

**Fifty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2003**

HOUSE BILL NO. 1264
(Representative Wald)

AN ACT to create and enact a new section to chapter 26.1-26 of the North Dakota Century Code, relating to a controlled insurance business.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 26.1-26 of the North Dakota Century Code is created and enacted as follows:

Controlled business prohibited - Definition - Formula for determination.

1. As used in this section, unless the context otherwise requires, "controlled business" means insurance written on the interests of the licensee, licensee's immediate family, or licensee's employer; or insurance covering the licensee, the members of the licensee's immediate family, a business entity, or the officers, directors, substantial stockholders, partners, or employees of such a business entity of which the licensee or a member of the licensee's immediate family is an officer, a director, a substantial stockholder, a partner, an associate, or an employee. "Controlled business" does not include crop insurance business sold by a business entity licensed as an insurance producer for crop insurance between August 1, 2001, and December 31, 2002.
2. The commissioner may not grant, renew, continue, or permit to continue any license if the commissioner determines that the license is being or will be used by the applicant or licensee for the purpose of writing controlled business. A license is deemed to have been or intended to be used for the purpose of writing controlled business if the commissioner determines that during any twelve-month period the aggregate commissions earned from the controlled business exceeded thirty-five percent of the aggregate commissions earned on all business written by the licensee during the same period.
3. This section does not apply to insurance written in connection with credit transactions, including title insurance.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1264.

House Vote: Yeas 83 Nays 10 Absent 1

Senate Vote: Yeas 43 Nays 3 Absent 1

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2003.

Approved at _____ M. on _____, 2003.

Governor

Filed in this office this _____ day of _____, 2003,

at _____ o'clock _____ M.

Secretary of State