

INSURANCE

CHAPTER 212

S. B. No. 166
(Lips, Longmire, Brooks)

INSURANCE COMPANY INVESTMENTS AND LOANS

AN ACT

To amend and reenact subsection 3 of section 26-08-11 of the North Dakota Century Code, relating to investments authorized for domestic insurance companies and providing for an increase in the amount of secured amortized loans from sixty-six and two-thirds percent of the value of the property mortgaged to seventy-five percent.

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

§ 1. **Amendment.)** Subsection 3 of section 26-08-11 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

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 this state or within any state in which such company is, or becomes, authorized and licensed to transact business, or within any state contiguous to the state of North Dakota. 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 that 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 seventy-five 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. In no event shall a loan be made in excess of the amount of insurance carried on the buildings plus the value of the land. 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 indentures.

Approved February 28, 1961.

CHAPTER 213

S. B. No. 258

(Lips)

OFFICERS AND AGENTS OF DOMESTIC LIFE INSURANCE COMPANIES

AN ACT

To repeal subsection 2 and subsection 3 of section 26-11-10 of the North Dakota Century Code, relating to salaries and expenses of officers and agents of domestic life insurance companies, regulation and restrictions thereof.

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

§ 1. Repeal.) Subsections 2 and 3 of section 26-11-10 of the North Dakota Century Code is hereby repealed.

Approved February 28, 1961.

CHAPTER 214

H. B. No. 735

(Leet, Saugstad, Idso, Otos,
(Kitzmann, Alme, Wilkie)

HAIL INSURANCE

AN ACT

To amend and reenact sections 26-22-11, 26-22-30, 26-22-46, and 26-22-54 of the North Dakota Century Code, relating to the state hail insurance department, coverage of fire losses, and declaring an emergency.

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

§ 1. **Amendment.)** Section 26-22-11 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-22-11. Crops Insurable—Dates When Coverage on Insured Crops Commences and Terminates.) Crops of rye, wheat, speltz, barley, oats, flax, corn, buckwheat, millet, sweet clover, alfalfa and cane grown on cultivated land which is listed as actually cropped are insurable in the state hail insurance department in the manner specified in this chapter. Insurance obtained under the provisions of this chapter shall become effective at midnight of the postmark date shown on the envelope in which the application was mailed to the department, or if delivered in person, midnight of the date of delivery. Expiration dates for all crops in townships 129 through 150 inclusive are as follows: oats, speltz, barley, winter rye or winter wheat, September first; corn and wheat and all other insurable crops except flax, September tenth; flax, September twentieth. Expiration dates for all crops in townships 151 through 164 inclusive are as follows: oats, speltz, barley, winter rye or winter wheat, September tenth; corn and wheat and all other insurable crops except flax, September fifteenth; flax, September twentieth. All expirations shall become effective at twelve o'clock midnight of the dates above specified. Any crops which have been damaged materially by hail before an application is filed with the state hail insurance department shall not be insured until the percent of damage has been determined. This damage is to be taken into consideration in case additional hail loss is sustained.

§ 2. **Amendment.)** Section 26-22-30 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-22-30. Zones and Districts in State for Purposes of Levying Hail Indemnity Tax—Rates Between Zone and District

Levies.) For the purpose of levying the acreage indemnity tax required under the provisions of this chapter, the state shall be divided into four zones as follows:

Zone No. 1 shall include the counties of Pembina, Ramsey, Walsh, Nelson, Grand Forks, Steele, Traill, Cass, Ransom, Sargent and Richland;

Zone No. 2 shall include the counties of Bottineau, Rolette, Towner, Cavalier, McHenry, Pierce, Benson, Wells, Eddy, Foster, Griggs, Kidder, Stutsman, Barnes, LaMoure and Dickey;

Zone No. 3 shall include the counties of Burke, Renville, Mountrail, Ward, McLean, Sheridan, Mercer, Oliver, Morton, Burleigh, Grant, Sioux, Emmons, Logan and McIntosh;

Zone No. 4 shall include the counties of Divide, Williams, McKenzie, Dunn, Golden Valley, Billings, Stark, Slope, Hettinger, Bowman and Adams.

The following proportions or loss ratios shall be used in Zone No. 1 as follows:

1. District No. 1 shall consist of all counties showing an actual cost of not more than one percent of the risk carried;
2. District No. 2 shall consist of all counties showing an actual cost of over one percent but not more than two percent of the risk carried;
3. District No. 3 shall consist of all counties showing an actual cost of over two percent but not more than three percent of the risk carried;
4. District No. 4 shall consist of all counties showing an actual cost of over three percent but not more than four percent of the risk carried;
5. District No. 5 shall consist of all counties showing an actual cost of over four percent but not more than five percent of the risk carried;
6. District No. 6 shall consist of all counties showing an actual cost of over five percent of the risk carried and such counties with an average loss ratio of five percent or over for the current year and the next two preceding years when insurance is carried.

The following proportions or loss ratios shall be used in Zone No. 2 as follows:

1. District No. 1 shall consist of all counties showing an actual cost of not more than two percent of the risk carried;
2. District No. 2 shall consist of all counties showing an actual cost of over two percent but not more than four percent of the risk carried;

3. District No. 3 shall consist of all counties showing an actual cost of over four percent but not more than five percent of the risk carried;
4. District No. 4 shall consist of all counties showing an actual cost of over five percent but not more than six percent of the risk carried;
5. District No. 5 shall consist of all counties showing an actual cost of over six percent but not more than seven percent of the risk carried;
6. District No. 6 shall consist of all counties showing an actual cost of over seven percent of the risk carried and such counties with an average loss ratio of seven percent or over for the current year and the next two preceding years when insurance is carried.

The following proportions or loss ratios shall be used in Zone No. 3 as follows:

1. District No. 1 shall consist of all counties showing an actual cost of not more than three percent of the risk carried;
2. District No. 2 shall consist of all counties showing an actual cost of over three percent but not more than five percent of the risk carried;
3. District No. 3 shall consist of all counties showing an actual cost of over five percent but not more than six percent of the risk carried;
4. District No. 4 shall consist of all counties showing an actual cost of over six percent but not more than seven percent of the risk carried;
5. District No. 5 shall consist of all counties showing an actual cost of over seven percent but not more than eight percent of the risk carried;
6. District No. 6 shall consist of all counties showing an actual cost of over eight percent of the risk carried and such counties with an average loss ratio of nine percent or over for the current year and the next two preceding years when insurance is carried.

The following proportions or loss ratios shall be used in Zone No. 4 as follows:

1. District No. 1 shall consist of all counties showing an actual cost of not more than four percent of the risk carried;
2. District No. 2 shall consist of all counties showing an actual cost of over four percent but not more than six percent of the risk carried;

3. District No. 3 shall consist of all counties showing an actual cost of over six percent but not more than eight percent of the risk carried;
4. District No. 4 shall consist of all counties showing an actual cost of over eight percent but not more than ten percent of the risk carried;
5. District No. 5 shall consist of all counties showing an actual cost of over ten percent but not more than twelve percent of the risk carried;
6. District No. 6 shall consist of all counties showing an actual cost of over twelve percent of the risk carried and such counties with an average loss ratio of twelve percent or over for the current year and the next two preceding years when insurance is carried.

In Zone No. 1 the following rates shall be used:

1. District No. 1, not more than 2½%
2. District No. 2, not more than 3%
3. District No. 3, not more than 4%
4. District No. 4, not more than 4½%
5. District No. 5, not more than 5%
6. District No. 6, not more than 6%

In Zone No. 2 the following rates shall be used:

1. District No. 1, not more than 4%
2. District No. 2, not more than 5%
3. District No. 3, not more than 6%
4. District No. 4, not more than 7%
5. District No. 5, not more than 8%
6. District No. 6, not more than 9%

In Zone No. 3 the following rates shall be used:

1. District No. 1, not more than 5%
2. District No. 2, not more than 6%
3. District No. 3, not more than 7%
4. District No. 4, not more than 8%
5. District No. 5, not more than 9%
6. District No. 6, not more than 11%

In Zone No. 4 the following rates shall be used:

1. District No. 1, not more than 6%
2. District No. 2, not more than 8%
3. District No. 3, not more than 10%
4. District No. 4, not more than 12%
5. District No. 5, not more than 14%
6. District No. 6, not more than 16%

In all four Zones a surcharge of thirty percent of the rate in each county shall be charged on all barley and rye crops.

§ 3. **Amendment.)** Section 26-22-46 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-22-46. Arbitration of Loss—Appointment of Arbitrators—Deposit by Insured—Expenses of Arbitration—Effect of Determination.) If, upon the reinspection provided for in section 26-22-45, the insured still refuses to concur in the adjustment as found by the inspector, the deputy inspector shall notify the claimant of his intention to submit the case to arbitration. Within six hours after such notice, the claimant shall deposit with the deputy inspector an amount not less than twenty-five dollars nor more than fifty dollars, to be determined by the deputy inspector, as security for the payment of the fees and expenses of any attendant selected to compose the board of arbitration and deputy or chief inspector, if the finding of the members of the board of arbitration and deputy inspector is in an amount not greater than that offered by the deputy inspector. Such deposit shall be in a certified check, bank draft, or postal money order drawn to the order of the state hail insurance department. Within twelve hours after the deposit is made, excluding the time between seven o'clock p.m. and seven o'clock a.m., the deputy inspector and the claimant each shall appoint and produce on the premises where the loss was sustained one disinterested person. The person appointed by the inspector and the person appointed by the claimant shall appoint a third person. The three persons so appointed shall constitute the board of arbitration, and the findings concurred in by a majority of such board shall be final and binding upon the state hail insurance department and the claimant. If the board of arbitration finds more loss than was allowed by the deputy inspector, the expenses and costs of the adjustment shall be paid by the state hail insurance department. If the board does not find a greater loss than was allowed by the deputy inspector, the inspector shall forward the deposit received from the claimant to the state hail insurance department, together with vouchers signed by the members of the board of arbitration and by any witnesses called before the board, and certified by the deputy inspector. The state hail insurance department shall place such deposit to the credit of the state hail insurance fund, and warrants shall be drawn thereon for the payment of the fees of the members of the board of arbitration, the expenses of the deputy inspector, and the fees of witnesses, and any balance remaining from such deposit shall be returned to the claimant. The fees to be paid to arbitrators and witnesses under this section shall be at the discretion of the commissioner of insurance.

§ 4. **Amendment.)** Section 26-22-54 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-22-54. Insurance of Homestead and Indian Lands—Issuance of Other Special Policies.) The hail insurance department may insure crops grown on homestead lands on which a patent has not been issued, on land within the boundaries of Indian reservations, on lands not otherwise subject to taxation, and in all cases where crops of the kinds described in this chapter are not insurable on regular applications filed under this chapter. In any case where crops are not covered by an approved application made in accordance with other provisions of this chapter, any party having a direct interest in such crops may apply for insurance on his proportionate share of such crops according to the provisions of this section. The applications requesting such special insurance shall be filed with the state hail insurance department directly upon blanks furnished by the commissioner of insurance, under such rules and regulations as he may direct, and shall be accompanied by a certified check or draft in payment of the premium in Zone Number One at the rate of six cents for each dollar of insurance applied for, in Zone Number Two at the rate of nine cents for each dollar of insurance applied for, in Zone Number Three at the rate of eleven cents for each dollar of insurance applied for and in Zone Number Four at the rate of sixteen cents for each dollar of insurance applied for. The commissioner of insurance, when crops are insured under the provisions of this section, shall refund, after the actual levy per acre has been ascertained, such amounts to such applicants as will make the cost per acre the same for crops insured under the provisions of this section as the cost per acre within the same county to those who carry the insurance in the regular manner. The commissioner, through the manager of the state hail insurance department, shall draw warrants on the state treasurer, payable out of the state hail insurance fund, to the persons to whom such refunds are due. Such warrants shall be mailed by the state hail insurance department to the parties who are entitled thereto according to the records.

§ 5. **Loss by Fire.)** Crops insured for hail shall also be insured for fire, not of an incendiary nature, while standing in fields, or in bundles, shocks, stacks, swaths, or windrows. Expiration dates shall be the same as those listed in this chapter. Loss due to nuclear reaction or nuclear radiation or to radioactive contamination shall not be allowed.

§ 6. **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, 1961.

CHAPTER 215

S. B. No. 119
(Ringsak and Van Horn)

SALES REPRESENTATIVES

AN ACT

To create and enact section 26-27-14 of the North Dakota Century Code, relating to the licensing of sales representatives of nonprofit medical service corporations.

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

§ 1.) Section 26-27-14 of the North Dakota Century Code is hereby created and enacted to read as follows:

26-27-14. Licensing of Sales Representatives.) The sales representatives of any corporation subject to the provisions of this chapter shall be subject to the laws pertaining to insurance agents as defined in chapter 26-17, where applicable. The license or certificate for such sales representatives shall be issued on a form as prescribed by the commissioner of insurance, and the fee therefor shall be two dollars.

Approved March 3, 1961.