

Sixty-fourth  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1312**

Introduced by

Representatives Keiser, Klemin

Senator Klein

1 A BILL for an Act to amend and reenact section 26.1-20-04 of the North Dakota Century Code,  
2 relating to title insurance limitation on risks.

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

4 **SECTION 1. AMENDMENT.** Section 26.1-20-04 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **26.1-20-04. Limitation on risks.**

7 ~~A title insurance company transacting business in this state may not expose itself to loss on~~  
8 ~~any one risk or hazard to an amount exceeding fifty percent of its paid-up capital and surplus if~~  
9 ~~a stock company, or fifty percent of its surplus if a mutual company, unless the excess is~~  
10 ~~reinsured.~~

11 1. Except as provided in subsection 2, a title insurance company may issue a title  
12 insurance policy on property located in this state involving a potential policy liability up  
13 to ninety percent of the company's combined surplus as regards policyholders and  
14 statutory premium reserves as stated in the most recent annual statement of the  
15 company.

16 2. A title insurance company may exceed the limit established in subsection 1 if the  
17 excess liability is reinsured in due course with an authorized title insurance company  
18 or in compliance with subsection 3 or 4.

19 3. Notwithstanding contrary provisions of this section, a title insurance company may  
20 acquire reinsurance on an individual policy or facultative basis from a title insurance  
21 company not authorized to engage in the business of title insurance in this state if the  
22 title insurance company from which the reinsurance is acquired:

- 1           a. Has a combined capital and surplus of at least twenty million dollars as stated in
- 2           the company's most recent annual statement preceding the acceptance of
- 3           reinsurance; and
- 4           b. Is domiciled in another state and is authorized to engage in the business of title
- 5           insurance in one or more states.
- 6       4. Notwithstanding contrary provisions in this section, a title insurance company may
- 7           obtain reinsurance by a reinsurance treaty or other reinsurance agreement from an
- 8           assuming insurer with a financial strength rating of B+ or better from the A.M. Best
- 9           Company, Inc., or with an alternative rating the commissioner may approve which the
- 10          commissioner determines is an equivalent rating by another recognized rating
- 11          organization.