

**SENATE BILL NO. 2187
with House Amendments**

Fifty-ninth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2187

Introduced by

Senators Krebsbach, Grindberg, Schobinger

Representatives Carlson, Price, Ruby

1 A BILL for an Act to create and enact section 26.1-27-03.1 of the North Dakota Century Code,
2 relating to bond requirements for third-party administrators; to amend and reenact section
3 26.1-27-03 of the North Dakota Century Code, relating to fees for acting as a third-party
4 administrator and the penalties for acting without a third-party administrator license; to repeal
5 section 26.1-27-04 of the North Dakota Century Code, relating to the waiver of third-party
6 registration requirements; and to provide a penalty.

7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

8 **SECTION 1. AMENDMENT.** Section 26.1-27-03 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **26.1-27-03. Certificate of ~~registration~~ authority required - Penalty.**

- 11 1. ~~No~~ A person, including a person who directly or indirectly underwrites, collects
12 charges or premiums from, or adjusts or settles claims on residents of this state in
13 connection with life, annuity, or health coverage provided by a self-funded plan,
14 may not act as or hold oneself out to be an administrator in this state, for the kinds
15 of business for which the person is acting as an administrator, without a certificate
16 of ~~registration~~ authority issued by the commissioner. Any person violating this
17 subsection is guilty of a class ~~B misdemeanor~~ C felony.
- 18 2. All applications must be accompanied by a filing fee of ~~twenty-five~~ one hundred
19 dollars.
- 20 3. The commissioner shall issue a certificate unless the commissioner after due
21 notice and hearing determines that the administrator is not competent, trustworthy,
22 financially responsible, or of good personal and business reputation, or has had a
23 previous application for an insurance license denied for cause within five years.

4. The administrator shall pay an annual renewal fee of ~~twenty-five~~ fifty dollars to maintain the certificate.

5. After notice and hearing, the commissioner may revoke a certificate or fine the administrator not more than ten thousand dollars, or both, or the commissioner may suspend a certificate, or fine the administrator not more than five thousand dollars, or both, upon finding that either the administrator violated section 26.1-27-05 and subsection 4 of section 26.1-27-06 and also violated subsection 1, 2, or 3 of section 26.1-27-06 or section 26.1-27-07, 26.1-27-08, 26.1-27-10, 26.1-27-11, or 26.1-27-12, or the administrator is not competent, trustworthy, financially responsible, or of good personal and business reputation.

SECTION 2. Section 26.1-27-03.1 of the North Dakota Century Code is created and enacted as follows:

26.1-27-03.1. Bond requirement. An administrator that administers or will administer self-insured plans in this state shall maintain a surety bond for the use and benefit of the commissioner for covered persons who have remitted premiums or insurance charges or other moneys to the administrator in the course of the administrator's business in the greater of the following amounts:

1. One hundred thousand dollars; or
2. Ten percent of the aggregate total amount of administered coverage under the plans handled in this state.

SECTION 3. REPEAL. Section 26.1-27-04 of the North Dakota Century Code is repealed.