

Sixty-first
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1204

Introduced by

Representatives Keiser, Klemin, Weisz

Senator J. Lee

1 A BILL for an Act to create and enact a new section to chapter 26.1-36 and a new section to
2 chapter 54-52.1 of the North Dakota Century Code, relating to health insurance coverage for
3 medical services related to intoxication; to amend and reenact subsection 2 of section
4 26.1-36-04 of the North Dakota Century Code, relating to health insurance coverage of injuries
5 caused by intoxication or the use of narcotics or incurred in the commission of a crime; and to
6 provide a statement of legislative intent.

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

8 **SECTION 1. AMENDMENT.** Subsection 2 of section 26.1-36-04 of the North Dakota
9 Century Code is amended and reenacted as follows:

- 10 2. Except as provided in subsection 3, ~~no~~ an accident and health insurance policy
11 delivered or issued for delivery to any person in this state may not contain
12 provisions respecting the matters described in this subsection unless the
13 provisions in the policy are not less favorable in any respect to the insured or the
14 beneficiary.
- 15 a. A provision that if the insured is injured or contracts sickness after having
16 changed occupation to one classified by the insurer as more hazardous than
17 that stated in the policy or while doing for compensation anything pertaining to
18 an occupation so classified, the insurer will pay only such portion of the
19 indemnities provided in the policy as the premium paid would have purchased
20 at the rates and within the limits fixed by the insurer for the more hazardous
21 occupation. If the insured changes occupation to one classified by the insurer
22 as less hazardous than that stated in the policy, the insurer, upon receipt of
23 proof of the change of occupation, will reduce the premium rate accordingly,
24 and will return the excess pro rata unearned premium from the date of

1 change of occupation or from the policy anniversary date immediately
2 preceding receipt of proof, whichever is the more recent. The provision must
3 provide that the classification of occupational risk and the premium rates will
4 be such as have been last filed by the insurer ~~prior to~~ before the occurrence
5 of the loss for which the insurer is liable or ~~prior to~~ before date of proof of
6 change in occupation with the state official having supervision of insurance in
7 the state where the insured resided at the time the policy was issued; but if
8 the filing was not required, then the classification of occupational risk and the
9 premium rates will be those last made effective by the insurer in such state
10 ~~prior to~~ before the occurrence of the loss or ~~prior to~~ before the date of proof of
11 change in occupation.

- 12 b. A provision that if the age of the insured has been misstated, all amounts
13 payable under the policy will be such as the premium paid would have
14 purchased at the correct age.
- 15 c. A provision that if an accident or health or accident and health policy or
16 policies previously issued by the insurer to the insured are in force
17 concurrently therewith, making the aggregate indemnity for the type of
18 coverage or coverages, in excess of the maximum limit of indemnity or
19 indemnities, the excess insurance is void and all premiums paid for the
20 excess will be returned to the insured or to the insured's estate. In lieu of this
21 type of provision, the policy may provide that insurance effective at any one
22 time on the insured under the policy and a like policy or policies in the insurer
23 is limited to the one such policy elected by the insured, the insured's
24 beneficiary, or the insured's estate, as the case may be, and the insurer will
25 return all premiums paid for all other such policies.
- 26 d. A provision that upon the payment of a claim under the policy, any premium
27 then due and unpaid or covered by any note or written order may be
28 deducted ~~therefrom~~ from the payment.
- 29 e. Subject to chapter 26.1-36.4, a provision that the insurer may cancel the
30 policy at any time by written notice delivered to the insured, or mailed to the
31 insured's last address as shown by the records of the insurer, stating when,

not less than five days thereafter, the cancellation is effective; and after the policy has been continued beyond its original term the insured may cancel the policy at any time by written notice delivered or mailed to the insurer, effective upon receipt or on such later date as may be specified in the notice. The provision must provide that in the event of cancellation, the insurer will return promptly the unearned portion of any premium paid, and, if the insured cancels, the earned premium will be computed by the use of the short-rate table last filed in the state where the insured resided when the policy was issued. The provision must provide that if the insurer cancels, the earned premium shall be computed pro rata. The provision must provide that cancellation is without prejudice to any claim originating prior to the effective date of cancellation.

- f. A provision that any provision of the policy which, on its effective date, is in conflict with the statutes of the state in which the insured resides on such date is amended to conform to the minimum requirements of such statutes.
- g. A provision that the insurer is not liable for any loss to which a contributing cause was the insured's commission of or attempt to commit a felony or to which a contributing cause was the insured's being engaged in an illegal occupation.
- h. ~~A provision that the insurer is not liable for any loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic unless administered on the advice of a physician.~~
- i. A provision that after the loss-of-time benefit of the policy has been payable for ninety days, such benefit will be adjusted, as provided ~~below~~ under this subdivision, if the total amount of unadjusted loss-of-time benefits provided in all valid loss-of-time coverage upon the insured should exceed a percentage of the insured's earned income as provided in the policy; provided, however, that if the information contained in the application discloses that the total amount of loss-of-time benefits under the policy and under all other valid loss-of-time coverage expected to be effective upon the insured in accordance with the application for this policy exceeded an alternative

percentage of the insured's earned income as provided in the policy, at the time of the application, such higher percentage will be used in place of the original percentage provided.

(1) The provision must provide that the adjusted loss-of-time benefit under the policy for any month will be only such proportion of the loss-of-time benefit otherwise payable under the policy as ~~(4)~~ (a) the product of the insured's earned income and the original percent, or, if higher, the alternative percentage, bears to ~~(2)~~ (b) the total amount of loss-of-time benefits payable for such month under the policy and all other valid loss-of-time coverage on the insured, without giving effect to the "overinsurance provision" in this or any other coverage, less in both ~~(4)~~ (a) and ~~(2)~~ (b) any amount of loss-of-time benefits payable under other valid loss-of-time coverage which does not contain an "overinsurance provision".

(2) The provision must provide that in making the computation, all benefits and earnings will be converted to a consistent basis weekly if the loss-of-time benefit of the policy is payable weekly, or monthly if the benefit is payable monthly, or otherwise, based upon the time period. If the numerator of the foregoing ratio is zero or is negative, no benefit is payable.

(3) The provision must provide that in no event does the provision operate to reduce the total combined amount of loss-of-time benefits for such month payable under the policy and all other valid loss-of-time coverage below the lesser of three hundred dollars and the total combined amount of loss-of-time benefits determined without giving effect to any "overinsurance provision", nor operate to increase the amount of benefits payable under the policy above the amount which would have been paid in the absence of the provision, nor take into account or operate to reduce any benefit other than the loss-of-time benefit.

(4) The provision must provide that:

- 1 (4) (a) "Earned income", except when otherwise specified, means the
2 greater of the monthly earnings of the insured at the time
3 disability commences and the insured's average monthly
4 earnings for a period of two years immediately preceding the
5 commencement of the disability, and does not include any
6 investment income or any other income not derived from the
7 insured's vocational activities.
- 8 (2) (b) "Overinsurance provision" includes this type of provision and any
9 other provision with respect to any loss-of-time coverage which
10 may have the effect of reducing an insurer's liability if the total
11 amount of loss-of-time benefits under all coverage exceeds a
12 stated relationship to the insured's earnings.
- 13 (5) This type of provision may be included only in a policy ~~which~~ that
14 provides a loss-of-time benefit which may be payable for at least
15 fifty-two weeks, which is issued on the basis of selective underwriting of
16 each individual application, and for which the application includes a
17 question designed to elicit information necessary either to determine
18 the ratio of the total loss-of-time benefits of the insured to the insured's
19 earned income or to determine that such ratio does not exceed the
20 percentage of earnings, not less than sixty percent, selected by the
21 insurer and inserted in lieu of the blank factor above. The insurer may
22 require, as part of the proof of claim, the information necessary to
23 administer this provision. If the application indicates that other
24 loss-of-time coverage is to be discontinued, the amount of such other
25 coverage must be excluded in computing the alternative percentage in
26 the first sentence of the overinsurance provision. The policy must
27 include a definition of "valid loss-of-time coverage" which may include
28 coverage provided by governmental agencies and by organizations
29 subject to regulation by insurance law and by insurance departments of
30 this or any other state or of any other country or subdivision thereof,
31 coverage provided for the insured pursuant to any disability benefits

statute or any workforce safety and insurance or employer's liability statute, benefits provided by labor-management trustee plans or union welfare plans or by employer or employee benefit organizations, or by salary continuance or pension programs, and any other coverage the inclusion of which may be approved.

SECTION 2. A new section to chapter 26.1-36 of the North Dakota Century Code is created and enacted as follows:

Medical services related to intoxication. An insurance company, nonprofit health service corporation, or health maintenance organization may not deliver, issue, execute, or renew any major medical expense policy on a group, blanket, franchise, or association basis unless the policy, contract, or evidence of coverage provides benefits, of the same type offered under the policy or contract for illnesses, for health services to any individual covered under the policy or contract for injury or illness resulting from any loss sustained or contracted in the consequence of the insured's being intoxicated or under the influence of any narcotic.

SECTION 3. A new section to chapter 54-52.1 of the North Dakota Century Code is created and enacted as follows:

Insurance to cover medical services related to intoxication. The board shall provide medical benefits coverage under a contract for insurance pursuant to section 54-52.1-04 or under a self-insurance plan pursuant to section 54-52-04.2 for medical services related to intoxication in the same manner as provided for under section 2 of this Act.

SECTION 4. LEGISLATIVE INTENT. This Act is not a mandate of health insurance coverage of services under section 54-03-28.