

# INSURANCE

## CHAPTER 340

HOUSE BILL NO. 1076  
(Legislative Council)  
(Interim Committee on Products Liability)

### REPORTS OF PRODUCT LIABILITY CLAIMS

AN ACT relating to insurance companies, providing for the reporting of product liability claims and other information to the commissioner of insurance, and providing for the confidentiality of the reported information.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. DEFINITION.) In this Act, unless the context or subject matter otherwise requires, the term "product liability insurance" means both product liability and completed operations liability insurance and includes:

1. Any policy of insurance insuring only the insured's legal obligations arising from the product liability or completed operations exposure of the insured.
2. Any other policy of insurance in which the premium computation includes a premium charge for product liability or completed operations exposure of the insured.
3. Any other insurance policy which provides product liability or completed operations insurance.

SECTION 2. REPORTING OF PRODUCT LIABILITY INFORMATION.) Every insurance company providing product liability insurance or excess insurance above self-insurance to one or more manufacturers, sellers, or distributors in this state shall file with the commissioner of insurance, not later than the first day in April in each year, a report containing the following information for the one-year period ending December thirty-first of the previous year, except that information for the period preceding July 1, 1979, need not be reported.

1. The name of the insurance company.
2. The name of all other insurance companies associated with the company submitting the report.

3. The states in which the company has been admitted for product liability insurance.
4. The dollar amount collected in product liability earned premiums and the dollar amount of product liability incurred losses in this state and on a nationwide basis.
5. The amounts shown in answer to subsection 4 which include any other insurance delivered as part of a package which cannot be considered exclusively product liability insurance.
6. The total number of insureds, resident or located in North Dakota, for which the insurance company provided product liability insurance.
7. The total number of insureds, resident or located in North Dakota, whose product liability insurance coverage the insurance company canceled or refused to renew and the reasons therefor.
8. The percentage of product liability premiums that are incurred for the following:
  - a. Losses, including all loss adjustment expenses ratioed to premiums earned.
  - b. Commissions, ratioed to premiums written.
  - c. Taxes, ratioed to premiums written.
  - d. All other expenses, ratioed to premiums earned.
  - e. The total of all expenses included in subdivisions a through d, ratioed to premiums earned.
  - f. Profits and reserves, ratioed to premiums earned.
9. The basis upon which the company allocates premiums received and losses incurred from a multistate product liability risk, whether it be assigned to the risk's state or domicile, allocated to each state in which the risk has a physical plant, allocated to each state on the basis of sales in each state, or allocated on some other basis.

The report shall be in the format established by the commissioner of insurance and a copy of the insurance company's most recent annual report to shareholders or policyholders shall be submitted with the report. If any of the required data is estimated, that fact shall be clearly indicated.

SECTION 3. CONFIDENTIALITY.) The commissioner of insurance may make reports required by this Act available to the public, but any reports made available to the public must be made in a manner

that will not reveal the names of any person, manufacturer or seller involved.

SECTION 4. LIMITATION OF LIABILITY.) There shall be no liability on the part of, and no cause of action of any nature shall arise against any insurer reporting hereunder or its agents or employees, or the commissioner of insurance or the commissioner's employees, for any action taken by them pursuant to this Act.

Approved March 21, 1979

## CHAPTER 341

SENATE BILL NO. 2446  
(Nelson)

## LIFE INSURANCE CONTRACT SOLICITATION

AN ACT to create and enact a new section to chapter 26-01 of the North Dakota Century Code, relating to the regulation of the solicitation of life insurance contracts.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

\* SECTION 1.) A new section to chapter 26-01 of the North Dakota Century Code is hereby created and enacted to read as follows:

SOLICITATION OF LIFE INSURANCE - COMMISSIONER OF INSURANCE TO  
ADOPT REGULATION - PROCEEDINGS TO BE GOVERNED BY CHAPTER 28-32.)

1. For the purpose of improving insurance services to the public, for the protection of the public, and for the promotion of the general welfare of the people of the state of North Dakota, it is hereby declared that insurers be required to deliver information to purchasers of life insurance which will improve the purchaser's ability to select the most appropriate plan of life insurance for his needs, which will improve the purchaser's understanding of the basic features of the policy which has been purchased or which is under consideration, and which will improve the ability of the purchaser to evaluate the relative costs of similar plans of life insurance.
2. The commissioner of insurance of the state of North Dakota shall adopt, by regulation, the NAIC (National Association of Insurance Commissioners) Model Life Insurance Solicitation Regulation of May 4, 1976, no later than six months from the effective date of this section.
3. All proceedings necessary in adopting this regulation shall be governed by the provisions of chapter 28-32.

Approved March 23, 1979

\* NOTE: This section is codified as North Dakota Century Code Section 26-10-08.1.

## CHAPTER 342

HOUSE BILL NO. 1511  
(Timm)

## FIRE INSURANCE COMPANY PREMIUM TAX

AN ACT to amend and reenact section 26-01-11 of the North Dakota Century Code, relating to the premium tax on insurance companies.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 26-01-11 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-01-11. COMMISSIONER OF INSURANCE TO COLLECT PREMIUM TAX - INSURANCE COMPANIES GENERALLY - DOMESTIC FIRE INSURANCE COMPANIES - COMPUTATION.) Before issuing the annual certificate required by law, the commissioner of insurance shall collect the following annual taxes from insurance companies doing business within the state:

1. From every insurance company doing business in this state except stock and mutual companies organized under the laws of this state, a tax equal in amount to two and one-half percent of the gross amount of premiums, membership fees, and policy fees received in this state during the preceding year, such tax to be payable at the time when the annual statement of business required by law is filed; provided, however, that this tax shall not apply to considerations for annuities.
2. From every domestic fire insurance company, whether mutual, stock, or otherwise, ~~other than a county mutual insurance company,~~ a tax upon its fire insurance premiums or assessments, or both, equal to one-half of one percent of the gross premiums and assessments, less return premiums on all direct business received by it, or by its agent for it, in cash or otherwise in this state. Such tax shall be collected for the purpose of assisting in the maintenance of the fire marshal's department and shall be payable on or before April first in each year.

Approved March 13, 1979

## CHAPTER 343

SENATE BILL NO. 2251  
(Committee on Industry, Business and Labor)  
(At the request of the Insurance Department)

### NEWBORN COVERAGE UNDER FAMILY HEALTH POLICY

AN ACT to provide for mandatory health insurance coverage for newborn children under an insured's family policy.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. APPLICABILITY.) All individual and group health insurance policies providing coverage on an expense incurred basis and individual and group service or indemnity type contracts issued by a nonprofit corporation which provides coverage for a family member of the insured or subscriber shall, as to such family members' coverage, also provide that the health insurance benefits applicable for children shall be payable with respect to a newly born child of the insured or subscriber from the moment of birth.

SECTION 2. SCOPE OF COVERAGE.) The coverage for newly born children shall consist of coverage of injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities.

SECTION 3. NOTIFICATION OF BIRTH.) If payment of a specific premium or subscription fee is required to provide coverage for a child, the policy or contract may require that notification of birth of a newly born child and payment of the required premium or fees must be furnished to the insurer or nonprofit service or indemnity corporation within thirty-one days after the date of birth in order to have the coverage continue beyond such thirty-one day period.

Approved March 8, 1979

## CHAPTER 344

HOUSE BILL NO. 1268  
(Committee on Industry, Business and Labor)  
(At the request of the Social Service Board)

## HEALTH INSURANCE CONTRACTS

AN ACT relating to prohibited provisions in any individual or group accident and sickness insurance policies and nonprofit medical or hospital service contracts, and the responsibility of individual or group insurers and nonprofit medical or hospital service corporations to release information to the social service board of North Dakota pertaining to the coverage of an individual under an individual or group accident and sickness insurance policy or nonprofit medical or hospital service contract; and to amend and reenact section 26-38-24 of the North Dakota Century Code, relating to examinations of health maintenance organizations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. PROVISIONS PROHIBITED IN INDIVIDUAL AND GROUP  
ACCIDENT AND SICKNESS INSURANCE POLICIES AND NONPROFIT MEDICAL OR  
HOSPITAL SERVICE CONTRACTS.)

1. Any provision in any individual or group accident and sickness insurance policy or nonprofit medical or hospital service contract issued by any insurance company or nonprofit medical or hospital service corporation licensed to do business in the state of North Dakota denying or prohibiting the insured or subscriber from assigning to the social service board of North Dakota any rights to medical benefits coverage to which the insured or subscriber is entitled under such a policy or contract shall be void; and, any individual or group insurance company or nonprofit medical or hospital service corporation is hereby required to recognize such assignment of medical benefits coverage completed by the insured or subscriber, notwithstanding any provision contained in such policy or contract to the contrary.
2. Any individual or group provision in any accident and sickness insurance policy or nonprofit medical or hospital service corporation contract issued by any insurance



company or nonprofit medical or hospital service corporation licensed to do business in the state of North Dakota which limits or excludes payments of medical benefits coverage to or on behalf of the insured or subscriber if the insured or subscriber is eligible for medical assistance benefits under chapter 50-24.1, shall be void.

SECTION 2. INDIVIDUAL OR GROUP INSURER OR NONPROFIT MEDICAL OR HOSPITAL SERVICE CORPORATION RESPONSIBILITY - RELEASE OF INFORMATION TO SOCIAL SERVICE BOARD OF NORTH DAKOTA.)

1. Any individual or group accident and sickness insurer or nonprofit medical or hospital service corporation, upon request of the social service board of North Dakota, shall provide any information contained in its records pertaining to an individual who is an applicant for or recipient of medical assistance under chapter 50-24.1, and who is covered under an accident and sickness insurance policy or nonprofit medical or hospital service corporation contract issued by the insurer or nonprofit service corporation or the medical benefits paid by or claims paid to the insured or subscriber under a policy or contract. The insurer or nonprofit medical or hospital service corporation shall make the requested records or information available upon receipt of a certification by the social service board of North Dakota that the individual is an applicant for or recipient of medical assistance under chapter 50-24.1, or is a person who is legally responsible for such an applicant or recipient.
2. The information required to be made available pursuant to this section shall be limited to information necessary to determine whether benefits under the policy or contract have been or should have been claimed and paid pursuant to an accident and sickness insurance policy or nonprofit medical or hospital service corporation contract with respect to items of medical care and services received by a particular individual for which medical assistance coverage would otherwise be available.
3. The social service board of North Dakota shall, in consultation with the commissioner of insurance, establish guidelines:
  - a. For the method of requesting and furnishing appropriate information, the time in which such information is to be provided, and method of reimbursing insurance companies and nonprofit medical or hospital service corporations for necessary costs incurred in furnishing the requested information.
  - b. To assure that information relating to an individual certified to be an applicant for or recipient of



medical assistance under chapter 50-24.1, furnished to an insurer or subscriber pursuant to this section, is used only for the purpose of identifying the records or information requested in such manner so as not to violate section 50-06-15.

SECTION 3. AMENDMENT.) Section 26-38-24 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-38-24. EXAMINATIONS BY COMMISSIONER AND STATE DEPARTMENT OF HEALTH - EXPENSES ASSESSED AGAINST ORGANIZATION - EXAMINATION BY OTHER STATES.) The commissioner may make an examination of the affairs of any health maintenance organization and ~~providers with whom such organization has contracts, agreements, or other arrangements pursuant to its health care plan~~ as often as he deems it necessary for the protection of the interests of the people of this state but not less frequently than once every three years.

The state department of health may make an examination concerning the quality of health care services of any health maintenance organization ~~and providers with whom such organization has contracts, agreements, or other arrangements pursuant to its health care plan~~ as often as it deems it necessary for the protection of the interests of the people of this state but not less frequently than once every three years.

~~Every health maintenance organization and provider shall submit its books and records relating to the health care plan to such examinations and in every way facilitate them.~~ For the purpose of examinations, the commissioner and the state department of health may administer oaths to, and examine the officers and agents of the health maintenance organization and the principals of ~~such providers concerning their business with whom such organization has contracts, agreements, or other arrangements pursuant to its health care plan.~~ To the extent that such examinations may require the disclosure of personally identifying information relating to either financial transactions or medical information concerning a plan enrollee in the records of the health maintenance organization or the records of a provider with whom such organization has contracts, agreements, or other arrangements pursuant to its health care plan, such information is to be used for the sole purpose of assessing the quality of care provided and the degree of compliance with provisions of this chapter. Such information is to be held in confidence and shall not be disclosed except upon the express consent of the enrollee, or pursuant to a court order for the production of evidence or the discovery thereof, or in the event of a claim or litigation between the enrollee and the health maintenance organization wherein such information is pertinent.

The expenses of examinations under this section shall be assessed against the organization being examined and remitted to the commissioner or the state department of health for whom the examination is being conducted.

In lieu of such examination, the commissioner or the state department of health may accept the report of an examination made by the commissioner or the state department of health of another state or jurisdiction.

Approved March 19, 1979

## CHAPTER 345

SENATE BILL NO. 2194  
(Lips)

## COORDINATION OF HEALTH INSURANCE BENEFITS

AN ACT to create and enact a new section to chapter 26-03 of the North Dakota Century Code, relating to the coordination of benefits by insurance companies, hospital service corporations, or medical service corporations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1.) A new section to chapter 26-03 of the North Dakota Century Code is hereby created and enacted to read as follows:

COORDINATION OF BENEFITS - LIMITATIONS.) No group or individual policy of accident and sickness insurance offered for sale in this state shall be issued or renewed by any insurer or hospital service corporation or medical service corporation transacting business in this state which by the terms of the policy excludes or reduces the benefits payable or services to be rendered to or on behalf of any insured because benefits have been paid or are also payable under any individually underwritten and individually issued contract or plan of insurance which provides exclusively for accident and sickness benefits, irrespective of the mode or channel of premium payment, with or without payroll deduction, to the insurer and regardless of any reduction in the premium by virtue of the insured's membership in any organization or of his status as an employee.

Nothing in this section shall affect the practice of coordination of benefits between group policies as provided in sections 26-03-48, 26-26-15, and 26-27-15.

Approved March 8, 1979

## CHAPTER 346

SENATE BILL NO. 2115  
(Lips)

## COVERAGE TIMES OF INSURANCE POLICIES

AN ACT to amend and reenact section 26-03-49 of the North Dakota Century Code, relating to the inception and expiration dates for insurance policies; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 26-03-49 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-03-49. INCEPTION AND EXPIRATION OF POLICIES.) Policies of insurance shall cover the insured at 12:01 a.m. on the day on which coverage begins and shall expire at 12:01 a.m. ~~following~~ on the day of expiration of such policy.

SECTION 2. EMERGENCY.) This Act is hereby declared to be an emergency measure and shall be in effect from and after its passage and approval.

Approved March 7, 1979

## CHAPTER 347

HOUSE BILL NO. 1637  
(Representatives Unhjem, Reed)  
(Senators Reiten, Holmberg)

### OPTIONS REQUIRED IN GROUP POLICIES

AN ACT to create and enact a new section to chapter 26-03.1 and chapter 26-27 of the North Dakota Century Code, relating to options required to be offered to persons who are insured for medical care coverage by insurance companies and nonprofit medical service corporations; and to amend and reenact section 26-03.1-08 of the North Dakota Century Code, relating to the applicability of the provisions of chapter 26-03 to blanket and group insurance policies.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1.) A new section to chapter 26-03.1 of the North Dakota Century Code is hereby created and enacted to read as follows:

CERTAIN OPTIONS REQUIRED IN GROUP POLICIES.) No insurance company authorized to do business in this state shall deliver, issue, execute, or renew any policy of health insurance which includes coverage of medical benefits on a group, blanket, franchise, or association basis unless the insurer makes available, at the option of the insured, the following coverages for which an additional premium may be charged:

1. All drugs and medicines prescribed by the provider of health services.
2. Services rendered and care administered by chiropractors licensed under chapter 43-06.

SECTION 2. AMENDMENT.) Section 26-03.1-08 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-03.1-08. NONAPPLICATION TO CERTAIN POLICIES.) Nothing in this chapter shall apply to or affect (1) any policy of workmen's compensation insurance or any policy of liability insurance with or without supplementary expense coverage therein; or (2) any policy or

contract of reinsurance; or (3) any blanket or group policy of insurance, except that the provisions of section 1 of this Act shall apply to such policies; or (4) life insurance, endowment or annuity contracts, or contracts supplemental thereto which contain only such provisions relating to accident and sickness insurance as (a) provide additional benefits in case of death or dismemberment or loss of sight by accident, or as (b) operate to safeguard such contracts against lapse, or to give a special surrender value or special benefit or an annuity in the event that the insured or annuitant shall become totally and permanently disabled, as defined by the contract or supplemental contract.

SECTION 3.) A new section to chapter 26-27 of the North Dakota Century Code is hereby created and enacted to read as follows:

CERTAIN OPTIONS REQUIRED IN GROUP POLICIES.) No nonprofit medical service corporation authorized to do business in this state shall deliver, issue, execute, or renew any medical service contract on a group, blanket, franchise, or association basis unless the medical service corporation makes available, at the option of the subscriber, the following coverages for which an additional premium may be charged:

1. All drugs and medicines prescribed by the provider of health services.
2. Services rendered and care administered by chiropractors licensed under chapter 43-06.

Approved March 19, 1979

## CHAPTER 348

HOUSE BILL NO. 1408  
(Wald)

### INSURANCE AGENCY CONTRACT TERMINATION

AN ACT to create and enact a new section to chapter 26-07 of the North Dakota Century Code, relating to requirements for termination of fire or casualty insurance agency contracts.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1.) A new section to chapter 26-07 of the North Dakota Century Code is hereby created and enacted to read as follows:

TERMINATION OF FIRE AND CASUALTY INSURANCE AGENCY CONTRACTS.) Any insurance company authorized to transact fire or casualty business in this state shall, upon termination of an agent's appointment by the company, permit the renewal and endorsement of all contracts of insurance written by the agent for a period of one year from the date of the termination, as determined by the individual underwriting requirements of the company. If any contract does not meet the underwriting requirements, the company shall give the agent sixty days' notice of its intention not to renew the contract. This section does not apply if the contract is terminated because of the agent's failure, after receiving a written demand, to pay over moneys due the insurer.

Approved March 8, 1979

## CHAPTER 349

HOUSE BILL NO. 1166  
(Kloubec)

## DOMESTIC INSURANCE COMPANY INVESTMENTS

AN ACT to amend and reenact subsection 3 of section 26-08-11 of the North Dakota Century Code, relating to authorized investments of domestic insurance companies with respect to notes secured by mortgages on improved unencumbered real estate.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Subsection 3 of section 26-08-11 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

3. Notes secured by mortgages on improved unencumbered real estate, including leaseholds substantially having and furnishing the rights and protection of a first real estate mortgage, within this state or within any state in which such company is, or becomes, authorized and licensed to transact business, or within any state contiguous to the state of North Dakota. No loan shall may be made under this subsection, ~~---however,~~ unless the property mortgaged is worth double the amount of the loan secured by the mortgage, except that where a loan is amortized on the basis of a final maturity twenty-five years or less from the date of the loan, it may be made in an amount not exceeding seventy-five percent of the value of the property mortgaged. However, a loan on a single-family dwelling where the loan is amortized on the basis of a final maturity twenty-five years or less from the date of the loan may be made in an amount not exceeding eighty percent of the value of the property mortgaged. The loan on a single-family dwelling may be made in an amount exceeding eighty percent so long as any amount over eighty percent of the value of the property mortgaged is insured by private mortgage insurance through an insurance company authorized to do business in this state. Buildings shall not be included in the valuation of such property unless they are insured and the policies are made payable to the company as its interest may appear. In no event shall a



loan be made in excess of the amount of insurance carried on the buildings plus the value of the land. No insurance company shall hold less than the entire loan represented by such bonds or notes described in this subsection except that a company may own part of an aggregate obligation if all other participants in the investment are insurance companies authorized to do business in North Dakota or banks whose depositors are insured by the federal deposit insurance corporation or savings and loan associations whose members are insured by the federal savings and loan insurance corporation or unless the security of said bonds or notes, as well as all collateral papers, including insurance policies, executed in connection therewith, are made to and held by a trustee, which trustee shall be a solvent bank or trust company having a paid-in capital of not less than two hundred and fifty thousand dollars, except in case of banks or trust companies incorporated under the laws of the state of North Dakota, wherein a paid-in capital of not less than one hundred thousand dollars shall be required, and that in case of proper notification of default such trustee, upon request of at least twenty-five percent of the holders of the bonds outstanding, and proper indemnification, shall proceed to protect the rights of such bondholders under the provisions of the trust indentures.

Approved March 8, 1979

## CHAPTER 350

HOUSE BILL NO. 1171  
(Kingsbury, Olson)

## LIABILITY INSURANCE CONTRACTS

AN ACT to amend and reenact sections 26-15-01.1 and 26-15-02.1 of the North Dakota Century Code, relating to liability insurance contracts made by county mutual insurance companies.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 26-15-01.1 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-15-01.1. LIABILITY INSURANCE CONTRACTS - LIMITATIONS.) Any company organized under the provisions of this chapter may make contracts of insurance against loss, expense, or liability by reason of bodily injury or death by accident, disability, sickness, or disease suffered by others for which the insured may be liable or may have assumed liability, except no liability insurance contracts against any or all loss or expense resulting from the ownership, maintenance, or use of any motor vehicle normally operated, intended to be operated, or designed for use, upon any highway, road, or street in this state, shall be made. ~~Ne-contracts-authorized--under this--section--shall--be--accepted-unless-such-contracts-are-totally reinsured-with-a-company-or-companies--authorized--and--licensed--to write-such-insurance-in-the-state-of-North-Dakota-~~

SECTION 2. AMENDMENT.) Section 26-15-02.1 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-15-02.1. MAXIMUM AMOUNT OF INSURANCE ON SINGLE RISK.) The maximum amount of insurance which a county mutual insurance company shall retain on a single risk other than under a liability insurance contract, after deduction of applicable reinsurance, shall not exceed ten percent of the admitted assets of the county mutual insurance company or thirty thousand dollars, whichever is the larger amount. The maximum amount of insurance which a county mutual insurance company shall retain on a single risk under a liability insurance contract shall not exceed one percent of the surplus maintained by the company.

Approved March 7, 1979

## CHAPTER 351

HOUSE BILL NO. 1284

(Committee on Industry, Business and Labor)

(At the request of the Insurance Department)

## INSURANCE BROKER BONDS

AN ACT to amend and reenact section 26-17.1-17 of the North Dakota Century Code, relating to the bonding of insurance brokers and surplus lines insurance brokers.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 26-17.1-17 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-17.1-17. LICENSE REQUIREMENT - INSURANCE BROKER AND SURPLUS LINES INSURANCE BROKER - BOND - MAY BE WAIVED FOR NONRESIDENT INSURANCE BROKER.) Prior to issuance of a license as an insurance broker ~~or surplus lines insurance broker~~, the applicant shall file with the commissioner, and thereafter, for as long as the license remains in effect, shall keep in force a bond in the penal sum of not less than ~~twenty two~~ twenty thousand dollars with authorized corporate surety approved by the commissioner. Prior to issuance of a license as a surplus lines insurance broker, the applicant shall file with the commissioner, and thereafter, for as long as the license remains in effect, shall keep in force a bond in the penal sum of not less than an amount equal to the taxes paid to the commissioner the previous year as required by section 26-09.2-07, with a minimum bond of five hundred dollars and a maximum bond of twenty thousand dollars required. The bond for surplus lines insurance brokers not previously licensed or whose license has lapsed, shall be set at the discretion of the commissioner, but shall not be less than five hundred dollars nor greater than twenty thousand dollars. The aggregate liability of the surety for any and all claims on any such bond shall in no event exceed the penal sum thereof. No such bond shall be terminated unless at least thirty days' prior written notice thereof is given by the surety to the licensee and the commissioner. Upon termination of the license for which the bond was in effect, the commissioner shall notify the surety within ten working days. Any licensee who is the holder of both an insurance broker's license and a surplus lines insurance broker's license shall may satisfy the above bonding requirements as

te-each-license by a single bond in the penal sum of not less than twenty thousand dollars.

Notwithstanding other provisions of this chapter, no new bond shall be required for a nonresident insurance broker if the commissioner is satisfied that the existing bond covers his insurance business in this state.

Approved March 8, 1979

## CHAPTER 352

HOUSE BILL NO. 1671  
(Rued, Crabtree)

## STATISTICAL DATA FROM FIRE INSURERS

AN ACT to require certain insurers doing business in North Dakota to file certain information with the commissioner of insurance; and to amend and reenact section 26-01-06 of the North Dakota Century Code, relating to the power of the commissioner of insurance to issue certificates of authority to insurers.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. FIRE INSURERS TO REPORT STATISTICAL DATA - EFFECT OF FAILURE TO REPORT - EXCEPTIONS TO REPORTING REQUIREMENTS.) Each insurance company issuing fire insurance policies covering property in this state shall annually report information setting forth the amount of earned premiums in this state for policies covering insured property located in this state and the amount of claims incurred. This information shall be reported on a form prescribed by the commissioner of insurance. The insurance company shall file the form with the commissioner or shall certify to the commissioner that the information has been reported directly to a rating organization that predicates the majority of the fire insurance rates for North Dakota. The form or certification shall accompany the annual statement required under section 26-07-05. The commissioner shall forward information filed under this section to the rating organization that predicates a majority of the fire insurance rates for North Dakota. The commissioner shall revoke the certificate of authority of an insurance company failing to file the information required by this section. The information required to be reported by this section does not include personal lines or farm property insurance. Each rating organization filing rates pursuant to chapter 26-29 shall utilize the information contained in the documents filed with it pursuant to subsection 1 in making rates.

SECTION 2. AMENDMENT.) Section 26-01-06 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-01-06. DUTY OF COMMISSIONER OF INSURANCE BEFORE GRANTING CERTIFICATE OF AUTHORITY OR RENEWAL THEREOF.) Before granting a certificate of authority to an insurance company to issue policies

or make contracts of insurance, the commissioner of insurance shall be satisfied by such examination and evidence as he sees fit to make and require that such company is legally qualified to transact business in this state ~~under the laws thereof~~, including compliance with section 1 of this Act. Each certificate of authority issued under any provision of this title shall expire on the thirtieth day of April succeeding the date of its issue, and before furnishing a renewal of any such certificate, the commissioner shall be satisfied that the documents required by section 1 of this Act have been filed and the statements and evidences of investment required of the company applying for such renewal have been furnished, and that the required capital, securities, and investments remain secure.

Approved March 21, 1979



## CHAPTER 353

HOUSE BILL NO. 1431  
(Wald)

## FIRE AND TORNADO FUND REPORTS

AN ACT to amend and reenact section 26-24-13 of the North Dakota Century Code, relating to additional premium assessments for the state fire and tornado fund and the reporting of premiums and losses pertaining to the state fire and tornado fund.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 26-24-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-24-13. ASSESSMENTS AND REPORTING.) If the reserve balance ~~shall have been depleted below the sum of~~ is less than twelve million dollars, the commissioner shall determine the amount of money ~~which may be~~ necessary to bring the ~~said~~ reserve balance up to ~~the sum of~~ twelve million dollars and ~~he thereupon~~ the commissioner shall then levy an assessment against each and every policy in force with the fund on all public property. ~~Said~~ The assessment shall be computed as follows:

The eighty percent or ninety percent coinsurance rate established by the ~~fire underwriters inspection bureau insurance services office~~ for each insured property to which ~~said~~ the eighty percent or ninety percent coinsurance rate may be applicable, and the full rate established for properties to which the ~~said eighty percent or ninety percent~~ coinsurance rate is not applicable under the rules of the ~~said fire underwriters inspection bureau insurance services office~~, shall be applied to the amount of insurance provided in each policy and the result of the application of ~~said~~ the rate to the amount of insurance shall set the tentative assessment to be made against ~~such the~~ policy. The total of all such tentative assessments shall then be ascertained. The percentage of such assessment necessary to restore the reserve balance to the sum of twelve million dollars shall then be computed and collected on each policy, provided that until the reserve balance shall reach twelve million dollars, the assessment shall be in such amount as may be determined by the commissioner but in no event in excess of sixty percent of the rates set by the ~~fire~~



~~underwriters--inspection-bureau~~ insurance services office unless the reserve balance shall be depleted below three million dollars. In case of a fractional percentage the next higher whole percent shall be used in such computation.

The commissioner of insurance shall submit not later than December thirty-first of each odd-numbered year, all data concerning premiums written and losses incurred during the previous biennium ending July thirty-first to the insurance services office so that the experience of the state fire and tornado fund may be included in the computation of rates to apply to the classes of business written by the fund.

Approved March 13, 1979

## CHAPTER 354

HOUSE BILL NO. 1481  
(Wald, Dietz, Gerl)

## FIRE AND TORNADO FUND REINSURANCE

AN ACT to amend and reenact section 26-24-22 of the North Dakota Century Code, relating to the minimum specifications for reinsurance with the state fire and tornado fund.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 26-24-22 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-24-22. INSURANCE REQUIRED.) The commissioner of insurance shall procure and he shall keep in force, an excess of loss reinsurance contract naming the state fire and tornado fund as the reinsured. ~~Such~~ The reinsurance contract shall meet the following minimum specifications:

- †1) 1. Reimburse the state fire and tornado fund for all losses in excess of ~~five-hundred--thousand~~ one million dollars incurred by the state fire and tornado fund under policies issued by the fund and arising out of each occurrence of a peril included in the state fire and tornado fund policies;
- †2) 2. The limit of liability of such reinsurance contract shall be no less than ~~twenty-five~~ sixty million dollars for each loss occurrence and ~~twenty-five~~ sixty million dollars as respects all loss ~~occurrences~~ occurrences during each twelve-month period;
- †3) 3. A sixty-day cancellation notice. The cost of such excess of loss reinsurance shall be paid out of the premium income of the state fire and tornado fund. This excess of loss reinsurance shall be procured by the commissioner and the state fire and tornado fund only through bids as hereinafter provided and shall be written only ~~in~~ by a company or companies authorized to do business within the state of North Dakota. The contract shall be negotiated with and countersigned by a licensed North Dakota resident

insurance agent. On or before the third Monday in June of each odd-numbered year the commissioner of insurance shall publish in the official newspaper of Burleigh County, ~~North--Dakota~~, a notice that on the last Monday in June of ~~such that~~ year the ~~insurance~~ commissioner will accept bids at his office in the state capitol ~~in--the--city--of Bismarek,--North-Dakota~~. A copy of ~~such the~~ notice shall also be posted at the office of the state fire and tornado fund. A copy of ~~such the~~ notice shall also be mailed to each insurance company licensed to write fire insurance in the state of North Dakota. On the ~~said~~ last Monday in June of each odd-numbered year, the commissioner of insurance, with the approval of the industrial commission, shall contract for such excess of loss reinsurance with the company or group of companies submitting the lowest and best bid ~~therefor~~ for the two-year period commencing on the ensuing first day of August. The commissioner of insurance, with the approval of the industrial commission, may disregard the provisions of this section after he and they have studied the available bids for the reinsurance required by this section.

Approved March 18, 1979

## CHAPTER 355

HOUSE BILL NO. 1233  
(Meiers)

## BENEVOLENT SOCIETY MEMBERSHIP CONTRACTS

AN ACT to amend and reenact section 26-25-15 of the North Dakota Century Code, relating to the maximum benefits and assessments under a benevolent society membership contract.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 26-25-15 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-25-15. CERTIFICATE OF MEMBERSHIP AND APPLICATION THEREFOR - CONTENTS - APPROVAL - MAXIMUM BENEFITS - EXPENSE DEDUCTIONS.) The certificate of membership issued by a benevolent society shall state fully the conditions on which the benefit shall be paid, and it, together with the application therefor, shall constitute the entire contract between the society and the member. Every such certificate and application shall have printed or stamped thereon in red ink and in ten-point boldfaced type "This is not an insurance policy. The society maintains no reserve. All benefits are dependent upon voluntary assessments from members"-."" and shall be approved as to form by the commissioner of insurance prior to the issuance or use thereof. The benefits under any such certificate shall be confined to a death benefit to the beneficiary of the deceased member in an amount not to exceed ~~one~~ two thousand dollars, and the certificate shall provide for an assessment on the membership in an amount not exceeding ~~two~~ four dollars to be paid by the members after notice and proof of death. The proceeds of the assessment, less an amount not exceeding ten percent thereof as an allowance for expenses, shall be paid to the beneficiary of the deceased member. In no event shall a death benefit exceed the maximum amount stated in the certificate.

Approved March 3, 1979

## CHAPTER 356

HOUSE BILL NO. 1503  
(I. Jacobson)

## NO-FAULT INSURERS ASSIGNED CLAIMS PLAN

AN ACT to create and enact two new subsections to section 26-41-19 of the North Dakota Century Code, relating to economic loss compensation eligibility of injured persons under the assigned claims plan as a result of motor vehicle accidents.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1.) Two new subsections to section 26-41-19 of the North Dakota Century Code are hereby created and enacted to read as follows:

Any person who sustains accidental bodily injury while an occupant in or as a result of being struck by any motor vehicle shall not be eligible for benefits under the assigned claims plan if such person owned a motor vehicle on the date of loss and had failed to provide continuous security for the motor vehicle as required by section 26-41-04.

Any person who requests suspension of coverage in accordance with section 26-41-04.1 shall not be ineligible for assigned claims plan benefits while the suspension is in effect if bodily injury is sustained while an occupant in or as a result of being struck by a motor vehicle not owned by that person.

Approved March 13, 1979