

Sixty-first  
Legislative Assembly  
of North Dakota

**SENATE BILL NO.**

Introduced by

Senator Klein

1 A BILL for an Act to amend and reenact subsection 1 of section 26.1-06.1-31 of the North  
2 Dakota Century Code, relating to contracts of reinsurance.

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

4 **SECTION 1. AMENDMENT.** Subsection 1 of section 26.1-06.1-31 of the North Dakota  
5 Century Code is amended and reenacted as follows:

- 6 1. The amount recoverable by the liquidator from reinsurers may not be reduced as a  
7 result of the delinquency proceedings unless the reinsurance contract provides, in  
8 substance, that in the event of the insolvency of the ceding insurer, the reinsurance  
9 must be payable under one or more contracts reinsured by the assuming insurer  
10 on the basis of reported claims allowed by the liquidation court or proof of payment  
11 of the claim by a guaranty association without diminution because of the insolvency  
12 of the ceding insurer. The payments must be made directly to the ceding insurer or  
13 to the ceding insurer's domiciliary liquidator except if:
- 14 a. The contract or other written agreement specifically provides another payee of  
15 such reinsurance in the event of the insolvency of the ceding insurer; or  
16 b. The assuming insurer, with the consent of the direct insured, has assumed  
17 such policy obligations of the ceding insurer as direct obligations of the  
18 assuming insurer to the payees under the policies and in substitution for the  
19 obligations of the ceding insurer to such payees.