

Sixty-first  
Legislative Assembly  
of North Dakota

## ENGROSSED 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, any cash fund balance remaining in the insurance  
14 regulatory trust fund that exceeds one million dollars to the general fund.

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

17 **26.1-21-07. Coverage.** The amount of coverage afforded to each state agency or  
18 political subdivision must be determined by the commissioner based upon the amount of  
19 money or property handled and the opportunity for defalcation. The coverage may be greater  
20 than but not less than the amount required by law or determined under law for a position. The  
21 coverage for a state legislative or judicial branch agency, however, may be determined by the  
22 legislative council or supreme court, respectively. Notwithstanding any other provision of law,  
23 the commissioner may issue bonds in such amounts as the commissioner determines  
24 necessary to carry out the purposes of the fund and, in determining the amount of coverage to

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

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

5 **26.1-21-09. Premiums - Amount to whom paid - Minimum.** The commissioner shall  
6 determine the premium for a blanket bond. Each state agency and political subdivision shall  
7 pay the premium in advance to the ~~state treasurer who shall keep~~ fund and the premiums  
8 collected must be kept in the fund. ~~The state treasurer shall issue receipts in triplicate. The~~  
9 ~~treasurer shall file one of these receipts in the treasurer's office, shall mail one to the official~~  
10 ~~making the payment, and shall mail one to the commissioner.~~ The minimum premium for each  
11 bond must be two dollars and fifty cents per public employee per year. Payments must be  
12 made for one year or for a longer term as prescribed by the commissioner. The premiums  
13 referred to in this section must be waived until the reserve fund of the state bonding fund has  
14 been depleted below the sum of two million dollars. The collection of premiums must be  
15 resumed on the bonds, at the rates provided under this section, whenever the reserve fund is  
16 depleted below the sum of two million dollars. The premiums must continue to be collected  
17 until the reserve fund reaches a total of three million dollars, at which time all premiums must  
18 again be waived until the reserve fund has been depleted below the sum of two million dollars.

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

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

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

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

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

11 **26.1-21-24. State agency or political subdivision may purchase bond in addition**  
12 **to fund bond.** Nothing in this chapter prohibits a state agency or political subdivision from  
13 purchasing a bond issued by a duly authorized surety company in addition to the bond provided  
14 by the fund. A state agency or political subdivision that purchases an additional bond shall file  
15 evidence of that bond with the commissioner.