

Sixty-first  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO. 1294

Introduced by

Representatives Wald, Monson

1 A BILL for an Act to create and enact section 26.1-21-24 of the North Dakota Century Code,  
2 relating to bond purchases by state agencies and political subdivisions; and to amend and  
3 reenact subsection 3 of section 26.1-01-07.1 and sections 26.1-21-07, 26.1-21-09, and  
4 26.1-21-10 of the North Dakota Century Code, relating to the insurance regulatory trust fund  
5 and insurance provided to state agencies and political subdivisions under the state bonding  
6 fund.

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

8 **SECTION 1. AMENDMENT.** Subsection 3 of section 26.1-01-07.1 of the North Dakota  
9 Century Code is amended and reenacted as follows:

10 3. Except as otherwise provided by law, at after the end of each fiscal year has been  
11 closed and all expenses relating to the fiscal year have been accounted for, the  
12 state treasurer office of management and budget shall transfer, after all fiscal year  
13 expenses have been paid, at the request of the commissioner any cash fund  
14 balance remaining in the insurance regulatory trust fund that exceeds one million  
15 dollars to the general fund.

16 **SECTION 2. AMENDMENT.** Section 26.1-21-07 of the North Dakota Century Code is  
17 amended and reenacted as follows:

18 **26.1-21-07. Coverage.** The amount of coverage afforded to each state agency or  
19 political subdivision must be determined by the commissioner based upon the amount of money  
20 or property handled and the opportunity for defalcation. The coverage may be greater than but  
21 not less than the amount required by law or determined under law for a position. The coverage  
22 for a state legislative or judicial branch agency, however, may be determined by the legislative  
23 council or supreme court, respectively. Notwithstanding any other provision of law, the  
24 commissioner may issue bonds in such amounts as the commissioner determines necessary to

1 carry out the purposes of the fund and, in determining the amount of coverage to be offered, the  
2 commissioner may consider the reserves necessary to pay the bonds and for all other  
3 necessary costs or expenses to carry out the purposes of the fund.

4 **SECTION 3. AMENDMENT.** Section 26.1-21-09 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **26.1-21-09. Premiums - Amount to whom paid - Minimum.** The commissioner shall  
7 determine the premium for a blanket bond. Each state agency and political subdivision shall  
8 pay the premium in advance to the ~~state treasurer who shall keep~~ fund and the premiums  
9 collected must be kept in the fund. ~~The state treasurer shall issue receipts in triplicate. The~~  
10 ~~treasurer shall file one of these receipts in the treasurer's office, shall mail one to the official~~  
11 ~~making the payment, and shall mail one to the commissioner.~~ The minimum premium for each  
12 bond must be two dollars and fifty cents per public employee per year. Payments must be  
13 made for one year or for a longer term as prescribed by the commissioner. The premiums  
14 referred to in this section must be waived until the reserve fund of the state bonding fund has  
15 been depleted below the sum of two million dollars. The collection of premiums must be  
16 resumed on the bonds, at the rates provided under this section, whenever the reserve fund is  
17 depleted below the sum of two million dollars. The premiums must continue to be collected  
18 until the reserve fund reaches a total of three million dollars, at which time all premiums must  
19 again be waived until the reserve fund has been depleted below the sum of two million dollars.

20 **SECTION 4. AMENDMENT.** Section 26.1-21-10 of the North Dakota Century Code is  
21 amended and reenacted as follows:

22 **26.1-21-10. Automatic insurance of state and political subdivisions.**

- 23 1. Each state agency and each political subdivision shall apply to be bonded in the  
24 fund no less often than on a biennial basis or if when a change in coverage is  
25 requested, whichever occurs first. Unless an application is denied within sixty days  
26 from the date it is received by the commissioner, the application will be deemed  
27 approved and bond coverage in force. If a bond is in the discretion of the state  
28 agency or political subdivision and a bond is not requested, the state agency or  
29 political subdivision is exempt from this section.
- 30 2. The application must include a requested amount of bond coverage based on the  
31 amount of money and property handled and the opportunity for defalcation and any

1 other condition imposed by law and list twenty-five percent of the money in control  
2 of the public officials or employees for which the bond is requested for the  
3 preceding year based on the total monthly balances. In addition, the application  
4 must include any information requested by the commissioner to determine the  
5 amount of money and property handled and the opportunity for defalcation,  
6 including the procedure used to determine the amount of bond requested,  
7 revenues for the last budget period by type, expenditures for the last budget period  
8 by type, the number of people that handle money, any portion of the last audit, and  
9 any financial procedures.

10 **SECTION 5.** Section 26.1-21-24 of the North Dakota Century Code is created and  
11 enacted as follows:

12 **26.1-21-24. State agency or political subdivision may purchase bond in addition**  
13 **to fund bond.** Nothing in this chapter prohibits a state agency or political subdivision from  
14 purchasing a bond issued by a duly authorized surety company in addition to the bond provided  
15 by the fund. A state agency or political subdivision that purchases an additional bond shall file  
16 evidence of that bond with the commissioner.