. The commissioner may determine when a suspension of license shall become effective and it shall remain in effect for the period fixed by him, unless he modifies or rescinds such suspension, or until the order upon which such suspension is based is modified, rescinded or reversed.

No license shall be suspended or revoked except upon a written order of the commissioner, stating his findings, made after a hearing held upon not less than ten days' written notice to such person or organization specifying the alleged violation.

§ 18. HEARING PROCEDURE AND JUDICIAL REVIEW.]

1. Any insurer or rating organization aggrieved by any order or decision of the commissioner made without a hearing may, within thirty days after notice of the order to the insurer or organization, make written request to the commissioner for a hearing thereon. The commissioner shall hear such party or parties within twenty days after receipt of such request and shall give not less than ten days' written notice of the time and place of the hearing. Within fifteen days after such hearing the commissioner shall affirm, reverse or modify his previous action, specifying his reasons therefor. Pending such hearing and decision thereon the commissioner may suspend or postpone the effective date of his previous action.



2. Nothing contained in this Act shall require the observance at any hearing of formal rules of pleading or evidence.
3. Any order or decision of the commissioner shall be subject to review by appeal within the time and in the manner provided by Chapter 28-32 of the North Dakota Revised Code of 1943 as the same has been or may hereafter be amended.

§ 19. LAWS REPEALED.] All acts or parts of acts inconsistent with the provisions of this Act are hereby repealed.

§ 20. CONSTITUTIONALITY.] If any section, subdivision, paragraph, sentence or clause of this Act is held invalid or unconstitutional, such decision shall not affect the remaining portions of this Act.

Approved March 17, 1947.

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## CHAPTER 215

H. B. No. 100

(Ellingson, Gackle of LaMoure, Holand,  
Benson and Gackle of McHenry)

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### ORGANIZATION COUNTY MUTUAL INSURANCE COMPANIES AN ACT

To amend and reenact Section 26-1501 of the North Dakota Revised Code of 1943 as amended by Chapter 211 of the Session Laws of North Dakota for the year 1945, relating to organization of county mutual insurance companies.

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

§ 1. AMENDMENT.] That Section 26-1501 of the North Dakota Revised Code of 1943 as amended by Chapter 211 of the Session Laws of North Dakota for the year 1945, is hereby amended and reenacted to read as follows:

26-1501. COUNTY MUTUAL INSURANCE COMPANY: ORGANIZATION; ORGANIZERS REQUIRED.] A corporation for mutual insurance against loss or damage by fire, lightning, cyclone, windstorm, tornado, hail, except upon growing crops, any hazard upon any risk upon livestock, explosion, except the explosion of steam boilers and flywheels, riot, riot attending a strike, civil commotion, aircraft, vehicles and smoke to the property of the insured, or all of such forms of insurance, may

be formed in accordance with the provisions of this chapter by:

1. Any number of persons, not less than fifty, residing in not more than ten counties in this state, who collectively own property of not less than one hundred thousand dollars in value which they desire to insure; or
2. Any number of persons, not less than twenty-five, residing in any one county in this state, who collectively own property of not less than twenty-five thousand dollars in value which they desire to insure.

No such company shall write insurance, insuring against loss by reason of bodily injury to a person or against legal liability of the insured arising out of the death or injury of any person, or against legal liability of the insured arising out of the loss or destruction of, or damage to, the property of any other person.

Approved March 3, 1947.

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## CHAPTER 216

H. B. No. 98

(Ellingson, Gackle of LaMoure, Holand,  
Benson and Gackle of McHenry)

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### POWERS, LIABILITIES, DUTIES, ETC., COUNTY MUTUAL INSURANCE COMPANIES

#### AN ACT

To amend and reenact Section 26-1502 of the North Dakota Revised Code of 1943, relating to the general powers, liabilities, and duties of county mutual companies; place of office, name and the limitations of such companies.

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

§ 1. AMENDMENT.] That Section 26-1502 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1502. GENERAL POWERS, LIABILITIES, DUTIES OF COUNTY MUTUAL COMPANY: OFFICE; NAME; LIMITATIONS.] A county mutual insurance company shall possess the powers and be subject to the liabilities and duties of other insurance companies, except that:

1. The principal office of the corporation must be located within the limits of the county or counties in which the incorporators reside;
2. When the corporation is organized by the residents of a single county, the name of such county together with the word "county" shall be embraced in the corporate name of the company; and
3. Any corporation organized under the provisions of this chapter for mutual protection against loss or damage by tornadoes, windstorms, cyclones, hail, except upon growing crops, and any hazard upon any risk upon livestock, only, may operate and issue policies in all of the counties of the state, but in all other matters shall be regulated and limited by the provisions of this chapter.

Approved March 3, 1947.

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## CHAPTER 217

H. B. No. 179—(Ohnstad and Saumur)

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### INVESTMENT OF FUNDS DOMESTIC INSURANCE COMPANIES

#### AN ACT

To amend and reenact Section 26-0811 of the North Dakota Revised Code of 1943 concerning investment of funds by domestic insurance company; and declaring an emergency.

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

§ 1. AMENDMENT.] That Section 26-0811 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-0811. INVESTMENT OF FUNDS OF INSURANCE COMPANIES; IN WHAT AUTHORIZED.] A domestic insurance company may invest any of its funds and accumulations in:

1. Securities or obligations which are made eligible specifically to such investment by law;
2. a. Bonds or other evidence of indebtedness issued, assumed, or guaranteed by the United States of America, the District of Columbia, or by any state, insular or territorial possession of the United

States or by any county, city, village, township, duly organized school district, municipality, or other civil division therein, including those payable from special revenues or earnings specifically pledged for the payment thereof, and those payable from special assessments;

- b. Bonds or other evidences of indebtedness issued, assumed or guaranteed by the Dominion of Canada, or by any province thereof, or by any municipality or district therein, provided that the obligations are valid and legally authorized and issued;
3. Notes secured by mortgages on improved unencumbered real estate, including leaseholds substantially having and furnishing the rights and protection of a first real estate mortgage, within any state of the United States of America. No loan shall be made under this subsection, however, unless the property mortgaged is worth double the amount of the loan secured by the mortgage, except where a loan is amortized on the basis of a final maturity twenty-five years or less from the date of the loan, it may be made in an amount not exceeding sixty-six and two-thirds percent of the value of the property mortgaged. Buildings shall not be included in the valuation of such property unless they are insured and the policies are made payable to the company as its interest may appear, and then only to the extent of such insurance. No insurance company shall hold less than the entire loan represented by such bonds or notes described in this subsection unless the security of said bonds or notes, as well as all collateral papers, including insurance policies, executed in connection therewith, are made to and held by a trustee, which trustee shall be a solvent bank or trust company having a paid-in capital of not less than two hundred and fifty thousand dollars, except in case of banks or trust companies incorporated under the laws of the state of North Dakota, wherein a paid-in capital of not less than one hundred thousand dollars shall be required, and that in case of proper notification of default such trustee, upon request of at least twenty-five percent of the holders of the bonds outstanding, and proper indemnification, shall proceed to protect the rights of such bond holders under the provisions of the trust indenture;
4. First mortgage bonds on improved city real estate in any state, issued by a corporation duly incorporated

under the laws of any state of the United States of America, if the loans on such real estate are made in accordance with the requirements as to the first mortgage loans set forth in Subsection 3 of this section;

5. Mortgage bonds and debentures of any solvent railway company duly incorporated and authorized under the laws of this state or of any other state, territory, or insular possession of the United States, or of the Dominion of Canada or of any province thereof;
6. Mortgage bonds and debentures of any solvent industrial public utility or financial corporation duly incorporated and authorized under the laws of the United States of America or of any state, territory, or insular possession thereof, or of the Dominion of Canada or of any province thereof;
7. Promissory notes amply secured by the pledge of bonds or other evidences of indebtedness in which the company is authorized to invest its funds by the provisions of this section;
8. Bonds or other evidences of indebtedness issued, assumed, or guaranteed by any instrumentality or agency of the United States of America;
9. Shares and savings in domestic building and loan associations and federal savings and savings and loan associations, and shares and savings in building and loan associations organized under the laws of other states, if such shares and savings are insured by the federal savings and loan insurance corporation;
10. Loans made upon the security of its own policies, if a life insurance company, but no loan on any policy shall exceed the reserve value thereof;
11. Preferred stock, of, or common or preferred stock guaranteed as to dividends by, and common stock of, any corporation organized under the laws of the United States, any state, territory, or possession of the United States, the District of Columbia, the Dominion of Canada or any province of the Dominion of Canada subject to the following restrictions and limitations:
  - a. The company issuing such preferred stock or guaranteeing the dividends on such common stock shall have earned an average amount per annum at least equal to five percent of the par value of its common and preferred stocks or in the case of stocks having no par value, of its issued or stated

value outstanding at the date of purchase, over the period of seven fiscal years immediately preceding the date of purchase or which over such period earned an average amount per annum at least equal to two times the total of its annual interest charges, preferred dividends, and dividends guaranteed by it, determined with reference to the date of purchase;

- b. The company issuing any common stock shall have earned an average amount per annum at least equal to six percent of the par value of its capital stock, or in the case of stock having no par value of the issued or stated value of such stock, outstanding at the date of purchase over the period of seven fiscal years immediately preceding the date of purchase;
  - c. No investments shall be made in any stock authorized under this section if the corporation issuing or guaranteeing the same shall have been in arrears in the payment of dividends thereunder for a period of ninety days within the five year period immediately preceding purchase of such stock;
  - d. Investments in preferred, guaranteed, and common stocks shall not exceed in the aggregate ten per cent of the life insurance company's admitted assets.
12. In loans, securities, or investments in addition to those permitted in this section, whether or not such loans, securities, or investments qualify or are permitted as legal investments under its charter, or under other provisions of this section or under other provisions of the laws of this state. The aggregate of such company's investments under this subsection shall not at any time exceed five percent of such company's admitted assets, nor more than an amount equal to company's unassigned surplus whichever be less.

Nothing in this section shall be construed as prohibiting a company from taking any action deemed necessary or expedient for the protection or investments made by it or from accepting in good faith, to protect its interests, securities or property not herein mentioned in payment or to secure debts due to it.

§ 2. EMERGENCY.] This Act is hereby declared to be

an emergency measure and shall be in full force and effect from and after its passage and approval.

Approved March 15, 1947.

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## CHAPTER 218

H. B. No. 180—(Ohnstad and Saumur)

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### LIMITATION ON PURCHASE AND CONVEYANCE OF REAL PROPERTY—DOMESTIC INSURANCE COMPANIES

#### AN ACT

To amend and reenact Section 26-0812 of the North Dakota Revised Code of 1943, providing for a limitation on the purchase and conveyance of real property by domestic insurance companies.

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

§ 1. AMENDMENT.] That Section 26-0812 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-0812. LIMITATION ON PURCHASE AND CONVEYANCE ON REAL PROPERTY.] A domestic insurance company may acquire, hold, and convey only such real property as shall:

1. Be requisite for its convenient accommodation in the transaction of its business;
2. Have been mortgaged to it in good faith by way of security for loans previously contracted or for moneys due to it;
3. Have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings; and
4. Have been purchased at sales on judgments, decrees, or mortgages obtained or made for debts previously contracted in the course of its dealings.

Any company may improve real estate so acquired or remodel existing improvements and exchange such real estate for other real estate or securities, and real estate acquired by such exchange may be improved or the improvements remodeled, provided no company by remodeling expense, other than Home Office, invest more than ten percent of the company's capital stock and surplus without the permission of the Commissioner of Insurance.

Approved March 11, 1947.

**CHAPTER 219****S. B. No. 258—(Wog, Lofthus, Brant, and Bridston)****ASSESSMENTS, RATES, LOSS PAYMENTS, ETC., FIRE AND  
TORNADO FUND****AN ACT**

To amend and reenact Section 26-2413 of the North Dakota Revised Code of 1943, as amended by Section 2 of Chapter 28 of the Authenticated Edition of the Acts of the 1944 Special Session of the North Dakota Twenty-eighth Legislative Assembly, Senate Bill No. 13, providing for assessments to be made for the State Fire and Tornado Fund whenever the reserve fund is depleted below the sum of Four Million Dollars; and to amend and reenact Section 26-2414 of the North Dakota Revised Code of 1943, providing for premiums equal to fifty percent of the rate established by the Fire Underwriters Inspection Bureau on all public property not insured in the Fund for at least five years, and charging a premium equal to twenty-five percent of such Bureau rate on all such property which shall have been insured in the Fund for five years when the reserve Fund is not up to Four Million Dollars and eliminating premiums on all public property insured in the Fund for five years when the reserve fund is up to Four Million Dollars; and to amend and reenact Section 26-2417 of the North Dakota Code of 1943 providing for the payment of losses by the Fund and authorizing the Commissioner of Insurance with the approval of the Industrial Commission to issue Premium Anticipation Certificates when the Fund shall have been depleted below Two Million Dollars due to a catastrophe or disaster, or a succession of catastrophes or disasters, and authorizing the Commissioner of Insurance to levy an assessment to retire such Premium Anticipation Certificates, and allowing any State Department to invest its funds in such Premium Anticipation Certificates; and to amend Section 26-2422 of the North Dakota Revised Code of 1943, requiring the Commissioner of Insurance to procure and keep in force a policy or policies of reinsurance or excess insurance on all extraordinary industrial risks over One Hundred Thousand Dollars and requiring the industry or governing board thereof to pay the premiums for such reinsurance or excess insurance; and to repeal Sections 26-2423 and 26-2424 of the North Dakota Revised Code of 1943 as amended by Chapter 209 of the 1945 Session Laws, and to repeal all other acts or parts of acts in conflict herewith, and declaring an emergency.

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

§ 1. **AMENDMENT.]** That Section 26-2413 of the North Dakota Revised Code of 1943, as amended by Section 2 of Chapter 28 of the Authenticated Edition of the Acts of the 1944 Special Session of the North Dakota Twenty-eighth Legislative Assembly, be and the same hereby is amended and reenacted to read as follows:

**26-2413. ASSESSMENTS.]** If the reserve fund shall have been depleted below the sum of Four Million Dollars, the Commissioner shall determine the amount of money which



may be necessary to bring the said reserve fund up to the sum of Four Million Dollars and he, thereupon shall levy an assessment against each and every policy in force with the Fund on all public property. Said Assessment shall be computed as follows:

The 80% or 90% co-insurance rate established by the Fire Underwriters Inspection Bureau for each insured property to which said 80% or 90% co-insurance rate may be applicable, and the full rate established for properties to which the said co-insurance rate is not applicable under the rules of the said Fire Underwriters Inspection Bureau, shall be applied to the amount of insurance provided in each policy and the result of the application of said rate to the amount of insurance shall set the tentative assessment to be made against such policy. The total of all such tentative assessments shall then be ascertained. The percentage of such assessment necessary to restore the reserve fund to the sum of Four Million Dollars shall then be computed and collected on each policy. In case of a fractional percentage the next higher whole percent shall be used in such computation.

§ 2. AMENDMENT.] That Section 26-2414 of the North Dakota Revised Code of 1943 be and the same hereby is amended and reenacted to read as follows:

26-2414. NEW CONSTRUCTION INSURANCE RATE.] Any property which shall not have been insured in the fund for a period of at least five years shall be charged a premium equal to fifty percent of the rate established by the Fire Underwriters Inspection Bureau. Any additional insurance shall be regarded as a new risk upon which premiums must be paid until such additional insurance has been in force for a period of five years. After any such property shall have been insured in the fund for a period of five years and the reserve fund is not up to four million dollars on August 1, 1947, it shall thereafter be charged a premium equal to twenty-five percent of such bureau rate. However, after the reserve fund is up to Four Million Dollars and any property shall have been insured in the fund for a period of five years it shall thereafter be subject only to the assessment as provided in this chapter.

§ 3. AMENDMENT.] That Section 26-2417 of the North Dakota Revised Code of 1943 be and the same hereby is amended and reenacted to read as follows:

26-2417. LOSS; HOW PAID.] All losses occasioned by the hazards hereinbefore provided for shall be paid out of the fund in an amount not exceeding the amount of the insurance upon any particular risk. The loss upon any building or property insured in the fund, whether totally destroyed or partially damaged by reason of said hazards or any of them,

shall be adjusted by the commissioner or a duly authorized adjuster or adjusting company. Immediately upon the happening or occasion of any such loss or damage the officer, board, agent or agency having charge or control of the property destroyed or damaged shall notify the commissioner by telegram or in writing, giving the description of the property, the amount of insurance carried, the probable amount of loss or damage, and the probable cause of loss or damage. The officer, board, or agency having control of such damaged property shall not disturb the same except as provided in the policy until the commissioner or his agent shall have adjusted the loss or shall have given notice that the information on which adjustment is to be made has been secured. Adjustment and allowance for loss and damage to insured property shall be paid out of the fund upon warrants drawn by the commissioner upon the state treasurer against the Fund. However, if at any time due to a catastrophe or disaster, or a succession of catastrophes or disasters, the reserve fund shall have been depleted below the sum of Two Million Dollars, the Commissioner may, with the approval of the Industrial Commission, issue Premium Anticipation Certificates in an amount sufficient to bring the reserve fund up to Two Million Dollars. Such Premium Anticipation Certificates shall be issued for a period of from ten to twenty years, as determined by the Commissioner with the approval of the Industrial Commission, and the interest and principal shall be paid and retired by assessments levied on all policies in force with the Fund. To retire these Premium Anticipation Certificates, the Commissioner of Insurance shall levy a special assessment against all property insured in the Fund, provided, however, that the total of all assessments and premiums provided for in this act shall not exceed the full Bureau rate. Any state department shall have the right to invest its funds in the purchase of such Premium Anticipation Certificates.

§ 4. AMENDMENT.] That Section 26-2422 of the North Dakota Revised Code of 1943, be and the same hereby is amended and reenacted to read as follows:

26-2422. INSURANCE REQUIRED.] From and after the first day of August, 1947, the commissioner of insurance shall procure and he shall keep in force, a policy or policies of reinsurance or excess insurance on the North Dakota State Mill and Elevator, the Twine Cordage Plant, and on any and all other extraordinary risks of like nature owned by the State of North Dakota or any of its political subdivisions, but no loss shall be covered by such reinsurance or excess insurance below One Hundred Thousand Dollars. The cost of such reinsurance or excess insurance on extraordinary industrial risks shall immediately be paid to the State Fire and Tornado

Fund by the industry or governing board of such industry upon presentation by the State Fire and Tornado Fund of a bill for such reinsurance or excess insurance. Such insurance or excess insurance shall be procured by the Commissioner and the State Fire and Tornado Fund only through bids as hereinafter provided, and shall be written only in a company or companies authorized to do business within the state of North Dakota.

On or before the second Monday in June of 1947 and of each odd-numbered year thereafter, the commissioner of insurance shall publish in the official newspaper of Burleigh County, North Dakota, a notice that on the last Monday in June of such year the insurance commissioner will accept bids for such reinsurance or excess insurance at his office in the State Capitol in the City of Bismarck, North Dakota. A copy of such notice also shall be posted at the office of the State Fire and Tornado Fund. A copy of such notice shall also be mailed to each fire insurance company licensed to do business in the State of North Dakota. On the said last Monday in June of each odd-numbered year, the commissioner of insurance shall contract for such reinsurance or excess insurance with the company or group of companies submitting the lowest responsible and qualified bid therefor for the two year period commencing on the ensuing first day of August.

§ 5. INVALID SECTIONS.] Should any part of this act be declared invalid, all other acts and provisions thereof shall remain in full force and effect.

§ 6. REPEAL.] Sections 26-2423 and 26-2424 of the North Dakota Revised Code of 1943, as amended by Chapter 209 of the 1945 Session Laws, are hereby repealed and all other acts or parts of acts in conflict herewith are hereby repealed.

§ 7. EMERGENCY.] This act is hereby declared to be an emergency measure and shall be in full force, and effect from and after its passage and approval.

Approved March 21, 1947.

**CHAPTER 220****H. B. No. 292—(Committee on Industry and Business)****REGULATING MISC. FIRE AND OTHER PROPERTY INSURANCE RATES****AN ACT**

Relating to the regulation of rates of fire, marine, inland marine, hail, windstorm, cyclone, tornado, explosion, water damage, and all other forms of insurance on property, and the loss of use and occupancy thereof as defined and set forth in Subsections 1, 6 and 7 of Section 27-1407 (26-1407) and in Subsections 1, 2 and 7 of Section 26-0802 of the North Dakota Revised Code for 1943; providing procedures for the making of rates and the filing of rates with the insurance commissioner, and providing for the approval or disapproval of rates so filed; providing for the licensing of rating organizations for such kinds of insurance; providing for rules and regulations to be adopted by the insurance commissioner with respect to approval or disapproval of rates; providing for deviations, appeals by members of rating organizations; providing for furnishing of information concerning rates to insureds; providing for joint underwriting or joint re-insurance examinations of rating organizations and rate administration; providing penalties for false or misleading information, and for penalties in violation of this Act; providing for hearing procedure and judicial review, and prohibiting rebates, and providing penalties therefor, and repealing all acts or parts of acts in conflict herewith.

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

§ 1. PURPOSE OF ACT.] The purpose of this Act is to promote the public welfare by regulating insurance rates to the end that they shall not be excessive, inadequate or unfairly discriminatory, and to authorize and regulate cooperative action among insurers in rate making, and in other matters within the scope of this Act. Nothing in this Act is intended:

1. To prohibit or discourage reasonable competition, or
2. To prohibit, or encourage except to the extent necessary to accomplish the aforementioned purpose, uniformity of insurance rates, rating systems, rating plans or practices.

This Act shall be liberally interpreted to carry into effect the provisions of this section.

§ 2. SCOPE OF ACT.] This Act applies to fire, marine, inland marine, hail, windstorm, cyclone, tornado, explosion, water damage, and all other forms of insurance on property, and the loss of use and occupancy thereof as defined and set forth in Subsections 1, 6 and 7 of Section 26-1407 and in Subsections 1, 2 and 7 of Section 26-0802 of the North Dakota Revised Code of 1943, except as hereinafter excluded. In-

land marine insurance shall be deemed to include insurance now or hereafter defined by statute, or by interpretation thereof, or if not so defined or interpreted, by ruling of the commissioner of insurance, hereinafter referred to as commissioner, or as established by general custom of the business, as inland marine insurance. This Act shall not apply:

1. To reinsurance other than joint reinsurance to the extent stated in Section 11;
2. To insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance policies;
3. To insurance of hulls of aircraft, including their accessories and equipment, or against liability arising out of ownership, maintenance or use of aircraft;
4. To motor vehicle insurance, nor to insurance against liability arising out of the ownership, maintenance or use of motor vehicles.

This Act applies to every insurer, including every stock or mutual company, reciprocal or inter-insurance exchange, authorized by any provision of the laws of this state to transact any of said kinds of insurance, provided, however, that this Act shall not apply to county mutual insurance companies organized under Chapter 26-15, North Dakota Revised Code of 1943.

If any kind of insurance, subdivision or combination thereof, or type of coverage, subject to this Act, is also subject to regulation by another state regulatory act of this state, an insurer to which both acts are otherwise applicable shall file with the commissioner a designation as to which state regulatory act shall be applicable to it with respect to such kind of insurance, subdivision or combination thereof, or type of coverage.

### § 3. MAKING OF RATES.]

1. Rates shall be made in accordance with the following provisions:
  - a. Manual, minimum, class rates, rating schedules or rating plans, shall be made and adopted, except in the case of specified inland marine rates on risks specially rated.
  - b. Rates shall not be excessive, inadequate or unfairly discriminatory.

- c. Due consideration shall be given to past and prospective loss experience within and outside this state, to the conflagration and catastrophe hazards, to a reasonable margin for underwriting profit and contingencies, to dividends, savings or unabsorbed premium deposits allowed or returned by insurer to their policyholders, members or subscribers, to past and prospective expenses both country-wide and those specially applicable to this state, and to all other relevant factors within and outside this state; and in the case of fire insurance rates consideration shall be given to the experience of the fire insurance business during a period of not less than the most recent five year period for which such experience is available.
2. Except to the extent necessary to meet the provisions of Subdivision b of Subsection 1 of this Section, uniformity among insurers in any matters within the scope of this section is neither required nor prohibited.
3. Rates made in accordance with this section may be used subject to the provisions of this act.

§ 4. RATE FILINGS.]

1. Every insurer shall file with the commissioner, except as to inland marine risks which by general custom of the business are not written according to manual rates or rating plans, every manual, minimum class rate, rating schedule or rating plan and every other rating rule, and every modification of any of the foregoing which it proposes to use. Every such filing shall state the proposed effective date thereof, and shall indicate the character and extent of the coverage contemplated. When a filing is not accompanied by the information upon which the insurer supports such filing, and the commissioner does not have sufficient information to determine whether such filing meets the requirements of the Act, he shall require such insurer to furnish the information upon which it supports such filing and in such event the waiting period shall commence as of the date such information is furnished. The information furnished in support of a filing may include:

- a. The experience or judgment of the insurer or rating organization making the filing,
- b. Its interpretation of any statistical data it relies upon,
- c. The experience of other insurers or rating organizations, or

d. Any other relevant factors.

A filing and any supporting information shall be open to public inspection after the filing becomes effective. Specific inland marine rates on risks specially rated, made by a rating organization, shall be filed with the commissioner.

2. An insurer may satisfy its obligation to make such filings by becoming a member of, or a subscriber to, a licensed rating organization which makes such filings, and by authorizing the commissioner to accept such filings on its behalf; provided, that nothing contained in this Act shall be construed as requiring any insurer to become a member of or a subscriber to any rating organization.
3. The Commissioner shall review filings as soon as reasonably possible after they have been made in order to determine whether they meet the requirements of this Act.
4. Subject to the exception specified in Subsection 5 of this section, each filing shall be on file for a waiting period of fifteen days before it becomes effective, which period may be extended by the commissioner for an additional period not to exceed fifteen days if he gives written notice within such waiting period to the insurer or rating organization which made the filing that he needs such additional time for the consideration of such filing. Upon written application by such insurer or rating organization, the commissioner may authorize, a filing which he has reviewed to become effective before the expiration of the waiting period or any extension thereof. A filing shall be deemed to meet the requirements of this Act unless disapproved by the commissioner within the waiting period or any extension thereof.
5. Specific inland marine rates on risks specially rated by a rating organization shall become effective when filed and shall be deemed to meet the requirements of this Act until such time as the commissioner reviews the filing and so long thereafter as the filing remains in effect.
6. Under such rules and regulations as he shall adopt the commissioner may, by written order, suspend or modify the requirement of filing as to any kind of insurance, subdivision or combination thereof, or as to classes of risks, the rates for which cannot practicably be filed before they are used. Such orders,

rules and regulations shall be made known to insurers and rating organizations affected thereby. The commissioner may take such examination as he may deem advisable to ascertain whether any rates affected by such order meet the standards set forth in Subdivision b of Subsection 1 of Section 3 hereinbefore set forth in this Act.

7. Upon the written application of the insured, stating his reasons therefor, filed with and approved by the commissioner, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk.
8. Beginning 180 days after the effective date of this Act no insurer shall make or issue a contract or policy except in accordance with the filings which are in effect for said insurer as provided in this Act or in accordance with Subsection 6 or 7 of this Section. This subsection shall not apply to contracts or policies for inland marine risks as to which filings are not required.

§ 5. DISAPPROVAL OF FILINGS.]

1. If within the waiting period or any extension thereof as provided in Subsection 4 of Section 4, the commissioner finds that a filing does not meet the requirements of this Act, he shall send to the insurer or rating organization which made such filing, written notice of disapproval of such filing specifying therein in what respects he finds such filing fails to meet the requirements of this Act and stating that such filing shall not become effective.
2. If within thirty days after a specific inland marine rate on a risk specially rated by a rating organization, subject to Subsection 5 of Section 4 has become effective, the commissioner finds that such filing does not meet the requirements of this Act, he shall send to the rating organization which made such filing written notice of disapproval of such filing specifying therein in what respects he finds that such filing fails to meet the requirements of this Act, and stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Said disapproval shall not affect any contract made or issued prior to the expiration of the period set forth in said notice.
3. If at any time subsequent to the applicable review period provided for in Subsection 1 or 2 of this sec-



tion, the commissioner finds that a filing does not meet the requirements of this Act, he shall, after a hearing held upon not less than ten days' written notice, specifying the matters to be considered at such hearing, to every insurer and rating organization which made such filing, issue an order specifying in what respects he finds that such filing fails to meet the requirements of this Act, and stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Copies of said order shall be sent to every such insurer and rating organization. Said order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in said order.

4. Any person or organization aggrieved with respect to any filing which is in effect may make written application to the commissioner for a hearing thereon, provided, however, that the insurer or rating organization that made the filing shall not be authorized to proceed under this subsection. Such application shall specify the grounds to be relied upon by the applicant. If the commissioner shall find that the application is made in good faith, that the applicant would be so aggrieved if his grounds are established, and that such grounds otherwise justify holding such a hearing, he shall, within thirty days after receipt of such application, hold a hearing upon not less than ten days' written notice to the applicant and to every insurer and rating organization which made such filing. If, after such hearing, the commissioner finds that the filing does not meet the requirements of this Act, he shall issue an order specifying in what respects he finds that such filing fails to meet the requirements of this Act, and stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Copies of said order shall be sent to the applicant and to every such insurer and rating organization. Said order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in said order.
5. No manual, minimum, class rate, rating schedule, rating plan, or rating rule, or any modification of any of the foregoing, which has been filed pursuant to the requirements of Section 4 of this Act, shall be disapproved if the rates thereby produced meet the requirements of this Act.

**§ 6. RATING ORGANIZATIONS.]**

1. A corporation, an unincorporated association, a partnership or an individual, whether located within or outside this state, may make application to the commissioner for license as a rating organization for such kinds of insurance or subdivision or class of risk or a part or combination thereof as are specified in its application and shall file therewith:
  - a. A copy of its constitution, its articles of agreement or association or its certificate of incorporation, and of its by-laws, rules and regulations governing the conduct of its business;
  - b. A list of its members and subscribers;
  - c. The name and address of a resident of this state upon whom notices or orders of the commissioner or process affecting such rating organization may be served; and
  - d. A statement of its qualifications as a rating organization.

If the commissioner finds that the applicant is competent, trustworthy and otherwise qualified to act as a rating organization and that its constitution, articles of agreement or association or certificate of incorporation, and its by-laws, rules and regulations governing the conduct of its business conform to the requirements of law, he shall issue a license specifying the kinds of insurance, or subdivision or class of risk or part or combination thereof for which the applicant is authorized to act as a rating organization. Every such application shall be granted or denied in whole or in part by the commissioner within sixty days of the date of its filing with him. Licenses issued pursuant to this Section shall remain in effect for three years unless sooner suspended or revoked by the commissioner. The fee for said license shall be twenty-five dollars. Licenses issued pursuant to this section may be suspended or revoked by the commissioner, after hearing upon notice, in the event the rating organization ceases to meet the requirements of this Subsection. Every rating organization shall notify the commissioner promptly of every change in:

- e. Its constitution, its articles of agreement or association, or its certificate of incorporation, and its by-laws, rules and regulations governing the conduct of its business;

- f. Its list of members and subscribers; and
  - g. The name and address of the resident of this state designated by it upon whom notices or orders of the commissioner or process affecting such rating organization may be served.
2. Subject to rules and regulations which have been approved by the commissioner as reasonable, each rating organization shall permit any insurer, not a member, to be a subscriber to its rating services for any kind of insurance, subdivision, or class of risk or a part or combination thereof for which it is authorized to act as a rating organization. Notice of proposed changes in such rules and regulations shall be given to subscribers. Each rating organization shall furnish its rating services without discrimination to its members and subscribers. The reasonableness of any rule or regulation in its application to subscribers, or the refusal of any rating organization to admit an insurer as a subscriber, shall, at the request of any subscriber, or any such insurer, be reviewed by the commissioner at a hearing held upon at least ten days' written notice to such rating organization and to such subscriber or insurer. If the commissioner finds that such rule or regulation is unreasonable in its application to subscribers, he shall order that such rule or regulation shall not be applicable to subscribers. If the rating organization fails to grant or reject an insurer's application for subscribership within thirty days after it was made, the insurer may request a review by the commissioner as if the application had been rejected. If the commissioner finds that the insurer has been refused admittance to the rating organization as a subscriber without justification, he shall order the rating organization to admit the insurer as a subscriber. If he finds that the action of the rating organization was justified, he shall make an order affirming its action.
  3. No rating organization shall adopt any rule the effect of which would be to prohibit or regulate the payment of dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers.
  4. Cooperation among rating organizations or among rating organizations and insurers in rate making or in other matters within the scope of this Act is hereby

authorized, provided the filings resulting from such cooperation are subject to all the provisions of this Act which are applicable to filings generally. The commissioner may review such cooperative activities and practice and if, after a hearing, he finds that any such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, he may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, and requiring the discontinuance of such activity or practice.

5. Any rating organization may provide for the examination of policies, daily reports, binders, renewal certificates, endorsements or other evidences of insurance, or the cancellation thereof, and may make reasonable rules governing their submission. Such rules shall contain a provision that in the event any insurer does not within sixty days furnish satisfactory evidence to the rating organization of the correction of any error or omission previously called to its attention by the rating organization, it shall be the duty of the rating organization to notify the commissioner thereof. All information so submitted for examination shall be confidential.
6. Any rating organization may subscribe for or purchase actuarial, technical or other services, and such services shall be available to all members and subscribers without discrimination.

§ 7. DEVIATIONS.] Every member of or subscriber to a rating organization shall adhere to the filings made on its behalf by such organization except that any such insurer may make written application to the commissioner for permission to file a deviation from the class rates, schedules, rating plans or rules respecting any kind of insurance, or class of risk within a kind of insurance, or combination thereof. Such application shall specify the basis for the modification and a copy thereof shall also be sent simultaneously to such rating organization. The commissioner shall set a time and place for a hearing at which the insurer and such rating organization may be heard and shall give them not less than ten days' written notice thereof. In the event the commissioner is advised by the rating organization that it does not desire a hearing he may, upon the consent of the applicant, waive such hearing. In considering the application for permission to file such deviation the commissioner shall give consideration to the available statistics and the

principles for rate making as provided in Section 3 of this Act. The commissioner shall issue an order permitting the deviation for such insurer to be filed if he finds it to be justified and it shall thereupon become effective. He shall issue an order denying such application if he finds that the resulting premiums would be excessive, inadequate or unfairly discriminatory. Each deviation permitted to be filed shall be effective for a period of one year from the date of such permission unless terminated sooner with the approval of the commissioner.

§ 8. APPEAL BY MINORITY.] Any member of or subscriber to a rating organization may appeal to the commissioner from the action or decision of such rating organization in approving or rejecting any proposed change in or addition to the filings of such rating organization and the commissioner shall, after a hearing held upon not less than ten days' written notice to the appellant and to such rating organization, issue an order approving the action or decision of such rating organization or directing it to give further consideration to such proposal, or, if such appeal is from the action or decision of the rating organization in rejecting a proposed addition to its filings, he may, in the event he finds that such action or decision was unreasonable, issue an order directing the rating organization to make an addition to its filings, on behalf of its members and subscribers, in a manner consistent with his findings, within a reasonable time after the issuance of such order.

§ 9. INFORMATION TO BE FURNISHED INSURED; HEARINGS AND APPEALS OF INSURED.] Every rating organization and every insurer which makes its own rates shall, within a reasonable time after receiving written request therefor and upon payment of such reasonable charge as it may make, furnish to any insured affected by a rate made by it, or to the authorized representative of such insured, all pertinent information as to such rate. Every rating organization and every insurer which makes its own rates shall provide within this state reasonable means whereby any person aggrieved by the application or its rating system may be heard, in person or by his authorized representative, on his written request to review the manner in which such rating system has been applied in connection with the insurance afforded him. If the rating organization or insurer fails to grant or reject such request within thirty days after it is made, the applicant may proceed in the same manner as if his application had been rejected. Any party affected by the action of such rating organization or such insurer on such request may, within thirty days after written notice of such action appeal to the commissioner, who, after a hearing held upon not less than

ten days' written notice to the appellant and to such rating organization or insurer, may affirm or reverse such action.

**§ 10. ADVISORY ORGANIZATIONS.]**

1. Every group, association or other organization of insurers, whether located within or outside this state, which assists insurers which make their own filings or rating organizations in rate making, by the collection and furnishing of loss or expense statistics, or by the submission of recommendations, but which does not make filings under this Act, shall be known as an advisory organization.
2. Every advisory organization shall file with the commissioner:
  - a. A copy of its constitution, its articles of agreement or association or its certificate of incorporation and of its by-laws, rules and regulations governing its activities;
  - b. A list of its members;
  - c. The name and address of a resident of this state upon whom notices or orders of the commissioner or process issued at his direction may be served, and
  - d. An agreement that the commissioner may examine such advisory organization in accordance with the provisions of Section 12 of this Act.
3. If, after a hearing, the commissioner finds that the furnishing of such information or assistance involves any act or practice which is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, he may issue a written order specifying in what respects such act or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, and requiring the discontinuance of such act or practice.
4. No insurer which makes its own filings nor any rating organization shall support its filings by statistics or adopt rate making recommendations, furnished to it by an advisory organization which has not complied with this Section or with an order of the commissioner involving such statistics or recommendations issued under Subsection 3 of this Section. If the commissioner finds such insurer or rating organization to be in violation of this subsection he may issue

an order requiring the discontinuance of such violation.

§ 11. JOINT UNDERWRITING OR JOINT REINSURANCE.]

1. Every group, association or other organization of insurers which engages in joint underwriting or joint reinsurance, shall be subject to regulation with respect thereto as herein provided, subject, however, with respect to joint underwriting, to all other provisions of this Act and, with respect to joint reinsurance to Sections 12 and 15 to 19 of this Act.
2. If, after a hearing, the commissioner finds that any activity or practice of any such group, association or other organization is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, he may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this Act, and requiring the discontinuance of such activity or practice.

§ 12. EXAMINATIONS.] The commissioner shall, at least once in every five years, make or cause to be made an examination of each rating organization licensed in this state as provided in Section 6 and he may, as often as he may deem it expedient, make or cause to be made an examination of each advisory organization referred to in Section 10 and of each group, association or other organization referred to in Section 11. The reasonable costs of any such examination shall be paid by the rating organization, advisory organization, or group, association or other organization examined upon presentation to it of a detailed account of such costs. The officers, manager, agents and employees of such rating organization, advisory organization, or group, association or other organization may be examined at any time under oath and shall exhibit all books, records, accounts, documents, or agreements governing its method of operation.

The commissioner shall furnish two copies of the examination report to the organization, group or association examined and shall notify such organization, group or association that it may, within twenty days thereafter, request a hearing on said report or on any facts or recommendations therein. Before filing any such report for public inspection, the commissioner shall grant a hearing to the organization, group or association examined. The report of any such examination, when filed for public inspection, shall be admissible in evidence in any action or proceeding brought by the commissioner against the organization, group or association

examined, or its officers or agents, and shall be prima facie evidence of the facts stated therein. The commissioner may withhold the report of any such examination from public inspection for such time as he may deem proper.

In lieu of any such examination the commissioner may accept the report of an examination made by the insurance supervisory official of another state, pursuant to the laws of such state.

**§ 13. RATE ADMINISTRATION.]**

1. **Recording and Reporting of Loss and Expense Experience.** The commissioner shall promulgate reasonable rules and statistical plans, reasonably adapted to each of the rating systems on file with him, which may be modified from time to time and which shall be used thereafter by each insurer in the recording and reporting of its loss and countrywide expense experience, in order that the experience of all insurers may be made available at least annually in such form and detail as may be necessary to aid him in determining whether rating systems comply with the standards set forth in Section 3. Such rules and plans may also provide for the recording and reporting of expense experience items which are specially applicable to this state and are not susceptible of determination by a prorating of countrywide expense experience. In promulgating such rules and plans, the commissioner shall give due consideration to the rating systems on file with him and, in order that such rules and plans may be as uniform as is practicable among the several states, to the rules and to the form of the plans used for such rating systems in other states. No insurer shall be required to record or report its loss experience on a classification basis that is inconsistent with the rating system filed by it. The commissioner may designate one or more rating organizations or other agencies to assist him in gathering such experience and making compilations thereof, and such compilations shall be made available, subject to reasonable rules promulgated by the commissioner, to insurers and rating organizations.
2. **Interchange of Rating Plan Data.** Reasonable rules and plans may be promulgated by the commissioner for the interchange of data necessary for the application of rating plans.
3. **Consultation with other States.** In order to further uniform administration of rate regulatory laws, the



commissioner and every insurer and rating organization may exchange information and experience data with insurance supervisory officials, insurers and rating organizations in other states and may consult with them with respect to rate making and the application of rating systems.

4. Rules and Regulations. The commissioner may make reasonable rules and regulations necessary to effect the purposes of this Act.

§ 14. FALSE OR MISLEADING INFORMATION.] No person or organization shall wilfully withhold information from, or knowingly give false or misleading information to, the commissioner, any statistical agency designated by the commissioner, any rating organization, or any insurer, which will affect the rates or premiums chargeable under this Act. A violation of this Section shall subject the one guilty of such violation to the penalties provided in Section 16 of this Act.

§ 15. REBATES PROHIBITED.] No broker or agent shall knowingly charge, demand or receive a premium for any policy of insurance except in accordance with the provisions of this Act. No insurer or employee thereof, and no broker or agent shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance, except to the extent provided for in an applicable filing. No insured named in a policy of insurance, nor any employee of such insured shall knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, credit or reduction of premium, or any such special favor or advantage or valuable consideration or inducement.

Nothing in this section shall be construed as prohibiting the payment of commissions or other compensation to duly licensed agents and brokers, nor as prohibiting any insurer from allowing or returning to its participating policyholders, members or subscribers, dividends, savings or unabsorbed premium deposits.

§ 16. PENALTIES.] Any person, firm or corporation who violates any provision of this Act shall be guilty of misdemeanor and shall be subject to a fine of not more than fifty dollars (\$50) for each such violation, but if the court finds that such violation was wilful, it may impose a fine of not more than five hundred dollars (\$500) for each such viola-

tion. Such penalties may be in addition to any other penalties provided by law.

The commissioner may suspend the license of any rating organization or insurer which fails to comply with the order of the commissioner within the time limited by such order or any extension thereof which the commissioner may grant. However, no right to suspend any such license shall exist until after the time for Appeal from such order has expired, or if an appeal has been taken, until such order has been affirmed, and no right of suspension shall exist if prompt compliance with such order is made following the expiration of the time for appeal or the entry of a final order or judgment of affirmance upon appeal. The commissioner may determine when a suspension of license shall become effective and it shall remain in effect for the period fixed by him, unless he modifies or rescinds such suspension, or until the order upon which such suspension is based is modified, rescinded or reversed.

No license shall be suspended or revoked except upon a written order of the commissioner, stating his findings, made after a hearing held upon not less than ten days' written notice to such person or organization specifying the alleged violation.

§ 17. HEARING PROCEDURE AND JUDICIAL REVIEW.]

1. Any insurer or rating organization aggrieved by any order or decision of the commissioner made without a hearing, may, within thirty days after notice of the order to the insurer or organization, make written request to the commissioner for a hearing thereon. The commissioner shall hear such party or parties within twenty days after receipt of such request and shall give not less than ten days' written notice of the time and place of the hearing. Within fifteen days after such hearing the commissioner shall affirm, reverse or modify his previous action, specifying his reasons therefor. Pending such hearing and decision thereon the commissioner may suspend or postpone the effective date of his previous action.
2. Nothing contained in this Act shall require the observance at any hearing of formal rules of pleading or evidence.
3. Any order or decision of the commissioner shall be subject to review by appeal within the time and in the manner provided by Chapter 28-32 of the North Dakota Revised Code of 1943 as same has been or may hereafter be amended.

§ 18. LAWS REPEALED.] All acts or parts of acts inconsistent with the provisions of this Act are hereby repealed.

§ 19. CONSTITUTIONALITY.] If any section, subsection, subdivision, paragraph, sentence or clause of this Act is held invalid or unconstitutional, such decision shall not affect the remaining portions of this Act.

Approved March 17, 1947.

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## CHAPTER 221

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S. B. No. 279—(Committee on Industry and Business)

### REPORT OF CERTIFICATE VALUATION FRATERNAL BENEFIT SOCIETIES

#### AN ACT

To amend and reenact Section 26-1234 of the North Dakota Revised Code of 1943, relating to the report of certificate valuation, verification, and minimum standard of certificate valuation of fraternal societies; and declaring an emergency.

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

§ 1. AMENDMENT.] Section 26-1234 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1234. REPORT OF CERTIFICATE VALUATION: VERIFICATION; MINIMUM STANDARD OF VALUATION.] Annually, and within ninety days after the submission of the last preceding annual report, each fraternal benefit society transacting business in this state shall file with the commissioner of insurance a report showing the valuation of its certificates in force on the thirty-first day of December last preceding, and including those issued within the year for which the report is filed in cases where the contributions for the first year are used in whole or in part for current mortality and expense payments. Such valuation shall be certified by a competent accountant or actuary, or, at the request and expense of the society, verified by the actuary of the department of insurance of the home state, territory, or province of the society. The legal minimum standard of valuation for all certificates, except for disability benefits, shall be the National Fraternal Congress Table of Mortality and four percent interest, or, at the option of the society any higher table or a table based upon the society's own experience of at least twenty years and covering

not less than one hundred thousand lives, with interest assumption of not more than four percent per annum, or any table and interest rate producing greater aggregate net values than those herein above prescribed, such as the Commissioners 1941 Standard Ordinary Table. Each such valuation report shall set forth clearly and fully the mortality and interest basis and the method of valuation. Any society providing for disability benefits shall keep the net contributions for such benefits in a fund separate and apart from all other benefit and expense funds and the valuation of all other business of the society. Where a combined contribution table is used by a society for both death and permanent total disability benefits, however, the valuation shall be according to tables of reliable experience, and in such case, a separation of the funds shall not be required.

§ 2. EMERGENCY.] This Act is hereby declared to be an emergency act and shall be in full force and effect from and after its passage and approval.

Approved March 21, 1947.

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## CHAPTER 222

S. B. No. 162—(Olson of Mountrail, Peterson, O'Brien and Page)

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### ADDITIONAL COVERAGE STATE HAIL INSURANCE

#### AN ACT

To provide for additional hail insurance coverage by the state hail insurance department; providing a method of securing such additional coverage; providing payment of cash premiums for such additional insurance; rules and regulations; and declaring an emergency.

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

§ 1. ADDITIONAL COVERAGE BY STATE HAIL INSURANCE DEPARTMENT; AMOUNT OF INDEMNITY.] Any person who has made application for hail insurance coverage of either five dollars or eight dollars per acre with the state hail insurance department, may make application for additional coverage as herein provided. Such additional coverage shall be for five dollars or ten dollars per acre, as the application for such insurance may specify. Such application shall be made in duplicate at the office of the County Auditor in the county where the land described in the application is located, and

shall be made on forms to be furnished by the state hail insurance department.

Such application shall refer to the original application or applications already applied for, and contain a legal description of the land, the kind of crops and acreage of the same on which additional insurance is desired; in no event shall such additional insurance become effective before the application is on file in the state hail insurance department in Bismarck. No indemnity shall be allowed for any loss or damage to such crops after the same is cut or on any abandoned crop. The county auditor shall be paid the sum of one cent per acre on all applications for such additional insurance approved by the state hail insurance department for his services in writing the applications as herein provided.

§ 2. RATE OF PREMIUM; PAYMENT; REFUND; PRORATING PAYMENT OF LOSSES WHERE LOSSES EXCEED TOTAL PAID IN WITH APPLICATIONS FOR SUCH ADDITIONAL INSURANCE.] All applications for additional insurance provided for herein must be accompanied by a cash deposit of eight percent of the risk applied for in the eastern district and a cash deposit of fifteen percent of the risk applied for in the western district as such districts are hereinafter provided for. After the close of the hail adjusting season in each year and after the premium rates for each of the two districts shall have been determined, which rates shall be determined by the total hail losses suffered by holders of such additional insurance, herein provided for, in each of such districts, plus the expense of administering such additional insurance in each district, the department shall refund any excessive premium deposit made at the time of the application for such additional insurance. If, however, the total amount necessary for indemnity tax for such additional insurance for any year exceeds eight percent of the risk carried by the department for such year in the eastern district and/or exceeds fifteen percent of the risk carried in the western district, the commissioner of insurance shall prorate the payment of losses in each district by applying the total amount paid by the applicants for such additional insurance in each district, as provided for herein, in full and complete payment of the approved claims for losses in each district, after deducting the expenses incurred by the department in administering such additional insurance in such district.

§ 3. DISTRICTS FOR SUCH ADDITIONAL COVERAGE.] For the purpose of levying a premium to meet losses on such additional coverage as herein provided for, the state shall be divided into two districts, designated as the eastern district and the western district. The following counties shall comprise

the eastern district: Barnes, Benson, Cass, Cavalier, Dickey, Eddy, Foster, Grand Forks, Griggs, Kidder, LaMoure, Logan, McIntosh, Nelson, Pembina, Pierce, Ramsey, Ransom, Richland, Rolette, Sargent, Steele, Stutsman, Towner, Traill, Walsh and Wells.

The following counties shall comprise the western district: Adams, Billings, Bottineau, Bowman, Burke, Burleigh, Divide, Dunn, Emmons, Golden Valley, Grant, Hettinger, McHenry, McKenzie, McLean, Mercer, Morton, Mountrail, Oliver, Renville, Sheridan, Sioux, Slope, Stark, Ward and Williams.

§ 4. LAWS, RULES AND REGULATIONS.] All laws, rules and regulations now in force and effect for state hail insurance or as the same may hereinafter be amended, modified, changed or adopted, shall apply to the applications for state hail insurance coverage and the adjustment of losses under this Act and accruing under the policies for additional state hail insurance provided for herein, except as herein provided.

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

Approved March 20, 1947.

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## CHAPTER 223

S. B. No. 47

(Brant for Legislative Research Committee at  
request of Insurance Department)

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### ADJUSTMENT STATE HAIL INSURANCE CLAIMS

#### AN ACT

To amend and reenact Section 26-2245 of the North Dakota Revised Code of 1943, relating to the adjustment of state hail insurance claims and declaring an emergency.

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

§ 1. AMENDMENT.] That Section 26-2245 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-2245. ADJUSTMENT OF CLAIMS: REINSPECTION WHERE CLAIMANT DISSATISFIED.] In making adjustments of claims the adjuster shall inspect the crops on which damage is claimed, and he may administer oaths and call witnesses to

testify as to the condition of the crop before and after the loss. He shall establish the fact that hail fell from evidence other than that found in the field examining witnesses living near the land on which loss is claimed. Whenever possible, the adjuster shall secure the written concurrence of the claimant, or his legal representative, in the adjustment of the claim, and if such concurrence is obtained, he shall forward it to the commissioner of insurance immediately. If the claimant does not concur in the findings and award of the adjuster, the adjuster shall notify the commissioner of insurance immediately, and upon the request of the claimant duly made within three days thereafter, upon blanks furnished by the department for that purpose, or by notice in writing to the Commissioner of Insurance, the state hail insurance department, through its authorized deputy inspector, shall reinspect the crops claimed to have been damaged.

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

Approved February 27, 1947.

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## CHAPTER 224

S. B. No. 25

(Brant for Legislative Research Committee at  
the request of State Insurance Department)

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### LEVY AND COLLECTION OF STATE HAIL INDEMNITY TAX

#### AN ACT

To amend and reenact Section 26-2232 of the North Dakota Revised Code of 1943 relating to the levy and collection of the hail indemnity tax, and repealing all acts or parts of acts in conflict herewith.

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

§ 1. AMENDMENT.] That Section 26-2232 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-2232. COMMISSIONER DETERMINES RATE OF HAIL INDEMNITY TAX LEVY; COLLECTION OF HAIL INDEMNITY TAX BY COMMISSIONER WITH DISCOUNT; CERTIFICATE TO COUNTY AUDITORS: DUTIES OF COUNTY AUDITORS AND TREASURERS.] The commissioner of insurance shall determine the rate of levy for the hail indemnity tax in each of the districts de-

scribed in Section 26-2230. When eight dollars per acre insurance is carried, the indemnity tax shall be as much greater than the tax for five dollars per acre insurance as eight is greater than five. As soon as possible after the hail indemnity tax rates have been determined, the commissioner shall send a statement by mail to each owner of real property against which the hail indemnity tax has been levied, setting forth the amount of said hail indemnity tax. The commissioner shall allow a five per cent discount to all persons who shall pay all of the hail indemnity tax levied on any tract or parcel of real property in any one year in full on or before the fifteenth day of November of the year in which such hail indemnity tax has been levied. As soon as possible after the fifteenth day of November of each year, the commissioner through the state hail insurance department, shall file with the county auditor of each county a complete list of descriptions of lands within such county upon which the state hail insurance department has carried the protection for the then current season based on the regular applications for hail insurance on file in his office after cancellation thereof and changes therein have been considered and cash payments have been credited. Each county auditor shall enter the unpaid hail indemnity tax in the tax list for his county and spread the same upon the tax rolls thereof in separate columns showing the amount of indemnity tax charged against each description of each tract, parcel, or subdivision of land insured with the department using the list described in this section as the basis therefor. The several county auditors and county treasurers shall make proper corrections on their records and shall cause deductions of hail indemnity taxes to be made from time to time upon receipt of certification from the state hail insurance department.

§ 2. REPEAL.] All acts and parts of acts in conflict herewith are hereby repealed.

Approved February 27, 1947.



**CHAPTER 225****S. B. No. 48****(Brant for Legislative Research Committee  
at request of Insurance Department)****REGULATING METHODS, PRACTICES AND TRANSACTIONS OF  
LIFE INSURANCE COMPANIES AND AGENTS****AN ACT**

To amend and reenact Sections 26-1009, 26-1010, 26-1011, 26-1012, 26-1013, and 26-1014 of the North Dakota Revised Code of 1943, regulating the methods, practices and transactions of the insurance business to prevent discrimination, rebates and misrepresentations, and providing for the revocation or suspension of the licenses of certain insurance agents and providing penalties for the violation of any of the provisions of this Act, and repealing all acts or parts of acts in conflict herewith.

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

§ 1. AMENDMENT.] That Section 26-1009 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

**26-1009. DISCRIMINATION BY LIFE INSURANCE COMPANIES AND REBATES AND INDUCEMENTS BY AGENTS PROHIBITED.]** No life insurance company or fraternal benefit society doing business in this state shall make or permit any distinction or discrimination between insureds of the same class and with equal expectation of life in the amount or payment of premiums or rate charges for policies of life or endowment insurance, or in the dividends or other benefits payable thereon, or in any other of the terms or conditions of the contracts which it makes. No such company, and no agent or solicitor therefor, either personally or by any other person, shall:

1. Make any contract of insurance, or agreement with reference thereto, other than such as is expressed plainly in the policy issued thereon;
2. Offer, promise, allow, give, set off, or pay any rebate of the whole or any part of the premium payable on the policy or the agent's commission thereon, or any special favor or advantage in the dividends, earnings, profits, or other benefit founded, arising, accruing, or to accrue thereon or therefrom;
3. Offer, promise, allow, or give any special advantage in the date of the policy or the age at which the same is issued;

4. Offer, promise, allow, or give any paid employment or contract for services of any kind, or any other valuable inducement or consideration whatever not specified in the policy contract of insurance;
5. Offer, promise, give, option, sell or purchase, or offer to give, sell, or purchase, as inducement to insurance or in connection therewith, any stocks, bonds, securities, or property, or any dividends or profits accruing or to accrue thereon, or other thing of value whatsoever not specified in the policy.

This section shall not prevent the taking of a bona fide obligation, with legal interest, in payment of any premium.

§ 2. AMENDMENT.] That Section 26-1010 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1010. INSURED PERSONS AND APPLICANTS FOR INSURANCE PROHIBITED FROM ACCEPTING REBATES.] No agent of any insurance or surety company, reciprocal, benevolent society, or any fraternal benefit society, or any other insurance organization or association, however constituted or entitled, shall grant, and no insured person or party or applicant for insurance either directly or indirectly, shall receive or accept, or agree to receive or accept, any rebate of premium, or of any part thereof, or all or any part of any agent's or solicitor's commission thereon, or any favor or advantage, or any share in any benefit to accrue under any policy of insurance, or any other valuable consideration or inducement other than such as may be specified in the policy, except as provided in an applicable filing which is in effect under the provision of the laws regulating insurance rates.

§ 3. AMENDMENT.] That Section 26-1011 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1011. MISREPRESENTATION OF TERMS OF POLICY AND FUTURE DIVIDENDS PROHIBITED.] No insurance or surety company, reciprocal, benevolent society, or any fraternal benefit society, or any other insurance organization, or association, however constituted or entitled, doing business in this state, and no officer, director, agent, or solicitor of such company, society or insurance organization, shall issue, circulate, or use, or cause or permit to be issued, circulated, or used, any written or oral statement or circular misrepresenting the terms of any policy issued or to be issued by such company, society, or insurance organization, or the benefits or advantages promised thereby, or make an estimate, with intent to deceive, of

the future dividends or shares of surplus payable under such policy, or use any name or title of any policy or class of policies misrepresenting the true nature thereof.

§ 4. AMENDMENT.] That Section 26-1012 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1012. MISREPRESENTATIONS TO INDUCE POLICYHOLDER TO CHANGE INSURANCE CARRIER PROHIBITED.] No agent or solicitor of any insurance or surety company, reciprocal, benevolent society, or any fraternal benefit society, or any other insurance organization, or association, however constituted or entitled shall make any misrepresentations or incomplete comparison of policies, oral, written, or otherwise, to any person insured in any company, society, or insurance organization, for the purpose of inducing or tending to induce a policyholder in any company, society, or insurance organization, to lapse, forfeit, or surrender his insurance therein and to take out a policy of insurance in the same or another company insuring against similar risks.

§ 5. AMENDMENT.] That Section 26-1013 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1013. REVOCATION OR SUSPENSION OF AGENT'S LICENSE FOR MISREPRESENTATION OR DISCRIMINATION; APPEAL.] Upon satisfactory evidence of the violation of any of the provisions of this chapter relating to misrepresentation or discrimination by any agent or solicitor of any insurance or surety company, reciprocal, benevolent society, or any fraternal benefit society, or any other insurance organization, or association, however constituted or entitled, the commissioner shall suspend or revoke the license of such offending solicitor or agent, and he may refuse to issue a new license to the offending agent or solicitor for a period of not to exceed one year thereafter. When a license shall be refused, suspended, or revoked, the party aggrieved may appeal to the district court of Burleigh county.

§ 6. AMENDMENT.] That Section 26-1014 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1014. PENALTY FOR VIOLATING PROVISIONS RELATING TO MISREPRESENTATION AND DISCRIMINATION.] Any officer, agent, solicitor, or representative of any insurance or surety company, reciprocal, benevolent society, or any fraternal benefit society, or any other insurance organization, or association, or any other person, who shall violate any of the pro-

visions of Sections 26-1009, 26-1010, 26-1011, 26-1012, or 26-1013 shall be guilty of a misdemeanor and shall be punished by a fine of not more than five hundred dollars, or by imprisonment in the county jail for not more than six months, or by both such fine and imprisonment, for each such violation. Any insurance or surety company, reciprocal, benevolent society, or any fraternal benefit society, or any other insurance organization, or association, found guilty of a violation of the provisions of Sections 26-1009 or 26-1010 by the commissioner of insurance upon a hearing, after fifteen days' notice, shall be subject to a penalty, not exceeding five hundred dollars, to be imposed by the commissioner. Upon default of the payment of such penalty, the commissioner may revoke the license of the offending company, society, or insurance organization, as the case may be. Upon a second conviction before the commissioner upon a similar hearing, the commissioner of insurance shall revoke the license to transact business in this state of the offending company, society, or insurance organization, as the case may be.

§ 7. REPEAL.] All acts or parts of acts in conflict herewith are hereby repealed.

Approved March 10, 1947.

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## CHAPTER 226

S. B. No. 278—(Committee on Industry and Business)

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### REQUIREMENTS IN LIFE INSURANCE POLICIES ON OTHER THAN STANDARD FORMS—VALUATIONS

#### AN ACT

To amend and reenact Subsections 7, 8 and 9 of Section 26-0335 of the North Dakota Revised Code of 1943, relating to provisions required in life insurance policy issued on other than standard form; and Section 26-1001, relating to valuation of policies of life insurance company generally; and repealing all Acts or parts of Acts in conflict herewith; and declaring an emergency.

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

§ 1. AMENDMENT.] Subsection 7 of Section 26-0335 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-0335 7. A provision that after the policy has been in force three full years, the company at any time while the policy is in force, will advance on proper assignment of the policy and on the sole security thereof, at a specified rate of interest, a sum equal to, or at the option of the owner of the policy, less than the reserve at the end of the current policy year on the policy and on any dividend additions thereto, computed according to a mortality table, interest rate, and method of valuation permitted by Section 26-1001, less a sum not more than two and one-half percent of the amount insured by the policy and of any dividend additions thereto; and that the company will deduct from such loan value any existing indebtedness on the policy and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year; which provision may provide further that such loan may be deferred for not exceeding six months after the application thereof is made. It shall be stipulated further in the policy that failure to repay any such advance or to pay interest thereon shall not void the policy unless the total indebtedness thereon to the company shall equal or exceed such loan value at the time of such failure nor until one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee, if any. No condition other than as herein provided shall be exacted as a prerequisite to any such advance. This provision shall not be required in a policy of term insurance;

§ 2. AMENDMENT.] Subsection 8 of Section 26-0335 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-0335 8. A provision which, in event of default in premium payments, after premiums shall have been paid for three years, shall secure to the owner of the policy a stipulated form of insurance, the net value of which shall be equal at least to the reserve at the date of default on the policy and on any dividend additions thereto, computed according to a mortality table, interest rate, and method of

valuation permitted by Section 26-1001, less a sum of not more than two and one-half percent of the amount insured by the policy and of any existing dividend additions thereto, and less any existing indebtedness to the company on the policy. Such provision shall stipulate that the policy may be surrendered to the company at its home office within one month from the date of default for a specified cash value at least equal to the sum which otherwise would be available for the purchase of insurance as aforesaid, and may stipulate that the company may defer payment for not more than six months after the application therefor is made. Provided, however, that if the benefits under the policy are calculated according to a more modern table than the American Experience Table of Mortality, the value of any extended term insurance, with accompanying pure endowment, if any, may be calculated according to rates of mortality not exceeding 130% of the rates according to such more modern table. This provision shall not be required in a policy providing term insurance of twenty years or less;

§ 3. AMENDMENT.] Subsection 9 of Section 26-0335 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-0335 9. A table showing in figures the loan values and the options available under the policy each year upon default in premium payments, during the first twenty years or during the term of the policy, whichever is shorter;

§ 4. AMENDMENT.] Section 26-1001 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1001. VALUATION OF POLICIES OF LIFE INSURANCE COMPANY GENERALLY.] As soon as practicable after the annual statements are filed, the commissioner of insurance, at the expense of the company shall ascertain the net value of every policy of life or accident insurance in force in each company writing such insurance. Such determination shall be made upon the basis of the American Experience Table of Mortality and four and one-half percent interest, or upon the Actuaries Combined Experience Table and four percent in-

terest, or upon such higher standard as the company may have adopted, in any case according to the preliminary term method of valuation described in Section 26-0333 or, at the option of the company, the so-called Commissioners reserve valuation method as to policies issued on or after the effective date of this Act. At the option of the company, the net value of such policies may be computed according to any mortality table, interest rate and method of valuation producing greater aggregate net value than those hereinabove prescribed. The commissioner, however, shall accept such valuation:

1. In the case of a domestic company, as made and filed by the company with its annual statement, upon satisfactory proof of its correctness;
2. In the case of a foreign company, as made by the proper office of the company and filed with the company's annual statement or as made by the insurance officer of the state in which the company is located, if he deems it expedient to do so.

§ 5. REPEAL.] All Acts or parts of Acts in conflict herewith are hereby repealed.

§ 6. EMERGENCY.] This Act is hereby declared to be an emergency Act and shall be in full force and effect from and after its passage and approval.

Approved March 21, 1947.