

INSURANCE

CHAPTER 188

H. B. No. 573
(R. Fay Brown)

STANDARD FIRE INSURANCE POLICY PROVISIONS

AN ACT

To amend and reenact subsection 6 of section 26-0340 of the 1953 Supplement, North Dakota Revised Code of 1943, relating to a standard fire insurance policy.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Subsection 6 of section 26-0340 of the 1953 Supplement, North Dakota Revised Code of 1943, is hereby amended and reenacted to read as follows:

6. Provided, however, that this section shall not apply to inland marine, ocean marine or automobile insurance, and provided also that by and with the approval of the insurance commissioner, a combined farm policy may be used, the fire portion of which shall be substantially in accord with the fire insurance policy herein provided, but no policy or contract issued under the provisions of this Act shall contain a limitation of less than three years for the bringing of any suit or action thereunder.

Approved March 1, 1955.

CHAPTER 189

H. B. No. 830

(Wicks, Saumur, Brown, Nygaard, Bjella and Davis)

PROHIBITING LICENSING OF CERTAIN FOREIGN INSURANCE COMPANIES

AN ACT

To prohibit any insurance company or other insurance entity which is financially owned or financially controlled by any foreign government outside the United States or the territories of the United States from doing any kind of insurance business in the state of North Dakota, and to provide penalties for the violation of this Act, and declaring an emergency.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1.) That any insurance company or other insurance entity which is financially owned or financially controlled by any foreign government outside the United States or the territories of the United States is hereby prohibited from doing any kind of insurance business in the state of North Dakota.

§ 2.) That the commissioner of insurance is hereby forbidden to grant a license to any insurance company or other insurance entity which is financially owned in whole or in part or financially controlled by any foreign government outside the United States or the territories of the United States, or to authorize any such company or entity to transact any kind of insurance business in the state of North Dakota. This Act shall not affect any insurance company qualified to do business in this state on or prior to January 1, 1955.

§ 3.) That any insurance company or other insurance entity which is financially owned in whole or in part or financially controlled by any foreign government outside the United States or the territories of the United States, or any representative or agent of any such company or entity which violates the provisions of this Act, shall be guilty of a misdemeanor and punished under the general statutes providing penalties for misdemeanors.

§ 4. **Emergency.**) This Act is hereby declared to be an emergency measure and shall be in full force and effect from and after its passage and approval.

Approved March 7, 1955.

CHAPTER 190

S. B. No. 59

(Livingston, Wolf, Bridston, O. S. Johnson)

DEFINITIONS; POWERS OF FRATERNAL BENEFIT SOCIETIES

AN ACT

To amend and reenact sections 26-1203, 26-1220, and 26-1228 of the North Dakota Revised Code of 1943, section 26-1219 of the 1953 Supplement to the North Dakota Revised Code of 1943, and to repeal section 26-1221 of the North Dakota Revised Code of 1943, relating to fraternal benefit societies.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 26-1203 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1203. Representative Form of Government Defined; Proxy Prohibited; Supreme Meeting In Emergency.) Any society of the kind mentioned in section 26-1201 shall be deemed to have a representative form of government within the meaning of such section when it shall provide in its constitution and laws for a supreme legislative or governing body composed of representatives elected by the members or delegates elected directly or indirectly by the members, together with such other members as may be prescribed by its constitution and laws if:

1. The elective members shall constitute a majority in number and shall have not less than two-thirds of the votes, nor less than the number of votes required to amend the constitution and laws of the society;
2. The meeting of the supreme governing body and the election of officers, representatives, or delegates shall be held as often as once in four years;
3. The officers shall be elected either by the supreme legislative or governing body or by the board of directors; and
4. The members, officers, representatives, or delegates of the society shall not vote by proxy.

However, during any period of a national emergency, upon petition or application duly made by the executive officer of any society to the commissioner of insurance at least sixty days prior to the date on which said supreme or governing

body is to meet, the commissioner of insurance, in his discretion, upon a complete investigation of the merits of said petition or application, may grant a continuance or postponement of said meeting for a period of not to exceed one year. If said emergency shall continue to exist at the end of the postponement period, a further petition or application may be made and a further continuance or postponement may be granted as above provided. No continuance shall be granted after the period of the emergency shall cease to exist.

§ 2. Amendment.) Section 26-1219 of the 1953 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1219. Beneficiaries.) The member shall have the right at all times to change the beneficiary or beneficiaries in accordance with the constitution, laws or rules of the society. Every society by its constitution, laws or rules may limit the scope of beneficiaries and may provide that no beneficiary shall have or obtain any vested interest in the proceeds of any certificate until the certificate has become due and payable in conformity with the provisions of the insurance contract.

A society may provide for the payment of benefits not exceeding the sum of three hundred dollars as funeral benefits to such person or persons as may reasonably appear to the society to be equitably entitled thereto by reason of having incurred expense occasioned by the burial of the member.

§ 3. Amendment.) Section 26-1220 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1220. Qualifications For Membership.) Any fraternal benefit society may admit to beneficial membership any person not less than fifteen years of age, nearest birthday, who has been examined by a legally qualified physician and whose examination has been supervised and approved in accordance with the laws of the society, or who has made declaration of insurability acceptable to the society. Any such member who shall apply for additional benefits more than six months after becoming a beneficial member shall pass an additional medical examination, or make an additional declaration of insurability, as required by the society.

Any person admitted prior to attaining the full age of twenty-one years shall be bound by the terms of the application and certificate and by all the laws and rules of the society, and shall be entitled to all the rights and privileges of membership therein, to the same extent as though the age of majority had been attained at the time of application. A society also

may accept general or social members who shall have no voice or vote in the management of its insurance affairs.

§ 4. **Amendment.)** Section 26-1228 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1228. Use of Funds; Restrictions; Purposes.) Every society, the admitted assets of which are less than the sum of the required reserves and accrued liabilities, shall, in every provision of the laws of the society for payments by members of such society, in whatever form made, distinctly state the purpose of the same and the proportion thereof which may be used for expenses, and no part of the money collected for mortuary or disability purposes or the net accretions thereto shall be used for expenses.

§ 5. **Repeal.)** Section 26-1221 of the North Dakota Revised Code of 1943 is hereby repealed.

Approved February 26, 1955.

CHAPTER 191

H. B. No. 858
(Delayed Bills Committee)

COUNTY MUTUAL INSURANCE COMPANIES, RESTRICTIONS

AN ACT

To amend and reenact section 26-1513 of the 1953 Supplement to the North Dakota Revised Code of 1943, relating to county mutual insurance companies.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 26-1513 of the 1953 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1513. Territorial Limits of Company's Operations; Terms of Policies; Property Insurable.) A company formed under the provisions of this chapter shall not insure any property beyond the limits of the territory comprised in the formation of the company except as provided in subsection 3 of section 26-1502 and except that this territorial limitation shall not apply to reinsurance contracts. Its policies shall be issued for not to exceed five years. No policy shall be issued

covering property located within the platted limits of any incorporated municipality in this state. The company shall not insure property other than:

1. Detached dwellings and their contents;
2. Farm buildings and their contents;
3. Country schoolhouses and the furniture, books and fixtures therein;
4. Country churches and the furniture and other contents thereof;
5. Automobiles, and a policy covering automobiles shall cover the same only when they are in buildings or on premises described in the policy;
6. Livestock on the premises of the owner or anywhere within the limits of the territory within which the company is authorized to operate;
7. Farm machinery and vehicles including threshing machines, combine threshers, and tractors, or other farmer owned property as described in the policy; and
8. Hay or grain in stack on the premises of the owner thereof.

Policies issued by the company may cover loss or damage to livestock, harness, vehicles, and farm machinery while temporarily on or off the premises of the insured if the same are not removed more than fifty miles from the state.

Approved March 2, 1955.

CHAPTER 192

H. B. No. 606

(Poling, Erickson of Burke-Divide, and Homelvig)

HAIL INSURANCE COVERAGE

AN ACT

To amend and reenact section 26-2211 of the 1953 Supplement to the North Dakota Revised Code of 1943, relating to crops insurable; dates when coverage on insured crops commences and terminates.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 26-2211 of the 1953 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-2211. Crops Insurable; Dates When Coverage On Insured Crops Commences and Terminates.) Crops of rye, wheat, speltz, barley, oats, flax, corn, buckwheat, millet, sweet clover,

alfalfa, and cane grown on cultivated land which is listed as actually cropped are insurable in the state hail insurance department in the manner specified in this chapter. Insurance obtained under the provisions of this chapter by owners of such land in the southern counties of this state shall not become effective on winter wheat or winter rye before twelve o'clock noon, central standard time, of June first and shall not become effective on other crops before twelve o'clock noon, central standard time, of June tenth of any year. No indemnity shall be allowed for a loss to winter wheat or winter rye which occurs later than twelve o'clock noon, central standard time of September first nor for a loss to corn or flax which occurs later than twelve o'clock noon, central standard time, of September fifteenth nor for a loss to any other crop which occurs later than twelve o'clock noon, central standard time, September tenth of any year. The insurance permitted under this chapter shall not be effective on any crops which have been damaged materially by hail before an application is filed with the state hail insurance department.

For purposes of this section, northern counties shall include the counties of Divide, Williams, Burke, Mountrail, Renville, Ward, Bottineau, McHenry, Pierce, Rolette, Benson, Towner, Ramsey, Cavalier, Pembina and Walsh; and southern counties shall include the remainder.

Insurance obtained under the provisions of this chapter by owners of affected land in the northern counties shall not become effective on winter wheat or winter rye before twelve o'clock noon, central standard time, of June tenth and shall not become effective on other crops before twelve o'clock noon, central standard time, of June twentieth of any year. No indemnity shall be allowed for a loss to winter wheat or winter rye which occurs later than twelve o'clock noon, central standard time, of September tenth, nor for a loss to flax which occurs later than twelve o'clock noon, central standard time, of September twenty-fifth, nor for a loss to any other crop which occurs later than twelve o'clock noon, central standard time, of September twentieth in any year, except that the termination date for corn shall be twelve o'clock noon, central standard time, of September fifteenth as in the southern counties.

Approved February 26, 1955.

CHAPTER 193

S. B. No. 129

(Olson)

(By request)

AMOUNT OF HAIL INSURANCE INDEMNITY ALLOWED

AN ACT

To amend and reenact section 26-2223 of the 1953 Supplement to the North Dakota Revised Code of 1943, relating to state hail insurance.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 26-2223 of the 1953 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-2223. Amount of Indemnity; When Losses Allowed.) The maximum amount of indemnity for total loss shall be either eight dollars per acre or twelve dollars per acre, and the application for hail insurance coverage may specify either of said amounts. No indemnity shall be allowed to any claimant for a loss of less than ten percent, and a loss of eighty-five percent or over shall be deemed a total loss. A loss of one hundred percent of actual determined hail damage may be allowed to insured wheat, oats, barley, rye and flax crops laying in windrows, bound or shocked. Only loss or damage to crops directly traceable to hail shall be allowed and no indemnity shall be allowed or paid for damage to any crop after it is abandoned.

Approved March 5, 1955.

CHAPTER 194

H. B. No. 585

(Erickson of Divide, Link, Gagnum and Homelvig)

LEVY OF HAIL INDEMNITY TAXES

AN ACT

To amend and reenact sections 26-2229 and 26-2230 of the North Dakota Revised Code of 1943 relating to levies for hail indemnity taxes, and declaring an emergency.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 26-2229 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-2229. Levy of Hail Indemnity Tax.) There shall be levied in each and every year, and in each county in this state, pursuant to section 177 of the Constitution of North Dakota and article 24 of the amendments to the Constitution of North Dakota, an indemnity acreage tax on all lands insured with the state hail insurance department under the provisions of this chapter sufficient to secure the moneys required for the purposes described in this chapter. In no event shall the total of such levy exceed twelve percent of the total risk carried by the department for the year in which the levy is made.

§ 2. Amendment.) Section 26-2230 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-2230. Districts In State For Purpose of Levying Hail Indemnity Tax: Rates Between District Levies.) For the purpose of levying the acreage indemnity tax required under the provisions of this chapter, the state shall be divided into six districts based on the actual cost of furnishing protection against loss by hail in the several counties, as follows:

1. District No. 1 shall consist of all counties showing an actual cost of not more than one-half of one percent of the risk carried;
2. District No. 2 shall consist of all counties showing an actual cost of over one-half of one percent but not more than one percent of the risk carried;
3. District No. 3 shall consist of all counties showing an actual cost of over one percent but not more than three percent of the risk carried;

4. District No. 4 shall consist of all counties showing an actual cost of over three percent but not more than five percent of the risk carried;
5. District No. 5 shall consist of all counties showing an actual cost of over five percent but not more than seven percent of the risk carried;
6. District No. 6 shall consist of all counties showing an actual cost of over seven percent of the risk carried and such counties with an average loss ratio of seven percent or over for the current year and the next two preceding years when insurance is carried.

Each year, the commissioner of insurance and the manager of the state hail insurance department, at the time the levy for the hail indemnity tax is fixed, shall determine by the amount of indemnity allowed and the acreage insured within each county for the then current year in which of the said six districts each county shall be placed. Each of the six districts shall be considered a unit when the levy is made, and the actual per acre cost and the rate of the indemnity tax levied shall be based on the following proportions or ratios between the districts: District No. 1, one; District No. 2, two; District No. 3, three; District No. 4, four; District No. 5, five; District No. 6, six.

§ 3. Emergency.) This Act is hereby declared to be an emergency measure and shall be in full force and effect from and after its approval.

Approved March 3, 1955.